

SUPERCHARGE YOUR TRADITIONAL TOTAL REWARDS STRATEGY

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STRATEGIC COMPENSATION SOLUTIONS, LLC.



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JENNIFER ATKINS HAS SPECIALIZED IN THE FIELD OF COMPENSATION AND HELD TOTAL REWARD FOCUSED ROLES FOR THE PAST 13 YEARS. SHE HAS WORKED WITH NONPROFIT, PRIVATE, LOCAL AND FEDERAL GOVERNMENT AND HIGHER EDUCATION ORGANIZATIONS. HER PRIMARY FOCUS HAS BEEN TO DEVELOP AND IMPLEMENT STRATEGIC COMPENSATION SOLUTIONS THROUGH POLICY AND PROCEDURE DEVELOPMENT AS WELL AS IMPROVEMENTS TO COMPENSATION PROCESSES IN THE AREAS OF BASE PAY MAINTENANCE, MARKET EVALUATIONS, REGULATORY CHANGES, REWARDS AND RECOGNITION PROGRAMS, AND BONUS/INCENTIVE PLAN DESIGN. MOST RECENTLY, JENNIFER HAS SERVED AS THE COMPENSATION MANAGER FOR THE UNIVERSITY OF VIRGINIA AND CARMAX, INC. AND IS PRINCIPAL CONSULTANT AT STRATEGIC COMPENSATION SOLUTIONS. SHE HOLDS A B.A. FROM THE UNIVERSITY OF VIRGINIA, AND A M.S. ED. IN HUMAN RESOURCES DEVELOPMENT FROM JAMES MADISON UNIVERSITY.



TOTAL REWARDS MODEL



Compensation: Pay provided by an employer to its employees for services rendered. This includes both fixed and variable pay tied to performance levels.

Benefits: Programs an employer uses to supplement the cash compensation employees receive. These health, income protection, savings and retirement programs provide security for employees and their families.

Work-Life Effectiveness: A specific set of organizational practices, policies and programs, plus a philosophy that actively supports efforts to help employees achieve success at both work and home.

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Performance Management: The alignment of organizational, team and individual efforts toward the achievement of business goals and organizational success. Performance management includes establishing expectations, skill demonstration, assessment, feedback and continuous improvement.

Talent Development: Provides the opportunity and tools for employees to advance their skills and competencies in both their short- and long-term careers.

WHY ARE TOTAL REWARDS IMPORTANT?

52%

are reporting **difficulty keeping critical-skill employees**, compared with **41%** in 2013.



2 in 3

employers (66%) reported having **problems attracting critical-skill employees.**



Source: Talent Management & Rewards and Global Workforce Studies

COMPENSATION

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TRADITIONAL

BASE PAY MANAGEMENT:

- MERIT
- PAY FOR PERFORMANCE
- C.O.L.A
- SUPPLEMENTAL PAY
- OFF CYCLE ADJUSTMENTS



71% of organizations use local markets or COLA to determine merit budgets (Willis Towers Watson)

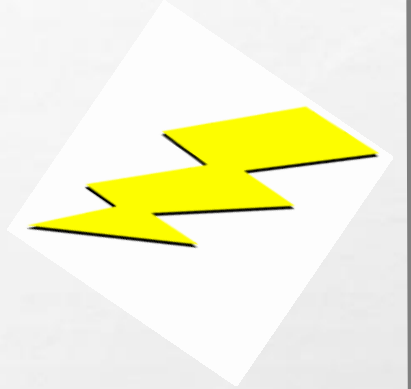
But, some managers are rethinking the role of merit pay by moving beyond short-term individual performance towards a more holistic approach...

In making decisions about merit increases, employer respondents say their managers give more weight to the following indicators than was called for in program design:

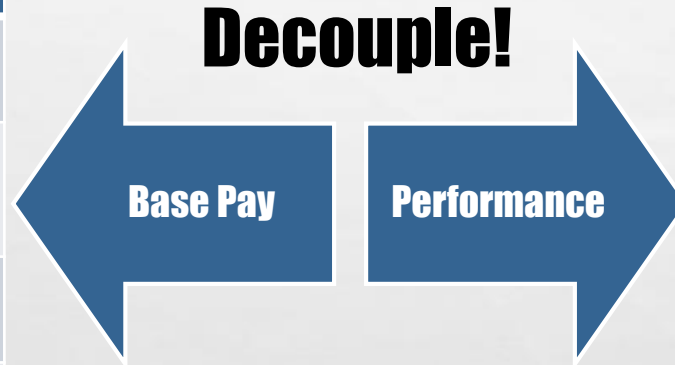
	Program Design	Manager Considerations
Criticality of roles	19%	42%
Possession of skills critical to the success of the future business model	25%	45%
Demonstration of knowledge and skills required in current role	46%	64%
Achievement of team goals	25%	41%

Source: Talent Management & Rewards and Global Workforce Studies

COMPENSATION SUPERCHARGED!



