

WOOING TALENT WITH TOTAL REWARDS



Godelieve Kroonenberg
Mercer

Mercer

WHO WE ARE

We are a global consulting leader in talent, health, retirement, and investments.

- \$3.9 billion in revenue.
- 65-year history.
- Four business segments.
- Offices in more than 40 countries.
- 19,000+ colleagues.



Total Rewards

An evolution from compensation to total employment experience

Broader definition of rewards

Past

Compensation

- Benchmarking
- Competitive agenda
- Cost

*How much
to pay?*

Present

Total rewards

- ROI
- Differentiation
- Performance

*How to reward
wisely?*

Future

EVP

- Development
- Work Life
- Pride / Purpose

*How to engage
and motivate?*

We All Have Rewards Programs

So why Total Rewards?

- Brings together
 - All rewards elements of employee value proposition, and
 - How they support desired employment experience
- Define business purpose and success metrics
 - For rewards overall, and
 - Each reward component in isolation
- Managing costs and driving results
- Establish sound and comprehensive rewards governance principles in order to.....

Optimize business performance resulting from one of organization's most significant investments

What is included in Total Rewards?



Employer perspective ...

Money

Pay

- Base pay
- Guaranteed “bonuses”
- Short-term incentives
- Long-term incentives
- Allowances
- Financial recognition programs
- Deferred compensation

Benefits

- Retirement
- Savings
- Medical/Dental/Vision/Prescription Drug, etc.
- Life insurance
- Short- and long-term disability
- Accident coverage

Careers

- Performance and accountability
- Career opportunity and pathing
- Mobility
- Leadership
- Experiential rewards
- Talent development

Work/Life

- Time off
- Wellness programs
- Dependent care
- Workplace flexibility
- Non-financial and status recognition
- Commuter programs
- Workplace facilities and perquisites



Employee perspective ...

My value today

My financial security and protection

My future value

My quality of life

And how do we make decisions?

Understand and integrate four perspectives

Employer

- Determine workforce needs in terms of structure, behavior, capabilities, and performance
- Design and deliver rewards programs to secure workforce outcomes

Employee

- Create compelling place to work and differentiate the organization from its competitors
- Understand value employees place on current package and potential future total rewards elements

External

- Consider labor and rewards environments where you compete for talent
- Determine how these environments influence or constrain rewards practices you wish to adopt

Cost

- Rewards programs to support the desired strategy at affordable, sustainable cost
- Assess costs within context of employee preferences and desired rewards strategy

That looks pretty simple.... What goes wrong?

- Guessing instead of establishing facts
 - Employer, employee, external and cost
- Not getting executive sponsorship
- Not involving line management
 - Making it HR rather than business issue
- Setting attraction, retention, motivation and engagement of talent as success measure
 - Instead of specific measures for each component of rewards
- Thinking design is end game; nothing achieved until strategy is implemented
- Communication, communication, communication.....

