



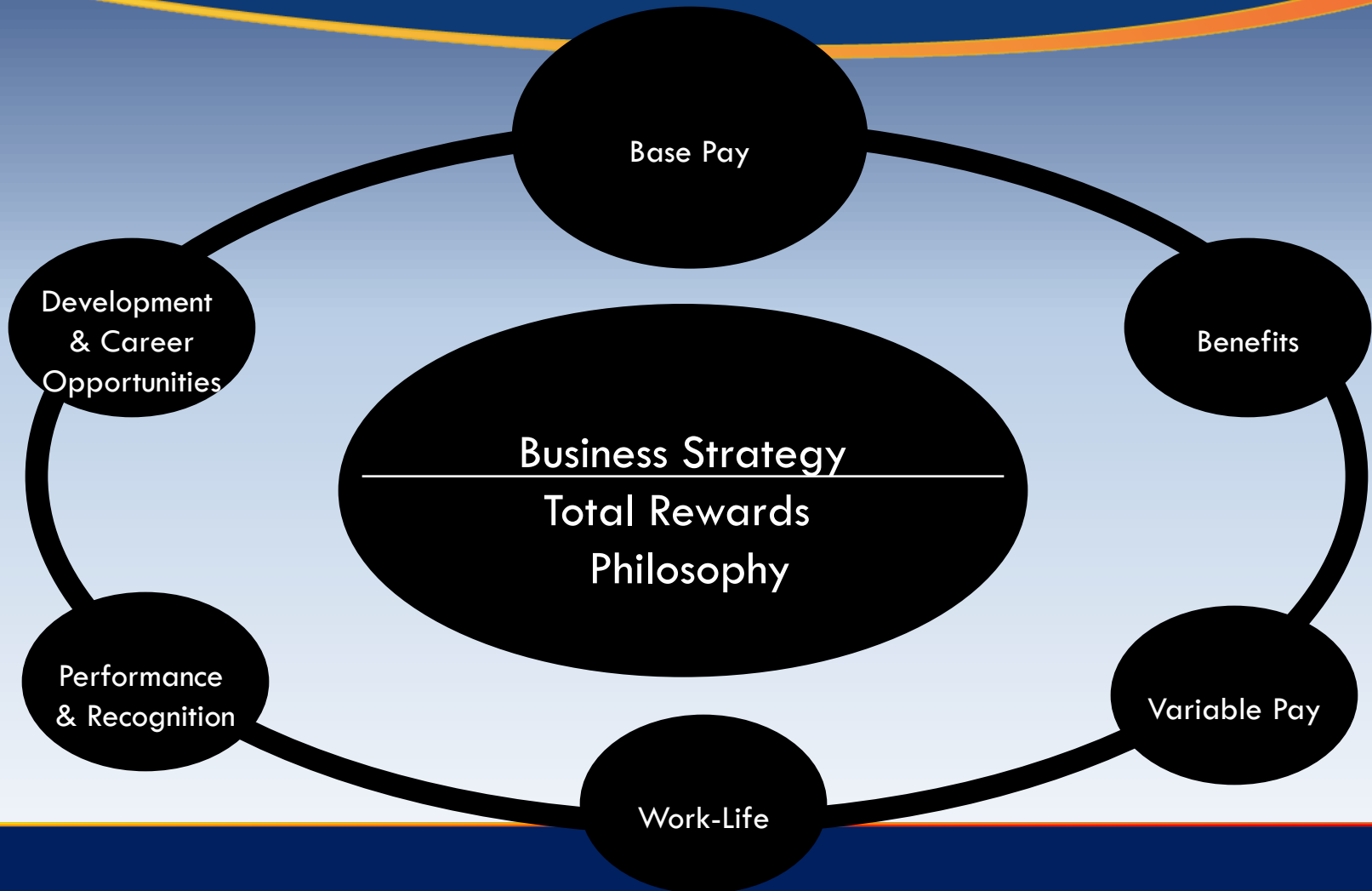
Incentive/Bonus, Performance or Recognition: Finding the Right Solution for Your Organization

