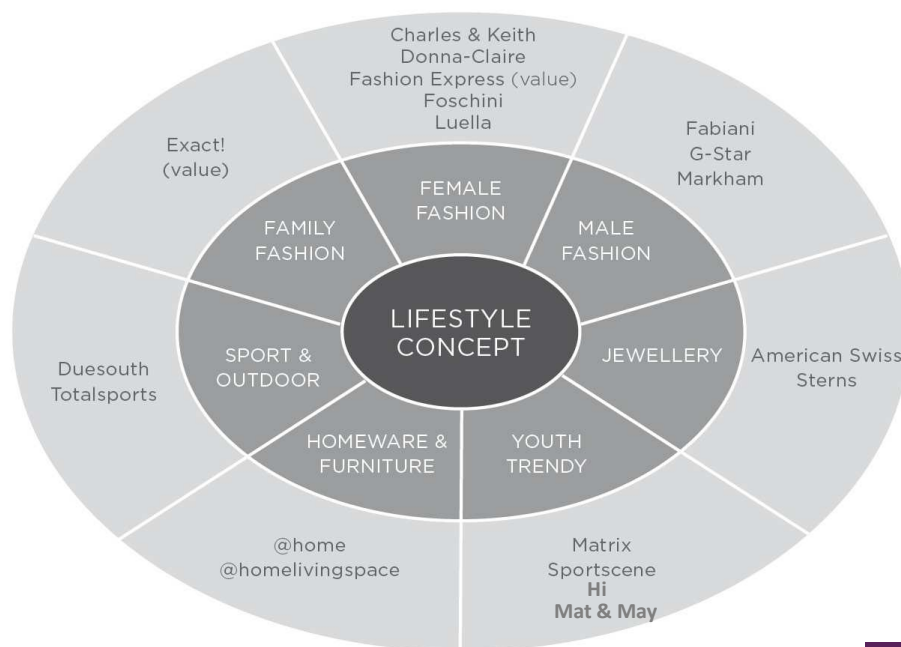




# TFG has a successful portfolio of brands across various lifestyles

Each brand offers a distinctive proposition to its customers



31 July 2013



The image is a screenshot of the Total Rewards 2013 website homepage. At the top left, the main title reads "TOTAL 2013 REWARDS" in a bold, sans-serif font, with "WorldatWork Conference & Exhibition" in a smaller font below it. To the right of the title is the "WorldatWork" logo, which includes the text "WorldatWork" and "The Total Rewards Association" next to a stylized orange globe icon. Below the title and logo is a horizontal navigation menu with the following items: Home, Conference Events, Registration, Sponsors & Exhibitors, Location & Hotel, Education, and Mobile App. The central part of the page features a large blue banner with silhouettes of people on the left and a network diagram of circles and lines on the right. The text on the banner reads "EXPAND YOUR MIND. EXPAND YOUR NETWORK." in large, bold, yellow and white letters. To the right of the silhouettes, a yellow circle contains the text "april 29 to may 1 philadelphia". Below the banner, the text "Total Rewards 2013 Conference & Exhibition" is displayed on the left, and "April 29 - May 1 | Philadelphia, PA" is on the right. At the bottom left of the page, the date "31 July 2013" is shown. At the bottom right, there is a purple rectangular box containing the letters "TFG" and the number "4".

WorldatWork Total Rewards 2013 Conference

**WHAT CEOs WANT FROM  
TOTAL REWARDS: AND  
WHAT OUR PROFESSION  
MUST DO ABOUT IT**

APRIL 29, 2013

PATRICIA K. ZINGHEIM, Ph.D. AND JAY R. SCHUSTER, Ph.D.

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**TOTAL 2013  
REWARDS**

**Where have all the ratings  
gone? A new approach to  
managing performance and  
compensation**

Karen Crandall, Senior Director, Compensation and Equity Programs  
Expedia, Inc.