Rewards design to support business strategy

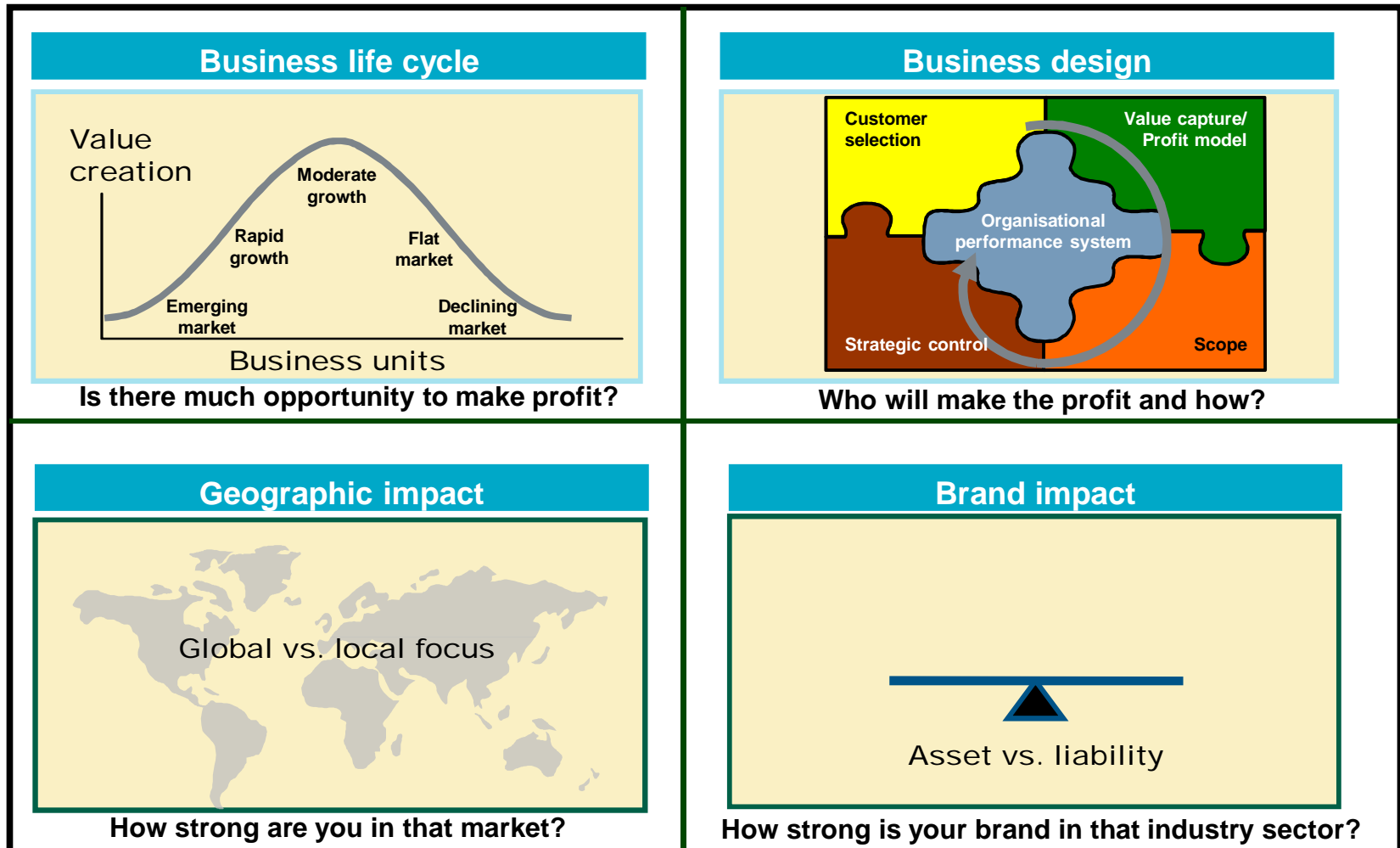
Workforce segmentation

- Business model differentiation
 - Recognize business maturity/cycles
 - Varying performance metrics
- All job families and levels, differentiated by
 - Performance drivers
 - Performance enablers
- Geographic integration to enable
 - Collaboration across boundaries
 - Global talent management



Workforce segmentation using four key factors

Driven by profit model



Allocate based on value
Segments change over time



Performance drivers
*employees who
create value for the
organisation*



Performance enablers
*employees who support
value creation*



Legacy drivers
*employees who
historically created value
for the organisation,
but no longer do*

Having identified your key talent Understand what motivates and engages them

- Not about pleasing all employees
 - Concentrate on key ones
 - Do not guess, ask them!
 - But research on preferences based on
 - Gender
 - Marital status
 - Generation
 - Culture
 - Your industry
- Can point you in right direction



Employee

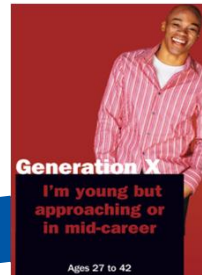
Multiple generations

Seeking the best ROI



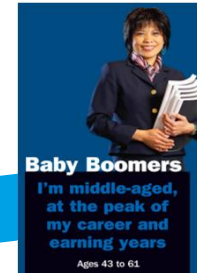
20-35

- Values their own contribution.
- Requires new approaches to recruitment.
- Values informal workplaces, volunteer opportunities, and flexibility.
- Wants advancement opportunities, recognition, mentors.
- Seeks further education outside.
- Understands social networks and technology.
- Is saving for a home.



35-49

- Wants company to value their contribution.
- Balances work and life.
- Wants flexible work hours.
- Wants advancement, leadership opportunities.
- Is saving for child's education.
- Plans for retirement.



49-59

- Works hard to be valued.
- Is saving for child's education.
- Plans for retirement.
- Deals with the stress of work-life balance.
- Cares for an older parent.



60+

- Wants expertise/experience to be valued.
- Plans for retirement/is retiring.
- Has company-sponsored health care options for retirement.
- Wants access to "flexible" job opportunities.
- Requires dependent care (about 1/3 of this group).
- Needs reduced physical demands.

Look at the external environment

Understand what is happening in the marketplace

- The labour market
 - Differs by location
 - Availability of skills you need
 - Supply/demand
- Market data
 - Your peer group?
 - Different for segments of workforce?
- Position relative to market?

