



RH Bouchard & Associates

- ◆ BioPharma/Clinical
Research Consulting

Performance Based Bonuses

Rikki Bouchard

President & CEO

October 24, 2006

www.rhbassociates.com



Performance Based Bonuses

- ◆ Purpose
 - Shorten Timeline
 - Increase Quality
 - Measurably and incrementally exceed defined expectations



Most Common Types

- ◆ Bonus to CRO corporate
- ◆ Bonus to Project Team
- ◆ Combination of the above
- ◆ % of the milestone/metric
- ◆ Flat fee by milestone/metric



Issues

- ◆ Corporate Bonus
 - Does this really motivate
 - What's in it for me? (Profit sharing?)
- ◆ Team Bonus
 - Who constitutes the Team (support functions)
 - What levels in the organization are included



Issues

- ◆ Team Bonus
 - Who constitutes the Team (support functions)
 - What levels in the organization are included
 - Resource allocation issues (I want that Sponsor)
 - Resentment among staff at CRO
 - How much is enough to motivate a change in behavior?



Issues

- ◆ Bonus Pool (Corporate/Team Combo)
 - Who is included in the pool
 - What % of the bonus should be allocated to the pool
 - How will the individuals be rewarded
 - By function
 - By milestone exceeded
 - By individual performance
 - By team performance
 - Plus all the other issues



Do Bonus Programs Work?

◆ Sponsor

- Pay bonuses for minimal reward
- Incentives added when performance is poor
- If poorly designed can pay more for the same outcome

◆ CRO

- Difficult to design and administer
- Causes more issues than helps project
- Can de-motivate staff
- Risks associated with balancing penalties



Other Methods

- ◆ Motivation through recognition of individual accomplishment
- ◆ Team Building-empowerment
- ◆ Responsible CRO management (not micro-management)
- ◆ Good selection process