

Comparing Cost Per Unit vs. Hourly Pay Models

WHICH IS RIGHT FOR YOUR BUSINESS?

Your workforce is one of the biggest levers you have for growth. Make sure you're pulling the right one with this side-by-side look at Cost Per Unit (CPU) vs. Hourly Pay Models.



PREDICTABLE COSTS



COST PER UNIT:

Offers more predictable labor costs tied directly to output



HOURLY PAY:

Labor costs can fluctuate based on inefficiencies or downtime

58% of warehouse operations cited cost control and predictability as their top operational challenge.

THROUGHPUT PERFORMANCE



COST PER UNIT:

Incentives employees to increase productivity and output



HOURLY PAY:

No direct incentive for employees to improve production speed



Warehouse leaders report an average of four-and-one-half weeks for workers to reach full productivity for inbound and outbound operations.



PRODUCTION ACCOUNTABILITY



COST PER UNIT:

Staffmark is 100% accountable for labor costs and takes ownership of output and results



HOURLY PAY:

Customer is 100% accountable for labor costs with traditional staffing providers and pay is tied to time, not results

75% of companies are shipping increased volumes in the next 3 years.

TRAINING & TURNOVER



COST PER UNIT:

Investment in training leads to lower turnover and more skilled employees, reducing long-term costs.



HOURLY PAY:

Higher turnover rates can increase recruitment and training costs.



Pay-for-performance programs can reduce employee turnover by 20%.

FOCUS ON WHAT MATTERS



COST PER UNIT:

Freed-up resources allow teams to focus on non-labor operations like quality control or strategy.



HOURLY PAY:

Requires more management oversight, potentially distracting from other operational areas.

72% of companies are increasing the number of SKUs carried in the next 3 years.

PAY & WAGE OPPORTUNITIES



COST PER UNIT:

Clear performance rewards lead to lower turnover and greater job satisfaction.



HOURLY PAY:

Less incentive to stay, leading to higher turnover and recruitment costs.



60% of warehouses report labor recruitment and/or labor efficiency and productivity among their top challenges.



PERFORMANCE CULTURE



COST PER UNIT:

Fosters a high-performance culture, rewarding effort and results



HOURLY PAY:

Less focus on performance, leading to fewer incentives for exceeding expectations

63% of warehouse leaders want to improve individual worker or team productivity today while also achieving workflow conformity.

INCENTIVE PAY + COMPETITIVE WAGE OPPORTUNITIES



COST PER UNIT:

Offers flexibility in incentive pay, attracting top talent with competitive earning potential.



HOURLY PAY:

Harder to implement effective incentive structures.



PRODUCTION ACCOUNTABILITY BEYOND TRADITIONAL STAFFING PROVIDERS



COST PER UNIT:

Delivers a level of production accountability not typically seen with hourly staffing providers.



HOURLY PAY:

May not provide the same level of accountability from temporary staffing providers.

Choose the Right Model Based on Your Business Need

– OPTIMIZE FOR PERFORMANCE, COSTS, AND WORKFORCE SATISFACTION.