
Stimulating the Right Performance through Reward

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If you recognise these....

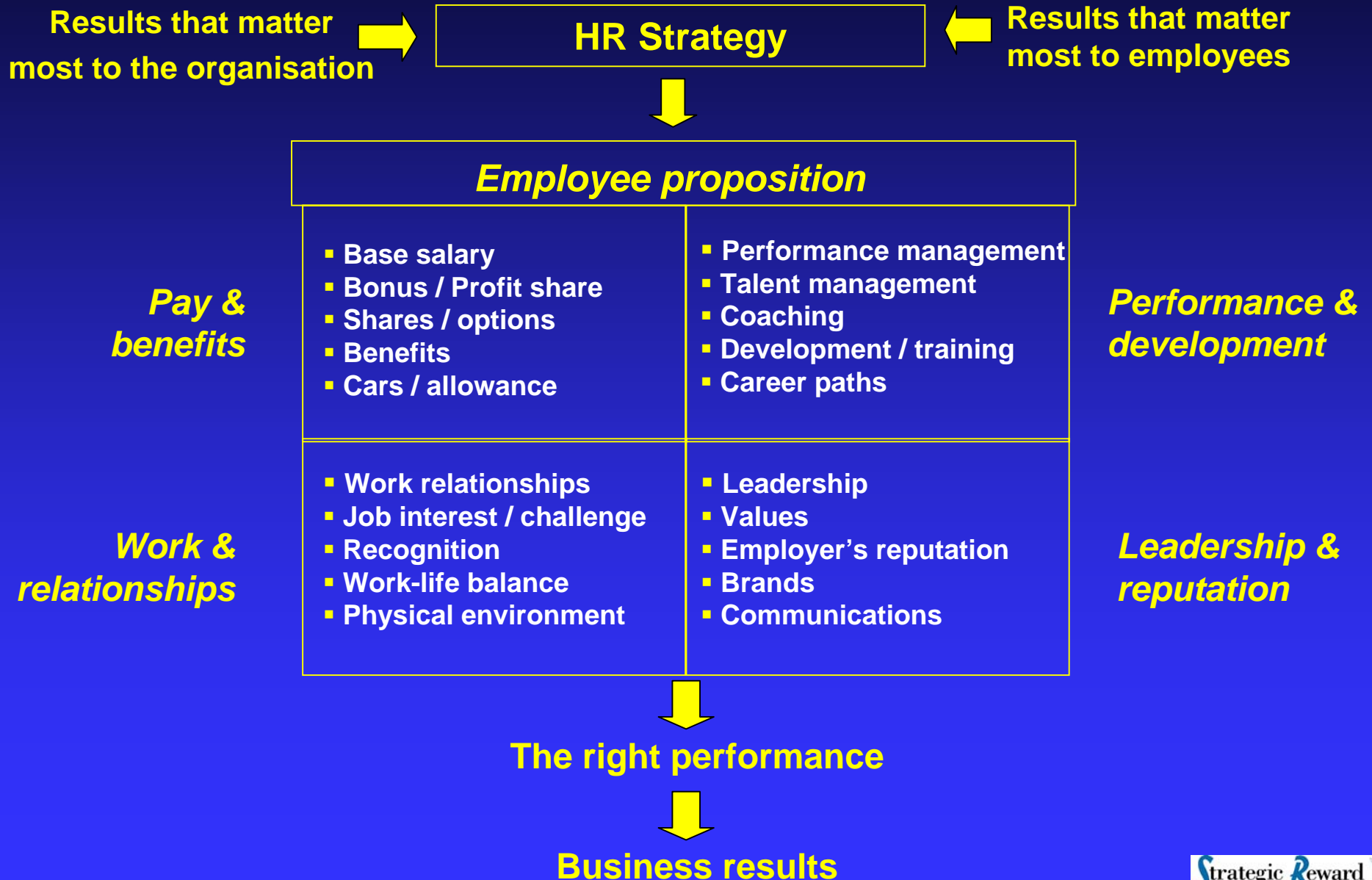
- Employees feel entitled to a pay increase each year
- People work in silos & don't communicate effectively
- Some employees value their contribution more highly than you do.....
- Managers avoid difficult conversations about performance and reward
- Bonus is taken for granted....

