7 REASONS PERFORMANCE-BASED PAY OUTSHINES TRADITIONAL PAY

PERFORMANCE-BASED PAY	VS	TRADITIONAL PAY
OBJECTIVE EVALUATION Managers objectively evaluate employees through monthly performance scorecards.	{1}	**SUBJECTIVE EVALUATION** Managers subjectively evaluate employees according to preset schedules (annual, bi-annual or quarterly reviews).
PAY IS DYNAMIC Based on individual employee performance and company profitability.	{2}	**PAY IS STATIC** Based on predetermined employee salary (hourly/annually).
OWNERSHIP MENTALITY Performance measurement reestablishes the connections between an employee's performance, organizational profitability, and pay.	{3}	**ENTITLEMENT MENTALITY** Employees view pay and annual increases as entitlements rather than pay for performance.
INDIVIDUAL REWARDS Performers are rewarded based on their direct contributions and results.	{4}	**ACROSS-THE-BOARD REWARDS** High performers are rewarded the same as poor performers.
DATA-BASED MANAGEMENT Objective scorecard data are used to recognize and reward performance improvement, which creates an environment that fosters creativity and problem solving.	{5}	**EXCEPTION-BASED MANAGEMENT** Without measures, managers often manage exceptions rather than reinforce improvements. This suppresses innovation and discretionary effort.
SKILL-BASED PROMOTION Employees are promoted based on need and are given to employees who have the interest and skills to be an effective manager.	{6}	**PRE-SET CAREER TRACK** Employees are promoted as rewards for good performance which takes the high performers out of their jobs, placing people into management who may be unmotivated and/or ineffective
VARIABLE PAYROLL Employee total pay varies with company profitability. Diminishes the potential for layoffs.	{7}	**FIXED-COST PAYROLL** Costs continue to increase regardless of net income. Increases the potential for layoffs.