

Designing an incentive compensation management program

1. Plan and design

- Define clear business objectives for the incentive program
- Identify the behaviours and outcomes you want to encourage
- Choose the right types of incentives (bonuses, commissions, recognition, etc.)
- Choose specific, measurable, and relevant performance metrics
- Ensure alignment between incentives, metrics, and organizational goals

2. Secure buy-in

- Present the draft plan to senior leadership
- Engage managers and, if possible, employee representatives for feedback
- Revise the plan based on input to address concerns and improve clarity
- Secure formal approval from key stakeholders

3. Communicate and implement

- Develop clear communication materials (presentations, guides, FAQs)
- Conduct training sessions for managers and employees
- Launch the incentive program with a clear rollout plan
- Establish channels for ongoing questions and feedback

4. Review and refine

- Monitor program performance using established metrics
- Collect feedback from participants regularly (surveys, interviews, etc.)
- Analyze whether objectives are being met and identify areas for improvement
- Adjust the plan as needed to maintain relevance and effectiveness

Schedule regular reviews (at least yearly) as you finetune the plan.