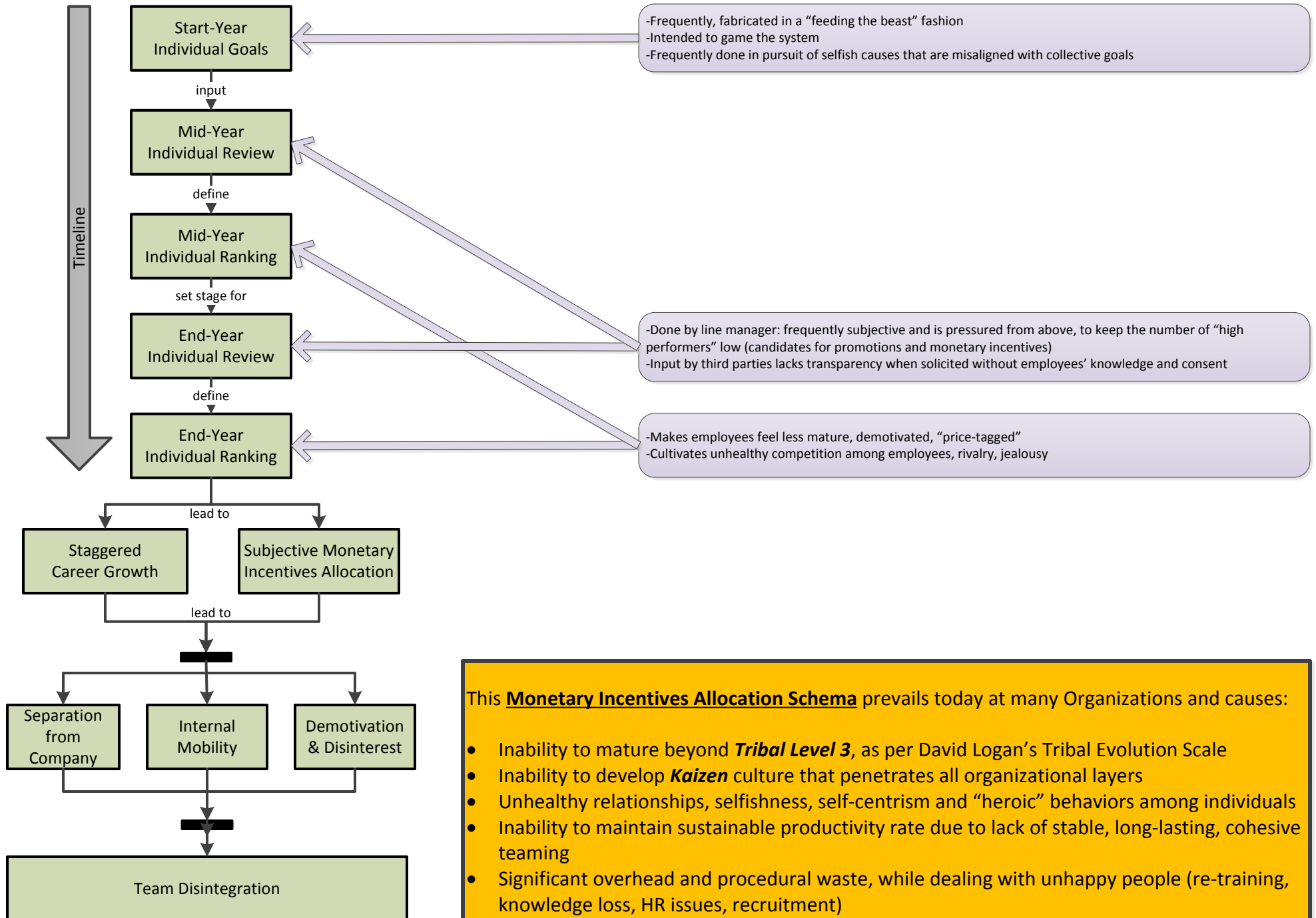
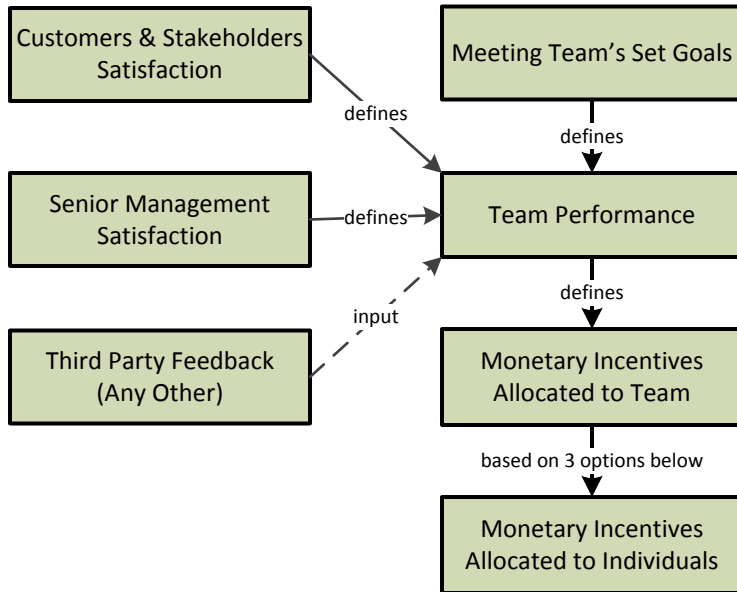


