

Theory A	Theory B
Increase variable pay to reward performance and reduce fixed costs	Pay people a fair salary to get the money issue off the table and avoid counter-productive incentives
Pay top performers significantly more than average performers	Solid performers also contribute to the bottom line
People are highly motivated by money	After a certain point non-cash rewards are more motivating than money
Performance review are a necessary tool for assessing workforce skills and identifying professional development needs	Performance reviews done poorly are de-motivating and farcical
Paying for results ensures you reward the desired outcomes rather than aimless activity	Paying for effort is more motivating and leads to better results
Forced ranking fuels healthy competition and weeds out poor performers	People respond best to non-competitive feedback