

Bonuses

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Bonuses are a considerable motivation tool, even for the smallest business. On the other hand, they can also be a squander of money. The way in which bonuses are planned and carried out makes the difference.

Appropriately administered bonuses can strengthen performance that will lead your company to success by rewarding people for making specific contributions to the organization. Improperly administered, you may have to deal with disappointed employees who expect a bonus, but who may be unhappy with what they get. Follow these steps and you will find that having a properly executed incentive program is worthwhile.

1. To derive the most from incentives, tie them to clearly-set goals. They should be solid, feasible, and crucial to the growth of your business.
2. Set goals with employees because they are often the best source for information about what job-specific goals will encourage overall heightened productiveness. Involving employees will also curb bitterness that can come from the hindrance of goals from misunderstanding.
3. Reevaluate goals halfway through the year to insure that goals still make sense and that employees are on track.
4. Make goals distinct and assessable because a general goal does not instruct an employee in what steps to take.
5. Set goals that connect employee action to the achievement of your company by not assuming that bonuses should be tied to increased sales or, even, profitability.

Other questions that you may ask are:

1. Do I want to keep the staff I have? Bonuses are a device for enticing and retaining skillful employees. If you are worried about losing someone to the competition, keep this in mind.
2. How much should I pay? There are no real rules except that they should be equal among peer groups and always tied to achievement of stated goals. All employees discuss bonuses, and paying unequally will create dissension.

When you deliver bonuses, be sure you explain the reasons behind them. The rationale should be performance-oriented, and make it clear that a bonus is an extra that may not always be available. Also, let them know that you are rewarding them for this year's accomplishments and that bonuses are available based on the company's performance for this year only.

The end of year is not the only time bonuses can be given. You should also furnish periodic merit for jobs well done. Even a small bonus can mean a lot to someone because it shows that you acknowledge his or her hard work. A small bonus or a bonus in the form of paid time-off can work wonders if you are strapped for cash.

When you are doling out bonuses during the year or at the end of the year, don't overlook the behind-the-scenes people who have made the big orders, the triumphant client presentations, and your growth possible. Administrative staff contribute to making all other functions of the company operate smoothly. Reward them too!

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