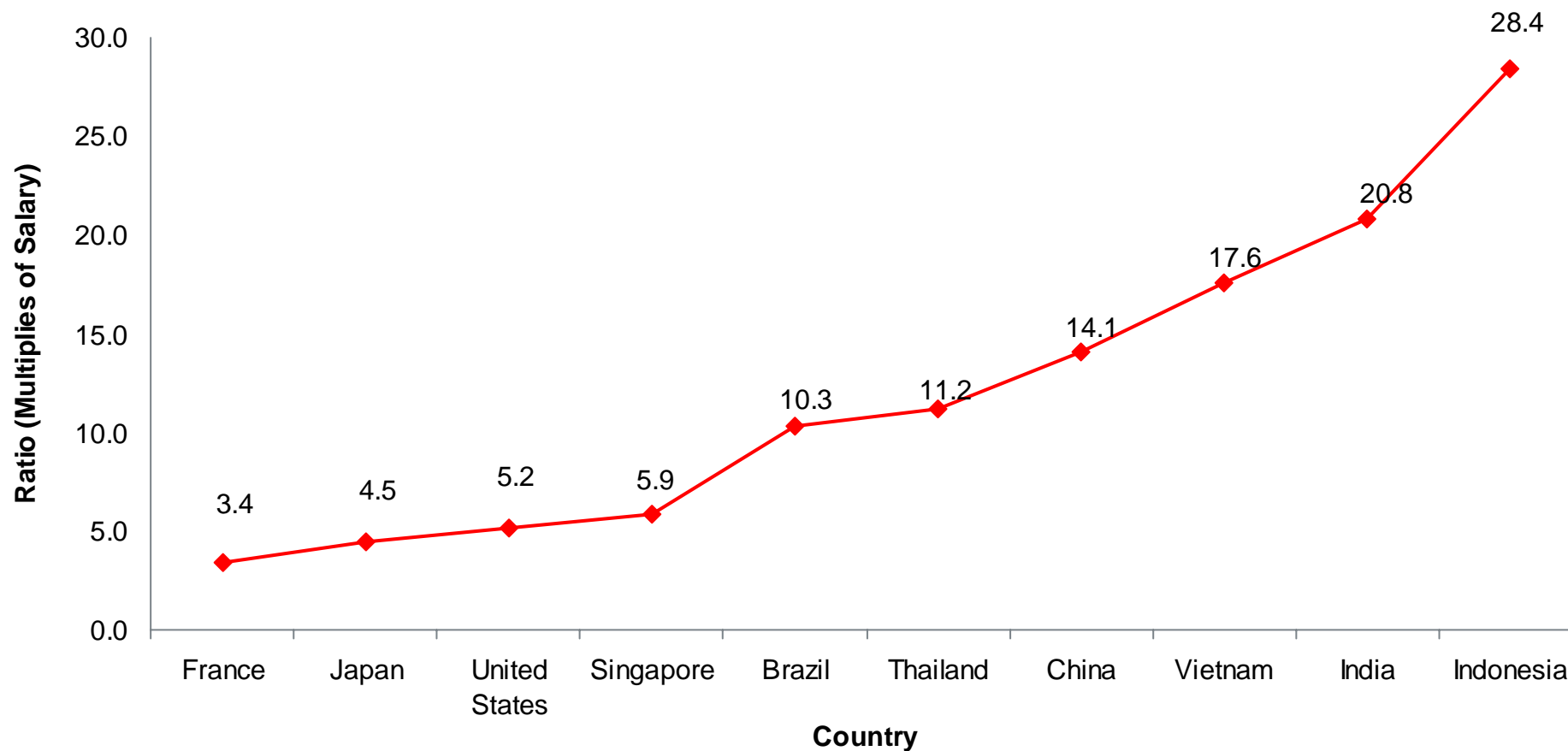


External

Dynamics of emerging markets

Pay differential by country

Annual Base Salary
Fresh Graduate vs Heads of Function



Source: 2011 Pharma surveys

Implications of this for salary progression

Large percentage increases in developing markets

Multiple from graduate pay to head of function

	Developed		Developing	
Year	Salary	Increase %	Salary	Increase %
1	50,000	6%	12,000	20%
2	53,000	6%	14,400	20%
3	56,180	18%	17,280	50%
4	66,292	6%	25,920	10%
5	70,270	6%	28,512	10%
6	74,486	6%	31,363	10%
7	78,955	18%	34,500	35%
8	93,167	6%	46,574	10%
9	98,757	6%	51,232	10%
10	104,683	6%	56,355	10%
11	110,964	18%	61,990	35%
12	130,937	6%	83,687	10%
13	138,793	6%	92,056	10%
14	147,121	6%	101,261	10%
15	155,948	18%	111,388	35%
16	184,019		150,373	
Multiple	3.68		12.53	

And of course.....

Consider cost implications for your organization

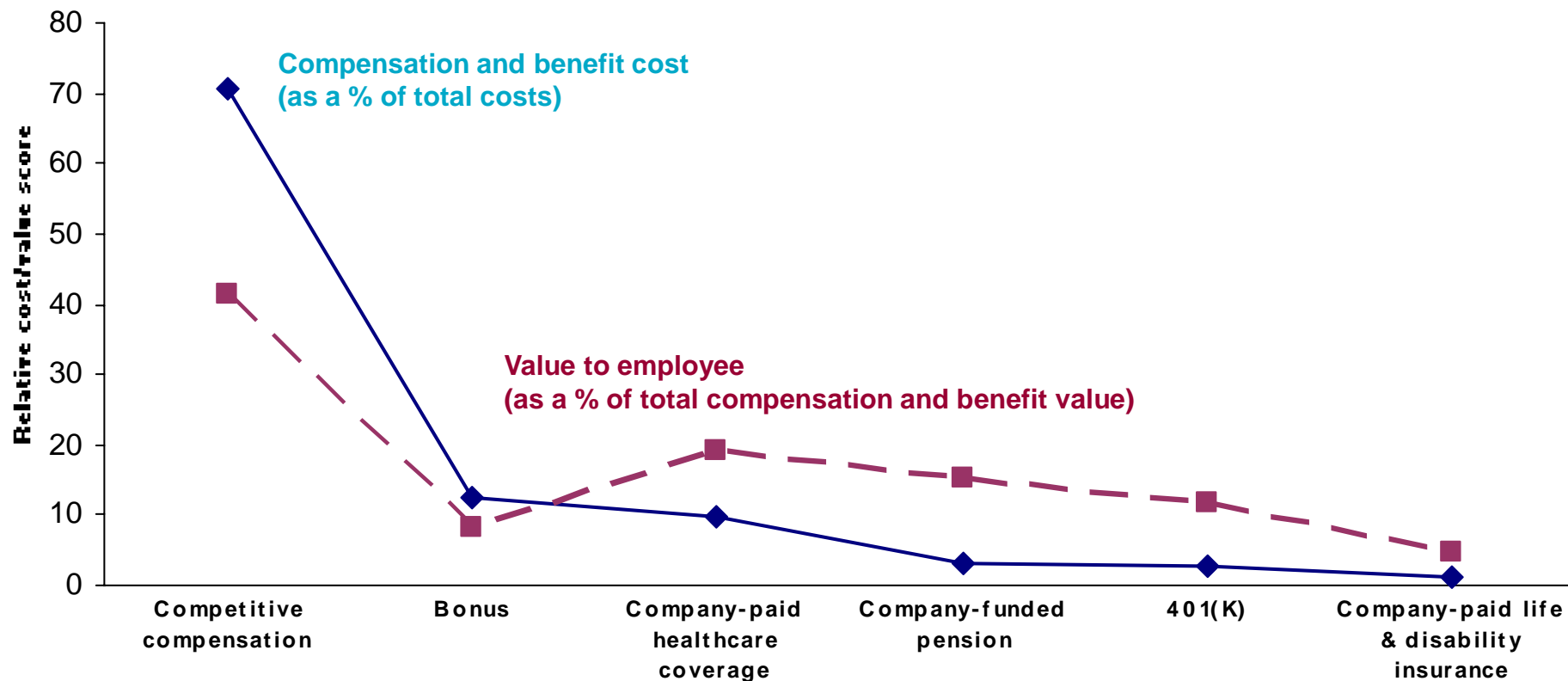
- All rewards costs
- Various scenarios relative to profitability, revenue and other metrics
- Consider not only
 - Affordability today, but
 - Sustainability in 5 years time
- Consider all options