Base Pay (Holistic Review)
Qualifications
Job Content and Performance Contributions
Pay History
Position in Market (<i>Internal and External</i>)



Performance Management
Regular Meetings
Goal Setting
Performance Evaluation

CASE STUDY: UNIVERSITY OF VIRGINIA *DARDEN COMPENSATION PHILOSOPHY*



- **TOTAL REWARDS ARE THE LARGEST ORGANIZATIONAL EXPENSE**
- **SALARY MASS GROWTH > NEED FOR STRATEGIC ALLOCATION OF TALENT INVESTMENT**
- **PURPOSE OF COMPENSATION IS TO ATTRACT AND RETAIN TOP TALENT NEEDED TO BE A WORLD-CLASS BUSINESS SCHOOL THROUGH MARKET LENS OF SUPPLY AND DEMAND**
- **MUST EXPLORE VARIETY OF WAYS TO COMMUNICATE *VALUE* AND MOTIVATE STAFF**
- **MERIT POOL BUDGET WILL NEVER BE ENOUGH TO ACCOMMODATE A LARGE ENOUGH DIFFERENTIATION TO BE A TRUE MOTIVATING FORCE**
- **DETERMINING MERIT IS AN IMPERFECT PROCESS WITH INCONSISTENT ENGAGEMENT BY MANAGERS (NOTED BY % COMPLETION OF PERFORMANCE REVIEWS)**
- **PEOPLE WANT TO BE COMPENSATED FAIRLY FIRST AND FOREMOST; MERIT INCREASE AMOUNTS HAVE BEEN ONLY SLIGHTLY EFFECTIVE IN COMMUNICATING VALUE OR REWARDING PERFORMANCE**

DARDEN PILOT STUDY



- **PILOT BEGAN APRIL 2016**
- **FOCUS ON HOLISTIC APPROACH TO PAY ADMINISTRATION**
- **MONTHLY MEETING BETWEEN EMPLOYEE AND MANAGER**
- **QUARTERLY REVIEW OF**
 - **JOB DESCRIPTIONS**
 - **MARKET MATCHES**
 - **RANGE PENETRATION**

- **COMPENSATION PHILOSOPHY COMMUNICATED TO ALL MANAGERS**
- **HELD MANAGER TRAINING SESSIONS ON COACHING**
- **COMMUNICATED PROGRAM TO ALL EMPLOYEES INVOLVED IN THE PILOT**
- **HELD MONTHLY MEETINGS AS A PILOT TEAM TO LEARN WHAT IS WORKING, WHAT CHANGES WERE NEEDED, AND ACTIONS TO TAKE TO KEEP PILOT ON SCHEDULE**
- **STEERING COMMITTEE CREATED WITH MEMBERS OF CROSS-FUNCTIONAL LEADERSHIP**

HOLISTIC ANNUAL COMPENSATION PROCESS

1

- **All employee profiles confirmed as current and accurate**

2

- **HR analyzes/compiles data and makes recommendation based on holistic pay factors**

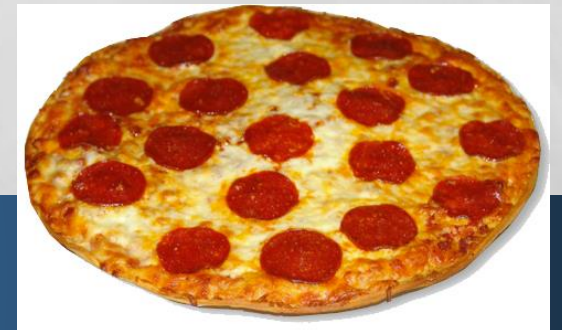
3

- **Salary managers review HR recommendations, make changes and provide approvals**

4

- **Budget rolls up to larger senior leadership to allow more flexibility with budget pools**

8% of organizations have moved to no performance ratings (Towers Watson 2/2016)



OUTCOMES FROM DECOUPLING

- **INCREASE IN ENGAGEMENT BETWEEN MANAGER AND EMPLOYEE**
- **FLEXIBILITY AROUND MEASURABLE GOALS AND OBJECTIVES**
- **REAL TIME COACHING AND RECOGNITION OF EMPLOYEES**
- **BETTER INTERNAL AND EXTERNAL BASE SALARY ALIGNMENT TO MARKET**

