

Year end bonus: The gift you give yourself

Written by Julie Desmond
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If you decide to change jobs next year, or just want to make more money where you're at, remember to factor in the real value of that pile of cash called an "incentive plan." Big words, Incentive and Plan. Bonuses are meant to Incentivize employees, to motivate them to do their jobs extremely well, in a way that improves the company's bottom line. Plan, to the employee, means Plan Ahead: understand your company's bonus programs and intentionally act in ways that will improve your chances of seeing that extra cash consistently throughout your career.

Not every company offers bonuses. Those that do will usually limit the big bonuses to the management level and above, or to those making above a certain salary (typically around \$75K and up). Even if you are new to your career and not yet eligible for bonuses, understanding your employer's bonus plans will help you plan your career so that, someday, you will be on track to receive that extra pay. There are a few common types of bonuses, mostly based on individual or company performance.

Pay for Performance: I know a family who uses a performance based system to pay the babysitter. If the parents come home and the kids are alive, that's a minimum expectation and warrants a minimum hourly rate. Let's say, \$1. If the kids are asleep, an extra \$1. If the dishes are done, \$1 more. The babysitter has essentially tripled her own pay by performing her job excellently.

Discretionary Bonus: If the dog is groomed and house is painted, then the sitter has hit it out of the park and the bonus skyrockets. A discretionary bonus can seem random, but actually rewards top performance and can also recognize effort. For instance, if the kids are awake, but the house was broken into, that's hardly the fault of a lazy employee.

WIGs: Some bonuses are based on an organization achieving its Wildly Important Goals. WIGs bring employees together on behalf of a specific objective of interest to the company and generate a measurable

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improvement to revenue or another specific target.

Profit Sharing: This bonus is paid out relative to the company's profits, without regard to who contributed.

Gain Sharing: Employees share in the gains realized when production or quality improves. The bonus might be paid quarterly or even monthly, and generates enthusiasm for continued improvement.

Companies often give out other bonuses, as well. At one company, the owner carried a \$100 bill in his wallet at all times. If an employee could recite the company's mission statement on request, he handed them the \$100 bill, a "Spot" bonus, paid on the spot. Other opportunities for improving your take home pay might be through a referral bonus, when you bring new employees into the organization, or a retention bonus, when you agree to stay for a set period of time, through a difficult merger or through completion of a critical project.

Extra cash is probably available to you , in one form or another. You might want to ask about it at work. And then, you might want to work for it.

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