*Cathy McNamara
Mountain States Employers Council*

On Your Toes



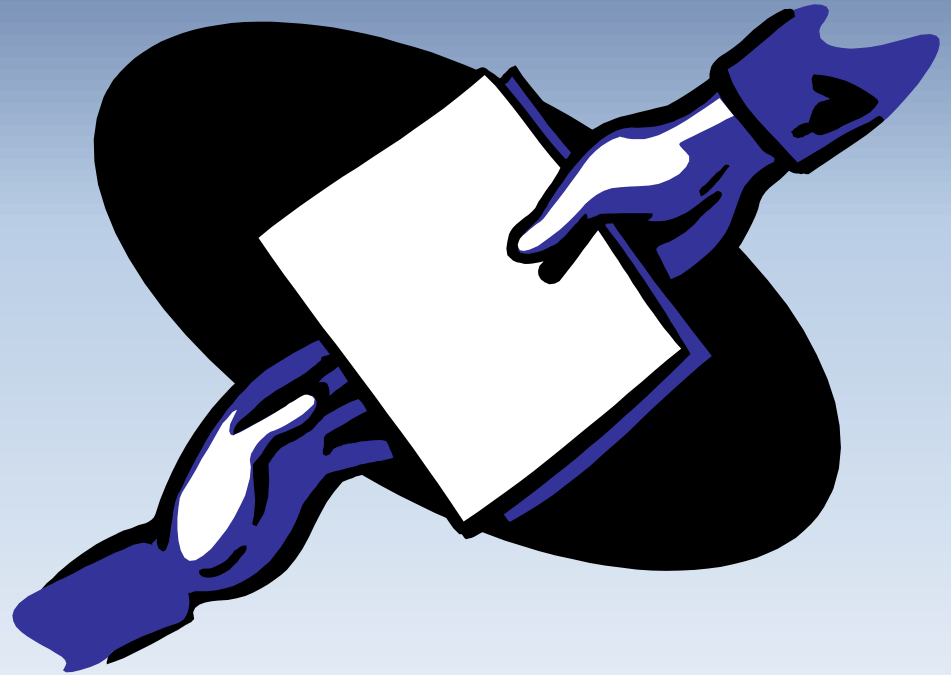
Total Rewards Model





Just so We're All on the Same Page

- Incentives/Bonus
- Performance
- Recognition



What is Variable Pay?

- Direct cash compensation
- Not part of base pay
- Can vary in amount
- Other terms
 - Incentives
 - Bonuses
 - Commission
 - Cash awards





Why Variable Pay?

- More/less risk for the organization
- Increases/cuts costs for the organization
- Increases/decreases employee engagement
- Drives benefits costs up/down



Short Term Variable Pay

- Any period of time up to two years
- Usually monetary
- Management establishes a pre-determined performance formula
- If achieved, distribution is automatic
- Focus on defined objectives
- Underscore short term business needs



Long Term Variable Pay

- Rewards long term results, usually two to five years
- Can be cash or equity (stock)
- Promotes strategic focus
- Short term results may not be optimal
- Annual measures may be incomplete
- Balances employee perspective



What Every Variable Pay Plan Should Have

- Alignment with the organization's business strategy
- Eligibility clearly stated
- A good "line of sight"
- Begin and end dates





What Every Variable Pay Plan Should Have

- Disclaimer language
- Measurable targets
- Funding
- A comprehensive communication plan

