

Increasing the Impact of Pay through Manager Involvement



FNB
First National Bank

how can we help you?



Times have
changed...





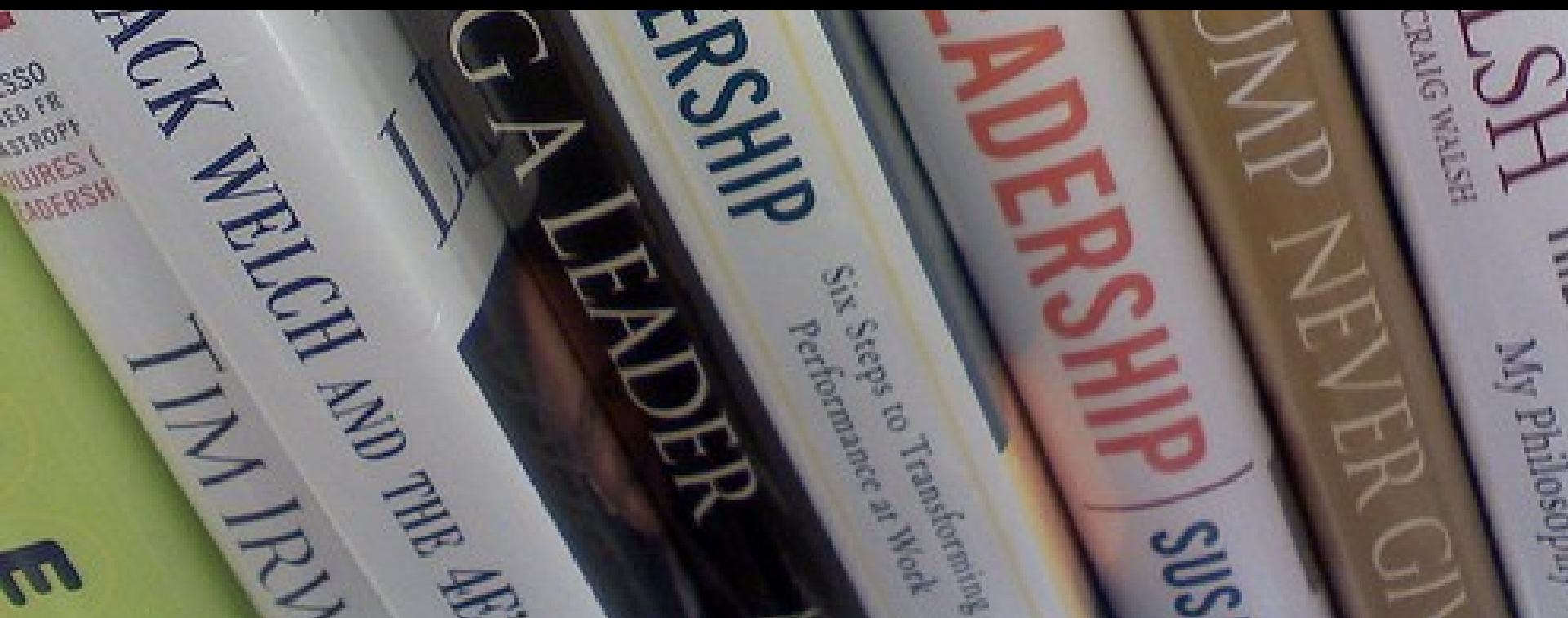




But yet....