COMPENSATION

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TRADITIONAL

VARIABLE PAY PROGRAMS:

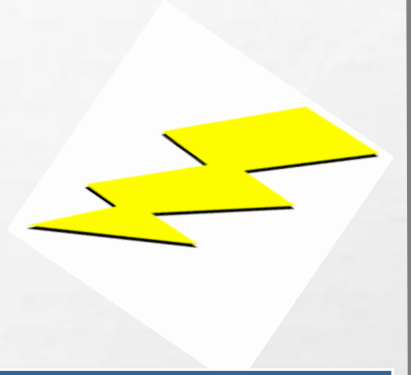
- **ANNUAL BONUS**
- **SPOT BONUS**



HOW EFFECTIVE IS VARIABLE PAY?

- US ORGANIZATIONS SPEND OVER **\$100 BILLION** ANNUALLY ON INCENTIVE PROGRAMS (*HRM REPORT*)
- **51%** REPORTED USING ORGANIZATION PERFORMANCE TO DETERMINE FUNDING AND INDIVIDUAL PERFORMANCE TO DETERMINE AWARD PAYOUTS AMOUNT (*WILLIS TOWERS WATSON*)
- **50%** SAID ANNUAL INCENTIVE PROGRAMS ARE EFFECTIVE AT BOOSTING INDIVIDUAL PERFORMANCE LEVELS. (*WILLIS TOWERS WATSON*)

COMPENSATION SUPERCHARGED!



Variable Pay Incentive

Future focused

Targets (may achieve +/-)

Projected goals/objectives

Behaviors or outcomes prescribed

**Know the
Difference!**

Variable Pay Bonus

Static total lump sum amount

Look back over past performance

Formal or informal program

Not directly tied to forecasted goals

On the spot recognition

**** Be aware of tax implications for overtime!**

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BENEFITS WORK-LIFE RECOGNITION

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TRADITIONAL



Benefits

- Health Plans
- Retirement
- Voluntary Benefits
- PTO



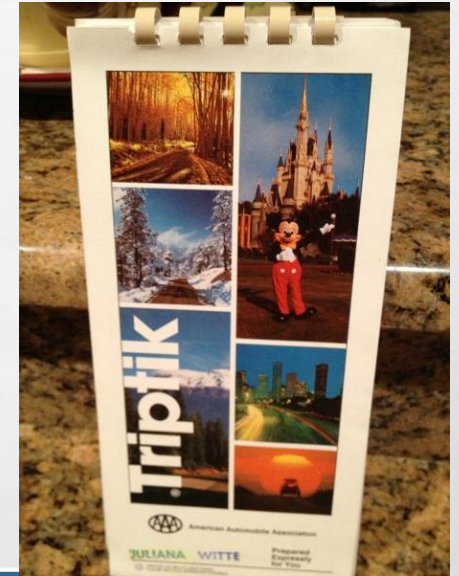
Work-Life

- Workplace Flexibility
- Health Wellness focused on employee health
- Community Involvement
- Dependent Care
- Financial Support focused on employees retirement options



