YOUR

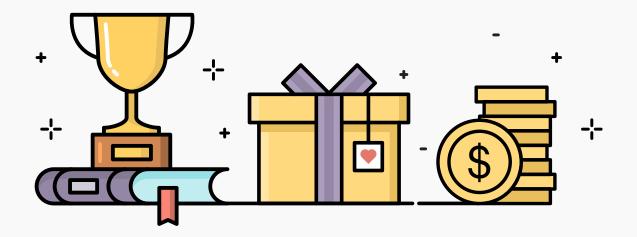**TOTAL REWARDS**

QUESTIONS ANSWERED

bambooHR™ | PayScale
HUMAN CAPITAL

A total rewards program is made up of several elements — WorldatWork lists them as compensation, benefits, work-life effectiveness, recognition, performance management and talent development — so it's no wonder that putting together successful packages is a complicated, sometimes stressful, endeavor. There's so much to consider and evaluate, and if you're like most of your HR and compensation colleagues, you have a lot of questions.

Well hey — that's what this ebook is here for.
Rusty Lindquist, VP of Thought Leadership at BambooHR; Dave Smith, Chief Product Officer at PayScale and Jill Christensen, Founder of Jill Christensen Intl., recently hosted a panel discussion in which they offered insights and tips on the biggest, most frequent concerns around total rewards. What follows is a distillation of their very helpful advice on the most common related questions.

Enjoy!

How do you communicate a total rewards package?

Communicating compensation is a notoriously tricky task (but it doesn't have to be!), so speaking to your full rewards offering can compound the difficulty. Here are some tips:

Lay All Your Cards on the Table

Don't make the all too common mistake of equating "rewards" with "pay;" as mentioned above, your rewards are so much more than that! They include career development and training, recognition programs, work-life balance practices and policies … People typically have the mindset that they're doing a job, and their company is paying them to do it, and that's it — and they overlook the total investment the employer is making in them. Highlight what your company is doing to support employees beyond their paychecks. When you do this, employees tend to have a "wow" moment, as in "Wow, I've never thought about it this way." And when folks recognize you're investing in them, there's a far greater chance they'll

feel an emotional connection to the company, and want to return the investment.

Start General, but Get Personal

A good structure for your conversations about total rewards is beginning with the more general items — your company rewards philosophy, compensation strategy, data sources and methodology, etc. — and then bringing it to a personal level. The personal part is about what you can think of as "value drivers." Compensation is a two-way exchange of value between employees and their employer, and every employee has a unique value system. To effectively communicate your total rewards, you need to understand each employee's value drivers — autonomy, flexibility, PTO, whatever they are — and tailor your message to map to those

values. In other words, highlight what you're doing or offering that they care deeply about (and if you don't know what's most important to them, ask!). Communicating this way will help your message resonate.

Note: What an individual cares about may surprise you. BambooHR research found that a majority of people would rather get an email from their boss acknowledging a job well done than a $5,000 bonus! Don't make assumptions; find out what's important.

Be Rigorous About Data, Details and Documentation

Tailor these recommendations to fit your organization's preferred level of transparency, but in general: Have a specific, detailed compensation philosophy and strategy, document them, and speak to them often. Explain how, when and why the company makes rewards

decisions like it does, and have a plan for talking about these things regularly (from one-on-one conversations to all-hands meetings, whatever makes sense for your organization). Outline your approach to gathering and using data (which both provides clarity and eases any suspicion that there's bias at play). Leave no ambiguity as to how individuals can increase their own earning potential. Lay it out for them. And: Provide a total rewards statement! Whether that's a report you generate from your compensation software, or even a simple spreadsheet or Word document, create something that lists out the rewards each employee is receiving. It's pretty powerful to see it in that format.

Provide Manager Training

The 2017 Compensation Best Practices Report (CBPR) found that only 19% of companies say

they are "very confident in their managers' abilities to have tough conversations about compensation with employees." With employees primarily going to their managers for compensation info, this is a big problem. Offer comp-specific communication training to your managers, and support them with data so they can be confident in their discussions.

What's the most effective way to reward top performers?

You always want to show appreciation for — and continue to motivate — those employees who are contributing at exceptionally high levels. Here are a few ideas:

Appeal to Social and Identity Drivers

In a world in which many of us sharing increasingly more about ourselves on social media platforms, we've all become, in a sense, storytellers. We curate images and craft narratives around the story we want to tell about our work and lives. We build profiles that we hope reflect our identities — and some of us like to identify as a "winner," or maybe simply "successful." Often, top performers will identify this way.

You can boost that narrative, and help your hard-charging employees boost it online (if that's their thing), by offering rewards that denote status or accomplishment. A classic example is the leaderboard for sales organizations. That visual representation — for all to see — of how successful (or not) individ-

uals are can light a fire under your top performers to maintain their rankings. It can also motivate employees who maybe aren't performing at the highest levels to reach that top status: Seeing the end goal makes it feel achievable.

Note: This is not to suggest you can ignore monetary recognition. You absolutely should ensure there's an equitable exchange of value. But for some, this kind of acknowledgement is as (or even more) important than pay. Again, it's about knowing your employees' value drivers.

Demonstrate That You Recognize Their Extraordinary Value

One thing that seems generally true about humans is that in the absence of information, we'll fill things in with our own (mostly negative) assumptions. Consider these findings from PayScale re-

search that show when people are not told how their salary compares to the average, they're likely to assume they're not being paid fairly.

