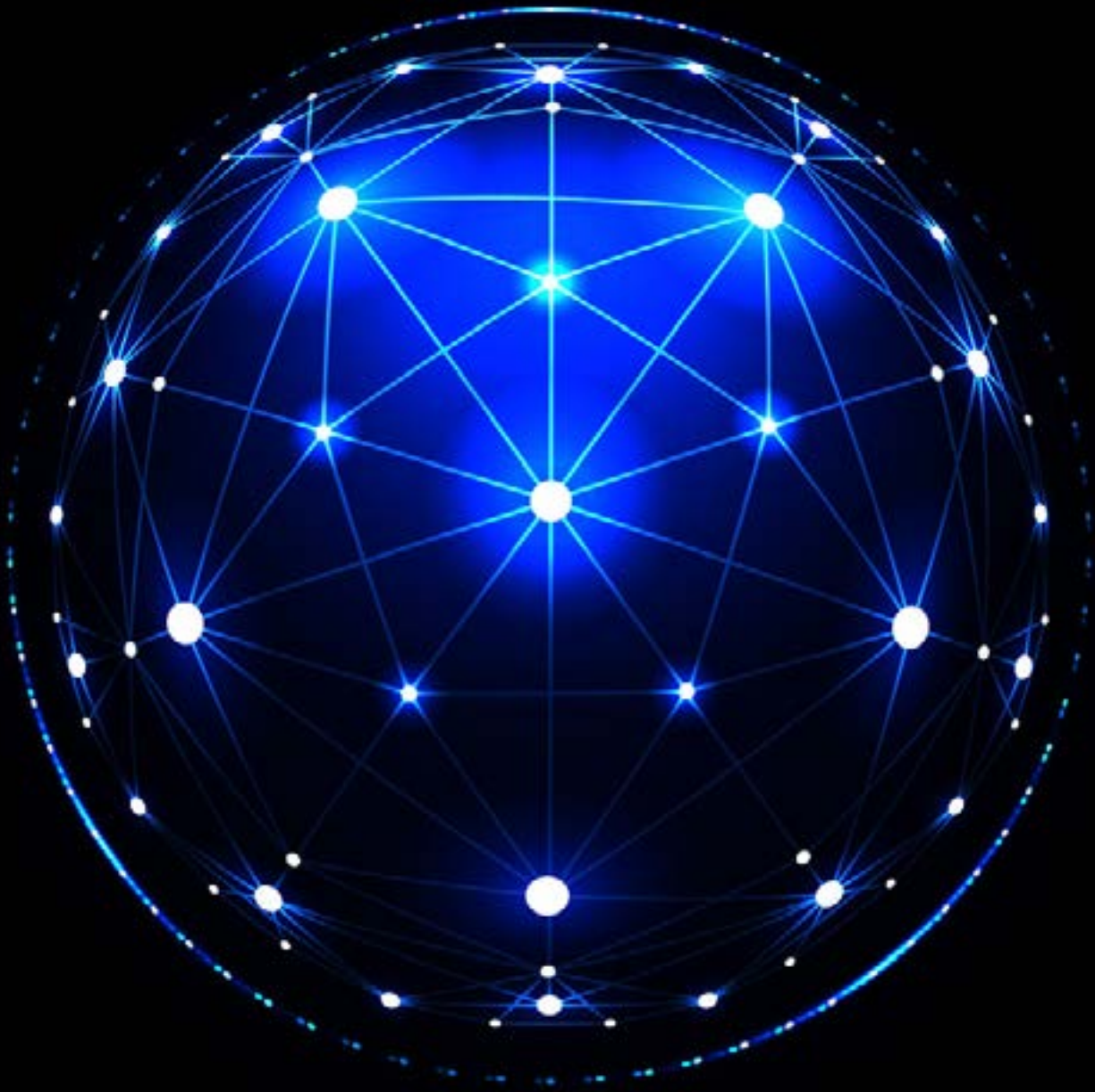


**Deloitte.**



## **Rewards to Relationships**

February 2018



# More than rewards

Increasingly, HR is a strategic part of a business. At the same time, the emphasis for compensation & benefits (“Total Rewards”) has remained primarily on cost management and operational efficiency.

