

Performance Based Pay (work groups or associate based)

Performance pay programs are being implemented by companies nationwide as a means of promoting teamwork. In fact, the entire concept of a pay for performance program is based on the idea that when group effort is required to obtain rewards, then the individual members of the group will go out of their way to do more than is required of them.

In performance pay programs, companies reward individual employees with monetary compensation if that employee's entire team or department meets certain goals within a specified time frame. The theory behind this is based on the belief that employees will motivate and encourage each other to do well so that everyone can get the reward.

Implementing a pay for performance program takes time, skill and careful analysis of industry conditions. Many companies are now opting to hire a compensation consultant to help implement this type of program and assist in discovering if this is the right type of program for the business. The right compensation consultant can ultimately save a business a lot of money in wasted incentive ideas that don't increase performance or production.