The solution? Be more transparent. Be able to show top performers your data that say they're being compensated substantially more than the average employee in their position at your company. Related, it's a common mistake to look at the mean (average) when you're setting and comparing salaries, but you should really be looking at the median. A lot of times, the top 20 percent or so of employees in a function are providing the majority of the value, and that skews the average. Take a look at the median for a clearer picture.

Give Them Control Over Their Earning Potential

Using something like the OKRs (Objectives and Key Results) framework or just a simple goal-setting plan, allow employees to define or at least influence the quarterly (or whatever) goals for their role. When they have some control over what their objectives are and what they can do to reach them, you can be sure they'll bring their best effort. With OKRs specifically, the employee even measures their own performance to determine the associated compensation. Talk about control!

What extra benefits, aside from pay, can you offer to create a better workplace?

From "paid, paid vacations" to merely saying thank you, there are a wide variety of things you can offer outside of pay to sweeten the deal for employees. Some of the most effective:

Two-Way Communication

While maybe not what comes to mind when you think of "benefits," having two-way communication channels is a marker of a great workplace. Many leaders are accustomed to pushing out information, but pulling it in is equally important. Setting up systems in which employees feel they can provide honest feedback (you can make it anonymous) is conducive an ever-improving environment.

Work/Life Balance

As we all know: Enabling work/life balance — whatever that means to your organization and your employees — is huge. This can take many forms: generous or unlimited PTO, flexible schedules, a liberal WFH policy — there's even the

notion of paid, paid vacations, in which the employer will refund your vacation expenses, as a way of encouraging you to get away and recharge. Do what makes sense for your company, but definitely give your work/life benefits some real thought and effort.

Recognition

We touched on this earlier, but a little recognition can go really far. In Gallup's annual global employee poll, they asked what employees want most to feel recognized. Seventy-six percent of respondents said they just wanted to hear the words "thank you." Simple. Easy. Free!

How can you create a culture of what you might call "rampant recognition," where it's not just top performers being recognized by

leadership, but everyone acknowledging each other? You could do a recognition wall, start a tradition of celebrating wins with a big round of applause, make thank you cards available, whatever. Recognition programs can be relatively low effort, with huge impact.

Development Opportunities

Going back to the idea that employees who feel invested in are more likely to return the investment, offering professional and leadership development opportunities is doubly a win-win: While as the employer, you benefit from stronger employees, the individual picks up skills they can take with them beyond their current role. That's hugely motivating — and rewarding.

Fun Extras

Find little ways to show you care about your employees as human beings. Have them bring their dogs or kids into work, open up your space for game-watching parties, plan regular team outings, etc. Make it about fun; not about work.

What can you do to make your employees feel valued and appreciated?

We've touched on a lot of ideas related to this question, but here are some specifics:

Align Employee Goals With Company Goals

People want to know their job has meaning, that they're adding real value and making a difference. One way to drive that home for them is helping them align their goals with the organization's goals, maybe specifically your CEO's goals. That way there's no question that their daily contributions are important and valued — they're literally working toward the company's biggest priorities. Having that level of identifiable meaning in their work helps them see that their work matters.

Give Sincere, Verbal Recognition

We keep coming back to this, but you really can't overestimate the impact a genuine "thank you" or

"great job" can have. Say some heartfelt words — doesn't have to be anything profound, but be specific and thoughtful — to acknowledge not just great performance, but even courage, ingenuity, extra effort … Money and swag are nice, but words really are powerful.

Note: Remember that many of us are invested in maintaining that "winner" identity and "success" narrative, so unless you know the employee would prefer otherwise, go public with your recognition. Do it in a large meeting, send out a group email, etc.

Just Genuinely Appreciate Them!

Sometimes we can get so hung up on instituting the latest and greatest rewards practices, or we see "appreciation" as an "initiative" we need to undertake, that we end up missing the point of it all: truly appreciating people. Take a step back and allow yourself, and encourage your colleagues and managers, to just think about why you appreciate your employees. Do this regularly. You know what ends up happening? Appreciation shows up organically. No formal programs required.

How can you tell if your reward initiatives are effective?

Beyond having a high company performance level, here are some ways to tell if what you're doing for rewards is working:

No One's Talking About Them …

Think of how most restaurant or apartment reviews work: People tend to say nothing when they're satisfied, but craft a lengthy public criticism when they're not. It can be the same way with your rewards program, which is why it's important to track how often it's coming up. If it's not much or going down, you're probably on the right track.

… Or Everyone's Talking About Them

But! If you're doing some of the identity-based stuff, or are otherwise just knocking it out of the park with rewards, there's probably some talk. Your employees may be posting, but you may also be getting some media coverage. Also take a look at your offer accep-

tance rate, and your referrals: Are they good and/or going up? These are good signs!

You're Getting the "Cognitive Surplus" Time

In Clay Shirky's book Cognitive Surplus: Creativity and Generosity in a Connected Age, he describes the time outside of work, when you're free to think about anything, as your "cognitive surplus." When you've got really engaged employees — when your rewards are working — they're filling some of that cognitive surplus with thoughts about work. They're thinking about their projects even when they're not on the clock. Not that we want people constantly thinking about work; but recall a time when you were really engaged in a project: You probably thought about it some after hours. And that's because you cared.

When your employees care like that? You're doing it right.

You Just Know

There are plenty of things to track and measure, and you should absolutely be doing that — but you don't have to wait for the data to roll in to know how you're doing. You'll know. If your rewards program is effective, you'll feel better energy, see more collaboration … The intangibles will be there, and you'll know you're on the right path.

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