

*Information from Dave Ryan, Partner, Chesapeake Compensation Solutions, LLC.*

All companies want to attract, retain and motivate the employees they need to grow a profitable business. I agree with and want to expand upon three key takeaways in the attached article about financial incentive programs. First and foremost - companies willing to do what it takes to properly design and implement a financial incentive program have the opportunity to stand out in the crowd, and improve their chances of achieving their key goals. The second key takeaway is that incentive compensation is not an end unto itself. Rather, financial incentive programs are a tool that can be used to communicate and shine a spotlight on company priorities and business drivers. In my experience, whether you're designing a financial incentive for management executives, front-line managers, or groups of rank-and-file employees, priority one is to gain an understanding of the company's strategic direction (vision), human resource strategy/desired culture, annual performance objectives, and pay positioning strategy. If these four basic foundational elements are in place, then a financial incentive program might be an appropriate tool to help focus employees' efforts and behaviors on key organizational priorities. Finally, financial incentive programs will not always be the right tool to use. Employees are not motivated by money alone, and not all organizations have the basic foundational elements in place for a successful financial incentive program. To attract, retain and motivate the employees they need companies should explore the appropriateness of the other tools in their toolbox such as formal and informal performance recognition, training and education, and developmental and promotional opportunities.