

Time to Ditch Your Comp & Ben Strategy

Outline

- The 'Why' of the Webinar
- The Five Prodding Signs - Summary
- The Five Prodding Signs + BDA takeaways
- Wrap Up and Summary

WHY 5?

Because they keep prodding ...
...in an integrated way?

The 5 Prodding Signs

- Your CEO cannot explain to you what your strategy is.
- You cannot explain the fair and needed balance between Economic Survival and Human Care.
- Your contingency response to a dramatic and unexpected event does not exist.
- You are only looking to the past and not to the future.
- You are copying everyone else's strategy.



SIGN #1

Your CEO cannot explain to you what your TR Strategy Is

Here how she might answer your inquiry...

CEO: *"To attract, retain, engage"*
(smiling)

You: *"How?"*

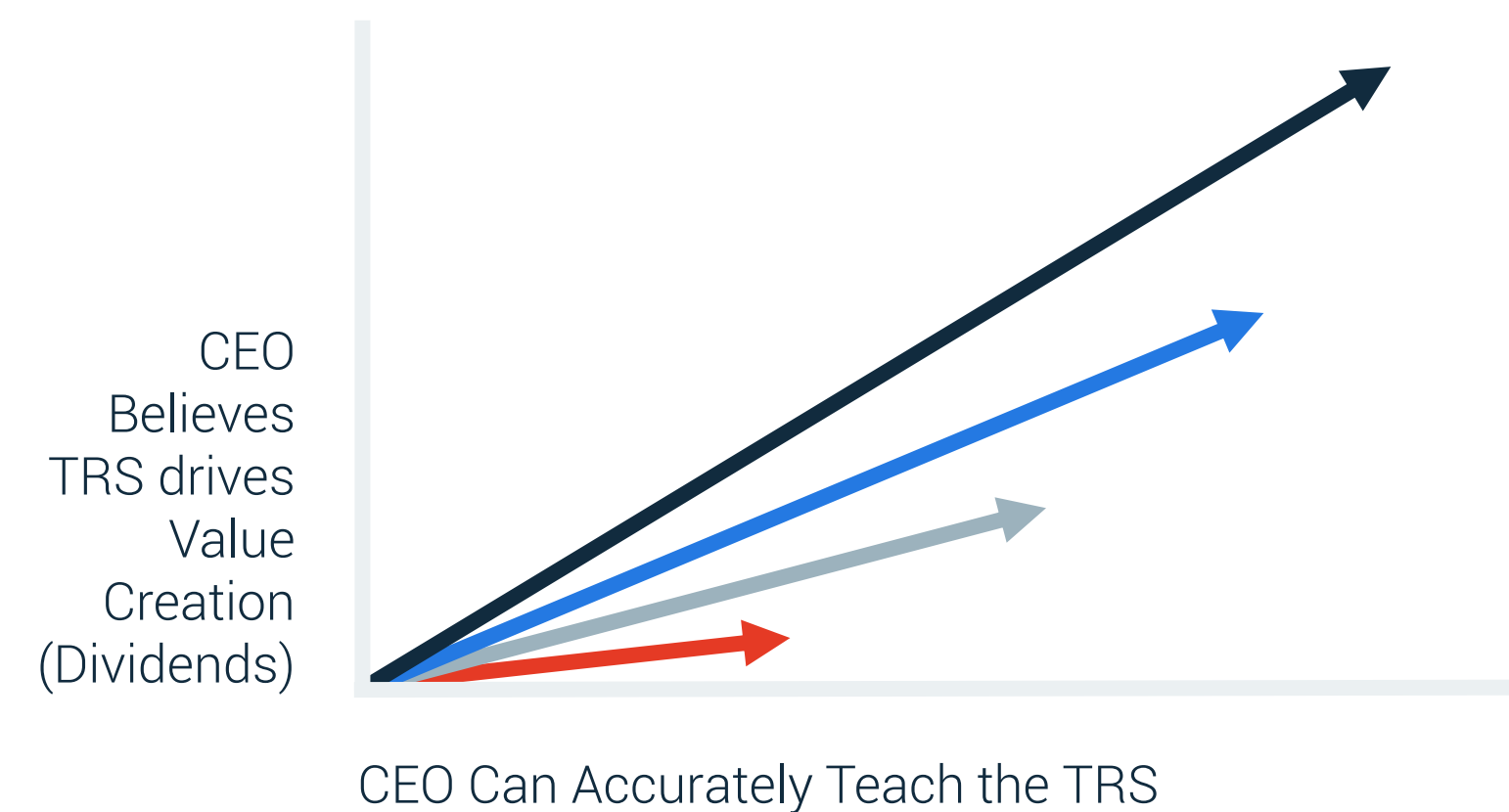
CEO: *"Well, we pay people the right wage for the right work...?"* *(doubting)*

You: *"How?"*

CEO: *"That's your job!!!"* *(Irritated)*

Your CEO is Where?

