

Farms With Benefits

Create a little good will with noncash awards for good performance.

BY DEBORAH R. HUSO | PHOTOS BY JIM PATRICO

Performance and seniority awards don't always have to come in the form of cash. You might consider noncash incentive plans to reward your best employees.

The Limoneira Co., based in Ventura County, California, has been growing lemons and other citrus fruits since 1893. Today, nearly 125 years later, the company has gone global with more than 11,000 acres in production worldwide and is one of the largest producers of both lemons and avocados in the U.S. The company has grown to 275 employees—some have been employed there for more than 20 years. It's not just cash wages that keep them with Limoneira, says John Chamberlain, director of marketing for the citrus company. "Providing incentives to our employees helps with employee retention, morale and productivity."

Noncash incentives are a popular form of added compensation for farm employees, confirms a 2011 survey by Iowa State University Extension and Outreach. The average cash wage paid to Iowa farm employees was \$33,320, the survey found. But, that figure represented only 85% of employee compensation. Bonuses made up an additional 4%, and fringe benefits (ranging from housing to extra vacation time) represented 11%.

Twenty-two percent of Iowa farm workers received housing as a benefit, with an average annual value of \$4,560. Workers also received incentives such as the use of farm equipment and vehicles, coverage of continuing-education expenses, a portion of farm-raised food and sometimes clothing.

BUYS EMPLOYEE CALVES. Larry O'Hern runs a 1,700-acre operation near Vermont, Illinois, raising corn, soybeans and feeder cattle. He offers employees the opportunity to graze their own animals and use his feed as a benefit of employment. O'Hern buys calves from his employees and says the opportunity is offered based on tenure.

"They have to have at least two years of service," O'Hern says. He documents the incentive in his labor agreement with employees.

Why consider noncash benefits? If you're looking for ways to motivate and retain employees, but feel like you can't afford cash incentives or at least can't provide enough of a cash incentive to employees to really motivate better performance, alternative incentives may be the way to go.

An Iowa State survey found an employee's salary made up 85% of total compensation. The rest included bonuses and fringe benefits.



"With varying degrees of success, these programs do work," says Darrell Dunteman, a certified public accountant and consultant with Bonnett and Dunteman, LLC, in Bushnell and Havana, Illinois. "But, make sure the incentive plan involves meeting criteria and that those criteria are measurable." Additional time off with pay, use of employer recreational facilities, use of employer facilities for personal projects, gift cards or sports tickets are good incentives, he adds.

Kelly Raso, an associate partner with Alloy, Silverstein, Shapiro, Adams, Mulford, Cicalese, Wilson and Co., in Cherry Hill, New Jersey, agrees. "The most successful programs recognize and reward performance, and provide opportunity and flexibility." She suggests award presentations, gifts and prizes, increased responsibility, decision flexibility and flexible scheduling.

It's important to consider the criteria and cost of noncash benefits. "Make sure you understand what it will cost you before you put [benefits] on paper," Dunteman advises.

SET GOALS. When designing an incentive program, it's important to decide what "average performance" looks like. Ask yourself what is the most you can give away, and then design a program around that. Make sure the incentive is under the employees' control. "Profitability of the operation should not be part of the incentive," ▶

Yielding Bushels of Savings since 1972


Mes-O-Sate[™]
Herbicide


MesoTryOne[™] 4L
Herbicide

For additional information
please visit DrexChem.com



MESOTRYONE, MES-O-SATE and the DREXEL logo are either trademarks or registered trademarks of Drexel Chemical Company. Always read and follow label instructions on the product container(s) before using. CORNAD1-1217

Dunteman explains. Employees can't calculate that. As long as an employee knows what to do, he'll be working toward earning his incentives.

"Create a good evaluation in a written form that assigns points to various tasks or accomplishments," Dunteman says. He also suggests asking the employee to fill out his or her version of the evaluation. He says, more often than not, the employee's and employer's evaluations will match up. "If someone has an evaluation that's very different from yours, that's generally a sign there's a problem."

Dunteman advises instituting a quarterly plan, where employees have an opportunity to win a prize or benefit every three months. Dunteman has some clients who reward employees by offering extra days of vacation, sometimes at an employer-owned recreational facility.

Among the many available noncash incentives Limoneira offers employees are tuition reimbursement for those who attend English language classes or pursuing other continuing-education tracks that develop their skills. Employees also can earn scholarships for themselves or their families. All employees at Limoneira can take advantage of free wellness screenings, which include mammograms, high blood pressure testing and Body Mass Index testing.

ENCOURAGE SAFETY. In an effort to encourage employee safety on the farm, Limoneira offers tickets for Los Angeles Dodger games as an incentive for safe working practices.

Dunteman acknowledges that certain agricultural operations are more conducive to offering incentives than others. "Grain operators are the hardest because there are so many factors not in control of the employee," he says. "Just remember: The employee should not be penalized for things beyond his control like a herd illness, drought or flood."

As with cash incentives, noncash awards must be reported to the IRS, Dunteman says. Generally speaking, benefits with a cash value exceeding \$100 need to be reported on an employee's W-2. They are also subject to income tax withholding as well as social security and Medicare withholding.

Limoneira has been successful with its noncash incentives, Chamberlain believes. "We strive to create a work environment where our employees can develop and thrive." ●



Make sure that any incentives offered are for work that is within the control of the employee.