



## ENTERPRISE

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### **Paying the price: Engineering firm's compensation plan helps company keep its top employees**

Jason W. Meeker  
Contributing writer

Dan Rozycki is faced with the never-ending challenge of leading and inspiring his employees to perform.

Rozycki is president of The Transtec Group Inc., an Austin-based transportation-engineering firm that helps public and private entities build streets, highways, airfields and seaports.

In addition to serving clients around the world and winning awards for its work, Transtec is making a name for itself in the way it manages and compensates its employees.

Founded in 1992 by Todd McCullough, the company provides engineering and research expertise that improves performance, reduces cost and accelerates schedules for transportation-related construction projects.

McCullough left the company in 2001 to pursue other endeavors, but he agrees with how Rozycki manages his people.

"Any business owner knows that finding and retaining quality people is the No. 1 challenge," says McCullough, who now owns a local construction business.

Every six months, Transtec's employees receive a bonus check. The company distributes between 25 and 50 percent of its profits to employees, which can add up to as much as 10 percent of their annual salaries.

Some business owners may consider Rozycki's approach to employee incentives radical; he prefers to answer those concerns with results.

Transtec's sales and profits have jumped approximately 20 percent each year since 2001, and 2004 is on track to grow 25 percent.

"Part of our compensation is a combination of bonuses and profit sharing. It's one of the secrets to our success because a salary pays you to do your job," Rozycki says. "A bonus pays you to give a damn."

Rozycki has seven criteria for rating performance: productivity and quality, loyalty, team building, creativity, management, ownership of job and ownership of company.

Some examples of bonus-producing work at Transtec include award-winning results.

For example, Transtec's vice president, Robert Rasmussen, recently received international honors at an international conference in Toronto after presenting Federal Highway Administration research on pavement surface characteristics.

Out of more than 80 technical papers from 21 countries, the association recognized Transtec's for its "excellent ability to effectively communicate the complex technical content of their ongoing research."

In another case, one of Transtec's engineers developed a new software tool to help state highway agencies analyze road-quality data.

The innovation created a new line of business for Transtec.

Company founder McCullough's father is Frank McCullough, professor emeritus in the engineering department at the University of Texas.

While he is understandably biased towards his son's former business, he points out that companies like the Transtec Group help engineering projects better handle their budgets.

"The Department of Transportation spends a lot of money on pavements for roads and bridges. With better techniques and a more scientific approach like the Transtec Group offers, that money is better spent," Frank McCullough says.

Another employee contributed her talents to make others more productive. An administrative assistant volunteered to prepare PowerPoint presentations for Transtec's engineers, which saved them hours each month and let them concentrate on other tasks.

Bonuses are certainly nothing new. Many companies give them for obvious reasons.

"Bonuses motivate employees to stay focused and committed on personal production and company goals," says Bruce Romine, area president of Austin's Gallagher Romine, a division of Gallagher Benefits Services, Inc.

The National Federation of Independent Business, the largest advocacy organization representing small and independent businesses, also advises small businesses to reward their employees with bonuses.

The NFIB's Web site stresses the benefits of bonuses: "When an employee goes above and beyond the call of duty, consider giving them a bonus. Whenever a bonus is given, or whenever an employee achieves sales or performance levels that lead to increased compensation, make sure that everyone in the company knows about it. Let everyone know that they, too, can achieve such benefits through dedication and hard work."

Most of the criteria Rozycki uses to assess his employees' bonuses are easy to understand.

But the last one stands out and begs the question: What does ownership of company mean to an employee?

It's a subject Rozycki is passionate about. He feels all businesses should not only rethink their approach to employee compensation and bonuses, but also how they treat their employees.

"It's one thing for employers to ask employees to act like owners. But it's quite another for employers to actually reciprocate and treat their employees like owners," says Rozycki.

While Rozycki advocates that companies should share the profits and the fame, he also feels that when you give people the opportunity to shape their company at the highest levels, you get a lot in return.

"Being open to employee input at high levels does not diminish my status as a leader. When you do it right, it actually has the opposite effect," Rozycki says.

In one case, he recently challenged his employees to each read two books and write a report about how what they read could influence their jobs. He agreed to pay \$100 for each report.

He assigned "Nuts! Southwest Airlines' Crazy Recipe for Business and Personal Success" by Kevin Freiberg and Jackie Freiberg and "The 7 Habits of Highly Effective People" by Stephen R. Covey.

Many of his employees responded enthusiastically.

When all the reports were turned in, Rozycki removed the names from each report and shared the comments with the all his employees at an off-site meeting.

He says the feedback was tremendous.

"One suggestion we're now following will have each employee write a new mission statement for the company. I'll take all the responses and create our new mission statement," Rozycki says.

Rozycki feels that simply by asking and genuinely seeking feedback, he is finding his employees are quickly becoming the owners he wants them to be.

And in the end, Transtec and the company's employees are truly reaping the rewards.

*Jason W. Meeker is a freelance writer.*

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