

# 7 questions to ask about your year-end bonus plan

If your company will hand out holiday bonuses this year, do it with purpose. Here are seven questions to ask before you start writing the checks:

- 1. Can you afford to give bonuses this year?** Of course, this isn't your call. Make sure you understand what top management has planned in terms of bonuses and other year-end rewards.
  - 2. Are you discontinuing bonuses this year?** Notify employees of that as soon as you decide. Many employees count on their bonus checks to pay holiday bills. Prepare them for the loss of income before they start spending it.
  - 3. Will a cash bonus drive improvement?** Will it boost morale, increase productivity or retain your best employees? How much do you need to give to accomplish those goals?
  - 4. How does this year's bonus compare to years past?** Employees typically expect to receive the same or more as they did the year before. If you can't match that, clearly explain that to employees before you reveal their bonus amounts.
  - 5. Who will get bonuses?** Will they reward exceptional performance or serve as an across-the-board employee holiday gift? HR pros agree that bonuses awarded just because it's Christmas do not motivate employees to work more productively.
  - 6. Will everyone get the same amount?** If every employee will get a bonus, be consistent about figuring the amount each person will receive. When bonuses are not uniform, some employees will feel shortchanged. Explain the process for calculating the amounts.
- If only some employees will receive bonuses, make that clear well before the holidays start. Otherwise, it's likely all employees will expect the extra cash.
- 7. What made bonuses possible?** If this year's bonuses are happening because your organization achieved its financial goals, let employees know that. When employees understand what made their bonuses possible, they will know the money reflects the organization's appreciation and recognition of their hard work.

It also lets them know that bonus money depends on the company's performance, so they can manage their expectations for the following year.