You are encouraging the wrong performance!

The “right” performance

- **Employees behaving in ways that are right for customers / clients / stakeholders and long term growth of the organisation**
- **Have absolute clarity about business success**
 - Among business leaders
 - Among employees
- **Desired employee behaviour**
 - **Customer focused: understands the customer; solves their problems; exceeds their expectations**
 - **Innovative: challenges assumptions; proposes new ways**
 - **Teamwork: encourages colleagues; works across boundaries; shares knowledge**
 - **Open communications: creates clear communications and feedback**
 - **Promotes / recommends your organisation: its products and services; as a place to work**

Rewarding the right performance is part of a bigger picture



Golden rule 1

Align reward and organisational structure

- Size and growth rate of the organisation
- Hierarchy and tiers
- Level of centralisation
- Responsibilities for reward and performance management
- Rate of organisational change

Golden rule 2

a) Manage performance across the entire organisation

- How do you do this?
 - Performance objectives / personal development plans for everybody
 - Training to raise core skills / competencies
 - Feedback: 360°, peer, 1-2-1 with manager
 - 1 week, 3 month, 6 month or annual performance reviews
 - Monthly KPI meetings
 - Recognition: for living the company's values
 - Award for manager who does most for employee development
- Performance management applies to everybody

Golden rule 2

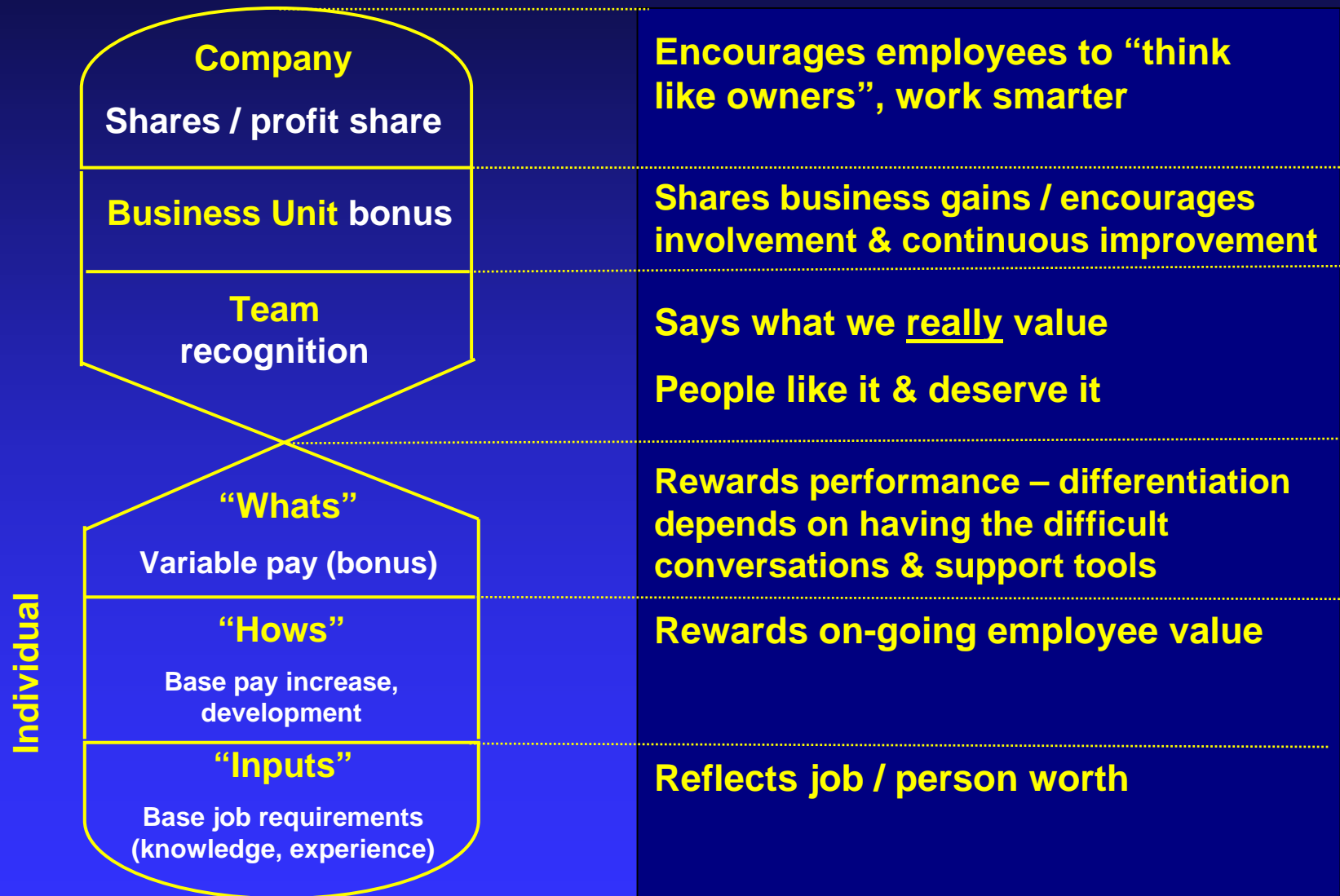
b) Manage performance through talent management



