



A Word About Bonuses

Associate bonuses run the risk of becoming so routine that they are perceived as deferred salary. Bonuses can also be so arbitrary that there is general confusion as to why they are given in the first place. On the other hand, they can be so small relative to the effort to earn them that the bonus actually creates a *disincentive* to perform.

To make sure your firm is getting maximum impact out of its bonus system, consider these steps:

- Place real money at risk and use bonuses only for extraordinary achievement.
- Make rewards clear so it is evident that your firm is a meritocracy.
- To prevent them from being viewed as an expected part of the compensation package, tie bonus amounts to certain billable hour thresholds, or look at the associate's overall contribution to the firm.
- Some firms assign participation points to associates, much as partners receive, so that their year-end compensation is determined to some degree by the profitability of the firm, rather than solely by the individual's performance.