

Written Case 3: Merit Bonuses at Piney Neurology

1. Why did the physicians think that the evaluation procedure for bonuses needed to be changed?
 - ◆ The physician's perceived that their employees' efficiency and overall quality of work had decreased. They felt they had no control over the employees.
 - ◆ Authority and oversight of the staff by physicians at the clinic level was lacking. Formalization of daily operations has decreased (e.g., time allotted for breaks and lunch).
 - ◆ The existing bonus system did not motivate employees to improve their performance.

2. Why was there resistance to changing the evaluation procedure for bonuses?
 - ◆ The physicians and Mr. Bushnell did not solicit employee input. Employees received bonuses based on their work (or seniority) during the past year without prior knowledge of the evaluation criteria. Employee expectations for bonuses were based on the previous year's procedure.
 - ◆ Planning, notification, implementation time frame were too short.

3. To better motivate the employees, how could a new employee evaluation procedure be implemented?
 - ◆ Seek employee input about the development of the new evaluation procedure. Use a variety of methods (e.g. monetary rewards, vacation days, extended lunch breaks) to reward improved work performance. Inform employees of evaluation changes prior to implementation. Implement the change for the following year. Instead of strict numerical ranking, create clusters (e.g., excellent, satisfactory, and unsatisfactory).
 - ◆ Establish performance criteria with the employee's input, and allow them time to be evaluated under the new criteria. Use objective, measurable criteria (appearance is too subjective).
 - ◆ Improve in the physician's leadership and management skills are necessary – they need to communicate their expectations.
 - ◆ Give recognition for seniority, but not in the form of a performance bonus. Call it what it is, a "time-in-service" bonus.