The expectations of today’s workforce extend beyond a solid foundation of compensation and benefits and include recognition, career development, and a holistic approach to wellbeing. Moving beyond rewards, “Total Relationships” builds on the Total Rewards foundation, and offers workers more: Personalized, flexible, customized experiences differentiated by worker preferences—and their expectations of the organizations for which they work.

Creating a Total Relationship requires organizations to no longer design and deliver rewards as independent pieces in a one-size-fits-all approach. Rather, C-Suite leadership must now make a concerted effort to drive a culture of rewards, differentiated based on what workers are expecting from the organization for which they provide services.

# Market disruptors

## Then

## Now



Employers' association with their workforce was through full-time or part-time employment as determined by the employer.



Workers select the relationship they want with an organization based on the perceived value and the tradeoffs of the alternatives including full-time, part-time, gig, contingent and other models.



Employers viewed the compensation they paid and the benefits they sponsored or provided as primarily rewards in recognition of service and effort.



Employers are reframing rewards from service and effort by shifting focus toward achievement and linking the value of their relationship with the worker to performance while moving towards 'rating-less' performance management systems.



The market reinforced employers' perspectives by coining "Total Rewards" as the accumulated value of the employer's compensation and benefits.



Workers seek validation beyond traditional rewards and are equally focused on wellbeing, development, and recognition.



The market created geographic and industry comparisons (benchmarks) for employers to use as validation of their rewards programs. Employees were dependent upon information provided by their employer to shape their understanding of the competitive nature of their rewards.



Workers are focused on whether rewards align with their personal wants/needs and create their own perspective of relative value through social media such as LinkedIn, Glassdoor, Fishbowl, Salary.com and other sites.

## Then

## Now



Compensation was not a topic that was discussed between coworkers or in social settings.



Compensation information is freely shared between work colleagues, within social networks, and amongst friends and family.



The workforce was viewed by each employer as mostly homogeneous with a one-size-fits-all philosophy for benefits.



Workers are individuals and expect a more unique approach responsive to their individual needs and wants.



HR was organized around program competency with separate teams focusing on the individual components of rewards.



HR is breaking down the barriers and creating new organizational structures and using integrated digital experiences that align with the needs of their customers – workers and business leaders.



HR was largely responsible for the design of the programs included in the package of rewards provided to each employee.



The relationships with each worker can be influenced by HR, Finance, IT, and Procurement.



Corporate tax rates restricted the budgets for compensation and benefit programs.



New tax structures create more free-cash for investment in business growth, including an organization's workforce.

# Choose a new path forward

**With the rapidly evolving nature of the future of work, companies need to pivot to a more strategic view of rewards, including:**



The importance for employers to differentiate themselves as an irresistible place to work



The stewardship necessary to manage the balance sheet.



The recognition that change is a journey.

# Navigating the relationship transformation

“Total Rewards” is no longer the only way to look at the financial connection between an employer and its workforce. Relying on decades-old approaches to incentivize behaviors that drive business results and benchmarks to gauge workers needs and expectations only informs a strategy that misses the mark.

The preferences of today’s workforce go beyond traditional rewards. Workers are looking for a relationship with an organization that offers a personalized, flexible, and customized experience— set on a firm foundation of compensation and benefits, but differentiated by other programs, including recognition, career development, and a holistic approach to wellbeing.

Creating relationships requires organizations to no longer design and deliver rewards as independent pieces in a one-size-fits-all approach. Rather, C-Suite leadership must now make a concerted effort to drive a culture of rewards, differentiated based on worker preferences and expectations of the organization for which they provide services.

With each day, the needs of workers continue to evolve, the pace of change quickens and the trends of today become the foundational expectations of tomorrow.



## Total Relationships

Now, more than ever, is the time to act, create and embed an experience that stands alone as a differentiator in attracting and retaining the high-talent workers of tomorrow.

