

A rewarding experience

Communicating reward
to engage employees

Reward: a platform for engagement

Business' reward goals

Attract and retain talent, and drive greater productivity

People's reward goals

Meet personal financial and lifestyle needs

Key touch points

Recruitment

A compelling story and differentiated initiation

Onboarding

First impressions and induction into organisation

Performing

Maximising contribution, delivering on brand promise

Existing

Smoothly transitioned

Ben Wells
Human Capital & Communication

Achieving the business' reward goals

Does the reward proposition have the potential to engage people in the business?

Top engagement drivers

- Management sincerely interested in employee wellbeing
- Improved my skills / capabilities over last year
- Organisation quickly resolves customer concerns
- Appropriate amount of autonomy to do job well
- Organisation's reputation for social responsibility
- Set high professional standards
- Have excellent career opportunities
- Organisation invests in innovative products/services
- Can impact quality of work / products / services
- Management acts to ensure long-term success

Source: Towers Perrin Global Workforce Study 2007-2008 – United Kingdom

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Opportunities....

- ➔ Wellness
- ➔ Performance management
- ➔ CSR benefits
- ➔ Career development
- ➔ Incentives

Source: Towers Perrin Global Workforce Study 2007-2008 – United Kingdom

Engagement:

increasingly important for today's businesses

- **Economic pressures** –
51%* of businesses believe they have wrong strategy for current downturn and:
 - want to be more agile, and react quickly to the change
 - focused on retaining key talent, with some looking to recruit
- **Public pressures** –
new *Hutton report* in the works:
 - employee engagement review launched September 2008
 - aim to “... better understand what drives some businesses to engage with their workforce and invest in their people more than others and look at how we can urge others to do the same”
- **Generational pressures** –
employee needs are developing:
 - younger employees less loyal, but expect an strong experience with their employer
 - baby boomers starting to exit, raising stakes in recruitment, retention and exit strategies

* Hay Group

** Capital H Group

Common reward messages don't sound very engaging

We seek to provide competitive benefits

We adopt a 'total reward' approach and offer flexibility and choice to employees

Our aim is to closely align employee interests with those of shareholders

We believe in strongly differentiated rewards, with top rewards for the best performers

We position base salary at the market median, with total cash at upper quartile for the highest performers

Achieving business goals:

CASE

articulate the employer-employee relationship

- Société Générale Corporate and Investment Banking (SG CIB):
 - operating in 45 countries
 - employing over 10,000 people
 - growing at about 20% each year
- Employer of Choice strategy designed to support this growth by managing its reputation as an employer, and developing a culture of high-performance
- Leverage the total reward offer to support the Employer of Choice global strategy



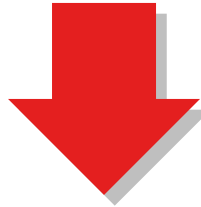
Achieving business goals:

CASE

articulate the employer-employee relationship

Employer of Choice 'win-win' values

<p>Commitment to both business and people</p>	<p>Diversity growing through people</p>	<p>Performance in culture and behaviours</p>
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Employees

"I invest..."

Performance
Creativity
Expertise
Loyalty
Team spirit
Commitment

SG CIB

"We reward..."

Opportunities / challenges
Career development
Healthcare
Pension
Pay and bonus
Commitment

Achieving business goals:

CASE

articulate the employer-employee relationship



**Invest
Reward**
The return on
your commitment

**Invest
Reward**
El reconocimiento
de su compromiso

**Invest
Reward**
La reconnaissance
de votre engagement

Invest, Reward:

- employees **invest** commitment, performance, creativity, loyalty and expertise in the business
- whilst Société Générale **rewards** employees with opportunities, development, incentives and benefits.

