

PAY AS INCENTIVE

Good salaries alone are not enough to motivate employees. Special incentives should be required for exceptional performance.

by Rudd McGary and Ed Wandtke

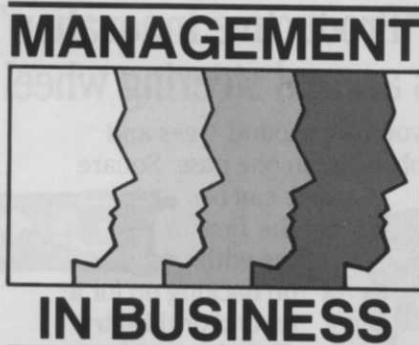
Salaries, in and of themselves, are seldom major motivators, as was noted here last month. Salaries come with regularity, don't reward special performance, and are expected by the employee.

Given these reasons for salaries being neutral (at best), managers who want to motivate through compensation had better find alternatives different than regular pay.

Here are some incentive plans that we've seen work in the green industries. They should be modified to meet your specific organization, but the basic ideas and practices remain the same.

1. Define "exceptional" performance, and pay for it. Most people are paid for doing an average workload. When compiling working objectives for the year, you should tell employees not only the "acceptable" work to be performed, but also the "exceptional" performance. This rating system gives the workers, even part-timers, goals for earning above the average pay base.

Though this can be used in both short-term and long-term time frames, it does not have to be over an



extended period of time.

2. Pay incentives for "team" performance. Take one unit of your workforce and give it a task requiring all its members to perform well. Pay a bonus to all of the members if the team is able to achieve a high performance rating. This creates a strong peer pressure to perform, and that can be highly motivational to team-oriented workers.

(One caution: if you are paying an incentive for team performance and you give the team several under-performers, you will find that even peer pressure will fail to motivate these people. The team must understand the goals and be willing to function as a team in order to achieve rewards for all the members.)

3. Always base compensation, paid as incentive, against a written and measurable goal. Instances exist of managers saying things like, "if you do a good job, we'll take care of you." What does this mean? That they will take their employees to the Bahamas for a six-week vacation, or that they will buy them an ice cream cone?

The above statement has two ambiguous phrases: "good job" and "take care of you." If you can't write down what a "good job" means to you and what "taking care" of someone means, it's highly likely that whatever reward you give will be disap-

pointing to many of the employees. Always spell out what is expected as well as the possible incentives with each given time frame and task.

4. Leave some room in your budget for the unexpected reward. As we wrote last month, unexpected payments for exceptional performance can be extremely motivational. They should be a part of your budgeting process whether you put in a special line for them or simply have them under a miscellaneous expense.

If you already have a line in your budget for rewarding certain types of performances, you're more likely to give them than if you have to find the funding in another budget line. While this is not a formal "plan" for incentives, it can be a factor that will force

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you to think of incentive plans as you do your budgeting.

Motivation depends on the individual to be motivated, the types of motivation available and logical, and the timing of the motivation.

Incentive plans can be motivational.

It takes a strong management effort to come up with plans that truly motivate both part-time and full-time employees. The interaction of the manager with his/her people will probably be the key to understanding what types of compensation and incentive plans will work. It's not easy to motivate employees, but the manager who is aware of the personal psychology and financial constraints imposed by the organization will be the manager who is able to have the workforce performing at its peak. **WT&T**



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