**TOTAL 2013  
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**Pay for Performance vs.  
Retention and Motivation:  
Can You Have It Both Ways?**

Brit Wittman, Director Executive Compensation, Intel  
Ron Bottano, Vice President, Fairient Advisors LLC

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31 July 2013

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## What CEO's want from Total Rewards

- Focus on results and behaviours that make a business difference (not on “soft stuff”).
  - Business metrics **must** be at the center of performance management.
  - Measure results related to business success (even if you make judgments and can't measure accurately)
- Variable pay is the key to compensation. Most valued form of compensation is equity.
- Most negative consequences of changing reward structure is not the wrong change but poor comms and poor change management. Communication is the key.

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## What CEO's want from Total Rewards

- Good to have market data but only pay top talent above the market.
- Talent is the differential advantage – Rewards focus this differential advantage
- Top 40% add 5 times more value than bottom 60% .  
Do something unique for the high performers.

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## What CEO's want from Total Rewards

- Before you copy practices make sure your organisation is like the company you copy – most likely it is not!
- Most CEO's think that increasing the cost of benefits jeopardises funding for performance based pay.
- Annual increases must be merit based and not simply an inflationary increase. These merit increases should recognise performance and take into account placement within range.

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## What CEO's want from Total Rewards

- Don't waste money rewarding wrong people
- Don't pay the same for fairness sake – be fair to skilled and high performers
- Err in the favour of best performers

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TOTAL 2013  
REWARDS

**Where have all the ratings gone? A new approach to managing performance and compensation**

Karen Crandall, Senior Director, Compensation and Equity Programs  
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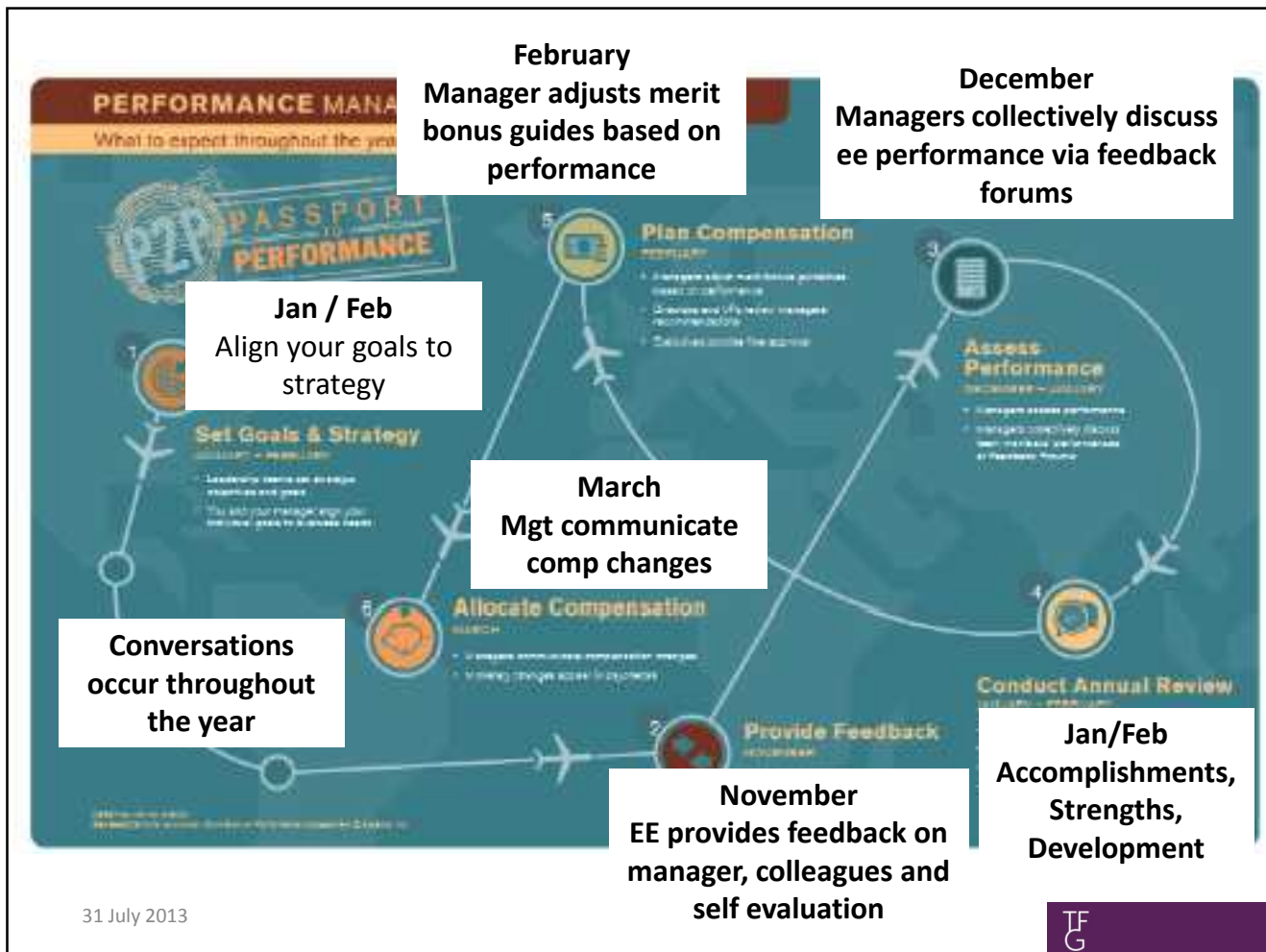
## Doing away with performance ratings

