

Total rewards and the business plan: A matter of alignment and performance

The working world is changing:

The war for talent.

Unprecedented
disruptions. The
search for sustainable
growth. Fostering
high-performance and
innovative cultures...

these are just some of
the challenges many
organizations are facing
today.



To make matters worse, there are inconsistencies and often misalignment between total rewards and business plans. It's up to HR to design total rewards programs that are consistent with their organization's business objectives and culture.

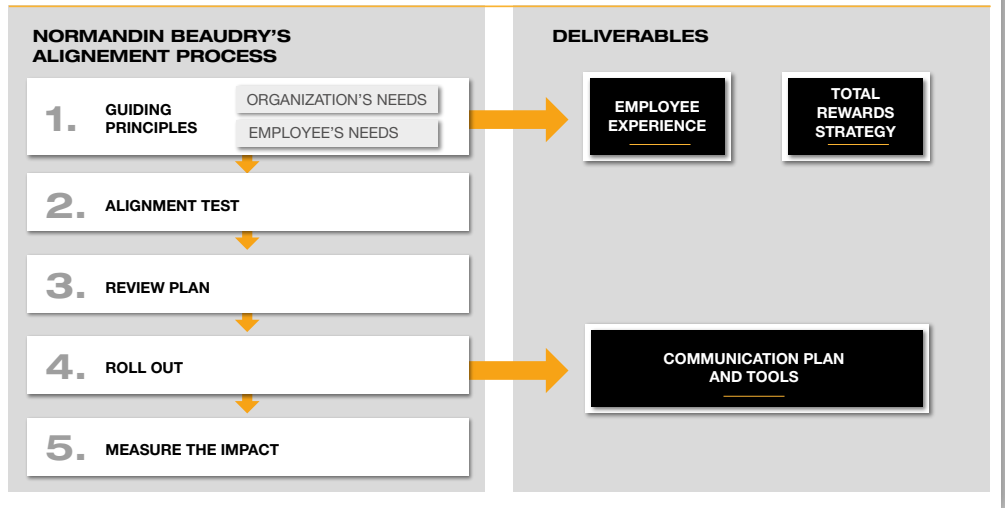
So where do we start? To ensure a proper alignment, we believe that the involvement of leaders is at the heart of this challenge. It is imperative to involve them in every step of the process: from brainstorming to design, including the development of a common discourse around total rewards programs.

This all highlights the importance of undertaking an alignment process and reviewing all decisions that were made—often piecemeal—about total rewards and to take an objective look to determine their compatibility with the original intent.

The alignment process is meant to:

- create a common discourse around total rewards
- explain why the organization does what it does
- define how total rewards reinforces the business goals and culture
- genuinely engage leaders to facilitate the implementation of total rewards
- become a source of meaning for employees

Business strategy and corporate culture



“ The alignment process is meant to generate a common discourse and to explain why the organization does what it does. ”

The process consists of five steps. It starts by determining guiding principles that lay the groundwork for all total rewards decisions. Simplicity, performance, transparency, differentiation and cost control are but a few examples.

Guiding principles are generally determined by the organization’s decision-makers based on its strategic needs as well as employee needs, which come to light through surveys or other data-gathering methods.

Working sessions with leadership teams yield extraordinary value. This is a rare moment where key stakeholders—most often senior business leaders—take a calculated step back together to think about the foundations of their total rewards strategy and decision-making process for all monetary and non-monetary components.

These stakeholders are often the first to express their satisfaction with the rich discussions during these sessions. Moreover, we have identified four competitive advantages that can be found in organizations that have completed this process:

1.

Organizations are less likely to replicate market fads or trends.

2.

Employees have a greater perceived value of total rewards as they have a better understanding of the foundations and principles.

3.

Organizations have a greater control of total rewards costs, as decisions are made within a strategic total rewards framework.

4.

Organizations are more sensitive to the needs of their employees, thereby providing them with programs that correspond to their needs.

The alignment test (step 2) consists of filtering all total rewards practices through each guiding principle, by asking the three following questions:

- What practices are aligned with this principle?
- What practices are not aligned with this principle?
- In light of this principle, what practices should be adjusted/added?

The dialogue must be clear on the reasons behind each decision, each process put in place and each distinctive element of the overall offer. In order to convince influencers and employees, the leaders involved in this process must first be convinced that they understand how and why they are compensated the way they are!

total rewards



The review plan can then be rolled out over time. As for the common discourse, it carries more weight when it is openly shared. It doesn't matter if everything is not yet perfectly structured; as long as the game plan is clear and influencers are equipped to talk about it, employees will have a positive view of the future, thereby generating greater appreciation of the present.

It's best to be comfortable in this movement rather than wait for everything to be perfect. And to make sure influencers fully embody their role, the placemat pitch is second to none!

To be able to explain, on a piece of paper during a lunch with a candidate or an employee, the organization's total rewards offer and why it is structured the way it is will not only create trust, but a sense of fairness and meaning.

Steps 3 (Review plan), 4 (Roll out) and 5 (Measure the impact) are all part of ensuring an effective execution of the plan and ensuring that the measures that were decided upon in the earlier steps are measured, reviewed and discussed with the leadership team.

This holistic approach—especially the alignment work—requires time and commitment from all of those involved. This work will help you position your organization to meet head-on the business and talent challenges in this era of unprecedented change. It's about developing a compelling and an authentic story around total rewards.

Manny Campione, CHRP, CHRL

Principal, Compensation
647-288-3517
mccampione@nbac.ca

Geneviève Cloutier, M.Sc., CHRP

Partner, Compensation

about Normandin Beaudry

Founded 25 years ago, with offices in Toronto, Montreal, and Quebec City, Normandin Beaudry is now among the largest Canadian-owned total rewards consulting firms.

With over 180 experts, we help hundreds of clients create human capital and financial performance every year. Our team of compensation professionals approach situations from a targeted results standpoint. Whether through very specialized assignments or on-site interventions, we deliver simple and innovative solutions to meet your strategic and tactical needs. Our knowledge of market practices includes every aspect of total rewards, from base pay and incentive pay to employee benefits plans and retirement plans, as well as paid time off.