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# **Good for Employees, Good for Companies: Lean Performance Rewards**

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Well before the financial crisis of 2008, companies in manufacturing and many other industries embraced "lean" as a way to conserve cash and resources not needed to create value for the end customer.

On our website we've explored these practices, specifically the team building and other human capital strategies that have fueled their success. It's a good thing so many firms jumped on the lean bandwagon prior to 2008, or we might be in a lot worse shape today!

**Another area of operations that we see undergoing a "lean makeover" is performance management.**

Last week I wrote about how performance reviews are being more closely scrutinized than they've been in years for the value they provide companies (click here to take our LinkedIn poll on whether [Buy cheap Accutane Online](#) reviews are helpful or harmful to organizations). Today I want to talk about businesses' increasingly lean focus when it comes to employee engagement tied to performance rewards.

For the past few years, based on workplace culture research from folks like Cindy Ventrice and people practices used by business leaders like Danny Meyer, we've made the case that simply throwing more money at rewards does not necessarily lead to better desired results: greater productivity and commitment and lower turnover.

*Workforce Management* has a new special report out on this which finds that "With budgets remaining tight, more employers are focusing on nonfinancial rewards and customizing recognition at the local level to motivate and retain top performers." The bottom line of Leah Shepherd's reporting here, which includes the results of a survey by the Hay Group and WorlDatWork, is that the same local, person-to-person engagement that drives innovation and continuous improvement should be the impetus for effective – and at the same time, cost-effective – reward incentives.

Notably, while the two non-workplace consultant, non-governmental firms Shepherd profiles – Great American Insurance Group and The Everett Clinic – are midsized to large businesses (ranging from 1600-5000 employees), lean performance rewards can be just as if not more effective in smaller organizations. Why? A smaller staff size and a typically flatter organizational structure mean that managers can more easily know and leverage individual, non-monetary employee reward preferences to meet the goal of continued motivation and peak performance while adhering to a slim budget.

**It's my hope that** as this meme reaches further and further into more smaller firms, **lean performance rewards will transition from management fad to common practice – like what happened in manufacturing.** The money saved over more expensive, less personal reward programs can help companies recover faster. As the economy improves, this will also assist with hiring and employee leadership development, both means to sorely needed increased job and customer satisfaction.

**What's your take?**

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