

File Created by [Blogging Rebirth](#) WP Plugin

Top 10 Performance Bonus Practices of Our 2010 Small Business Award Finalists

Be a **workplace hero** ...
ReTweet this post on **twitter**



We're getting closer to revealing the winners of Winning Workplaces' 2010 Top Small Company Workplaces award. Or should I say, our media partner, Inc. Magazine, is getting closer to unveiling them.

I heard this week that Inc. is putting the finishing touches on its June 2010 issue. It will arrive in subscribers' mailboxes on June 5, and will be on newsstands by June 8. When it comes to learning about top-notch employee engagement and team building strategies for a more profitable and [Buy Cialis](#) productive workplace – especially in small to midsize organizations – you will definitely want to look for this informative issue and cover story.

Inc. will go into more depth on this, but I wanted to provide you with some value now and share the top 10 practices used by our 40 finalist companies for 2010 when it comes to structuring and administering performance bonuses. The data on this was captured in Q4 2009 and Q1 2010 so it's timely and actionable for *your* organization.

Here's the list:

1. Managers receive 1% of the value of sales they generate and manage. Non-management employees are eligible for quarterly performance bonuses based on their demonstration of the company's core values.
2. Performance bonuses are a fixed percent of the employees' salary. Employees also have an additional bonus linked to achieving team goals. The management team also receives profit sharing, a percentage of the company's profit.
3. Distribution of bonuses on a semi-annual basis. Bonuses are based on two components: company financial performance and individual performance. "On-the-spot" bonuses are also randomly distributed to employees for work that goes above and beyond the call of duty.
4. Every employee is eligible for an Employee Performance Standard bonus which pays out at 10% of an employee's annual wage at the "very good" performance ranking and 15% of annual wage for "outstanding" performance based upon measurable criteria. If the company's profit performance is over budget the employees' percentage is increased by the same % that the company's performance is over budget.
5. Distribution of an annual bonus that represents a minimum of 20% of the company's profits. Half of this bonus is distributed mechanically, based on tenure with the company. The other half is distributed by the executive team based on performance.
6. Stock Bonus: Awarded at the discretion of management to selected employees who live the company purpose and core values, drive outstanding success through their leadership or entrepreneurial efforts, and have a commitment to long-term ownership of company stock.
7. Board of Directors determines annual profit sharing and number of stock shares to be issued to each employee. Amount is the same for each eligible employee with 1+ year of service, regardless of position or salary.

8. Individual pay raises are decided at the lowest level possible (supervisor). This is done by increasing the total labor budget for a department and allowing the supervisor to distribute this money in any justifiable way to reward prior-year accomplishments. Detailed feedback and evaluations are regularly prepared so that no aspect of the employee's evaluation or corresponding pay raise is a surprise.
9. For Business Development positions, performance bonuses are treated as sales commissions. Bonuses are based on contribution, job level and the company's financial results.
10. All full-time employees participate in a quarterly bonus program. Everyone, from hourly workers to the CEO, works toward the same revenue target. Bonus payouts begin as soon as 80% of the target is reached. There is no upper limit to the bonus. Results are discussed at all-hands meetings that are led by the CEO.

As you would expect, performance bonuses are an extremely popular way for companies to engage employees and encourage them to put forth their best effort: 90%, or 36 of our 40 finalists for 2010, use some kind of performance bonus program.

Related Posts:

- Two Employee Development Strategies from a 2010 Top Small Company Workplaces Applicant Firm
- 18 Benefits for Childless Employees
- Respecting Employees Improves Business Results
- 18 Flexible Work Practices of the 2010 Top Small Company Workplace Award Applicants
- How Our 2010 Small Biz Award Finalists Beat the Competition
- Revenue and Profitability Trends for 30 Industries

View full post on [Winning Workplaces](#)

You can also find this article published on [Top 10 Performance Bonus Practices of Our 2010 Small Business Award Finalists](#), and on the tag pages [2010](#), [Award](#), [Bonus](#), [Business](#), [Finalists](#), [Performance](#), [Practices](#), [Small](#).