



## Small Business Builder: Time Off, Not Bonuses

### Holiday Bonuses Are Out, Time Off Is In

By Mary Campbell

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Like roast turkey and candy canes, the holiday bonus has long been a December tradition — one that many American workers cherish above chestnuts roasting on an open fire.

Times change. This year, the turkey might be tofu, the candy canes sugar-free, and the bonus — well, the bonus could be bare bones, or no bones at all. Instead, other employee rewards are gaining popularity, from shopping days to free package shipping.

Santa's More Selective

Bonuses have been on the wane for several years, according to some studies on employers' holiday generosity to their workers & but the studies are bewildering.

Some surveys ask about "bonuses or gifts," lumping the thousand-dollar check, the three-dollar stocking-stuffer and the after-hours dinner-and-dancing or family party with a visit from Santa. Not all surveys separate performance-based incentives from across-the-board gifts.

And the numbers don't always reflect business size. While most big companies have dropped the word "bonus" from the corporate lexicon, small firms are much more likely to continue the holiday-bonus tradition.

In general, though, performance-based bonus plans — those tied to the company's bottom line — seem to be gaining, with up to 70 percent of employers offering them in some regions. Only about 35 percent of U.S. employers are likely to offer across-the-board holiday bonuses this year.

You can blame the economy or the terrorists, but the decline of the conventional bonus started years ago and persisted even through rock-bottom unemployment, when businesses were falling all over themselves and each other to attract and keep good workers. Why?

Seven Reasons to Think About Time Off

People vs. Productivity. With fewer available workers and greater competitive pressures, companies sought to boost productivity by vesting employees in the company's profitability & offering stock options and other performance-based incentives.

Worker Mobility. The "loyal employee - paternalistic employer" relationship, especially among larger companies, has given way to an implicit contract. Large companies, especially, view workers as an investment to protect rather than family members to nurture. Small businesses' corporate cultures, however, are often more "like family."

No money. This year, of course, the recession weighed in, and it seems to be saying: "Read my lips: No

bonuses."

Time in a Gift Box Looking for alternatives to cash rewards? Giving employees paid time off is a sensible and almost universally appreciated form of recognition.

It's Nondiscriminatory. You don't have to worry about which winter holiday employees celebrate, whether they keep kosher, whether they're vegetarians who might or might not object to cheese or mayonnaise, whether they require child care, and so forth.

It's Virtually Tax-free to Employees. Of course the wage or salary received for paid time off is taxable, but cash and gift certificates entail additional tax liability - as do other gifts of more than nominal value.

It's Flexible. You can tailor the time off to the company's and employees' circumstances. Example: 24 hours, to be taken (a) on Friday afternoons for 6 weeks, (b) between Christmas and New Year's or (c) as the employee desires (giving appropriate notice).

### Bonuses Bite Back

If you do award holiday bonuses, here are a few things to keep in mind:

Bonuses can build morale & or destroy it. When it's expected, a bonus is basically just another paycheck. And if you must eliminate or reduce the customary bonus, smiling workers turn into snarling wolverines before you can say " & but this is just temporary." Withdrawing a promised or expected bonus is a betrayal of trust that could haunt you for years.

Bonuses can depend on individual or company performance, but employees must understand the conditions well in advance. Set concrete and realistic goals that allow employees to chart their progress during the year.

Bonuses might be more useful as immediate rewards for accomplishments during the year. (When recognizing employee achievements, consider the tax consequences to them.)

### Be Generous with Yourself

Bonuses  whether tied to the holidays, performance goals, or individual achievements  are not "gifts," no matter what the IRS calls them. Gifts are freely given and graciously accepted (even if they don't fit). Gifts are individual; they connote genuine and unique relationships.

Performance-based incentives and bonuses and parties are well and good, but they're no substitute for bestowing your good will, attention, and concern upon your fellow humans  including those that happen to be your employees.

Happy holidays to you, your enterprise and your friends and families & and warm wishes for prosperity, satisfaction and peace in the new year.

-- Mary Campbell, Marian Fey and Stephanie McKee

An editor since the age of 6, when she returned a love letter with corrections marked in red, Mary Campbell founded Zero Gravity in 1984 to provide writing, editing, marketing and other services to small businesses. Her presentations and workshops address small-business topics from Web sites to business writing. An editor of and contributor to dozens of publications (books, journals and newsletters), she is co-author  with her sister, Pipi Campbell Peterson  of the second edition of Ready, Set, Organize! A Workbook for the Organizationally Challenged (JIST Publishing, 2001). Please e-mail her your comments, questions and suggestions at [whywalk@about.com](mailto:whywalk@about.com). Small Business Builder is published every other

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