### Why did they change?

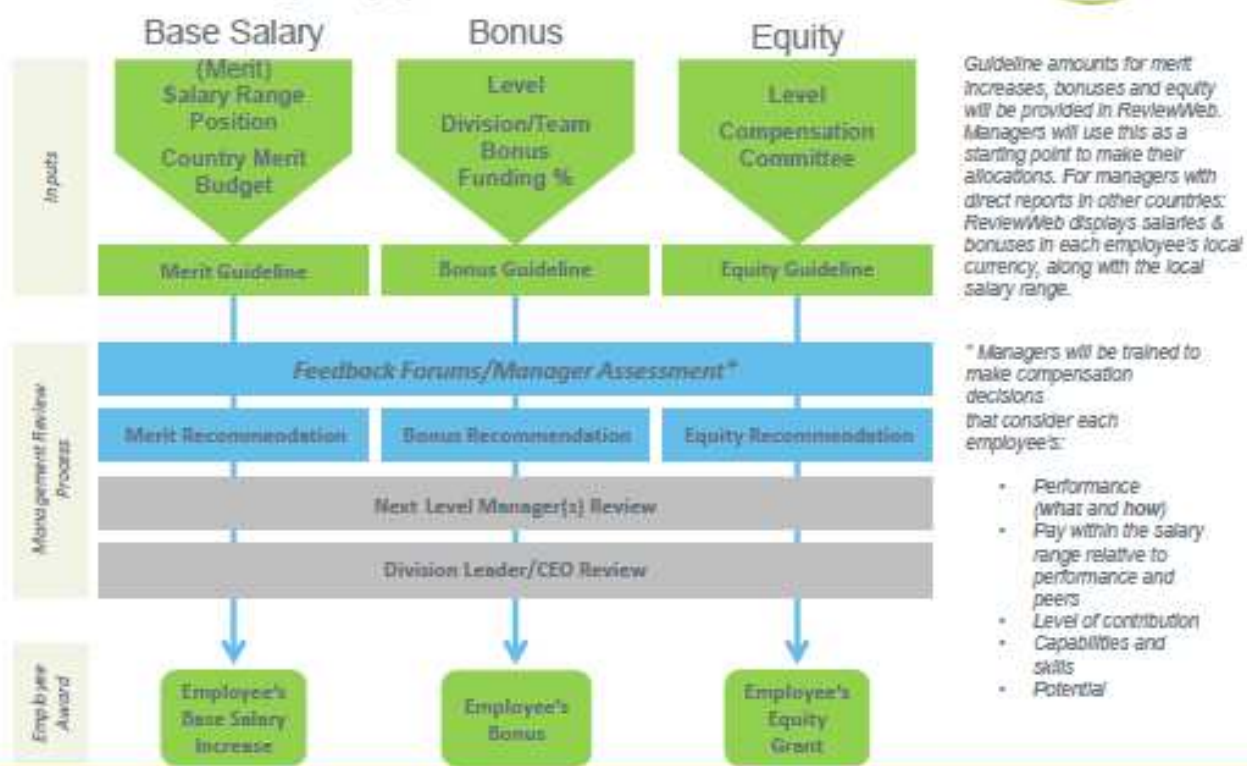
- Far too much focus on “the number”. Wanted to focus on employee’s performance.
- Too much emphasis on main performance review discussion. Wanted focus on frequent feedback and coaching

