



TenStep Supplemental Paper

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Non-Cash Rewards

Non-Cash Incentive Programs are incentive payments not readily exchangeable for cash (e.g., extra time off, meal or merchandise awards, a reserved parking space, membership in a luncheon club).

The following are ways that most US companies have provided their employees with non-cash rewards and incentives:

This hypothetical computer company offered motorcycles to its key programming employees if they would stay through the year to complete a vital project. It seems to be working, and very few have left. It is only a \$20,000 incentive, but the demand for these items exceeds the supply, and the employees view it as an opportunity to get a motorcycle without the waiting list.

A Securities company offered its employees a cash bonus for staying through the Year 2000. It has not worked, and employees are leaving. The reason is that they can get a good raise now, which equates to a substantial amount over a three-year period. So, it was more attractive to go, than to stay.

More flexible work schedules and a relaxation of the dress code seem to keep employees in the IT sector happier. It may not keep them so in the long run, but may make them more productive if they are more comfortable, and have the flexibility to accomplish the tasks with a looser time schedule.

The key to developing a "stay" or "retention" bonus is to fully understand the group that HR is targeting. It is essential to determine what drives them, and what motivates them. Once HR has identified that, developing a program around that will usually provide the desired results.

The following are excellent ways to maintain happy employees:

- Listen hard to understand what employees really want, and deliver it as a strategic imperative
- Train IT managers in leadership qualities and consistently reinforce them
- Connect employee satisfaction to measurable customer loyalty and profitability
- Keep IT employees engaged and involved in where the company is heading
- Emphasize work/family balance