

Executive bonus compensation plans business essay

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Zappos. com is a well-known and famous footwear retailer and the online apparel. Its fundamental values have played an important role towards its accomplishment and success. The major focus of the corporation is to build long term commitment with its customers and to retain them. The firm's current short term objective is to restructure its customer amenity strategy and focus on offering the discounts and coupons on the special occasions. The corporate culture of the firm is unique in the sense that they put the customer's concerns at their priority and work towards maintaining association with them. For Instance; they have the liberal return policy and the customers can return the purchased product all through the 365 days in a year. Moreover, they have adopted the diversification strategy in order to increase its product lines and consequently augment its market share and enhance the customer loyalty. They would attain their objectives by conducting a market research in order to determine the preferences of the customers to buy a particular product. (Annual Report, 2012)

FIRM'S FUNCTIONAL TACTICS

The functional tactics of the Zappos include the training of the employees in order to teach them and make them aware that how to content the customers. In addition, the meetings and other conferences are held on the daily basis for determining the progress made towards the accomplishment of the anticipated objectives or goals. For Instance; the HR Department of the Zappos has linked the motivational awards to the productivity of the employees as well as implemented the strategy of the pay-for-performance. (Zappos, 2013) Also, the steps have been taken to link the training programs to the corporate strategy of the firm in order to have the more effective

outcomes. Likewise, the Finance Department of the firm has accumulated funds for supporting the business strategy.

POLICIES TO AID STRATEGY EXECUTION

The preliminary policy adopted by the firm is to decentralize its corporate culture as it is quite evident from the core values of the Zappos. They believe in building honest and open associations by communication and this can only be possible by involving the employees in the decision making process in order to have the diverse and creative ideas or notions. Moreover, an organized system is introduced in the organization which informs the personnel about their daily performance as well as their contribution towards the achievement of the objectives. It has been deliberated that the employees play an important role in improving the productivity of the firm by providing excellence services to the patrons. The performance of the employees is evaluated on the basis of the customer feedback and the complaints registered by them. (Annual Report, 2012)

EXECUTIVE BONUS COMPENSATION PLANS

The Zappos has designed a special compensation plan for the selected employees in order to keep them motivated and stimulated towards the attainment of the objectives. In addition, special bonuses are given to the personnel who show outstanding and exceptional performance throughout the year. The mixture of Executive Bonus Compensation and Base Pay is envisioned to deliver a competitive cash-compensation occasion to the personnel. For Instance; the selected employees are given bonus a

equivalent to 50 percent of the total base pay if their performance exceeds the set criteria towards the fulfillment of the goals.

SECTION 2

ANALYZING FIRM'S FUNCTIONAL TACTICS

Each function of the firm is responsible to contribute towards the productivity, efficacy as well as the achievement of the desired objectives. For Instance; The Human Resource Department of the Zappos contribute towards motivating and inspiring the employees and designing an attractive compensation package for the outstanding personnel in order to make them to contribute in the direction of the corporate objectives. They have been successful in maintaining the competitive edge over their competitors like Foot Locker Inc. and the Shoebuy. com by employing the competent workforce and training them according to the organizational needs. Also, the employees are being provided with the different training sessions related to enhancing the customer services and other motivational training programs. The Marketing Department of the Zappos used a number of the mediums including the below the line marketing strategies in order to promote its products. Additionally, the marketing functional area contributed towards enhancing the brand equity in order to attract more customers and to retain the existing ones. They also collaborated with the social media in order to have the effective outcomes. Furthermore, the functional area of the Research and Development played a significant role in maintaining the competitive advantage in the Industry and contributed in the development of the innovative marketing techniques which are considered as unique and exclusive in the Industry like the introduction of the catalogue that helped its

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target market to view the merchandises in real world environments. (Pearce and Robinson, 2012)

ANALYZING THE POLICIES USED BY FIRM TO AID STRATEGY EXECUTION

The Zappos emphasized upon the empowerment of the employees in the decision making process and it can be regarded as an appropriate strategy as the empowered employees deliver extraordinary amenity and feel contented. Also, the autonomy in the decision making process enhance the skills and abilities of the employees and they can then serve the firm in a better way. Moreover, the friendly corporate culture of the Zappos also supports the strategy execution in an effective and operational manner.

