

## Short Notes

*From Measured Success Inc.*

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### **Are you frustrated by rising fixed costs attributable to wages and salaries?**

Are you frustrated that each year you and your employees set goals for performance yet, in truth, you provide cost of living raises in lieu of the desired performance based pay? As you near your annual performance evaluation period are you feeling like you have a noose around your neck because you know that you will once again be handing out cost of living raises that will result in a perpetual increase in your fixed costs. There is a way for you to free yourself from the never ending increase in fixed costs while increasing profits and fairly rewarding your staff.

Performance based pay increases do not result from: showing up to work for another year and doing nothing more than is expected, being well liked by the person recommending the raise, or getting the same raise that “everyone else is getting”.

Performance based pay increases do result from:

- Clearly understanding the organization’s objectives for the upcoming year and developing specific goals that will help fulfill those objectives.
- Clearly defining the goals each employee must accomplish including the desired result(s) and the measurements that will indicate progress toward their accomplishment at the beginning of the performance period.
- Holding each employee personally accountable for: the communication of progress and/or obstacles to the appropriate person, the achievement of the goal barring changes in circumstances that everyone agrees changes the objective, and the establishment of new goals when circumstances merit.
- Each employee owning their goals and being self-motivated enough to do things they may not like to do in order to accomplish the goal and move the company closer to its overall objectives.

To make this happen you and your staff must be properly prepared from the start. You must: clearly define your organization’s mission for the next 12-18 months and communicate this mission to every employee, determine the critical success factors that must happen to accomplish the mission, determine the financial reward the organization will obtain through the accomplishment of that mission, and you must determine how these rewards can be shared with your staff. You may want to freeze salaries and use bonuses to reward employees for the accomplishment of their goals. You and the employee must agree at the onset on the financial reward that will be tied to the achievement of their goal(s). It is frequently more motivating to the employee to know that if they accomplish the mutually established objectives that they will get a \$520 bonus over a \$0.25 an hour raise that they don’t even notice on their paycheck after taxes. Tie bonuses to goals that account for increased profits, repeat business, enhanced customer relationships, and anything that is important to the accomplishment of your mission and that can be directly measured. This approach allows you to better control fixed costs, to better predict future costs, and to obtain the means to pay for those bonuses before they are handed out. The employee becomes empowered to directly impact their pay and more involved in the organization’s success.

So what do you do when performance based pay brings your organization the results you want? Rejoice with your employees as they truly earn their bonus as a result of their performance and NEVER look at that bonus and greedily decide that it is too much, that fits under the adage of cutting off your nose to spite your face. High performance employees are your most valuable asset and deserve to be financially rewarded for their contribution to the organization's success.

**Cheryl Clausen has 20+ years experience helping people like you.** Cheryl has coached well over one hundred individuals and helped them with achievements they did not think possible. If you would like to learn more about how Cheryl can help you grow your business please call her. She will be happy to discuss your situation on the phone at no charge. Call 402-926-1134 or visit the Measured Success Inc. website at [www.measuredsuccessinc.com](http://www.measuredsuccessinc.com)

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**Register now for the next Fab Four Seminar!**

When: Friday, October 6 from 8:00 AM – 10:00 AM

Where: Omaha Small Business Network located at 2505 N. 24<sup>th</sup> St.

Investment: \$25 payable at the door

**Do you want better results in your business?**

Learn what you can do to instill self-leadership and achieve improved results. Learn how to gain control of your attitudes, change your behaviors, and get results. Walk away with immediately actionable ideas that you can begin implementing yet that day.

**To register:** send me an email ( [measuredsuccess@frontiernet.net](mailto:measuredsuccess@frontiernet.net) ) with your name, business, and email address. Seating is limited so ensure your seat now!

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**Don't miss this month's book review:** "Profits Without Products" written by Mack Hanan (available on our website)

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