- ➡ CEO **understands** it, **participates** in its creation, **can teach it**, and **sees** this as an **invested cost** to **value creation**
- ➡ CEO **understands** it, and sees **partial** contribution to value creation
- ➡ CEO partially **knows** the policy, but sees no contribution to value creation
- ➡ CEO **does not know** the Policy, and sees no contribution to value creation



CEO – Perspective

- If your CEO cannot teach it, your CEO **does not know it**
- If your CEO does not know it, your CEO **cannot support it**
- If your CEO does not support it, your CEO **will marginalize it**

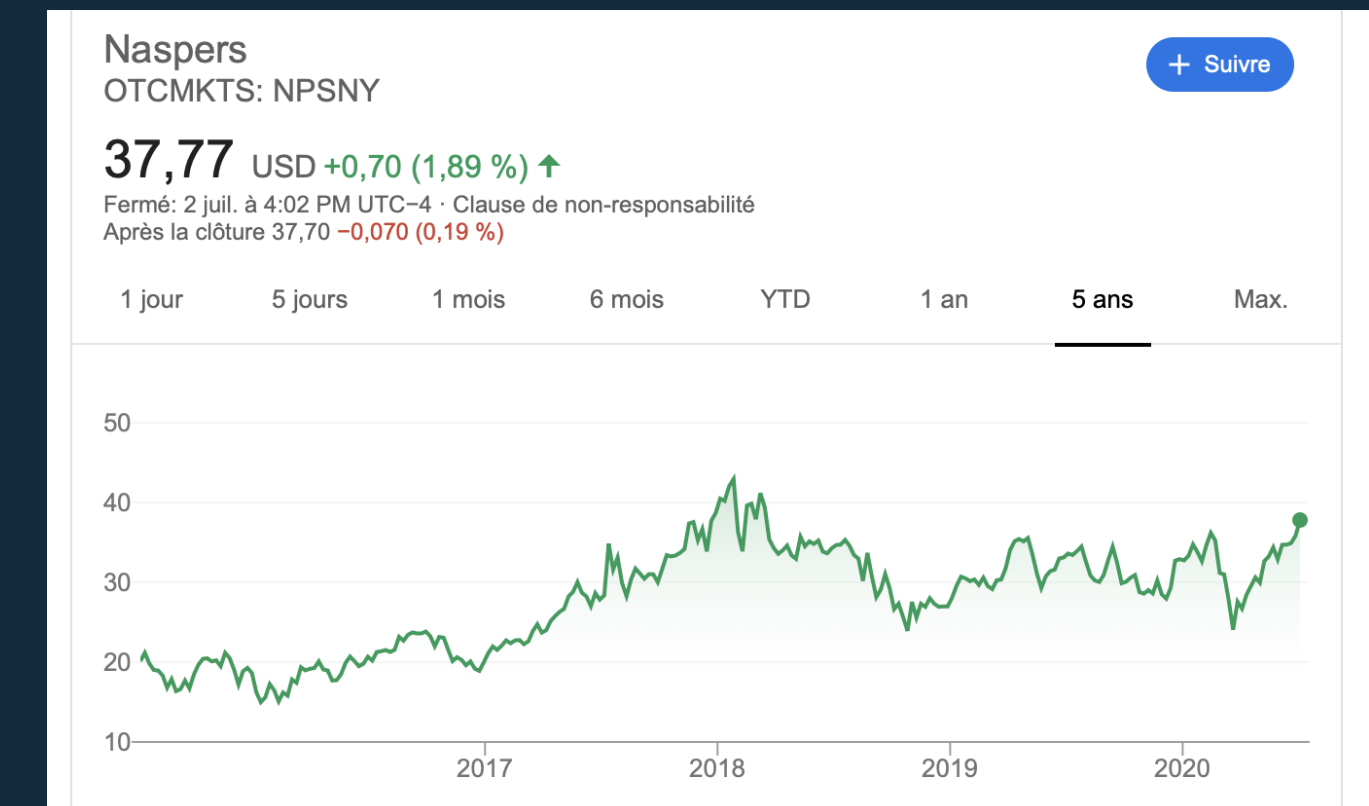
A Quote You **Do Not** Want To Hear:

“I can live with HR as long as HR doesn't get in the way.”

