

Five Effective Employee Incentives

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[Employee-motivation_5.jpg](#)

Image by: Jeremy Bruneel

Motivating employees is a more complicated art than the old carrot-and-stick approach.

If you want employees to do more than just show up every day, you have to offer more than a paycheque. Three pros provide tips on effective incentives: Richard Bead, vice-president of human resources for Telus Corp.; Kelly Cardwell, director of the compensation and review board for Best Buy Canada; and Christian Codrington, senior manager of operations for the B.C. Human Resources Management Association.

Money isn't everything

You need more than just financial rewards. “Pay raises are generally effective for three months,” says Bead; without further incentives, the motivation fizzles. And not everyone is motivated by money, so non-financial rewards offer alternative incentives.

Link incentives to goals

Your company’s leaders need to discuss what they’re trying to achieve through the incentive plan, says Cardwell. She suggests that incentives should be fine-tuned to match circumstances: “If we think sales are going to be soft, we want to drive people to control costs as a percentage of sales.” She adds that how employees achieve goals is as important as achieving them. For example, if a manager reaches profit targets by cutting employee hours, no one wins – not only do employees see a smaller paycheque, but the company’s values have been compromised.

Job type matters

There's no such thing as a one-size-fits-all incentive; rewards should be tailored to the job type. If your organization is built on teamwork, shared incentives will encourage collaboration and organizational citizenship says Codrington. In other instances, it's important to recognize individual performance; for example, a car salesperson likely works independent of his colleagues, "so that's a time when everybody can have separate targets."

Promote transparency

Communicating job performance openly within an organization gives employees benchmarks. Codrington points out that comparing yourself to others based on asymmetrical information only promotes stress and anxiety, so lower the stress level and be honest with employees about how their peers are doing. Part of a manager's job is to evaluate employees, but they shouldn't rely purely on their own opinion. Cardwell explains that, as part of Best Buy's annual review, management solicits input from customers, peers and team members in order to gain a more rounded perspective on how staff are performing.

Don't waste time

While annual awards have their place, at its most basic level there's a Pavlovian dimension to incentives: reward an employee for a job well done, and the good behaviour becomes automatic. But the automatic reflexes only kick in if behaviour and reward are closely associated. Cardwell points out that Best Buy uses quarterly bonuses because that's when the company evaluates profit targets, and the two should go hand-in-hand: evaluate, then reward.

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