



Incentives

“Let their paychecks be their incentive!”

By Dan Zahlis

I wish I had heard this phrase less often throughout my career. This is a favorite phrase among plant managers who have lost all patience for traditional incentive programs. Nevertheless, the last time I heard this phrase turned out to be a positive and memorable experience.

Several years ago, I was tasked with the assessment and refinement of a company's national risk and safety strategy. Following initial assessments of the company's production and distribution facilities, a plan was developed to deploy program responsibilities across a distributed network of resources. In fact, the company had offered me the job of risk and safety director – a position I declined in favor of an outsourced facilitator's role.

As part of our strategy, we assigned one employee to each risk control requirement at each operating location. We did this to match skill sets to program requirements and avoid cursing any individual with the label “safety coordinator.” The result was a Risk and Safety Accountability Matrix consisting of inter-facility teams ranging from clerical support to line operators, supervisors, managers and staff. The objective was to create a network of internal resources that would survive organizational turnover and enable the cross-pollination of best practices between operating locations. Our next step was to meet with each plant manager and implementation team to establish priorities.

Our prioritization meetings started with a thorough explanation of each required program and the benefits of implementation. At the beginning of one of these meetings, the plant manager made an authoritative (angry) proclamation. He said, “I know which program will be last – incentives! Let their paychecks be their incentive!”

I understood the plant manager's resistance. We both had witnessed expensive incentive programs having a disruptive impact on culture and a negative impact on loss costs.

Our common experience suggested that incentive programs tend to focus on downstream indicators. These programs dangle carrots (sometimes new cars) in front of a workforce and reward a single person for spelling out B.I.N.G.O. or having their name drawn from a hat, even though the vast majority of employees satisfy the established criteria. These programs reward employees with incurred but not reported (IBNR) injuries and/or withhold rewards from employees based on the performance of others (peer pressure). These programs frequently establish identical criteria for employees encountering very different levels of risk.

Given the plant manager's predisposition and his outburst, I requested the first hour of our meeting be dedicated to a frank discussion about the plant's current incentive practices. We spent the next hour talking about employee frustration, creative OSHA recordkeeping, department level cover-ups and the hard dollar costs of these achievements captured within the incentive program budget and claims loss run report.

I suggested that new incentive criteria be developed to encourage program participation rather than discourage reporting. The end result was an integrated incentive program based on measurable participation, where reward points were cumulative across functional areas, new criteria easily could be incorporated and ineffective criteria easily could be identified and dropped. We started with a short list of criteria that included the

reporting of a previously unreported hazard, reporting of an injury or near miss and the submission of new incentive award criteria. The last item ensures the list will grow to reflect the learning of the organization.

Perhaps the most positive and memorable aspect of our meeting that day was the plant manager's comments before we moved on to the next program topic. He said, “I'm glad we started with the incentive program. I can see how this program can be used to motivate participation in the other programs we are about to discuss.”

What Gets Measured

The Incentives module allows an organization to measure, share, compare and contrast incentive criteria across an enterprise. The distribution of incentive awards can be viewed by criteria, person, location, department, supervisor, organization and type. The module also helps an organization to quantify what isn't being done and what doesn't seem to be working.

The incentives module allows an organization to quantify what each operating location wants and how systematically they award for it.

What Gets Done

Individuals get rewarded for performance within their control. Morale gets a boost. What you want done gets done. **OH**

This Month's Links:

Demo: demo.activeagenda.net/list.php?mdl=ict

Forum: activeagenda.net/discussions/viewforum.php?f=46

Wiki: activeagenda.net/documentation/index.php?title=Incentives_Module