CEO from a Global Multinational

CASE STUDY #1 - Naspers

A company where the CEO knew and lived the C&B strategy.



- Mike Piker, then Global Head of Total Rewards of Naspers *(now at PMI)* buying and selling companies, with the CEO, in real time
- Stock prices from around 20 dollars a share to 40 dollars a share during Mike's tenure

"Ground what you say in commercially acceptable words."



Take
Away

TALK to
YOUR CEO

... you cannot?

SIGN #2

You cannot explain the fair and needed balance between Economic Survival and Human Care



This balance is built into the policy and understood by ALL as to what what happens in situations that challenge this balance?



In extremes, what prioritizes what and when?

SIGN #2

Litmus Test

The business faces cash pressure –

Prior to this situation:

1. You have formalized/communicated what you will do on a prioritized basis?
2. The principles of managing fixed income and variable pay is already agreed to and deemed fair by all?

NO?

YES?

Economic Survival vs. Human Care - Perspective

- If your employee communication does not explain the **balance**, you do not have the balance
- If you do not have the balance, you are highly vulnerable

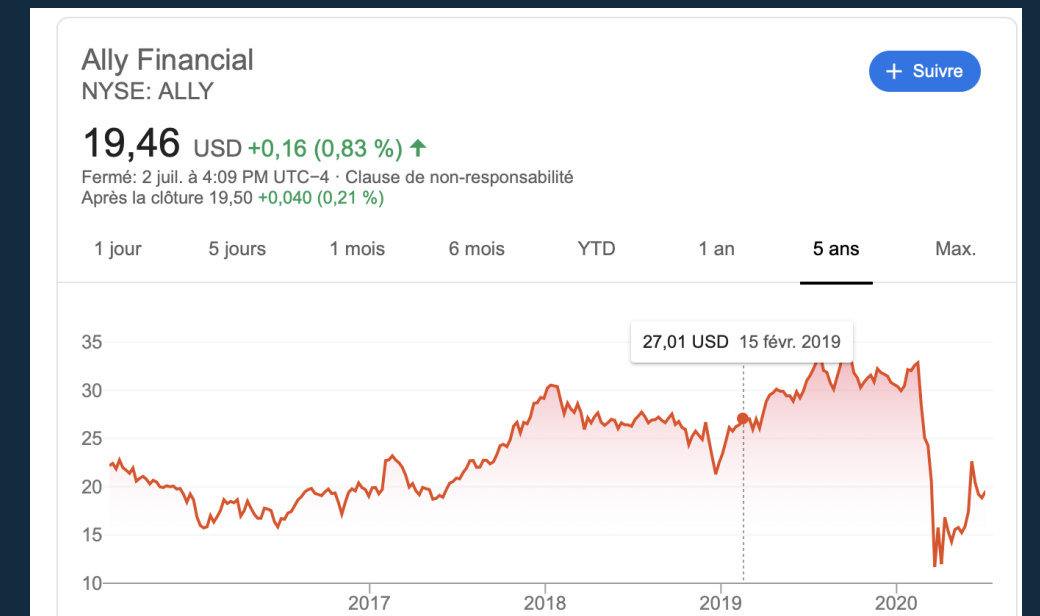
Economic Survival vs. Human Care - Perspective

Your policy must have a **known**, and **adaptive** strategic principle to the required balance between...

- ✓ economic survival (need cash)
- ✓ human care (deliver promises)

CASE STUDY #2 - Ally Financial.

The balance is known and communicated.



- ✓ "...We do whatever we can to support the well-being of *customers* and *employees*" (*Economic survival vs Human Care*)
- ✓ *Already-existing* financial, medical and mental health benefits were well designed to help employees through the crisis

CASE STUDY #2

- Employees moved to mobile access in less than 5 days
- Ally assured Employees with monthly or quarterly **incentive plans** they would account for COVID-19 impacts to operations
- **Employees making** \$100,000 or less in annual base compensation received \$1,200 tax-free financial assistance payment
- Expanded **childcare support**
- ... and much more with **Impressive Speed**

Take Away

**Ask an
Employee:
“What is our
Balance?”**

**...they do not
know?**

SIGN #3

**Your
Contingency
Plan, to
A Dramatic
Event, Does
Not Exist**

Is Chaos Our
New Normal?

Is Chaos Our New Normal?