Despite hundreds of new leadership books and courses



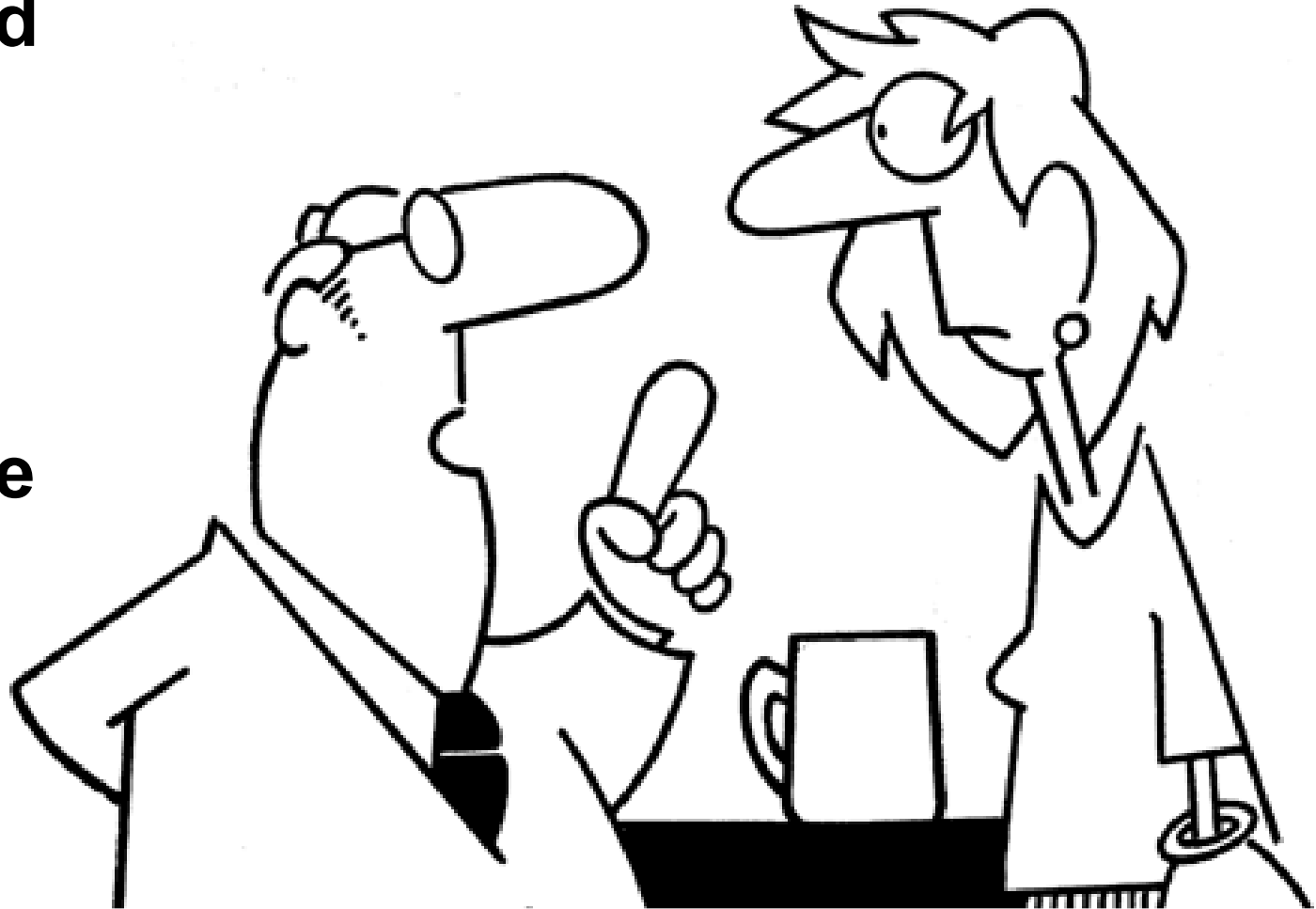
leadership
behaviour haven't
changed that
much....

**Remember when
I walked past
your desk this
morning and
didn't fire you?
In today's
economy that
counts as a
raise and a
promotion**

