

Behind The Curtain at Santa's Workshop

An inside look at the Incentive Compensation Management program at the North Pole's biggest organization.

Santa's elves serve a global market



There are **over 100,000 FTEs** (full-time elves) at the North Pole

12%

receive incentive compensation



Santa is an advocate of spot bonuses as a way to reward and increase performance

Over **1 million** cookies and **8,000** gallons of milk are rewarded to the elves each year



Incentive compensation is tracked manually on **Santa's performance scroll**



Fixed:Variable pay mix averages 10:90

PERFORMANCE MEASURES

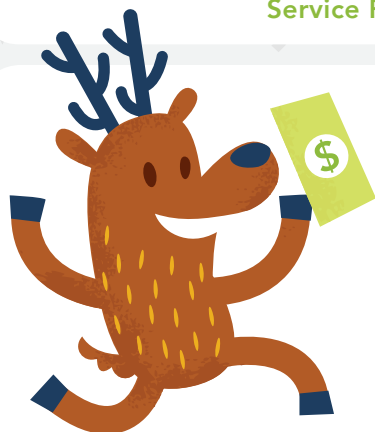
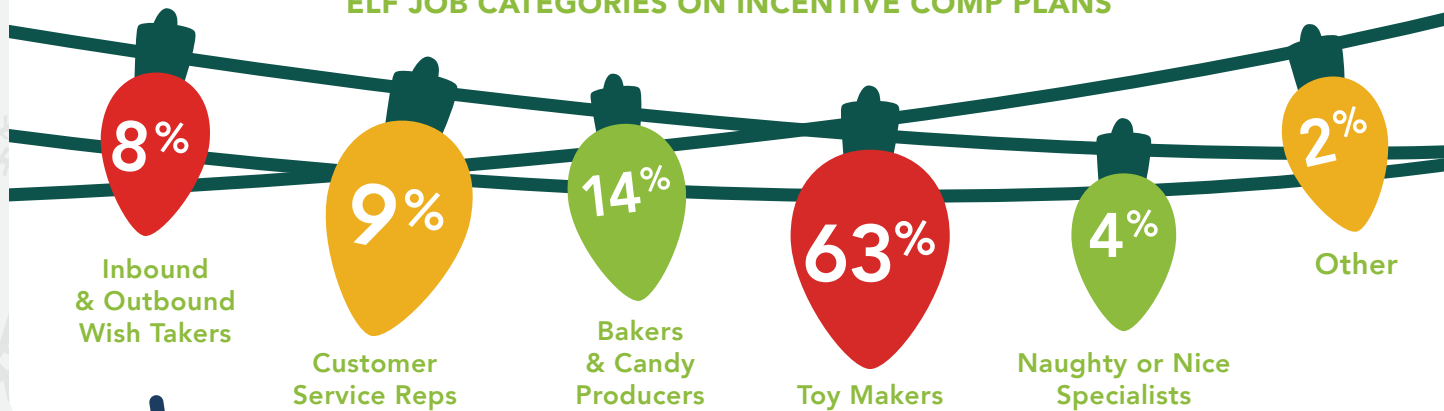
- **Attainment of production quota:** tied to various toy, baked goods and candy making quotas
- **Customer satisfaction:** tied to how satisfied gift recipients are
- **Non-believer conversion:** tied to acquisition of new Santa believers

WHAT IS THE MOST EFFECTIVE SOURCE FOR INCENTIVE COMP PLAN COMMUNICATION?

- Elf-mail **73%**
- Annual Elf Assembly **19%**
- The NPP (North Pole Portal) **8%**



ELF JOB CATEGORIES ON INCENTIVE COMP PLANS



TOP 5 INCENTIVE COMP CHALLENGES ACCORDING TO THE ELVES

1. Calculation errors resulting in inaccurate payouts
2. The reindeer eat the payouts that they're responsible for delivering
3. Election years decrease demand for toys thereby making quotas unrealistic
4. Inability to quickly adjust plans as percentage of believers changes
5. No real-time access to performance insights and payout details

WHAT WOULD IMPROVE ELF PERFORMANCE?

- Automation of incentive comp
- A real-time performance dash(ing through the snow)board
- A more reliable payout delivery system
- Advanced access to the naughty/nice list

Q: Who has ultimate approval authority of plan design and changes?

A: SANTA CLAUS

