

# Traditional targets and bonuses often don't improve performance in an organisation

[blogs.lse.ac.uk/businessreview/2016/08/11/traditional-targets-and-bonuses-often-dont-improve-performance-in-an-organisation/](https://blogs.lse.ac.uk/businessreview/2016/08/11/traditional-targets-and-bonuses-often-dont-improve-performance-in-an-organisation/)

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Why do leadership seminars only use the colours blue, black, and grey? Why do business people walk around in darkly coloured suits and ties? Why do all management book covers look so bland and depressing?

Where is the pink in management?

I have managed organizations for 20 years. In the beginning, I had no clue how to do this. I was actually a software guy and, once raised to a management level, I treated our employees accordingly. The business was just another machine that I could operate. To me, software developers were computers on legs, with hair. I tried to program them, but that didn't work. They never followed my instructions. And the traditional management practices, such as targets, bonuses, and performance appraisals, never had the effect that I was looking for.

The management job also didn't make me happy. I didn't like checking whether people had completed their tasks to my satisfaction. I hated negotiating with employees about compensation. Managing people was just not my thing. And my saddest moments were when I found myself somewhere in a business environment with suit and tie because someone who pulled the strings expected this from me.

Fortunately, things changed. Now I write books about managing organisations and I travel the world as a public speaker, offering people management and leadership advice. And it all comes down to this: Manage the system, not the people. And add some pink. Let me give you some examples:

I've learned that traditional rewards, in the form of targets and bonuses, often don't improve performance in an organisation. What works better is peer-to-peer recognition, in a public manner, on a day-to-day basis. That's why some businesses experiment with [kudo cards](#), simple thank-you notes with titles such as "well done" and "great job", that make it easier for employees to show appreciation for each other. In some companies, they even add free gifts to the kudo cards. And some of the cards are pink.

I've also learned that we can best manage performance measurement by getting everyone to measure themselves, instead of managers trying to measure everyone else. Employees feel more committed when they choose their own objectives and their own metrics. Similar to professional athletes measuring their performance, often with the help of a coach, we should also expect business professionals to measure the results of their efforts. There is much less chance of people gaming the system when it is *their* system. I wrote an entire book chapter on this topic, and I had it designed in pink.

A final example is the peer-to-peer bonus system, which I usually refer to as [merit money](#). It is time for managers to realize that they are quite bad at determining who contributes most to the success and culture of an organization. A crowd can see a lot more of what happens in the crowd than one person watching from the sideline. That's why some organizations now ask their employees to reward each other with performance credits on an ongoing basis. And once in a while, these credits can easily be converted to actual bonus packages. Perhaps with a playful pink ribbon.

In each of these examples, the manager is not directly responsible for managing people. Instead, employees are expected to manage themselves and each other, while the manager is still responsible for the whole system.

I have felt a lot happier since I switched from managing the people to managing the system. And to me, happiness means being inclusive and being colourful. In everything I do as a manager, I don't limit myself to blue, black and gray. I use all colors available to human beings. And that includes pink.

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Notes:

- *This post is based on the book [Managing for Happiness](#) (Wiley, July 2016)*
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**Jurgen Appelo** is pioneering management to help creative organizations survive and thrive in the 21st century. Inc.com has called him a [Top 50 Leadership Expert](#), a Top 50 Leadership Innovator and a [Top 100 Great Leadership Speaker](#). His most recent book is called [Managing for Happiness](#) (Wiley, July 2016), which offers you practical ideas to engage workers, improve work, and delight clients.

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