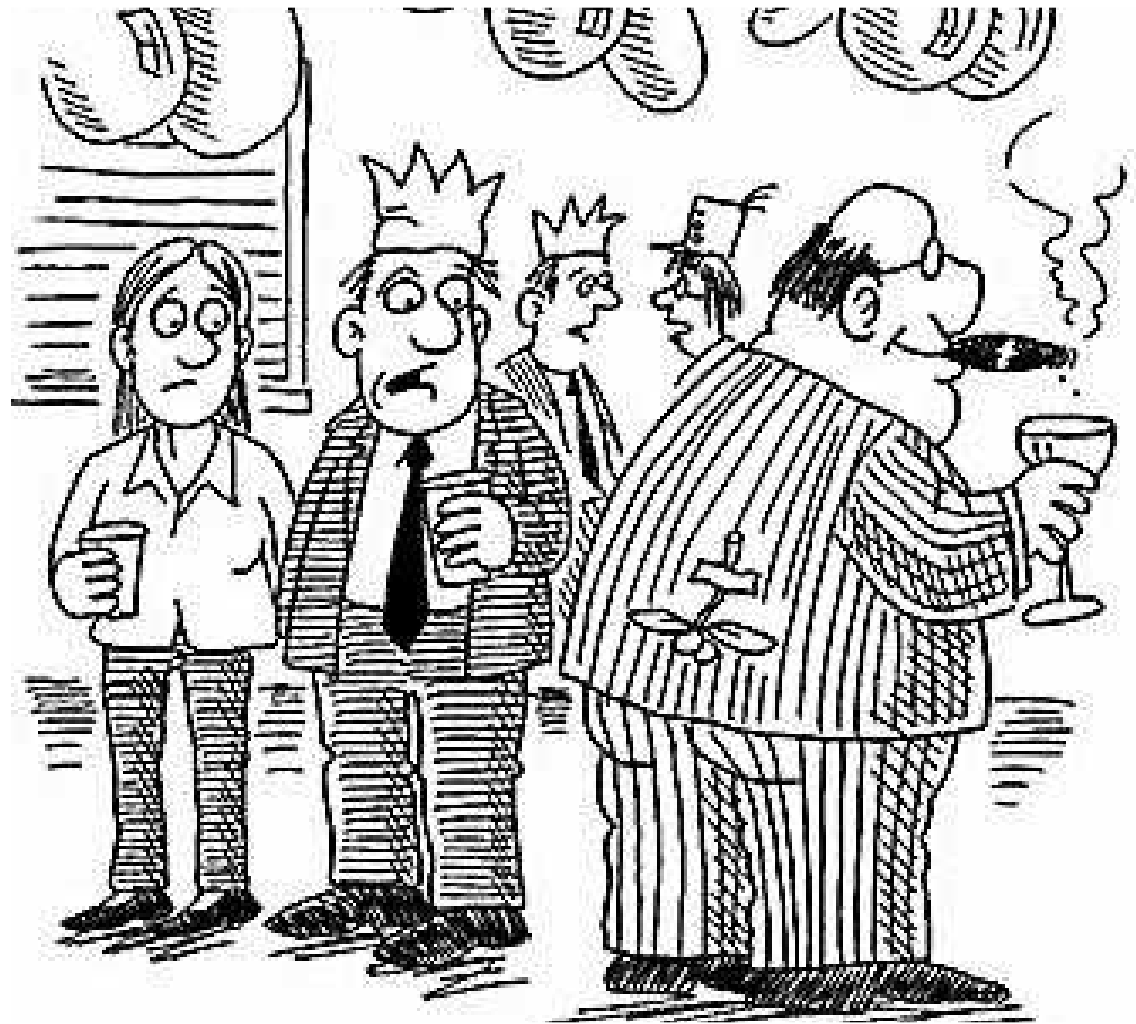


**Rule 1: Never
ask for a raise
during hard
times**

**Rule 2: It's
always a
hard time
somewhere**



**Looks like
someone's
awarded
themselves
another
bonus**



Here are the
hard facts...

70%

of employees *want more information* about their pay from their managers...

CLC Compensation Research Findings

68%

of managers lack confidence in their *ability* to perform reward activities

CLC Compensation Research Findings

300%

Communications from the manager are **three times** more likely to positively impact employee loyalty than communication from the HR function

*CLC Compensation
Research Findings*

20%

In-person

communication
improves employee
perceptions of pay
fairness by more than
20%

*CLC Compensation
Research Findings*

31%

Only **31%** of employees are engaged - meaning that they are staying with the company for what they can *give*; the other 59% are just staying for what they can *get*

The Blessing White Global Employee Engagement Report 2011

48%

Only 48% of employees are *satisfied* with their pay

CLC Compensation Research Findings

And guess
what...

