



## GR6

### Variable Pay – Improving Performance with Variable Pay

#### Designing for Results

This course presents the fundamentals of variable pay. The course focuses on compensation strategy and variable pay, definitions and the design and implementation of incentive, recognition and bonus plans.

- Learn about the three categories of variable pay.
- Identify common business strategies and objectives for achieving them.
- Examine internal and external factors affecting variable pay plans.
- Discuss the activities for designing the structure of the plan.
- Find out aspects to consider in establishing target performance and payouts.
- Learn about funding and distribution of plan earnings.
- Discover how to implement, communicate and evaluate the success of your plan.

#### Who Should Register

Course GR6 is designed for HR professionals responsible for designing, assessing or maintaining variable pay programs.

#### What You Will Learn

##### Supporting Business Objectives through Variable Pay

- Elements of compensation
- Business strategy
- Business strategy drives business objectives
- Business lifecycle
- Variable pay helps achieve business objectives.

##### Types of Variable Pay

- Three categories of variable pay
- Incentive plans
  - Short-term incentive plans
    - Profit-sharing plans
    - Performance-sharing plans
    - Individual performance-based plans.
  - Long-term incentive plans
    - Equity- and non-equity based plans.
- Bonus plans
  - Referral bonus
  - Hiring (sign-on) bonus
  - Retention (stay) bonus
  - Project completion bonus.
- Recognition plans
  - Spot awards
  - Managerial recognition
  - Nominations

- Organization wide recognition.

##### Developing a Variable Pay Plan — Phases 1 and 2

- Phase 1: Pre-Design
  - Considering internal and external factors
  - Obtaining management support
  - Identifying the design team.
- Phase 2: Design
  - Determining plan objectives and plan type
  - Defining eligibility
  - Selecting performance measures.

##### Developing a Variable Pay Plan — Phase 3

- Phase 3: Funding and distribution
  - Determining performance targets and payouts
  - Funding the plan
  - Distributing plan earnings.
- Final approval

## Implementation and Evaluation

- Plan implementation
  - Selecting the implementation team
  - Developing the communication plan
  - Introducing the plan
  - Coordinating plan administration
- Plan evaluation
  - Determining plan effectiveness
  - Why plans fail
  - Potential evaluation outcomes