

## The Christmas Bonus – Doing it Right!

Ah...Christmas time! We all look forward to this time of year, but beyond the cheer, food and family, many farmers and agribusinesses have other things on their minds. One thing that may be particularly problematic this season is deciding on the employee Christmas bonus.

Before you can decide on what or how much of a bonus you will give, you must first determine the desired outcome of giving a bonus. For many operators, the Christmas bonus is just “something we have always done” and the reasons for the bonus have been lost over the years. Like any other component of the compensation plan, the Christmas bonus can motivate if done well or dissuade your employees if done poorly. So, here’s the steps you need to take to determine if your bonus plan is on the right track:

**Step 1: What am I communicating with this bonus?** If your answer is similar to “it’s an expression of my appreciation for their efforts over the past year”, then you’re on the right track. If not, then there is a chance you could be doing more damage than good and you should seriously re-evaluate. That’s right some bonuses can actually have negative effects on employee motivation!

**Step 2: Decide on the value.** There is no right or wrong amount to give as it really depends on your operation and the contribution each employee makes to its success. As a general range, many of my clients provide gifts between \$200 and \$2000 in value while I personally like to use 1 week’s wages as a guide. Use this handy Bonus Decision Matrix to decide where your employee fits and then tailor the bonus to their position within the matrix. Be cautious not to use the Christmas bonus as a direct reward for specific performance though, as this seldom works.

		Contribution			
		Low	High		
Business Profit	High	Moderate Bonus	Maximum Bonus		
	Low	Little to No Bonus	Moderate Bonus		

**Step 3: Cash or gifts?** This is a tough one and should really be dictated by what you feel your employees will appreciate most. If it is a gift, it’s generally best to not give product from your operation (i.e. a side of beef). Even though the value may be the same, the employee tends to discount it. Instead, opt for something that has meaning and shows you understand what your employee’s interests are. This personal touch can go a long way to building strong relationships with your staff.

**Step 4: Giving the bonus.** Ensure you make the moment as personal as possible. Provide the bonus to each employee individually and sincerely thank them for their contribution and efforts over the past year. Make the connection between their participation and your operation’s success and truly mean everything you say. Often this personal thank you is valued much higher than any gift you could give!

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