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Dear Management:  Operational labor costs are a LARGE fixed expense hitting the bottom line...  
  
So... It's understandable that many ONLY look at "fixing" this... by lowering wages or hiring/replacing... at lower wages.  
  
Winning!  MORE production at LESS cost!  
  
BUT management often overlooks this one... employees AREN'T ignorant.  
  
So as you lower your wage bar... employees in-kind, lower their work ethic, their drive, their efforts... to MATCH the lowered level of pay... OR the "better ones" just leave for greener pastures.  
  
ALTERNATIVE:  What if you went the other way?    
  
And paid people (let's say for this post) 20% more than their next competitive job offer?    
  
The WINS! I see (if implemented correctly).  
  
Employees will understand they are being paid exceptional, and give you exceptional performance.    
  
Now, there will always be slackers, but think of the line of people who will be lined up to get these premium jobs.  
  
Pick ups:  morale, production, LESS people needed, LESS supervision with these more accountable and knowledgeable employees AND THEIR vested interest in keeping this good deal going.  
  
And YOU (Mx Owner/Leader) could work less, stress less AND make more.  
  
My couple pennies...