Source: The Talent Management Journey: Roffey Park, Nov 2006

Golden rule 3

Focus, communicate and motivate



Golden rule 4

a) Ensure fairness and trust – consistency

- Performance distributions
 - Forced distribution may be controversial, but helps allocate pay budgets
 - Distribution may not be “normal”; must reflect life stage of organisation
 - Unforced distribution may lead to lots of “Excellent” ratings
 - Guidelines or “indicative” distribution often works best
- Training for managers and employees to discuss
 - The performance management & review process
 - Performance rating issues
- Manager’s manager review & calibration sessions

Golden rule 4

b) Ensure fairness and trust – emotional connections

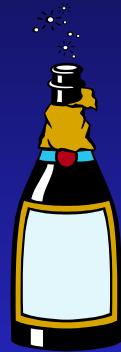
- Our employee research tells us that this is a big concern
 - “Pay review isn’t transparent”
 - “We only get negative feedback about customer satisfaction”
 - “Recognition! What’s that?”
 - “My manager pays lip service to performance review”
- Employees perceptions of pay process fairness (the procedures used to evaluate and allocate pay) is a 25 times stronger predictor of employee commitment than is pay satisfaction*
- Fairness and trust depends on
 - Exemplar leadership behaviour
 - Involving employees / keeping them informed about performance
 - “Learn from the past – focus on the future”

*Corporate Executive Board: Driving Performance Through Pay-Jan 2006

A workplace for the right performance

- Highly visible business leaders who “walk the talk”
- Employees feel that they have a good time at work
- Tools to do the job
- Employees feel comfortable / are encouraged to share their ideas and concerns
- Employees feel appreciated – never taken for granted
- Access to “gurus”, new ideas or knowledge
- Employees have an opportunity to give something back to the community or environment
- Opportunity to work on a challenging / key project
- The physical environment says what you want it to say!
- Ask employees what matters to them – sometimes it’s the little things that count!

Leadership! A MD's Personal Thank You



Great News!

Top European Tour Operator's
half-year profits achieved
earlier than expected

Recognition and celebration!

Personalised thank you for each of 450
employees

Personnel team up all night to distribute awards

Congratulatory e-mail from MD

These are my concluding thoughts

- Stimulating the right performance is about organisations being great at fostering the desired behaviour that will help them to deliver superior results for customers
- Reward is a driver of employee engagement (desired behaviour)
 - But it's far more than financial
 - “Think total reward”
 - Ask employees what matters most to them
- High performing companies didn't get to where they are today by being the same as other organisations, so
 - Be absolutely clear about the “right” performance
 - Differentiate reward from the competition
 - Reward, recognise and celebrate success!