Cost

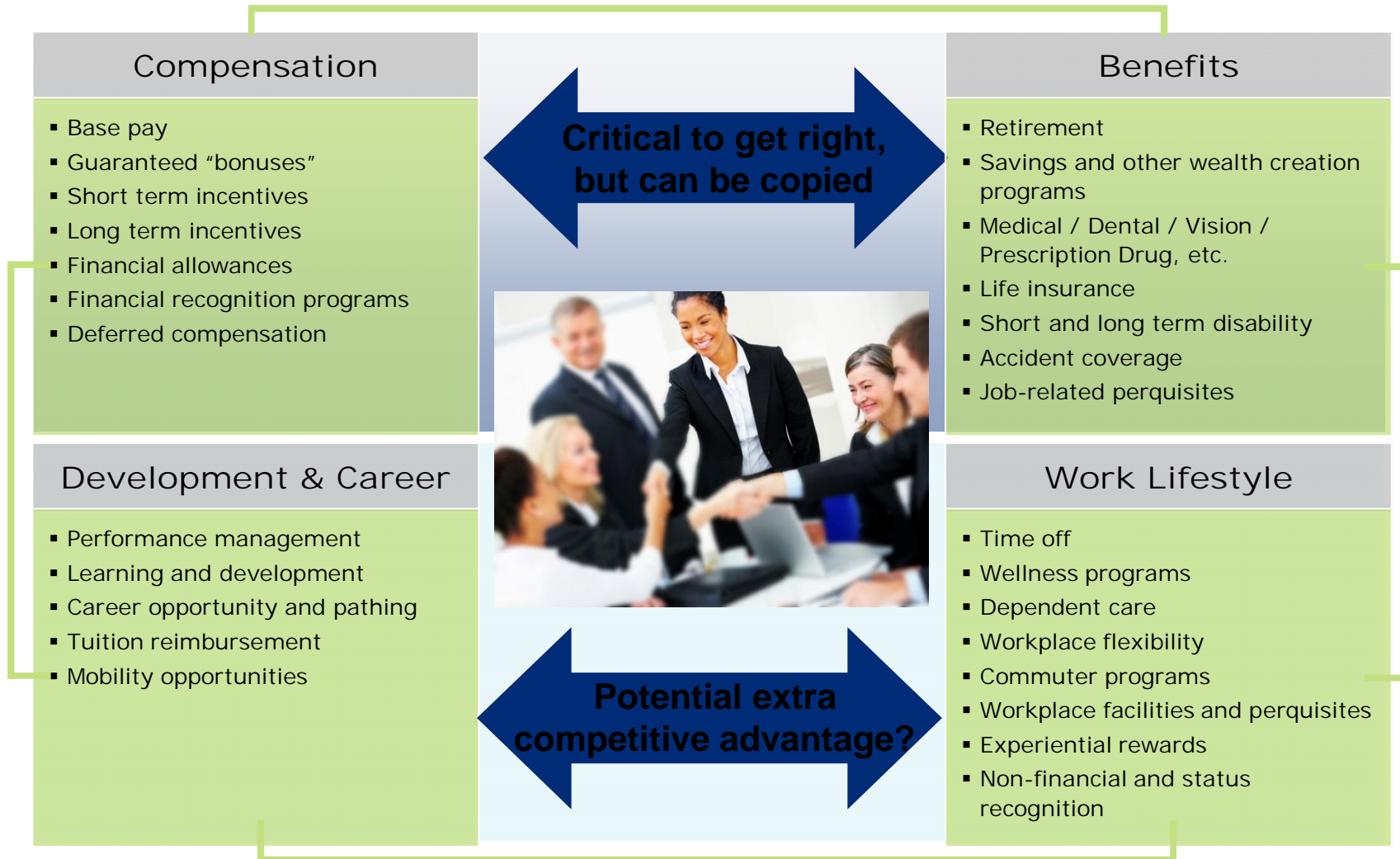
Understand employee value to cost relationships

Plan Costs Compared to What Employees Value



Cost/value scores are scaled so that they add up to 100.