Achieving business goals:

CASE → reinforce and embed competitive differentiators

- Mellon International (now Bank of New York Mellon):
 - asset management and servicing
 - covering about 10 countries
 - employing around 3,000 people
- Initiated Employer of Choice (EoC) programme to improve ability to compete against more well known investment banks
- Aimed to compete for talent by leveraging the intangible rewards – or non-financial – of working for Mellon International



Mellon

the difference is measurable

Achieving business goals:

CASE → reinforce and embed competitive differentiators

- **The proposition:**
intelligent people give Mellon International its competitive edge
- **Reward message:**
Mellon International is a smart organisation that gives smart people real opportunities, and recognises them for their vital contributions

**Mellon
Intelligence**
You make
the difference

Achieving business goals:

CASE reinforce and embed competitive differentiators

Implementing a 'reward culture': launch

Awareness raising



People will drive our business forward

- People drive our expansion – and expansion provides an opportunity for people
- When we lose talented employees, we lose expertise, hard-earned relationships with customers and experience that is difficult to replace
- As we grow, we need to identify, attract and retain the right talent to serve our customers
- Our business and our people will continue to diversify
- People want more – they want interesting work, manager feedback, recognition for their achievements and a healthy work-life balance

Mellon Intelligence

Why?

Mellon
Intelligence
The Power
of People

Leadership presentations

Investing in our people

- We want to continue to develop Mellon International:
 - as a place where people can develop a career, not just have a job
 - as a place that offers real opportunities to its people
 - as a place that recognises and rewards everyone for contributions, on a performance-basis
 - as a place where we encourage diversity of businesses and of people

Achieving business goals:

CASE → reinforce and embed competitive differentiators

Implementing a 'reward culture': touch points

Mellon
Intelligence
Wellbeing

Brain-food day

healthy eating menu for staff
cafeteria, with international dishes

Mellon
Intelligence
Recognition

Reward summaries

total reward statements that
carried a business messages

Mellon
Intelligence
Inclusion

Diversity council

international group from all levels
to oversee diversity initiatives

Mellon
Intelligence
Career

Internal job ads

job ads and promotions
on the intranet

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Achieving people's reward goals

Engagement:

increasingly important in today's reward deal



Engagement:

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Employer goals

Provide programmes that support lifetime employment

Give greater choice over insurance and savings

Reinforce the wide breadth and value available

Promote shared responsibility

Key attributes

- High employer cost
- Little or no shared cost with employee
- Little choice
- Passive participation

- More choice
- Shared costs
- Greater communication and administration burden

- Broader awareness of all reward items
- Often technology-based
- Quite a transactional relationship

- Greater adaptability for individual
- Linked to employer brand and culture
- More empowered employees

How do we engage people in the deal?

Depends who you're trying to engage...

- Think of employee population as a deck of cards
- Standard deck of 52 playing cards can be divided into groups in a number of equally valid ways:
 - Four suits
 - 13 ranks
 - Two colours
 - Specific groups – face cards, aces etc
- Usefulness of the grouping will depend on the purpose – poker, blackjack etc

How do we engage people in the deal in order to achieve greater shared responsibility?

Life influencers

Personal factors

age, gender, salary; marriage, child, home owner; job grade, tenure, business area.

'Buying' behaviours

use of retail finance (ISAs, insurance, etc); and products (car, TV etc).

Work/life future beliefs

career expectations; perception of life path; expectation about retirement.

Greater shared responsibility
=
Greater levels of participation

Reward preferences

Knowledge and preferences

financial understanding, sources of information, preferred reward product features.

Decision style and behaviour

physiological decision-making style, sources of advice and consultation.

Beliefs about reward

financial priorities, valued lifestyle benefits, reasons for participation

Achieving people goals:

CASE → segmenting a pensions audience

- Barclays Bank:
 - over 2,000 sites across UK
 - more than 60,000 employees
- Needed to establish greater sharing of risks and costs in pension
- Aimed to develop its people into being more informed and proactive in saving for retirement
- Needed to understand people's **needs** in order to identify the triggers that would encourage greater engagement



Achieving people goals:

CASE → segmenting a pensions audience

Likelihood of participation

Lifestage		
Explorer (under 29)	Establisher (29-44)	Maintainer (over 44)
Salary		
Salary <i>under</i> £25,000	Salary <i>over</i> £25,000	
Tenure		
Under 10 years tenure	Over 10 years tenure	

Achieving people goals:

