

Top tips - Developing bonus plans

- ❖ The last stage in developing a bonus plan is designing it. Think about it like decorating a room; it's all about the preparation.
- ❖ The first thing to do is consider the roles carefully. What do you really want people to do? What does success look like?
- ❖ Almost no one can achieve results on their own, so consider carefully if it should be an individual or team plan.
- ❖ Measures may need to be qualitative as well as quantitative "Counting the number of words in a poem or weighing a statue will not help you appreciate their value".
- ❖ Consider horizontal and vertical relationships. What do the bonuses of others above them or with whom they work do?
- ❖ What is the context within which the bonus is meant to help?
- ❖ Bonuses do not manage for you.
- ❖ What is the time span over which the individuals or teams make an impact. Align the bonus payout to that time scale?
- ❖ You must be able to answer the question, 'what is basic pay for and what is bonus for?'
- ❖ Consider if a non-cash programme would work well. They can make a particularly big impact for short term incentives.
- ❖ Look up Expectancy theory (Vroom), which is the main motivation theory seen to support bonuses.
- ❖ People will do what the bonus targets, so be really sure that is what you want.

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