How to leverage each element of Total Rewards? And measure its success

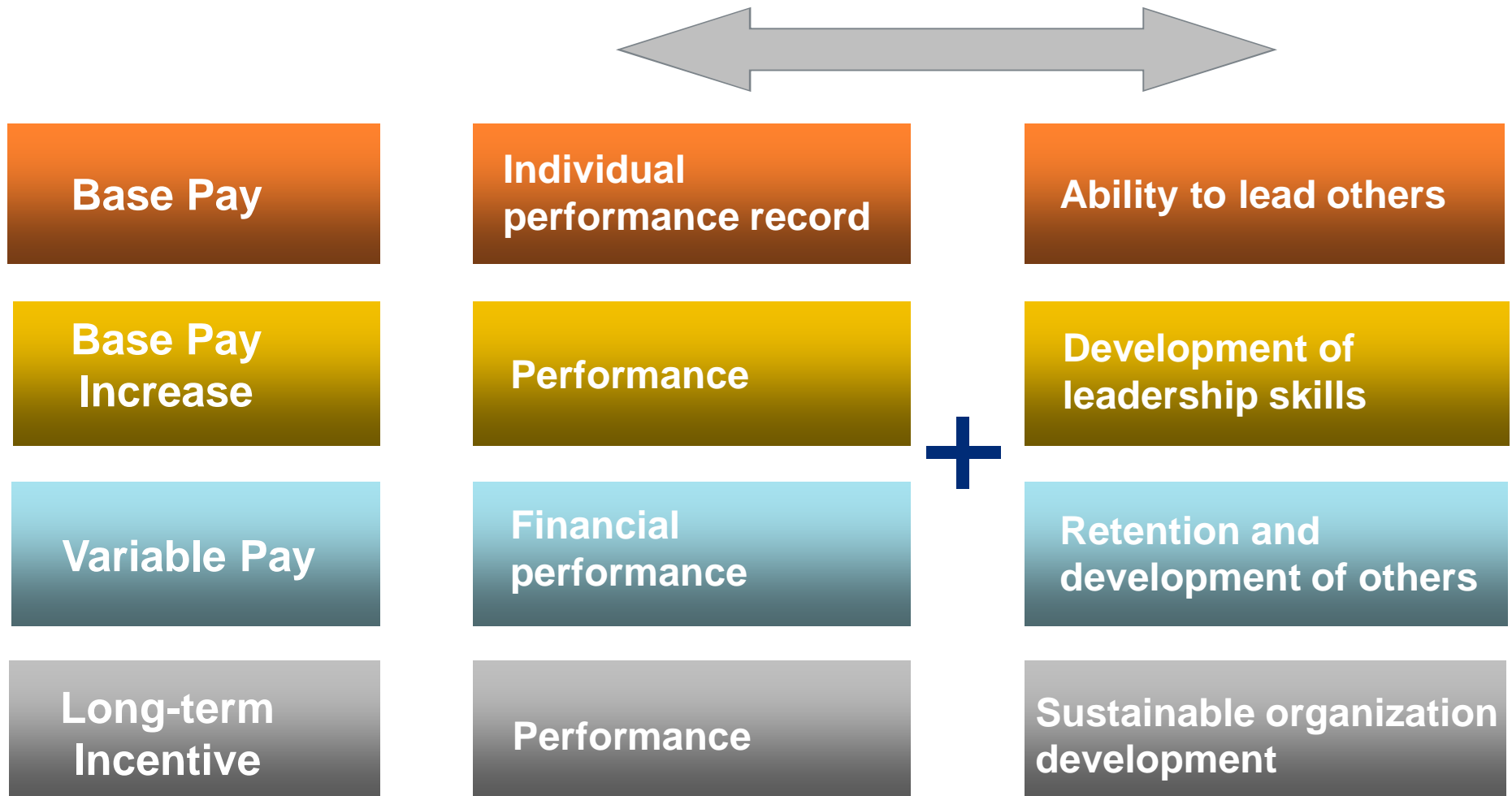


Example of Total Rewards Strategy

Compensation

Compensation		
	Base Pay	Short term incentives
Role of rewards element	Attract and retain quality employees	Encourage and reward individual employee performance
Competitive position	Median of peer group or upper quartile for critical positions	Above median of market practice in each business for good performers
Impact of positioning	Company has people required to execute business strategy	Performance culture is encouraged and rewarded
Design features	Significant differentiation based on achievement of objectives	Incentives tailored to suit requirements of different businesses

If retention and development of talent is your key challenge Compensation for management needs to reflect this



Base pay

Measuring success

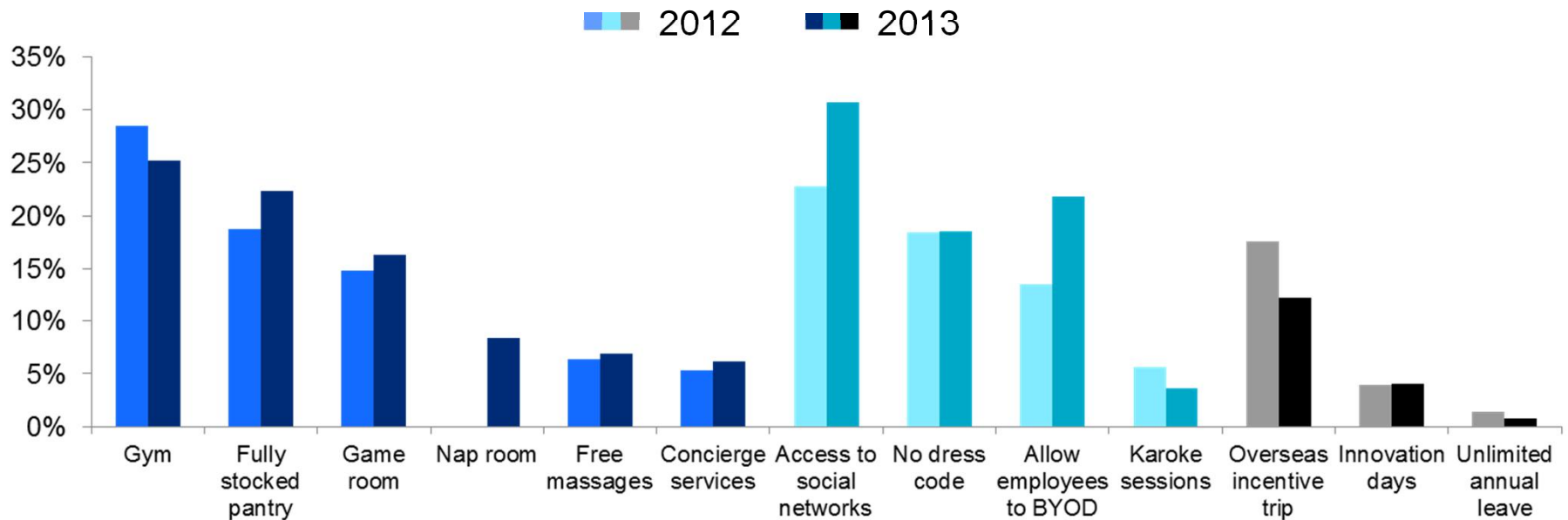
Metric	Goals
Offer acceptances	# offers rejected because of base pay # “red circle” job offers and tenure
Employer turnover	%age overall %age 6 to 24 months %age Level 3 and above
Pay differentiation	Long term high performers’ median base salary at P60 Long term average performers’ median base salary at P40

Example of Total Rewards Strategy

Allowances and Benefits

Allowances and Benefits		
	Allowances	Benefits
Role of rewards element	Reflect local market practices in relation to allowances	Financial security and well being of employees and families
Competitive position	Median of the market	Minimum of median of market
Impact of positioning	Allowance have neutral impact on attraction and retention	Benefits are perceived positively by employees
Design features	Where possible, allowances included in Base Pay	Consider investing end of service gratuity on ongoing basis as pension fund

Invest in Cost Effective Innovative Benefits



Companies providing X number of benefits



374 Companies
70%



265 Companies
50%



152 Companies
29%



80 Companies
15%



43 Companies
8%

Benefits

Measuring success

Metric	Goals
Staff absence	# days lost to sickness absence Sickness absence better than industry norms
Employee perception	Employees perceive employer cares for their health Employees perceive employer provides security Employees perceive their benefits are equal to industry norms
Company reputation	Perceived as a caring employer

Example of Total Rewards Strategy

Career Development

Career development		
	Performance management	Training and development
Role of rewards element	Employees know what performance levels is expected of them	Provides opportunity for employees to develop required skills and competencies
Competitive position	Clarity and quality of process is leading market practice	Above market practice
Impact of positioning	Employees are focused on what is important to company	Employees continuously develop and are able to take on new roles
Design features	Business scorecard approach rather than just financial measures	Resources focused on identified gaps in skills and competencies

Consider career development as part of total rewards

Employees value career advancement

Help employees fulfill their career aspirations within the company and they tend to stay longer...

