Grevillea Consultants

Performance Management

Incentives

A common question for supervisors is what incentives they can use to encourage performance. They can seldom give pay rises or bonuses so feel they have nothing to offer.

Firstly, a pay rise is an inefficient and expensive incentive. Remuneration is not about rewards. It is a pre-condition of employment. It should be adjusted to the value the role has for the organisation. Once you raise a pay level, it ceases to be an incentive and becomes an expectation. This is similar for bonus payments if they are periodic and not linked to a specific outcome.

Definition of incentive

So what are incentives? They form an array of positive (rewards) or negative (penalties) consequences linked to specific expectations and the delivery of outcomes. They are about how a person feels satisfied, recognised and rewarded for their effort.

Here are some examples:

Public praise	At team meetings, with visiting executives or stakeholders, highlight what the person has done, the benefits and your appreciation of what they did. (Also note, leaders look insecure when they claim credit for themselves but confident when they dish it out to others.)
Private praise	While public praise is important, a quiet, sincere word offered by taking someone aside, can communicate a genuine appreciation. Sometimes people will look at public praise as so much showiness. Private praise, where the supervisor takes time out for no other reason than to deliver it, can show thoughtfulness and a genuine effort to communicate.
Acts of gratitude	Simple things, like e-mails, morning teas or cards that say thank-you are a form of recognition. They can be quite informal but reinforce the bonds between supervisors and their reports and help people feel it is worth the effort doing things well.
New work options	A person demonstrates their commitment, effectiveness and skills in their current role so are offered the opportunity to get involved in a new area, eg. a new product or service line. This offers recognition, innovation and excitement. Sometimes people are left where they are, an areas of strength, but given more discretion or opportunities to develop that area.
Career opportunities	A person demonstrates effectiveness on tasks or workloads so is offered the chance for temporary higher duties. This works, even if the person is not seeking promotion, because the offer itself is a form of recognition.
Budget	At higher levels, rewarding successful leadership with higher budgets can be a form of recognition. If they have shown good results with their current portfolio, give them the chance to expand into their hot interests. This is a variation of the new work option but works on the old proverb: those who have will be given more, those with less will lose what they already have. It can constructively tap into the vision and drive to achieve that is usually an attribute of senior leaders. This can also be an indirect incentive for operational staff and leaders, namely, “If our branch succeeds with x, we may get the chance to try y.”

Link rewards to outcomes

It is always important to link the reward to specific work or outcomes. This includes before the event ("If you do x, then we will give you y") or after the event ("Because you delivered x, we want to offer you y"). Reinforcing the link between performance and recognition is important.

The negative flipside

The negative incentive, or penalty, can easily be seen as the flip side of these. For example, "As you haven't delivered with your existing work, we need to focus on getting you up to speed with that before we get you involved in…" The most important exception to this is public praise. Never publicly reprimand a person. Be quiet in public and deal with them privately. Humiliation is never good for individuals or organisational culture. In private, constructive, solution focused criticism can be offered and humiliation avoided.

Training is not a reward

Please note, training should never be used as an incentive. It sends all the wrong signals. Training is a resource to build the capacity of the organisation and should be targeted according to that need.

Senseless acts of random kindness

It is important that supervisors don't link all their positive messages to specific outcomes. This can make them seem too driven or even exploitative of their people. People often work hard, endure stressors and solve many problems as part of their day to day work. They don't seek recognition nor parade it before their boss. Sometimes, simple acts of kindness, such as some snacks in the common area or decoration/flowers to brighten up the place, can show that the supervisor is thinking of people and does believe in their efforts.

Make good work possible

Finally, the incentive most people need most of the time is the ability to succeed at what they do. It is important not to trivialise this by attempting to 'bribe' them to perform. Respect people's dignity, help them achieve and recognise that achievement is usually enough. After all, the key role of a leader is not just to define what people are expected to deliver but make sure they have the resources to do it. Checking what people need to work well and helping them get it is itself a powerful form of recognition.