Having the Right Total Rewards Strategy Will Move Your Organization Forward

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What is Total Rewards?

Everything an employee values in the employment relationship
Why have a plan?

• Achieve organizational results
  - External forces
• Create and sustain high quality culture
• High competition in job market
  - Attract and retain valuable employees
Compensation

- Where does your company target compared to the market?

- Merit, COLA, Market, Promotional

- Incentive plans

- High performers, across the board, one-time bonus
Benefits

Financial Support
- FSA, HSA, HRA, Tuition Reimbursement, Cell Stipend

Executive Fringe benefits, non-qualified deferred comp

Retirement Defined Benefit/Contribution Matching, Profit-sharing

Income protection LTD, STD, Life Insurance

Health Medical, Dental, Vision

Financial Support FSA, HSA, HRA, Tuition Reimbursement, Cell Stipend
Work/Life Programs

- Company culture
- Remote work
- Flexible schedules
- Parental Leave (Birth, adoption, fostering)
- Concierge services (Dry cleaning, car washing)
- Reduced hours
- Community Service PTO
- Job sharing
Professional Development

- Employee development based on employee’s career goals
- Development focused on technical and soft skills
  - Leadership training, manager training
- Mentoring programs from senior leaders
- Frequent discussions on career growth in the organization
- Stretch assignments
- Employee recognition programs
  - Peer to peer
Why do you need Total Rewards?

Your top talent is the KEY to your business success.

You MUST leverage your total rewards package to retain them.
Influencers of Total Rewards

External forces
- Competitive job market
- Rising insurance costs
- Changing workforce demographics & dynamics
- Decline in defined benefit retirement plans
- Increase in pay-for-performance comp practices

Internal forces
- Your board’s strategic initiatives
- Budget
- Aging workforce
Know what’s meaningful to top talent

What employers think top talent feel are important:
• Challenging work
• Career development opportunities
• Org mission, vision values
• Base pay
• Org financial performance

What top talent feel is important:
• Job security
• Base pay
• Career development opportunities
• Promotion opportunity
• Health care benefits

Source: Towers Watson
Maslow’s Hierarchy of Needs

- **Psychological Needs**
  - Food, rest, shelter, etc.
  - Wages high enough to meet weekly bills

- **Safety/Security Needs**
  - Job security
  - Work colleagues that support you at work

- **Social Needs**
  - Friendship, a sense of belongingness to a team
  - Being given recognition for a job well done

- **Esteem needs**
  - Having status & recognition, achievement & independence
  - Being promoted & assigned more responsibilities

- **Self Actualization Needs**
  - Succeeding to your full potential

- **Disengaged**
- **Moderately Engaged**
- **Highly Engaged**
Engaged Employees = Success

The #1 factor in increasing the level of highly satisfied customers in your company is the level of highly satisfied employees in your company.
### Current Trends

<table>
<thead>
<tr>
<th></th>
<th>More Emphasis</th>
<th>Less Emphasis</th>
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<tbody>
<tr>
<td>Compensation Programs</td>
<td>67%</td>
<td>33%</td>
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<tr>
<td>Learning &amp; Development Programs</td>
<td>66%</td>
<td>34%</td>
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<tr>
<td>Wellness &amp; Disease Management</td>
<td>64%</td>
<td>36%</td>
</tr>
<tr>
<td>Health Programs (medical, dental, vision)</td>
<td>63%</td>
<td>37%</td>
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<tr>
<td>Retirement Programs</td>
<td>51%</td>
<td>49%</td>
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<tr>
<td>Welfare Programs/Risk Benefits</td>
<td>39%</td>
<td>61%</td>
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What do Millennials want?

<table>
<thead>
<tr>
<th>Cowboys</th>
<th>Millennials</th>
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<tbody>
<tr>
<td>Command and control management style</td>
<td>Active, involved leadership</td>
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<tr>
<td>Individually focused work</td>
<td>Collaborative, teamwork</td>
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<tr>
<td>Managed flow of information</td>
<td>Unstructured flow of information</td>
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<tr>
<td>Job security</td>
<td>Employability</td>
</tr>
<tr>
<td>Work = income</td>
<td>Work = income and personal enrichment</td>
</tr>
<tr>
<td>Structure</td>
<td>No structure; flexibility is highly valued</td>
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<tr>
<td>Inward looking</td>
<td>Outward looking</td>
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<tr>
<td>Influence through organization, position</td>
<td>Influence through networks, communities</td>
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Source: Gartner Research in Lynch, 2008
Determining your TR strategy

Board’s Strategy
- Growing? Shrinking?
- Industry changes
- Leadership engagement/commitment

Total Rewards Assessment
- Workforce evaluation
- Compliance review
- Comp benchmarking
- Benefit plan models that fit your workforce

HR Strategic Plan
- Getting most value for TR
- Culture enhancement
- Communication to employees
- Annual rewards statements
Annual Rewards Statement

• Base Pay: $50,000
• ABA paid benefit premiums: $8,068.80
  • Medical $7,488
  • Dental $505.56
  • Vision $75.24
• ABA HSA Contribution: $1,250
• ABA 403B Contribution: $5,000
• Gym membership reimbursement: $240
• Incentive Payout: $1,500

Total Compensation: $66,058.80
Monitoring TR strategies

- Employee engagement surveys
- “Stay” & Exit Interviews
- Benefit value surveys
- Wellness impact review
- Annual TR strategic meeting
Recap

• Determine what TR strategy you have and what you want to have
  • Align your strategy with your Board’s strategic goals
• Assess staff needs or gaps in your TR
• Implement policies that close gaps and meet needs
• Communicate, communicate, communicate
  • Staff will assume your strategy is unfair or not as valuable otherwise
• Continue to assess your strategy’s impact
  • At least annually