You are here



FIRMWARE DESIGNER
MEL DRAISSEY

Your Core competencies

- Action-oriented
- Solid problem-solving skills
- Business savvy — understanding customer business issues

Your Leadership competencies

- Communicates well with customers
- Collaborates with team members

Your Experiences

- Collaborating with engineering teams to design industry standard firmware
- Proven attention to detail

Management meter



Level 1: Manage a team of 1-2 people

FIRMWARE DESIGNER
COMMUNITY



See all

Where do you want to go?

< BACK

Deepen my skills

Move up to the Next Level

Change Career Path

Completely impact multifunctional processes and wireless supply chains. Dynamically engage business meta-services for market-driven data. Collaboratively restore cross-platform users before client-centered manufactured.



Software Designer

A day in the life



Presented by
Justin Irwin

Send a message:

SEND

Core competencies

- Action-oriented and results-driven
- Proven sales track record
- 3-5 years managing sales team
- Well-versed in all products/services

Leadership competencies

- Leads team in creating and mobilizing vision for the future
- Effective, inspirational people leader
- Ability to analyze market and identify sales strategies

Experiences

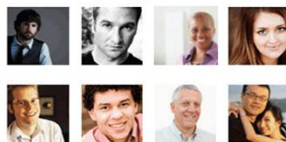
- Collaborating with engineering teams to design industry standard firmware

Current Openings (6)

- Software Designer (Apps)
- Software Designer (Apps)
- Software Designer (Apps)

Austin, TX
Philadelphia, PA
Ft. Lauderdale, FL

Software Designer (Apps) Community



Match Maker

Match your strengths. Match your passions

Successful XYZ teams find synergy in a diverse set of talent driving toward common goals. While the core purpose and goals of our teams vary, many teams across XYZ balance a similar set of talent. Match your strengths to a talent profile and explore the diversity of roles across our organization where your strength is a core characteristic.



Need help identifying your strengths?

Assess your strengths

Take this quick assessment to identify the working style you are best at.

Review your evaluations

Review your recent performance assessments and multi-rater feedback.

Ask your colleagues

Get informal feedback on what your colleagues think your best at.

Career development

Measuring success

Metric	Goals
Development and deployment of talent	%age roles with succession plans %age roles filled by internal promotion Analysts perception of senior talent
Turnover of high performing and top talent employees	%age employees leave each year
Employee perception	%age employees who agree

