

# The Holiday Bonus

by Les Cunningham

*Posted: December 9, 2009*



## Nine Thoughts Owners Have About Bonuses

1. Most owners run a mental scan on how the business has performed to date. Then they look ahead and, to the best of their ability, estimate how next year is going to go.
2. Most owners consider how each employee has performed to date and how they think the employee will perform for the remainder of the year. Then they look ahead and try to figure out where and how (if?) the employee will fit into the company next year.
3. Most owners think about their expectations and whether or not the employee met them. Owners believe the employee knows exactly what was expected of them, whether explicitly discussed or not.
4. Most owners think about whether or not the company has been profitable this year. Then they try to figure out how or if the employee has assisted with that profitability. Unfortunately, the first thing that usually pops up in most owners' mind is the most recent disaster involving the employee.
5. Most owners think the employee understands that the bonus is not a "sure thing" each year. Most owners operate as benevolent dictators and do not have a system that both parties have discussed, much less agreed to.
6. Most owners think that the bonus they give the employee will be appreciated, regardless of the amount and in what form it is presented.
7. Most owners think the bonus won't affect the employee's future performance.
8. Most owners think they know what the employee is thinking when it comes to how much, if anything the bonus should be. Heck, how could it be any clearer? It's certainly not been one of the better years. They also must realize that you got a great deal on those two new trucks out in the lot.
9. Most owners think the employee's family does not think anything much about the bonus.

## Nine Thoughts Employees Have on Bonuses



1. Most employees think about how the year has gone from the standpoint that they busted their fanny to get the jobs completed while they kept everyone happy while they tried to make a profit on their jobs. How can it possibly not make money?

The employee has always had work, even when the company was slow. For example, they would come back to the warehouse and be paid to sweep the floor or wash vehicles or do work on the building. So if the boss is charging a lot and they make work for them when there is no job to go to, how can it not have been a good year? Not to mention, when they've said in the past that business couldn't get any worse, the next year business was always better.

2. Most employees think their performance has been great overall. They have done as good as can be expected under the circumstances. Besides, most employees can't bust the fanny all of the time and, as they get older, they will work into becoming a good supervisor and they will become even more valuable to the company in the future and not have to work as hard.
3. Most employees think that they know what the owner expects of them and, although they've not talked about it with their employer, they just know that they are doing the best job possible.
4. Most employees think that the company is profitable, but would be had they not been the one doing the work. They actually brought checks in from the homeowner after the homeowner signed it and asked them to take it back to the office. They got a chance to see the amount of the check, they knew the job and they could clearly see how they had assisted with the profitability.
5. Most employees believe that a bonus is a sure thing each year. Not only that, they remember and have heard talk about what the bonuses have been in the past. They have also heard that bonuses have increased every year.
6. Most employees appreciate their bonus if it exceeds what they expected they would receive. If it does not meet or exceed what they expected, it will be a disincentive to them. They may start looking for another job, due to their unhappiness with what they received vs. what they expected.
7. Most employees believe that a bonus is a statement from their boss regarding how much they are appreciated. If they do not see it as a

positive statement, they think they are underappreciated. This will begin to eat at them and may affect their future performance.

8. Most employees have not discussed their expectations with their boss as to what they think their bonus should be. They usually do not feel comfortable doing so and besides, they think the boss knows and understands how much they do for the company.
9. Most employees' families are very aware of the bonus situation, due to what they thought they would be receiving and what they received. Not to mention that it's the holidays, and they were looking for a nice something for themselves.

## **Five Suggestions on Bonuses**

1. Discuss expectations with your employees – both yours and theirs – prior to paying any bonus (if one is being paid at all).
2. If at all possible, when a bonus is warranted, try to make it somewhere in the neighborhood of their previously stated expectations.
3. Announce that starting the first of the year, the company is going to work on setting up an incentive plan that all employees will have input on.
4. What ever the company decides, the bonus will be paid in February, after the holidays. This will allow the accounting department to close out the books and know for certain how the company did for the year.
5. Fund the bonus plan out of the actual profitability of the company.

Happy holidays, and here's to your continued success in 2010!

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