Their fundamental values form the basis for the strategy execution as well as the implementation in an improved and efficacious manner. In addition, the personnel can be vested by having more independence to brand their own verdicts, giving them a sagacity of prominence and making them sense as if they have more contribution in the way of the firm. Such sorts of policies permit them to make improved use of the experience and knowledge they have accumulated and smear some of their own notions. With inducement from the higher establishments of the business, personnel feel the necessity to gain a restricted level of power, knowledge and control with which they can resolve patron glitches, and, consequently, provide better patron service. Moreover, the decentralized culture of the Zappos would enhance the motivation level of the personnel and therefore leads to augmented job satisfaction which in turn leads to lesser absenteeism and advanced efficiency. Furthermore, the policies and the approaches adopted by the

Zappos can be considered appropriate towards the attainment of the anticipated objectives. However, it ought to take steps for improving the employee and employer relationship in the firm as well as aligning the policies with the corporate goals of the organization.

ANALYZING THE RELEVANCE AND EFFICACY OF THE FIRM'S BONUS COMPENSATION PLANS

The compensation plans of the Zappos are designed by keeping in view the necessities and requirements of each position. They have associated reward system to each key performance indicators in order to motivate the personnel to put in much effort for accomplishing the goals. Moreover, the firm has executed the policy of pay-for-performance which refers that each employee will get the incentives according to his/ her level of performance. In addition, the selected positions in the Zappos are provided with the stock option that they can buy the stock of the Zappos at a fixed rate in the upcoming. Also, the golden parachutes and the cash bonuses are also offered to the executive positions in order to retain them. However, such bonuses are not given to the employees of all the levels, instead certain benchmark jobs are selected for these sorts of plans. These plans are appropriate for the Executive positions and can prove to be effective for retaining them as the major focus of these plans is to involve the key personnel in the ownership of the company. The compensation plan for the middle and the lower level employees also encompasses the bonuses that are directly associated with the performance of the particular employee. However, these plans don't seem to align with the strategic goals of the organization as its key objective is to form long term commitment with its

patrons in order to retain them. The plans are formed by keeping in consideration the needs of the key positions; regardless of their relationship with the overall corporate goals of the Zappos. There requires a direct association between the strategic goals of the organization and the compensation packages designed for all the key positions in order to attain the chosen objectives.

SECTION 4

LONG-TERM OBJECTIVES

SHORT-TERM OBJECTIVES

ACTION PLAN

TIME FRAME

RESPONSIBILITY

Earning Optimal Profits
Increase the market share to 60 percent
Invest more on the promotion and advertisement of the organization
Within 8 months' time period- May 2013-Dec 2013
Marketing Department (Director Of the Marketing Department)
Increase the product line
Focus on selling the handmade jewelry for the women
Within one year time Dec 2013- Dec 2014
Department of Research & Development

SPECIFIC LONG-TERM OBJECTIVE

The recommended long-term objective for the Zappos is to earn the optimal profits as the ultimate goal of every business is to maximize the revenues earned. It would enable the corporation to lead the Industry while maintaining its repute and image before the public.

SHORT TERM OBJECTIVES

The short term objectives associated with the long term objective i. e. earning of the optimal profits are increasing the market share to sixty percent in 8 months' time period. The other short term objective is the increase in the product line in order to attract more customers. It would be attained in almost 12 months' time period.

ACTION PLAN

There are a number of ways by which the Zappos can attain its anticipated short term objectives but it is vital to trail the technique that would reduce its expenses while maximizing its revenues. The details of the short term objectives along with their action plan are described below;

INCREASE THE MARKET SHARE TO 60 PERCENT

The first short-term objective is to increase the market share to 60 percent and it would be attained by investing more on the advertisement and the promotion of the firm and its products. It has been deliberated that the advertisements and other sorts of marketing campaigns have a direct relationship with the profits or revenues earned. The commercials and the related promotional activities impact the psychological and other cognitive factors of the individuals thus persuading them to buy the particular product. The Director of Marketing Department would be responsible for each action of the plan. Moreover, the Finance Department will allocate budget for the completion of the task in an effective manner and the Department of Human Resources would conduct training sessions of the personnel in order to

enhance their skills so that they may perform with the customers in an improved way.

INCREASE THE PRODUCT LINE

The other significant short term objective is to increase the product line offered by the Zappos to its customers. The firm has been vending the products related to almost all the segments of the marketplace but it is essential to vend that product that may distinguish the Zappos from its competitors and support in gaining an edge over them. It would be beneficial for the firm to focus on vending the handmade jewelry to the patrons as no other competitor in the Industry has concentrated on selling such sort of goods. The Department of the Research & Development would be responsible for the activities involved in the plan. It would work in collaboration with the other departments including the planning division.