

## **REWARD STRATEGY**

### **HOW EFFECTIVE ARE YOUR CURRENT PAY AND REWARD SYSTEMS?**

The pace of change in organisations is unrelenting as they constantly strive to meet the challenges of today's dynamic business environment. One example of this change is reflected in customer service standards – yesterday's performance is not good enough for day and today's performance will certainly not be good enough for tomorrow. Performance improvement is the name of the game and often the key is to improve the motivation and performance of people.

Whilst we have seen companies adjusting their product and service offerings, marketing plans, technology, organisational structures and numbers of employees to the changing environment, very few review their pay and reward strategies and practices in the light of these changes. In many respects they are "prisoners of their existing reward practices" and often it is difficult for them to articulate why certain practices exist at all. Their evolution has been lost in the mists of time. The fact is that frequently their reward practices are no longer aligned with business needs and consequently not as effective at motivating people as they should be.

We pose the following questions to Managing Directors and their Human Resource departments. Does your reward strategy:

- Support the objectives and values of the organisation?
- Act as one of the levers that drive the business?
- Underpin your overall HR strategy?
- Attract and retain the calibre of employees you need?
- Help motivate employees to achieve higher performance standards?
- Promote a spirit of co-operation and commitment?
- Facilitate and, not hinder, both organisational changes and more flexible working practices?
- Comply with current equal pay legislation

As reward is a significant cost for most organisations it is important that there is an acceptable return on that investment.

Therefore we advise organisations to audit the effectiveness of their current reward practices by undertaking a **Reward Strategy Review**. Anne Shaw Consultants has a well developed five stage approach to reviewing reward strategy which is based on sound systematic research, employee involvement and creating line management ownership.

The five stages are briefly outlined below:

#### **Stage 1 : Research**

Through a programme of interviews and focus group discussions, studying internal documentation supplemented by market analysis we examine:

- Base pay practices and structures
- Job evaluation and grading
- Performance related pay, incentive bonuses and share schemes
- Performance management processes
- Employee benefits programmes
- Managerial and employee perceptions
- Fit with business strategy, organisational values and culture

## **Stage 2 : Analysis**

We analyse the strengths and weaknesses of current reward practices and associated HR processes and highlight the direction and options for changes and any potential obstacles

## **Stage 3 : Evaluation of Options**

Working with an internal project team we evaluate the options for change and select a preferred option with a supporting business case

## **Stage 4 : Reward Strategy Workshop**

Working closely with the internal project team and HR we present the findings and conclusion to the top team, gain their understanding and commitment to the need for change and agree a new reward strategy where appropriate

## **Stage 5 : Implementation Planning**

As part of the process we work with the client to develop an action plan which identifies priorities, resources and timescales for the implementation of a new reward strategy

We believe that a systematic reward strategy review can result in the following benefits:

- Attraction and retention of the calibre of employees needed at all levels
- Recognition and reward of behaviours and attitudes aligned with business objectives
- Reinforcement of the desired organisational values and culture
- Enhanced employee motivation and focus on key business priorities
- Support for organisational changes and flexibility

Clearly pay and reward are not the only factors which retain and motivate people in organisations. Other important factors include:

- Quality of leadership and the reputation of the organisation
- Personal and career development opportunities
- Interesting and challenging work
- The quality of working relationships and management style
- Working environment
- Quality of work/life balance

**However pay and reward remain a key building block in the total reward equation and therefore we believe that taking time to audit their effectiveness makes good business sense.**

***For further information please contact Anne Shaw Consultants on 01625 576225 or email: consult@anneshaw.com***