Incentives Allocation Schema (Conventional)



Incentives Allocation Schema (Alternative)



This **Monetary Incentives Allocation Schema** would be appropriate for Organizations:

- That have clearly decided to mature from **Tribal Level 3** to **Tribal Level 4**, as per David Logan's Tribal Evolution Scale
- Where work performed and deliverables produced by a single individual carry significantly *less* intrinsic business value than those that are produced by a jointly working team
- That see more value in promoting and incentivizing Team Level Performance than Individual Level Performance, as a way to prevent teams from disintegrating
- That recognize that concentrating all decision-making power in hands of a single person (e.g. team-level Line Manager) is prone to bias, favoritism and subjectivity
- That are serious in supporting and developing **Kaizen** culture that penetrates all organizational layers

Option 1

Monetary Incentives Are Equally Allocated

Use Case:

- 5 team members: Members A, B, C, D, E
- Salaries of all team members are very comparable
- Team gets \$1000 incentive
- Each team member gets \$200 (\$1000 / 5)

Note: This option is ideal for equally (or close to equal) compensated, highly skilled, cross-functional team members that feel on par with each other (organizational hierarchy, seniority), are not in competition with each other, passed far beyond forming/ storming and deeply understand the benefits of collective efforts

Option 2

Monetary Incentives Are Allocated in Proportion to Base Salary

Use Case:

- 5 team members: Members A, B, C, D, E
- Salaries of all team members are NOT comparable
- Team's Total base compensation is equal to base A + base B + base C + base D + base E
- Member's Allocation Coefficient is identified as Member Base/ Total Base (e.g. Member A Base/Total Base)
- Team gets \$1000 incentive
- Each member gets \$1000 x Member's Allocation Coefficient (e.g. Member A gets \$1000 x Member A Allocation Coefficient)

Note: This option makes more sense when team members are not equally compensated (junior vs. senior) and are not fully cross-functional. This option is similar to Option 1 in a sense that individuals still do not compete among each other and value of collective work. The difference with this option, however, is that it prevents individuals to earn bonuses that are significantly higher than their base salaries that were defined at the time when a person was hired.

Option 3

Monetary Incentives Are Allocated based on Team's Internal Voting

Use Case:

- 5 team members: Members A, B, C, D, E
- Salaries of all team members are NOT comparable
- During 360 Team Review, each team member is assigned 100 arbitrary units that he/she can confidentially allocate to the other 4 team members (excluding himself).
- This is a periodic event and its cadency decided by a team.
- Points accumulated by each member are not disclosed. "Tale of the Tape" can be monitored by a third party (e.g. Line Manager, ONLY to prevent "one hand washes another" situations, where, for example, members A and B privately agree to give each other all 100 points, reciprocally, to maximize each other's count.
- At the end of a year, each team member reveals accumulated total individual points. Points are then added up to produce Team's Total Points. Then, each member's accumulated total points are divided by Team's Total Points to derive Member's Allocation Coefficient – this is the approach similar to Option 2.
- From here, the steps from Option 2 are followed.

Note: This option introduces the element of self-governance and self-management to a team. It makes more sense to use it on teams, where individuals are not cross-functional and there is a higher potential of individual "slacking" and "free riding", as this approach encourages team members to continuously learn and advance.