



THE LIONS PRIDE

A-Player Culture | Module 9: Compensation and Incentives

Pick your Performance Perks

Step 1. Understand what makes incentive programs work.

When it comes to compensation and incentives, they only work if your employees find them valuable. The trick to motivating performance is aligning your incentives with your ultimate goals—and with theirs.

Your incentive program should answer YES to the following questions:

1. Does this incentive strongly reflect the values of our organization?
2. Does the structure make sense for [our stage of growth](#)?
 - a. For start-ups, is it based on customer acquisition?
 - b. For scale-ups, is it based on customer success and retention?
 - c. For sustainable growth, is it based on both of the above?
3. Does it strongly reflect the incentives employees have said they want? Is it large enough to be significant?
4. Is it easily and widely used?
5. Are there clear and consistent criteria for each incentive?
 - a. Achieving set individual performance-related goals
 - b. Achieving set team performance-related goals.
 - c. Longevity and Loyalty awards for certain work anniversaries
6. BONUS: Does our incentive program make top candidates want to work with us—and our top performers want to stay?

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Step 2. Maximize the impact of spot incentives

You can still create a meaningful and rewarding incentive and compensation program even if large annual bonuses aren't in the budget. It's called a "spot" bonus—and it's a trend that isn't going away.

A "spot bonus" is an incentive paid "on the spot" to an individual, a group, or sometimes the entire workforce for a specific result, action, or behavior. Typically smaller than a quarterly or annual bonus, spot bonuses are still highly rewarding because they are often unexpected—and they can happen more often, which has the additional benefit of training the brain to associate individual performance with company results.

TIPS FOR USING SPOT BONUSES

- Determine the amount of available "spot bonus" funds at the beginning of the budget cycle.
- Consider a "pro-social" spot bonuses which encourage employees to spend the money on others. A "You've made our day brighter by being here. Here's your chance to do that for someone else" type of reward. [This study](#) shows that those who were given pro-social bonuses later outperformed those who received a personal payout.
- For a spot bonus to go the distance, you have to make it more than about the money. Clearly explain why you're handing out bonuses—are you rewarding employees for their extra hours during a stressful time? Did you meet a goal? Make huge gains in productivity?

Need more affordable ideas? [Click here](#).

Step 3. Deploy uncommon incentives that actually work.

Today's modern workforce requires the right mix of compensation and benefits to bring out the best in its performance.

Consider adding the following benefits to your incentive program. [This article lists several great ideas.](#) Here are some of our favorites.

1. **Dinner with the Boss.** For those employees who value quality time, this one will be highly motivating.
2. **Rockstar Parking.** Especially for those of you in competitive parking settings, earning the “top spot” in the lot can be rewarding on several levels.
3. **Office Makeover.** Many perks are temporary—but a new office chair, a cubicle upgrade, or a budget to redecorate their space with things they love will be a daily reminder that you recognize performance.
4. **Out-of-office, on-the-house vacations.** There's a reason why more and more companies are offering unlimited vacation and sick time—because they know American's won't take it. Enticing employees with a fully-paid vacation will force them to unplug—and you will both enjoy the benefits of extra rest, time away, and personal time.
5. **A well-articulated employee development plan.** Never underestimate the value of time devoted to each team member's personal and professional goals. Go (way) beyond performance reviews with quarterly check-ins that focus on support, accountability, and long-term success.
6. **More paid days off.** As time becomes more and more valuable, a few extra paid days off become a lot more attractive. If your company can't afford to dole out raises, consider adding a few company holidays to your calendar or offer paid days off in lieu of bonuses.
7. **Say thank you.** Appreciation and recognition can be the difference between an employee who gives their best and one who gives their notice. A few written or spoken heartfelt words can go a long way for most people—and it doesn't cost you a dime.

CREDITS + RESOURCES

- ["How to Determine the Right Mix of Benefits and Compensation for Your Staff," *Forbes*](#)
- ["5 Different Types of Employee Bonus Programs for Your Small Business," *Small Business Trends*](#)
- ["10 Employee Incentives All Business Leaders Can Afford," *Bplans*](#)
- ["Workplace Incentives That Your Employees Want," *Business News Daily*](#)
- ["Millennials: Fueling the Experience Economy," *Eventbrite*](#)
- ["Reward Your Employees — Without Breaking the Bank," *Harvard Business Review*](#)
- ["Employee Compensation: Salary, Wages, Incentives and Commissions," *MaRS Startup Toolkit*](#)
- ["The Right Way to Use Compensation," *Harvard Business Review*](#)
- ["25 Rewards That Great Employees Actually Love to Receive," *Inc.com*](#)