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SNAPSHOT

3 Approaches to Enhancing Rewards Agility

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In today's fast-paced markets fraught with disruptive technologies, external and internal change in organizations often outpaces the design and management of rewards programs. As a result, many organizations are struggling to optimize their rewards investments and evolve their rewards offerings.

Bersin research reveals that high-performing organizations strive to keep pace with the ever-changing needs of their workers on the rewards front.[1] These organizations seek to more quickly adapt their rewards packages to continuously support their business and deliver value to their workers. You can enhance the agility of your rewards function using the following approaches.

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1. Enable frequent rewards touchpoints with employees.

The frequency with which basic cash-based rewards programs—base salary and variable pay (bonus)—are administered is a significant factor in an organization's overall rewards agility. While these programs have been, and continue to be, most commonly administered on an annual basis, an unintended consequence can be that, in some cases, annual (or longer) cycles disconnect pay programs from the needs of the organization. And, if the gap between the accomplishments, behaviors, or efforts being rewarded and the delivery of performance-based rewards is too long, programs can become disjointed from the actions and results they intend to promote and reduce their motivational value for workers.

High-performing organizations are ...

nearly 2.5X more likely to **review base pay more frequently** than anually

and

2X more likely to **pay out incentive plans more frequently** than annually

... than are low-performing organizations.

Source:*Bersin, Deloitte Consulting LLP, 2019.*

As the figure shows, high-performing organizations are increasingly considering shorter salary and incentive compensation cycles as part of a broader strategy to boost the frequency of rewards touchpoints with workers. Shorter salary review cycles in particular can help organizations keep pace with specific *hot jobs* for which the market rate may be changing quickly as well as create efficiencies by funneling previously *off-cycle* promotions and adjustments into structured cycles. In addition to nimbler approaches to base and incentive pay, organizations can also grant team-based performance awards, leverage noncash employee recognition programs, pay on-the-spot bonuses to quickly recognize performance or behaviors in the short term, and leverage equity or long-term incentive grants to increase the frequency of rewards touchpoints with key talent.

Call to Action

- Consider the frequency of your core cash compensation programs and whether increased frequency might be right for your organization. If so, are there critical workforce segments or hot jobs where this strategy might best apply?
- Pay out broad-based bonus / variable pay plans as close as possible to the end of the performance measurement period.
- Leverage team-based awards, spot bonuses, noncash recognition programs, and equity or long-term incentive programs to increase the number and frequency of rewards touchpoints with your workers and to more quickly recognize and encourage specific results and behaviors.
- Adapt your rewards processes to enable and manage off-cycle promotions, and address hot jobs or pay equity issues that can't wait until your next regular compensation cycle.

2. Adjust and iterate your rewards allocations and offerings.

To address the evolving and varied needs of a multigenerational workforce in the context of a highly competitive market for talent, organizations should continuously adjust their rewards allocations and offerings to stay current and gain competitive advantage. Once the foundational elements of the rewards strategy have been established, leaders should focus on evaluating and iterating how resources are allocated to specific rewards offerings in light of this strategy and regularly consider whether it makes sense to add, remove, evolve, or pilot certain offerings.

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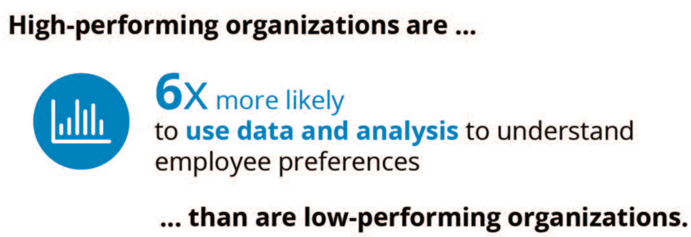
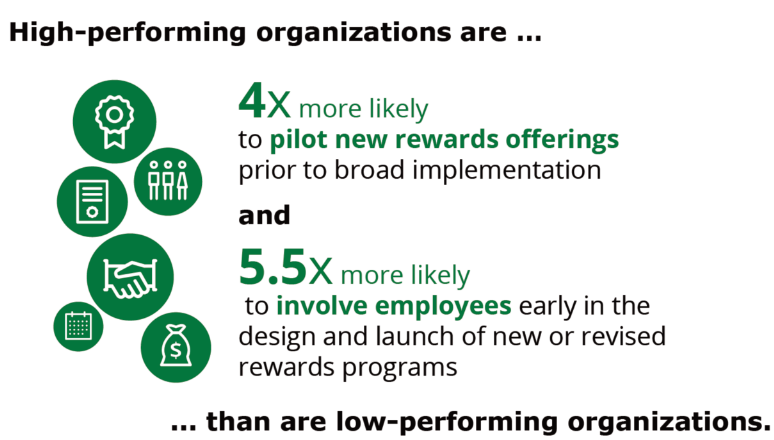
High-performing organizations recognize that it is not enough to just know the external marketplace. These organizations go further, recognizing that understanding their own workers' needs and preferences is critical to making informed and evidence-based rewards resource allocations. Organizations can directly survey employees about current and potential rewards offerings to gather data and identify optimal allocations using methods such as conjoint analysis[2]. But many other listening channels can be used to complement the direct survey method and help organizations continuously assess the mindset of their workforce. Additionally, organizations should strive to sense impending changes in sentiment. They can serve these objectives by leveraging engagement and pulse surveys, focus groups, solicited and unsolicited feedback, utilization statistics, vendor outreach, and other methods and channels, including crowdsourced and professional networking sites. To meet workers' needs, organizations need to stay connected and understand how their workers think and feel while paying close attention, as these preferences invariably shift over time.