Reward is a
Retention
driver

South African Top Retention Drivers:

- Leaders create a positive work environment
- Leaders provide strategic direction
- Company operates with integrity
- Opportunities for growth and development
- Promoting the most competent
- Company does a good job of **rewarding top talent**
- Company does a good job of matching **pay to performance**

Towers Perrin, 2007 Global Workforce Survey

It 's
challenging...

Line Managers Challenges

I am busy!
Why is this important?
What is the value?



HR Business Partner's Challenges

I am busy!
Eish... How does this
work?



We need a
recipe to get
Managers to
utilise reward
effectively...

Improved Manager Involvement in Pay- 3 Ingredients

1. Build the case
2. Foster Manager accountability
3. Improve Manager's ability



Managers who perceive **greater value** in pay activities are more likely to differentiate and communicate about pay effectively.

Step 1 – Build the Case

1. Articulate the **business case** - Highlight the **benefits** to the organisation and the benefits to managers themselves.
2. Get the heavyweights in - One of the highest-impact ways **to signal importance** is **senior business leaders** convey the message in a way that reinforces its business importance.

Managers who feel accountable for communication tend to communicate more than managers who do not.

Step 2 – Manager Accountability

1. **Set manager expectations early** as to their role in pay activities
2. When managers know **their managers are paying attention** to their pay activities, they feel 4 x more accountable for pay activities than they do when only the reward function is paying attention.
3. Give managers “skin in the game” by allowing them some **more discretion** in pay decisions

Build managers' pay knowledge, teach them how to apply their knowledge & support them in the application.

Step 3 – Improve Manager Ability

1. Provide information on **key pay topics** and break this information down into very **simple and focused** messages.
2. **Active learning** is the best way to increase manager skill in applying pay information. It is most effective when it simulates actual decision-making situations and conversations about pay.

Sodexo Case Study - Coaching Managers for Conversations that Count

Managers are prepared for Performance-Based Compensation Communication by doing roleplays of about 30 – 60 minutes

Managers information toolkit -

- Business case for manager roleplay scenarios
- Background details on four fictitious employees

HRBP's conduct roleplays -

- Managers have opportunity to make compensation decisions and roleplay compensation communication with HRBP
- HRBP's play different employee positions to provide managers with a wide range of experiences and provide feedback and support during and after the role play

Sodexo Case Study – Coaching Managers for Conversations that Count

Roleplays push Managers to try difficult conversations in a safe environment.

Roleplays encourage managers to consider how to answer the following types of questions:

- Which employees' pay increases will you prioritize?
- What percentage pay increase will you recommend for each employee?
- How will you justify your decisions?
- What difficulties do you anticipate in your conversations (e.g., for those with only a small increase)?
- What other precautions/actions will you recommend?

Increasing the Impact of Pay through Manager and HRBP Involvement – FNB Practices



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how can we help you?

FNB Managers Development Programme – Reward Module

- 4 hour classroom-taught module
- Covers the “why” and the “how”
- FNB Reward Principles and Philosophy
- Strong messages of why manager involvement is important
- Scripted “chat sheets” of communication scenario’s
- Build pay knowledge

Remboards

- Empowerment of Line Manager reward decision making
- Build pay knowledge - training courses for Remboard members
- Creates a mechanism to calibrate salary increases and bonuses
- Foster accountability for salary decisions

Annual Salary Review Communication

- Uncluttered and simple
- Frequently Asked Questions and Answers
- Knowledge building sessions for HRBP's

HR Business Partner's Challenges

I am busy!
Eish... How does this
work?



Up-skilling of HR Generalists

- Excel courses
- Modules in the various reward topics i.e. Market pricing
- “ FNB Reward Professional” accreditation to be implemented in 2012
- On-line and classroom