“Consider your organization in light of a new normal that is abysmally low on calm, cohesiveness and certainty. Chaos will only continue to be the new normal if we don't fight back.”

Forbes - Dec 2019 - Marian Saizman

Unpredictability is the New Normal

- If our Total Reward Policies are built on an **assumed, predictable** reality, we are in trouble
- Turkeys should not make friends with farmers, even if they do feed them until Thanksgiving day
- The **new strategy** is being able to respond effectively to what will hit you unexpectedly

Contingency Plan Points – Perspective

An adaptive TR policy, built to respond to real time events
is a potentially good idea to be planned, and understood by
management and all employees.

CASE STUDY #3

Nestle: Zone EMENA

- Analysis on the **predictive** impact of robotic and artificial intelligence on manufacturing in the next 5 years
- Looking at a series of **risk factors** (120) to create a modeling tool of '**what ifs?**' to avoid an unexpected event
- Determination of involvement with multiple parties
- Involvement with the CEO of the Zone
- Initiated and led by **Total Rewards** with Oxford Analytica

**Take
Away**

**Go back and
build principles
for a 180° Flip**

**...you do not
know how?**

SIGN #4

**You are only
looking to the
past and not to
the future**

"It's harder to stay on top than to get there. For every Apple, there is an Atari... leaders need more than ever to run and reinvent the business at the same time."

From HBR / 19 Nov 2015

Don't Let Your Company Get Trapped by Success by Martin Reeves and Johann Harnoss

Complacency is an existential threat

- 1. Your core business changes**
– but you do not shift your people investment strategy to reflect that.
- 2. Your sales model changes**
– but you still reward your salespeople to do what they always have.
- 3. You had an IPO**
– but your management team incentive plan does not consider shareholder interests.
- 4. The organization's demographic has changed** – but your benefits offering still looks like the 1950's.

Looking to the Future – Perspective

- TR strategy is not done in a vacuum
- Your TR strategy communicates a particular employee value proposition
- Advise business leaders about the **TR impact** of their vision for the future

CASE STUDY #4 - IBM

A firm which successfully reinvented itself and its HR/TR model with a vision for the future.

- Up until the 1980's, IBM was a powerhouse in mainframe computing
- Then, everything changed... IBM made a decision to focus instead on business **shared services** (i.e. Workforce Solutions, Kenexa, etc.)
- Business success demands employees continuously learn and **reinvent** themselves
- TR strategy rewards employees for embracing this and deploying their **new skills**

From Forbes, [IBM's HR Chief Shares Best Advice on the Future of Work](#), 6 August 2018)

Take Away

**You are
thinking of a
future model?**

...why not?

SIGN #5

**You are copying
everyone else's
strategy**

"Instead of hastily buying into every quote from a New York Times bestseller... use your critical thinking skills to solve your situation. There is no 'one-size-fits-all' in business."

From HBR / 29 July 2019

Six Common Pieces Of Business Advice To Take One Step Further by Shelley Smith

“Best practices” are what we get when we copy each other

- 1. We copy what the “hero companies” do**
(forced ranking? drop performance ratings?)
- 2. We copy our industry**
(target the 65th percentile for VP's and the median for everyone else?)
- 3. Soon, you need to start over again** – your reality is different (size 12 feet do not fit in size 9 shoes...they hurt!)

Building an authentic TR strategy – Perspective

- Your TR strategy needs to be evidence-based
- This does not mean you should not stay on top of trends or best practices
- Remember...

“People tend to act as they are being rewarded for their actions. To them, this is the expression of the true values of the institution and of its true purpose and role.”

(Peter Drucker, Management)

CASE STUDY #5 - Netflix

A company whose HR/TR strategy is based on their own business reality.

- Netflix went down its own unique path of self-discovery: culture drives talent
- To be innovative, disruptive and high performing, Netflix employs top talent with state-of-the-art skills in a hyper-competitive environment
- To recruit top talent with the “right stuff”, they pay at the top of the market
- The trade-off for employees is that a long-term career is not likely
- The organization will move on from them when their skills are no longer a fit

Take
Away

Do not copy.
Get inspired.


Action Point:

Know why you agree or disagree but decide which it is, and then do something about it.

We are here to help.

Wrap up - Findings of the Discussion and our final thoughts

Wrap up –

1. You are **NOT** an Administrative Expert.
...You are a **Strategic** Pillar
2. We need to “ground what we say in commercially acceptable words”
3. **It's what we do at BDA**
4. All 5 are connected 

– all 5 are **connected**



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