

Bob Kustka

Factoring Human Capital Into Your Business Plan

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Christmas bonuses may be making comeback

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With Christmas approaching, Ruth Cronk was worried, not only about her cancer but about how to pay the hospital bills for her treatment. Then, she opened an envelope at work and saw a sizeable bonus from her employer, Lesco Inc. in Ormond Beach.

At the beginning of the year, Cronk made her usual health insurance selection, choosing a high co-payment. "At the beginning of the year, I was a big, happy, strapping gal," she said.

By August, she learned she had breast cancer. She's undergone surgery and chemotherapy and faces another surgery in January.

Cronk and other employees at Lesco have received bonuses in the past, but the company changed its formula for determining the amounts this year. The company, which produces fertilizer, now bases its bonuses on quotas set for each center.

"I'm certainly blessed the service center has done so well," Cronk said. "The bonus will cover my part of the bills."

In many companies, a Christmas or year-end bonus has become a quaint memory of earlier times, when an extra envelope from payroll was an almost certain reward for each employee. But bonuses, especially performance-based ones, may be making a comeback. Tying rewards to the performance of the company serves to motivate workers, employment experts say.

Not everyone can expect the highly-publicized \$53.4 million bonus Goldman Sachs gave its chief executive Lloyd Blankfein this year, but employees and employers alike think bonuses are a good thing. Bonuses seemed to disappear at many companies after the terrorism of 2001, said Robbie L. Kennerson, investment manager at David L. Tucker and Associates in South Daytona. "It was like the parties. People used to give these extravagant Christmas parties. But a lot of corporations were hard hit after 9/11," he said.

Kennerson said his company gives Christmas bonuses based on performance, which he believes encourages employees.

Pam Price, human resources director at Hudson Tool & Die Co. Inc., said the Ormond Beach company gives end-of-the-year bonuses based on a profits goal. "It makes us work as a team," she said.

Bob Kustka, president of CHR Partners, a human resources consulting firm in Norwell, Mass., said there are three types of bonuses: cultural, performance and recognition. The more traditional holiday bonus, or cultural bonus, says, "This is how we want to be considered as an employer," according to Kustka.

"Bonuses are going to come back into vogue in the next few years as the war for talent heats up," he said. "Therefore, organizations will be looking for innovative ways to get and keep those workers."

For Cronk, receiving her bonus will make a huge difference. She believes bonuses are important for everyone. "It gives people the extra incentive and drive to do better and better."

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