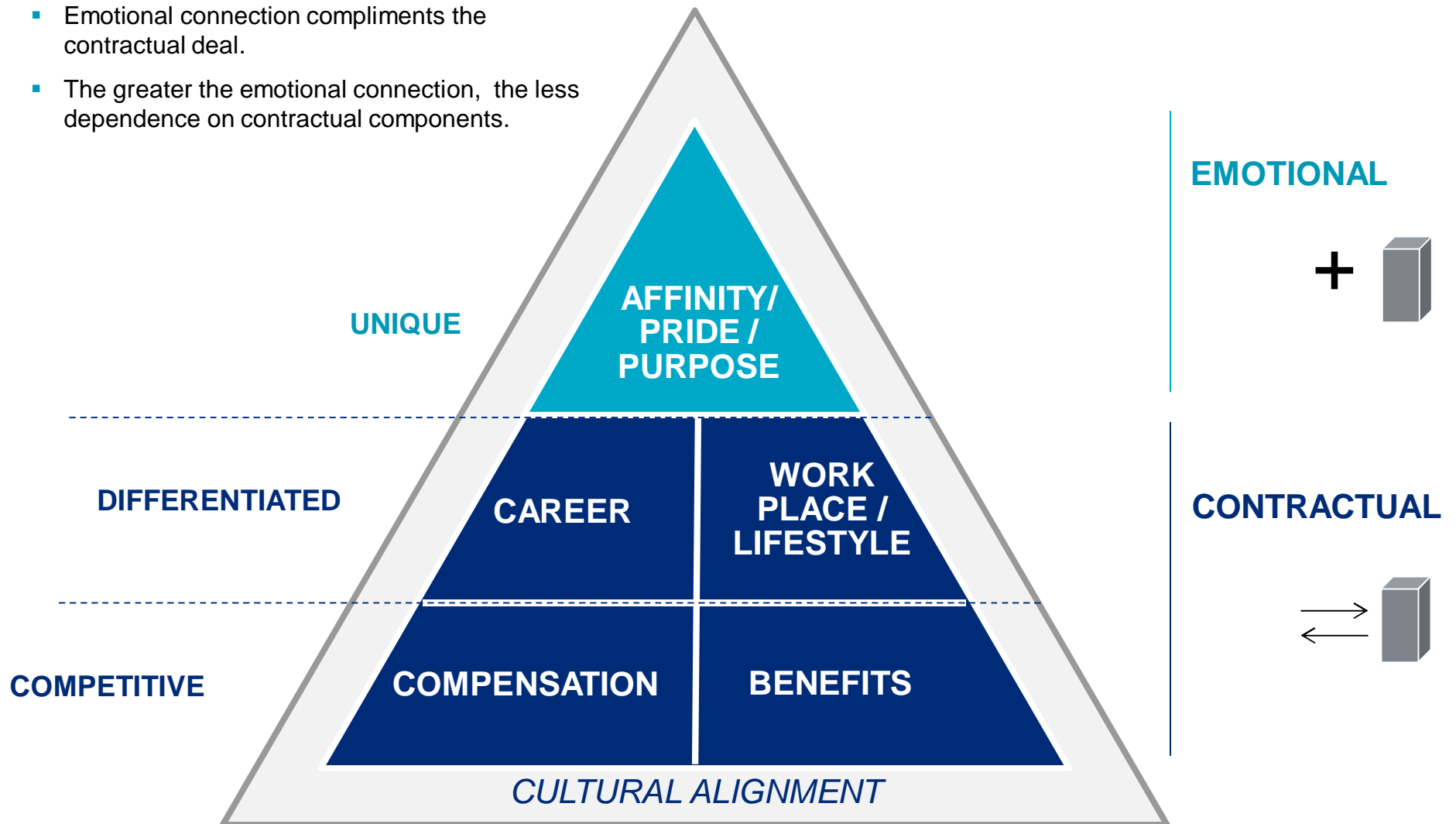
.....future trends



Mercer's emergent thinking

Adding the “X Factor”

- Emotional connection compliments the contractual deal.
- The greater the emotional connection, the less dependence on contractual components.



A fresh look

How we work

What we like at work

When we work

How productive we are at work

How proud we are because we work here

A fresh look

When we work: we demand!

Cisco survey of 2,800 college students and young professionals worldwide

When we work

Checklist:

- ☐ Ability to tweet or update Facebook while on the clock.
- ☐ Allow work email on whatever device desired.
- ☐ Allow telecommuting on own schedule

More than 60% say they have a RIGHT to work from home on a flexible schedule.

A fresh look

Employer Branding

Fun

Creative

Innovation

When we work

How productive we are at work

How proud we are because we work here

Corporate Social Responsibility

If you want creative workers, give them enough time to play

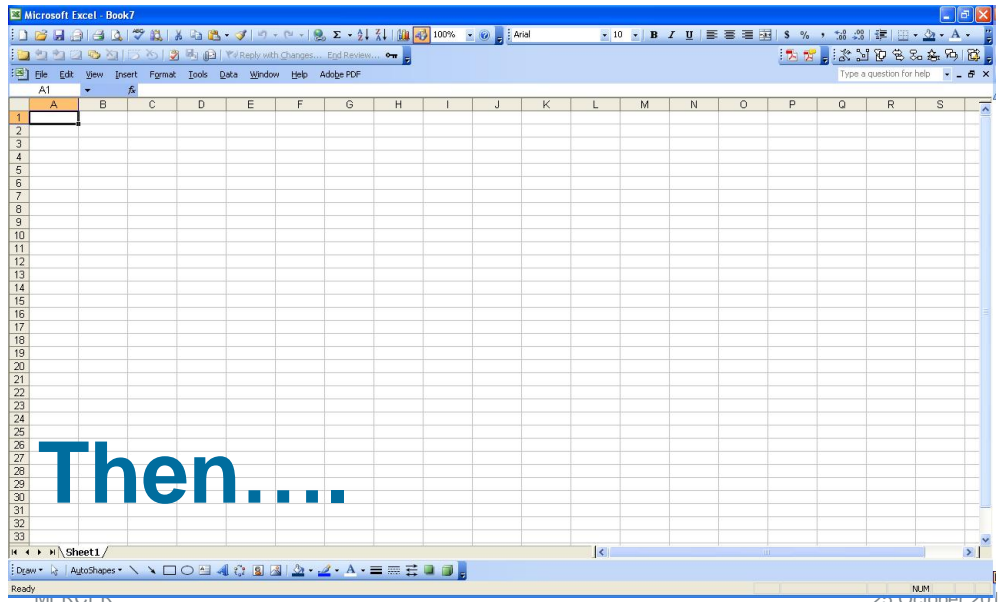
Health and wellness

Now

~John Cleese

A fresh look

How we work



Then....



Now....

A fresh look



Management skills

How productive we are at work



Team building



Health and wellness

A fresh look



What we like at work



“If you want creative workers, give them enough time to play”