CASE segmenting a pensions audience

Likelihood of participation

Lifestage		
Explorer (under 29)	Establisher (29-44)	Maintainer (over 44)
<ul style="list-style-type: none"> Needs guidance and advice – often from colleagues and line managers Needs disposable income 	<ul style="list-style-type: none"> Makes decision rationally, so needs evidence of product before buying 	<ul style="list-style-type: none"> Needs context as well as evidence
Salary		
Salary under £25,000	Salary over £25,000	
<ul style="list-style-type: none"> Less confident with knowledge and needs guidance Attracted most by employer contributions 	<ul style="list-style-type: none"> More confident and wants lots of options Will get information from various sources Attracted by tax breaks and security 	
Tenure		
Under 10 years tenure	Over 10 years tenure	
<ul style="list-style-type: none"> Uses more external sources of information 	<ul style="list-style-type: none"> Relies more on internal sources of information 	

Achieving people goals:

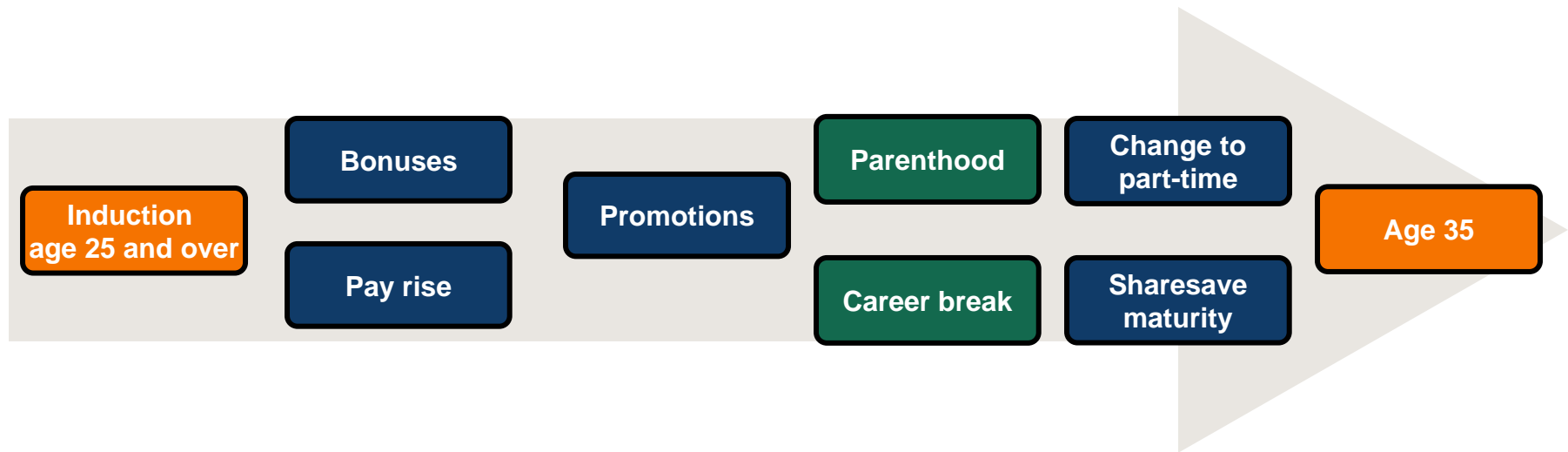
CASE segmenting a pensions audience

Likelihood of participation

Lifestage		
Explorer (under 29)	Establisher (29-44)	Maintainer (over 44)
<ul style="list-style-type: none"> Needs guidance and support from colleagues and family Needs disposable income 	<ul style="list-style-type: none"> Needs to understand product before 	<ul style="list-style-type: none"> Needs context as well as evidence
Engage at key birthdays as "financial horizons"		
Salary		
Salary under £25,000	Salary over £25,000	
<ul style="list-style-type: none"> Less confident Attracted more to security 	<ul style="list-style-type: none"> More confident and wants lots of options Will get information from various sources Attracted by tax breaks and security 	
Educate about managing disposable income		
Tenure		
Under 10 years tenure	10 years tenure	
<ul style="list-style-type: none"> Uses more external sources of information 	<ul style="list-style-type: none"> Uses more internal sources of information 	
"7 year rich" statements		

Taking segmentation further – into key touch points over an employee's lifecycle

Opportunities **inside** and **outside** of work...



Reward – always an opportunity to engage

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