



<i>Dear Workforce</i> How Much Bonus Detail Should We Routinely Share With Employees

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Dear Willing to Tell:

Even before their first day on the job, employees want to know: "What's in it for me?" They are numbers-savvy and knowledge-thirsty. So you should strive to be candid and transparent, and consider showing employees as much as possible to ensure they appreciate the full value of your bonus program.

Regardless of the type of bonus program you have, it's important for employees to understand:

- The goals for your organization and whether those goals are set on an individual, group, business-unit or companywide basis (or a combination).
- How bonus funding is established and aligned with meeting business goals.
- The full range of pay potential and how their contributions affect their personal earnings potential.
- In other words, for your company to maximize its investment in the program, employees must know what is expected of them, how they can achieve it and what their reward is.

Frequently, organizations expend a tremendous amount of time and energy developing an effective bonus program but fall short on executing a fine-tuned communication strategy. Employee-focused messaging is a powerful way to drive the company's financial success. Communicated within a performance framework, cash awards can influence discretionary effort and consistently motivate employees to act like vested owners of the business. On the

other hand, awards positioned as "supplemental" (discretionary) tend to have less impact on employees and business performance. Employees may appreciate the extra cash, but are not necessarily motivated to perform better, if the link between their effort and reward is vague or missing altogether.

Communication can provide the critical link to company performance. Some best practices based on our experience include:

- **Cascade timely, consistent messages.** Communicate company financials against targets throughout the year while employees can still positively affect the numbers.
- **Arm your champions.** Make sure HR recruiters, managers and leaders at every level are prepared to explain and answer questions about your bonus program.
- **Keep it clear.** Avoid jargon, use conversational language, and provide examples to illustrate complex concepts.
- **Show them *their* money.** Some leading companies offer employees personalized communications about how their bonus is calculated (with detail on how the program is structured) and online tools that allow them to model "what if" scenarios based on individual and company performance.

Finally, remember that a bonus program is only one component of employee pay.

Communication should consistently connect to your total rewards program—all the available pay, benefits, learning opportunities and work/life programs that fully answer the enduring employee question, "What's in it for me?"

SOURCE: Suzanne Johnson and Linda Ulrich, Buck Consultants (<http://www.buckconsultants.com/>), Secaucus, New Jersey, July 2, 2008

LEARN MORE: Cash bonuses (<http://www.workforce.com/archive/article/25/27/40.php>) remain popular tools for rewarding employee performance.

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