

## **Incentive Planning: Performance Measures Checklist**

When selecting specific performance measures during the design of your incentive plan there are six questions you should ask yourself about each measure:

1. Which of the measures are the most valid and accurate indicators of the larger performance area in question?
2. Which of the performance measures provide the best alignment with company business objectives?
3. Which of the performance measures would provide the greatest benefit to the company if improvements were made?
4. Which of the measures is least susceptible to distortion from outside influences?
5. Which of the measures is impacted by the largest number of participating employees?
6. Which of the measures will be easiest for people to understand and relate to their actions on the job?

Reference: John C. Belcher, Jr., *How to Design & Implement a Results-Oriented Variable Pay System*, American Management Association