Recognition

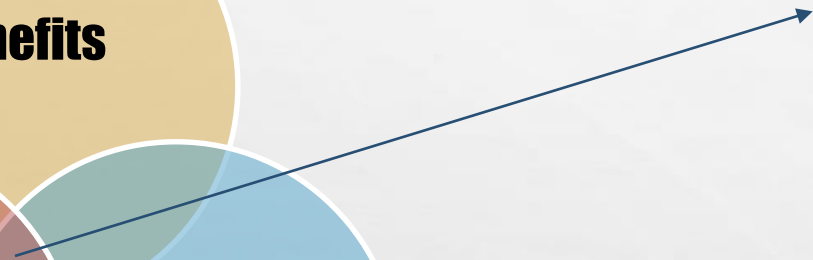
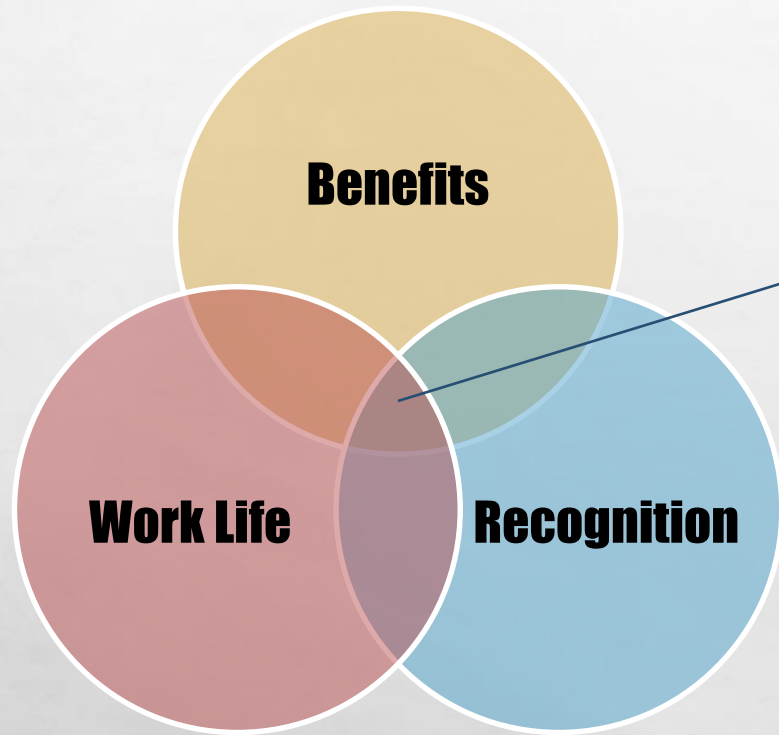
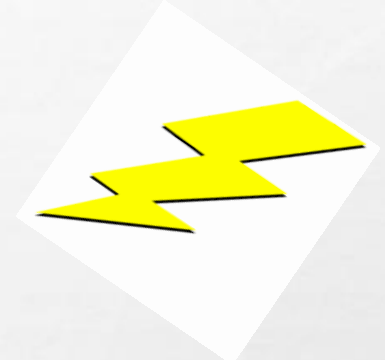
- Reward Programs
- Service Award
- Employee of the month
- Non-monetary gifts



DID YOU KNOW?

- 87% OF RECOGNITION PROGRAMS FOCUS ON TENURE WITH THE #1 TYPE BEING SERVICE ANNIVERSARIES (*BERSIN & ASSOCIATES*)
- 69% OF EMPLOYEES STATED THEY WOULD WORK HARDER IF THEY FELT THEIR EFFORTS WERE APPRECIATED (*SOCIALCAST*)
- ONLY 14% OF ORGANIZATION PROVIDE MANAGERS WITH THE TOOLS NECESSARY FOR REWARD AND RECOGNITION (*GLOBOFORCE*)
- WHEN ASKED WHAT LEADERS COULD DO MORE OF TO IMPROVE ENGAGEMENT, 58% SAID “GIVE RECOGNITION (*PSYCHOMETRICS*)”

TOTAL REWARDS SUPERCHARGED!



Wellness

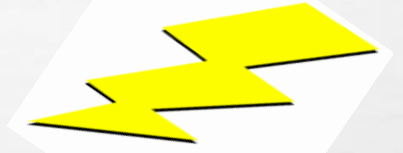


Health

Social

Financial

WELLNESS SUPERCHARGED!



Health

Employee (+plan participant) health screenings

Reduction in premiums or award for healthy goals

Life style management education (Stress or weight management)

Health device give away and link to online motivation

On-site wellness rooms



Financial

Financial wellness check

Personal financial services (consolidation, group rates, etc.)

Financial Dashboard



Finance educational classes

Dependent financial management (college funds, aging parents)

Social

Team Builders



Community Involvement (Volunteer or Board Services)

Active Social events (Sports tournaments, teams or races)

Special interest groups (book club, sporting events)

Celebratory events and non monetary recognition

Health, Financial & Social Wellness



FUN!

SOCIAL WELLNESS

THANK YOU * FOOD * FUN

- **RECOGNITION EVENTS**
- **MINI-BRATIONS**
- **TEAM SPORTS**
- **VOLUNTEERISM**
- **PEER TO PEER RECOGNITION**



P.E.E.R. POSTCARDS

Recent P.E.E.R. Recognition

P.E.E.R. POSTCARD

Presented to:

Christine R. Langford
Timothy J. White

In recognition of:

A great big thank you for working so hard for so long with the time and effort that was put into the updated verification of employment process. You both are much appreciated!

Date recognized: 04/25/2016

 Send P.E.E.R. Postcard

PEERPostCards - New Item

Edit

Save Close Paste Copy Cut

Commit Clipboard

To send a P.E.E.R. Postcard complete the following form:

In recognition of: *

(Describe the effort/action/behavior you are recognizing the employee(s) for.)