~John Cleese

A fresh look

Employer Branding

Innovation

Creative

Fun

Leadership

Cool

**How proud we are because we
work here**

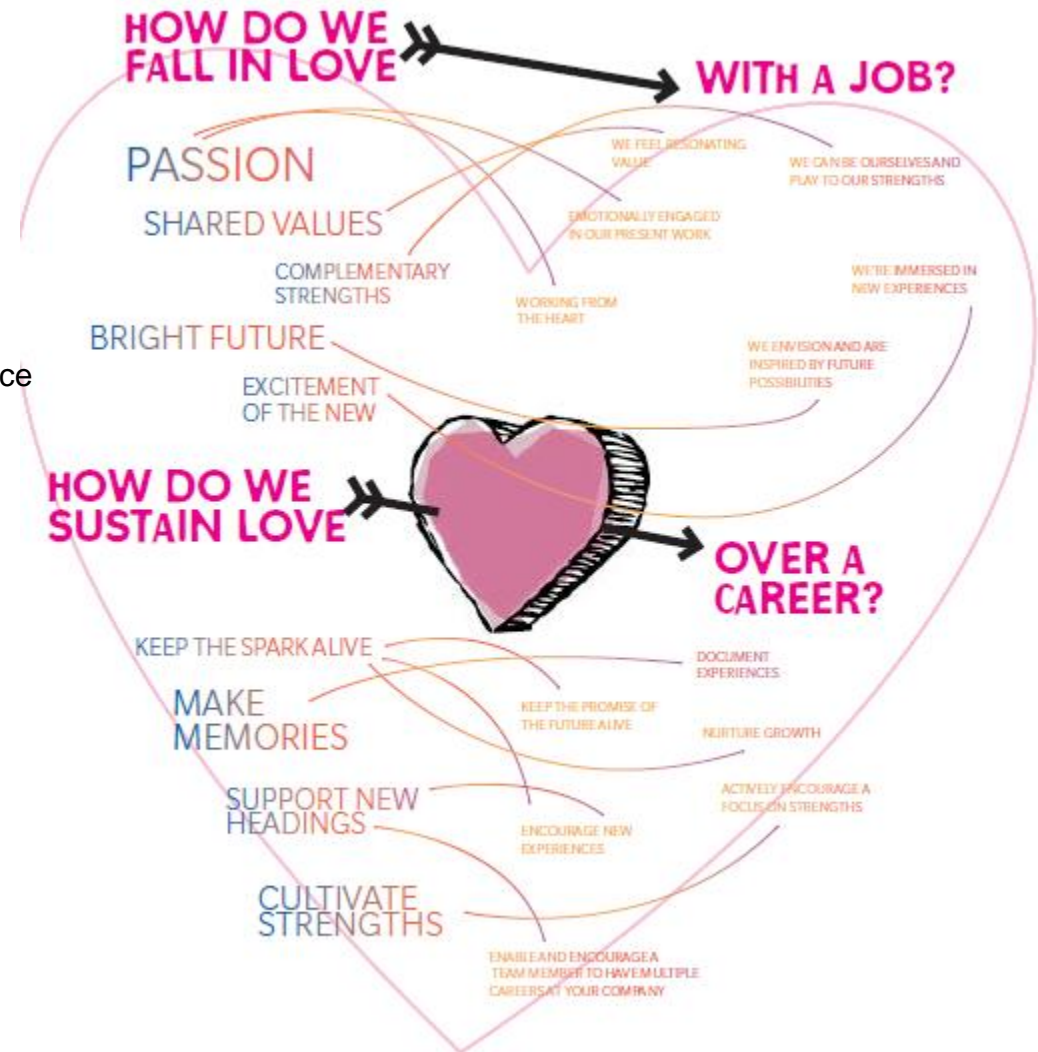
**Corporate Social
Responsibility**

Last But Certainly Not Least Communicate, Communicate, Communicate

Targeted messages

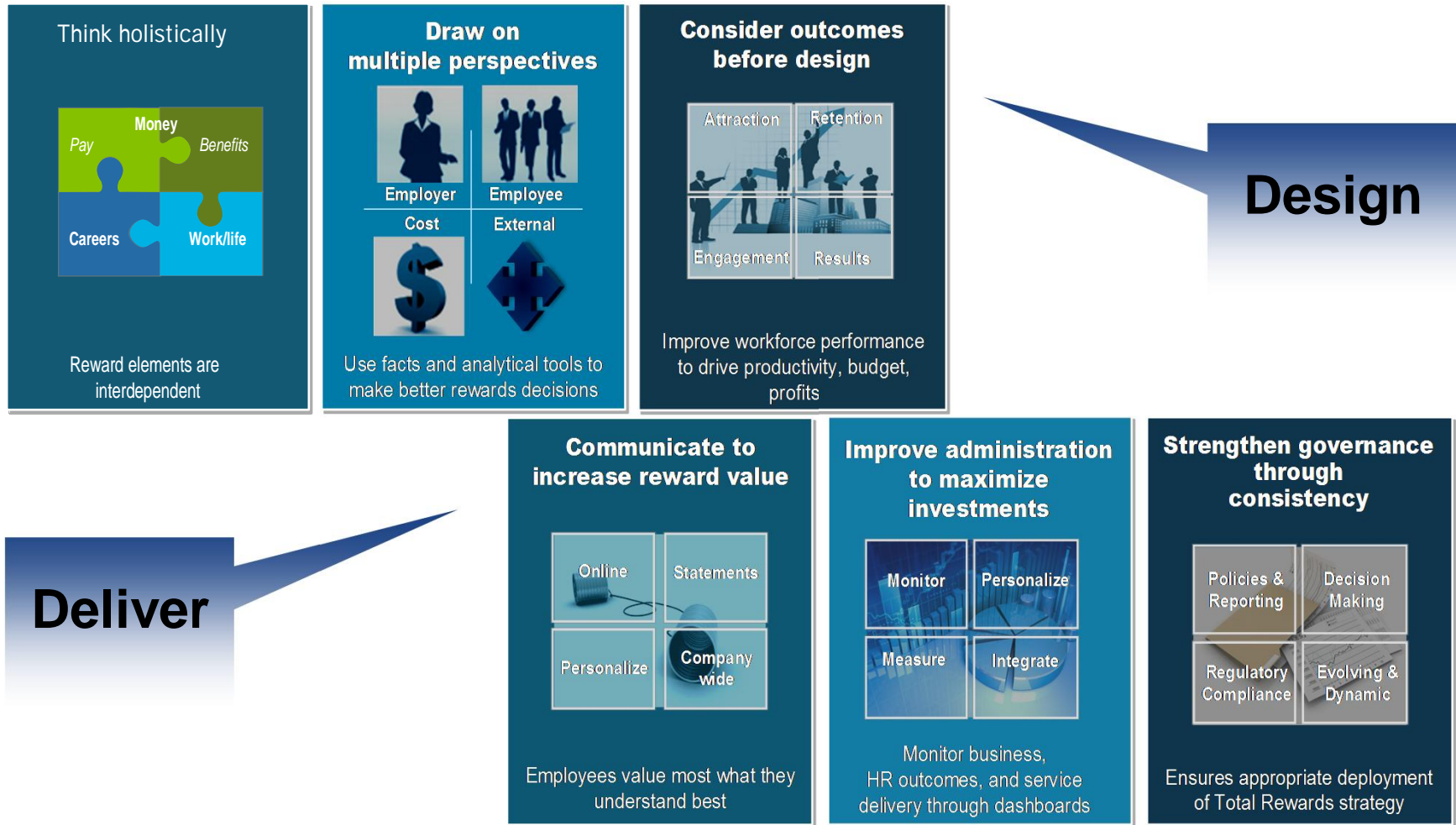
Segmented for different workforce segments with different needs and aspirations

Engaging by leveraging technology such as social media to increase effectiveness.



Total Rewards framework

Keeping in mind the guiding principles



Remember.....
Best fit, not best practice!

AHAJOKES.COM

TO MAINTAIN A HEALTHY
BODY, YOU MUST DRINK
AT LEAST 8-10 GLASSES
OF WATER PER DAY.

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