# Total rewards to total relationships—The transformation



**Discover:** Deloitte Consulting guides clients in building a business case for change by evaluating the efficacy of the current relationships between the company and its workforce through organizational research, such as conjoint analysis, behavioral analytics, culture and engagement assessments, and maturity analysis compared to organizational objectives and the related talent strategy.

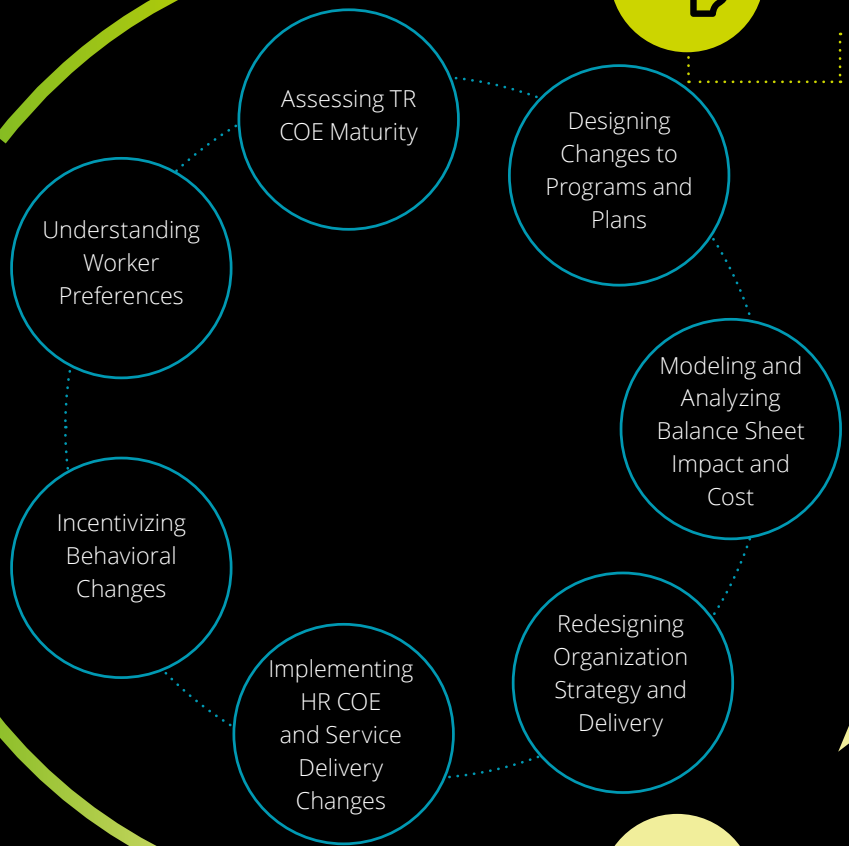


**Design:** Next we apply our breakthrough design-thinking lab approach. A Total Relationships Design Lab is conducted with client stakeholders from across HR and the organization to define the desired future state for the relationships between the organization and its workforce. The outcome of the lab is an Action Plan to achieve the objectives.



**Total Relationships Design Lab**

**Total Rewards**



**Total Relationships**



**Deliver:** Based on the Action Plan, Deloitte Consulting helps clients determine the efforts needed to accomplish the objectives and implement sustainable change to make sure that there is continuous engagement under their “Total Relationships” platform.





# Navigate with confidence

**Deloitte is the right strategic advisor to guide you along the journey from Rewards to Relationships**



Deloitte Consulting is recognized as the leading HR Advisory Firm in the world and has been providing rewards consulting services for more than 40 years



We made the business decision to remain a strategic advisor:

- Not focused on the transactional aspects of rewards
- Not attached to business models that focus on the ways of the past



As an employer, we have introduced innovations in our relationships with our workforce resulting in better outcomes in talent acquisition and retention, employee engagement, and bottom-line business results



Deloitte is the only firm that can advise you from strategy through implementation on every aspect of your relationships with your workforce

# Chart your own course to total relationships



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