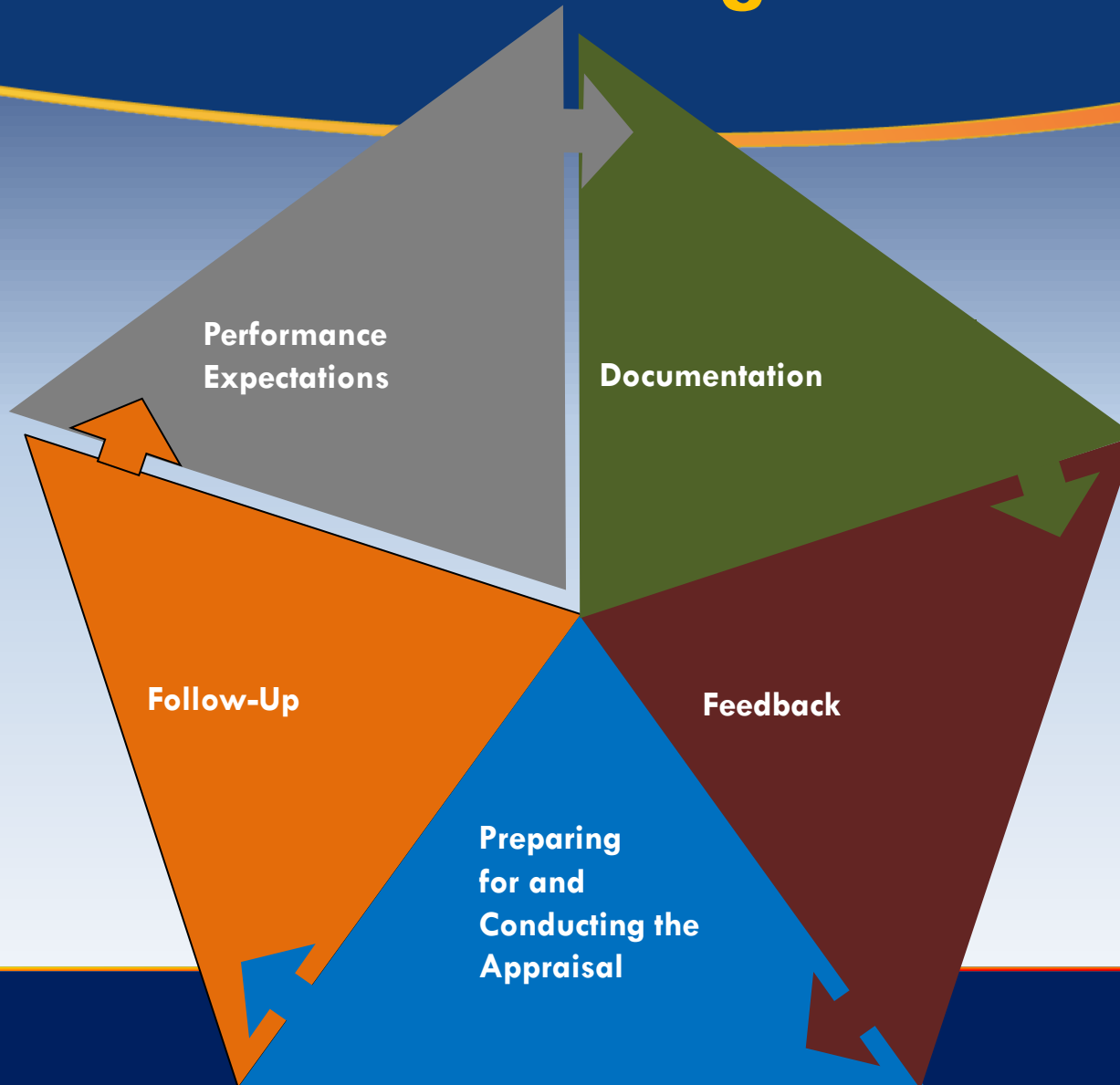




Performance

Does the merit increase really
pay for performance?

Performance Management Process



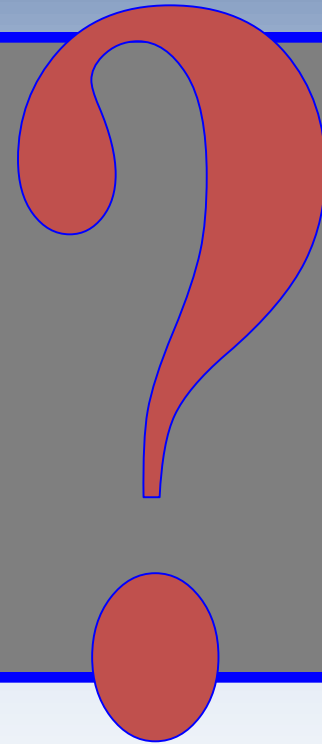
Setting the Stage for Success From Day One

Expectations

What am I supposed to do?

How well am I supposed to do it?

How does this relate to the organization?



What Can Recognition Do for You?





The Business Case for Employee Recognition

- Provide strategic focus
- Show measurable results between non-cash awards and improved performance
- Use as recruiting and engagement tools
- Achieve a pre-determined level of job performance
- Help managers play a pivotal role



Building Recognition

- Develop clear nomination and selection criteria
- Include a description of what the employee did to deserve the nomination
- Create a recognition team
- Allow for multiple recipients
- Change it up quarterly, semi-annually



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Workplace Matters!