It sounds so simple, and yet many managers fail to follow this basic principle. Too often, managers ignore competence and focus only on subpar performance or unacceptable behavior.

Encourage peak performance by rewarding it.

A pay increase and advancement in rank are the biggest and most tangible rewards, but they’re not the only ones. Other effective rewards include time off (from a few hours to a sabbatical) and perks (a reserved parking space, more flexible hours, an office with a window, and box seats to a local sports venue, to name a few).

The tangible reward may be purely symbolic—of no real monetary value—but an “Employee of the Month” plaque and a profile in the company newsletter may have great symbolic value.
And don’t underestimate the value of intangible rewards.

Most employees assume money is the primary positive motivator in the workplace. But, surveys of worker attitudes put money in fourth or fifth place on the list of motivators. Intangibles like “job satisfaction,” “chances to learn,” and “independence” consistently take the top spots.

Reward workers by trusting them. Give them greater control over their work lives and allow for increased responsibility—so long as you tie it to the authority and the resources they need in the new role.

Provide chances for your employees to increase mastery and skill, to learn and grow, and to take ownership of and pride in their work. They’ll work hard for the rewards inherent in the performance itself. Give them means and opportunity. They’ll do the rest.

Here are three rules of rewarding:

**Link rewards to behaviors:** The reward will reinforce the action only if it comes as a consequence of that action—and the employee knows it. It can be as simple as, “Exceed your sales goal and get your bonus.”

**Confer rewards fairly:** This is no place to pay off friends or favor pets. Set objective performance standards and reward accordingly.
Make sure everybody understands the rules:
Communicate performance criteria clearly. Announce rewards publicly. Avoid the appearance, as well as the reality, of favoritism.

“A ‘fair’ system of rewards doesn’t mean that the rewards will even out over time. All workers must have an equal opportunity to compete for the reward, but the rewards must go to those who earn them.”