Presented to employee(s):

Send carbon copy to the employee(s) manager(s)? ▼


Validation Checks

Recognition Entered

Employees Added

Preview:

P.E.E.R. POSTCARD
Promoting Employee Excellence with Recognition



In recognition of: *

Presented to:

Recognized by:

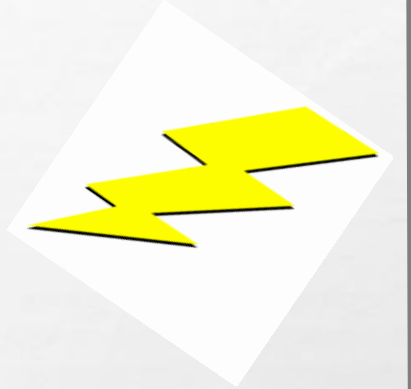
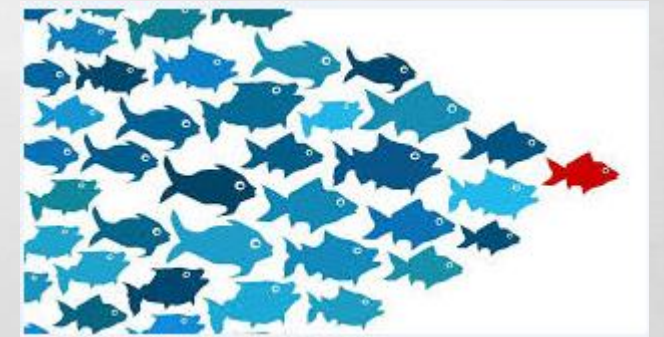
Carey, Elizabeth Brown (ebc3g)

TOTAL REWARDS SUPERCHARGED!

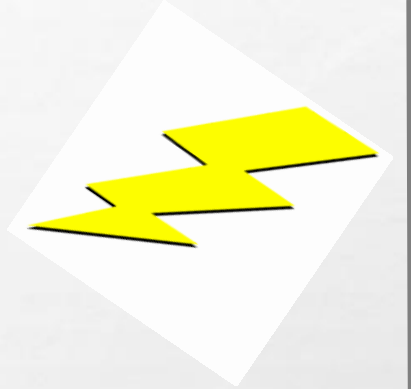
Everyone has a role to play!

Leadership:

- Provide leadership support
- Set and communicate Total Rewards Strategy
- Anticipate reactions from all audiences
- Evaluate (annually) effectiveness



TOTAL REWARDS SUPERCHARGED!



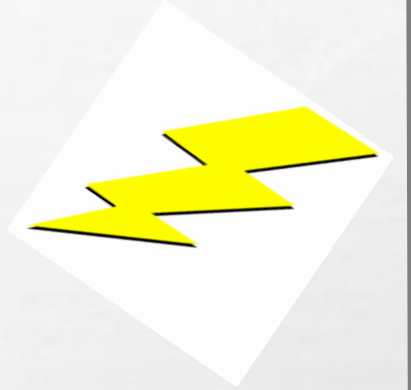
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Human Resources:

- **Ensure communication to ALL**
- **Support leaders, managers and employees to understand the program**
- **Assist with annual evaluation and recommendation of the programs**
- **Help employees understand base pay is only ONE factor in their total compensation package**



TOTAL REWARDS SUPERCHARGED!



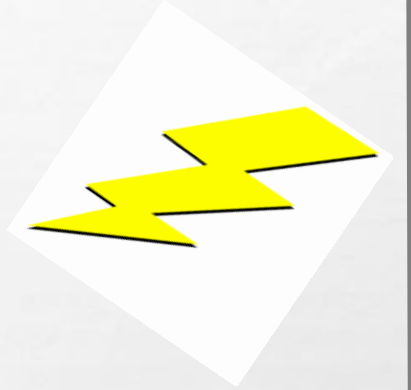
Everyone has a role to play!

Managers:

- **Reinforce the total rewards package for employees**
- **Communicate directly to employees clearly**
- **Documentation!**
- **Exercise transparency and consistency**



TOTAL REWARDS SUPERCHARGED!



EVERYONE HAS A ROLE TO PLAY!

Employees:

- **Take an active role in career development**
- **Understand total compensation package and what components are included**
- **Understand how the organization sets pay and what opportunities exist for additional rewards**
- **Ask Questions!**

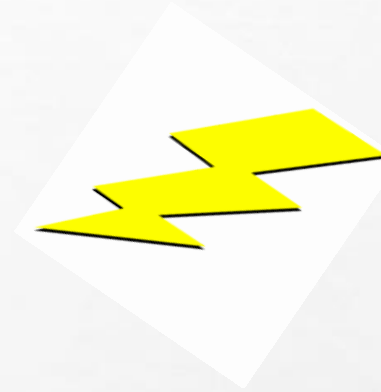


QUESTIONS?

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your total rewards resource