Source:*Bersin, Deloitte Consulting LLP, 2019.*

In addition to evaluating worker needs and preferences in detail to inform *what* to offer, high-performing organizations display agility in *how* they implement new and revised rewards offerings. Specifically, they are much more likely than their low-performing counterparts to pilot new offerings prior to broad implementation and to involve employees early in the design and launch of these programs. Both approaches increase the likelihood of sustained efficacy for a given program by incorporating customer (e.g., employee) feedback into the process.



Source:*Bersin, Deloitte Consulting LLP, 2019.*

Call to Action

- Involve employees early and often in the design and launch of new or revised rewards programs.
- Develop rewards offerings and initiatives in a manner akin to agile software development: failing faster, tweaking, trying again, and focusing on minimum viable product.
- Use pilots as learning opportunities before full-scale rollouts or implementations.
- Collect and act upon feedback from multiple sources before, during, and after implementation.

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- Strive for detailed understanding of worker needs and preferences around rewards, and sense and respond to inevitable changes over time.

3. Align job architectures with evolving career and talent models.

Job architecture refers to the framework of the company's jobs, career opportunities, and associated pay program supports. In other words, how a company names, organizes, and rewards work. Job architecture supports agile rewards by specifying job complexity, scope of impact and responsibility, and other criteria for jobs across an organization. An effective job architecture will reduce inconsistencies in titles, enable transparent career development, support pay equity, and help rewards professionals respond more quickly and effectively when it is time to update rewards programs.[3]

For instance, a consistent and future-facing approach to job architecture can help organizations move quickly when they are looking to fill a role either from the outside or through internal mobility. Furthermore, organizations that experience merger and acquisition activities can leverage job architecture as an equitable, efficient, and cost-effective method for enabling transaction-related organizational and talent changes. Outdated and imprecise job architectures can be a distraction at best and, at worst, can hinder swift and efficient response in such situations. Total rewards offerings that are well aligned to sound job architectures can help the selection and hiring process move along more smoothly and support equitable treatment—in effect, "like rewards for like work." *(Ask any talent acquisition professional what it means to delay a job offer while the organization tinkers with creating a new title or job description, or otherwise struggles to fit the open role into an outdated job architecture, and you will likely hear the common refrain "time kills all deals.")*

High-performing organizations are ...

6X more likely
to **align** their overarching job architecture / structure with **new and evolving career and talent models**

... than are low-performing organizations.

Source:*Bersin, Deloitte Consulting LLP, 2019.*

An effective job architecture framework can also help take the mystery out of career growth and development for employees. This enables more fluid and informed movement of talent both vertically and laterally and supports retention by encouraging employees to focus on long-term development while arming organizations to respond with depth and agility when changes are needed or contemplated.

Call to Action

- Don't underestimate the resources and effort needed to create or update job architectures. If you're going to update or establish an architecture, be sure to assemble a cross-functional team of HR practitioners from various disciplines, subject matter experts on the jobs in question, business leaders, and executive sponsors.
- Understand the essential role that an effective job architecture can play in the hiring process, a rewards program redesign, HR technology implementation, organization design initiative, or business transaction such as a merger or acquisition.
- Appreciate the impact that a well-designed job architecture can have on broader HR and business processes at a macro level and on development, mobility, and satisfaction at the worker level.

Bersin Recommended Reading

- *Seven Top Findings for Redefining Total Rewards*
- *Advancing through the Total Rewards Maturity Model*
- *Total Rewards Maturity Model: Progression of Capabilities*

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- *Surveying Employee Preferences for Rewards: A Primer*
- *Surveying Employee Preferences for Rewards: Findings on Life Stressors*

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Endnotes

1. High-Impact Total Rewards study, Bersin, Deloitte Consulting LLP / Pete DeBellis and Anna Steinhage, PhD, 2018.
2. "Conjoint analysis" is a survey-based statistical method that originated in mathematical psychology and has been adapted to help explain consumer preferences—in this case, the preferences of consumers of employer-provided rewards offerings.
3. *Job architecture: Laying the building blocks of effective Human Capital Management*, Deloitte Consulting LLP / Steve Chanthadavong, Rachel Ferber, and Christine Robovsky, 2015. https://www2.deloitte.com/content/dam/Deloitte/us/Documents/human-capital/us-cons-job-architecture-041315.pdf

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