



Peak
Performer Webinar Series


VISTAGE

Performance Incentives that Drive Engagement

Presented by:

Peggy Richmond, Director of Compensation Services, Insperity

Cheri Fields, Performance Specialist, Service Operations, Insperity





PERFORMANCE INCENTIVES THAT DRIVE EMPLOYEE ENGAGEMENT

Cheri Fields and Peggy Richmond

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Important Notes

- The information we will share with you today is for informational purposes only.
- Insperity does not provide legal, tax, or financial advice.
- You should not rely solely upon this general discussion about best practices to address any specific circumstance in your business.

Staying Competitive to Retain Your Employees

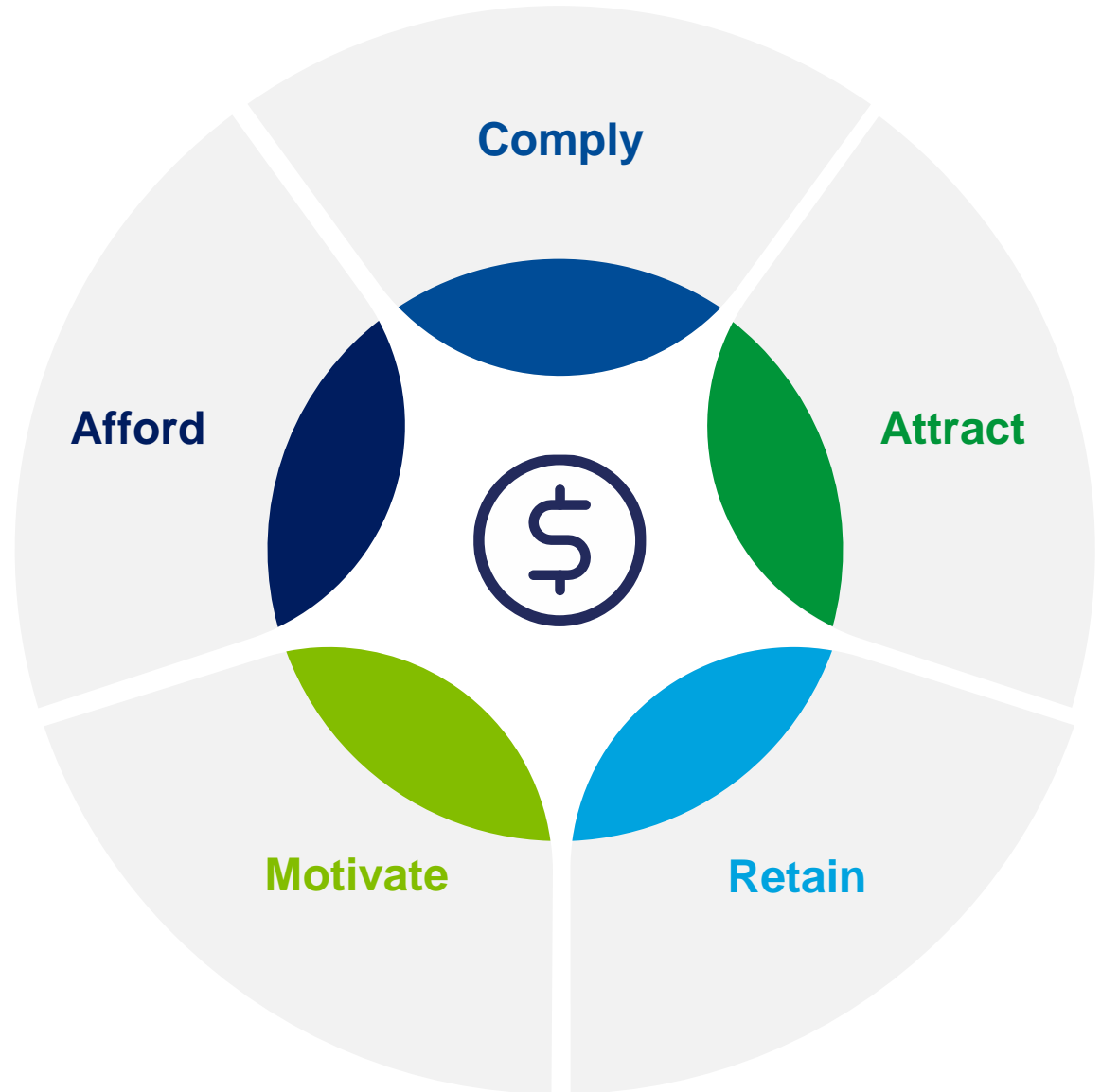
- Employee Motivators
- Culture Design Drives Engagement
- Rewarding Behaviors
- Why feedback is so important



Using Other Forms of Compensation To Influence Behaviors

- Public versus Private Reward
- Core Values that Drive Behaviors
- Development Goals and Conversations
- Compensation Correlation to Commitment

Goals of Compensation



Two Types of Cash Compensation

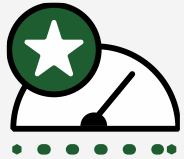


- **Salary**
- **Hourly**



- **Bonuses**
- **Performance-based Incentives**
- **Sales Compensation**

Variable Pay



Align performance
and objectives

Remain
competitive



Reward and
recognize employees

Link rewards to
organizational success



Questions to Ask

When developing performance criteria for your company, ask these questions:

- 1 Does the criteria reflect an important company priority/strategy?
- 2 Can I measure this? Are data on this criteria likely to lead to improvement?
- 3 Does the criteria reflect stakeholders' needs?
- 4 Can the measure be communicated to and understood by a broader audience?
- 5 Can groups accountable for providing the data be identified?
- 6 Will the criteria be sustainable over a period of years?

Incentive Plan Best Practices

Optimal number of performance criteria is two and no more than four; keep it simple and easy to understand

Ensure you have the means to collect the appropriate data from accurate sources.

Outcomes should be controlled, or at least influenced, by the participant. If they are perceived as unattainable, it can be counterproductive to the motivational aspect of the reward program.

Show how individual performance is aligned with the identified objectives.

Performance measures and standards should challenge employees to perform at high levels and, at the same time, be achievable.

Show link between incentive pay to individual, group and/or organizational goals.

Best Practices in Variable Pay



Incentive Plan Trends

Variable Pay Data 2019-2021

National Data	Nonexempt Hourly Union		Nonexempt Salaried		Exempt Salaried		Officers/ Executives	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median
2019								
Avg % Budgeted	5.9%	5.0%	6.2%	5.0%	13.1%	12.0%	39.1%	37.0%
Avg % paid	5.6%	5.0%	6.3%	5.1%	12.8%	12.0%	38.5%	35.0%
2020								
Avg % budgeted	5.6%	5.0%	6.0%	5.0%	12.6%	12.0%	37.9%	35.0%
Avg % paid	5.0%	5.0%	5.4%	5.0%	11.4%	10.0%	33.9%	30.0%
2021								
Proj % budgeted	5.8%	5.0%	6.1%	5.0%	12.9%	12.0%	38.1%	37.0%

According to the 2020 WorldatWork Salary Budget Survey, projections are up slightly from 2020. It remains to be seen what actual payments will look like.

Summary

- Incentive pay is just one of the pay programs available to organizations to attract, retain and motivate employees.
- It does not work for all companies, and it may not work for all levels within a company.
- Much preparation needs to take place before an incentive plan can be developed.
- Every company is different, and every incentive plan is different – one size doesn't fit all.



Q & A

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 Alliance@insperity.com



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