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# Cascading Approach



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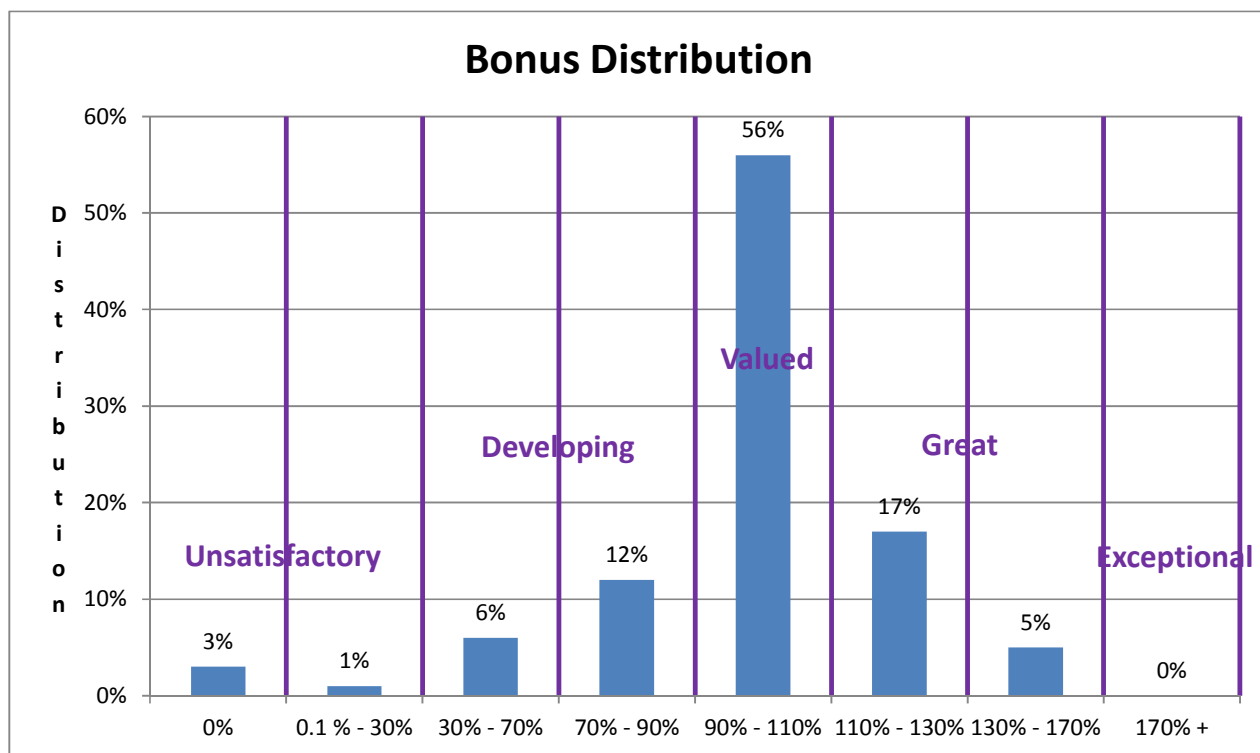
## Doing away with performance ratings

- Drop the ratings! Removes focus on the score
- One formal review p.a
- Quarterly informal reviews very NB
- Never have performance reviews and compensation discussions at same time

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# Differentiation



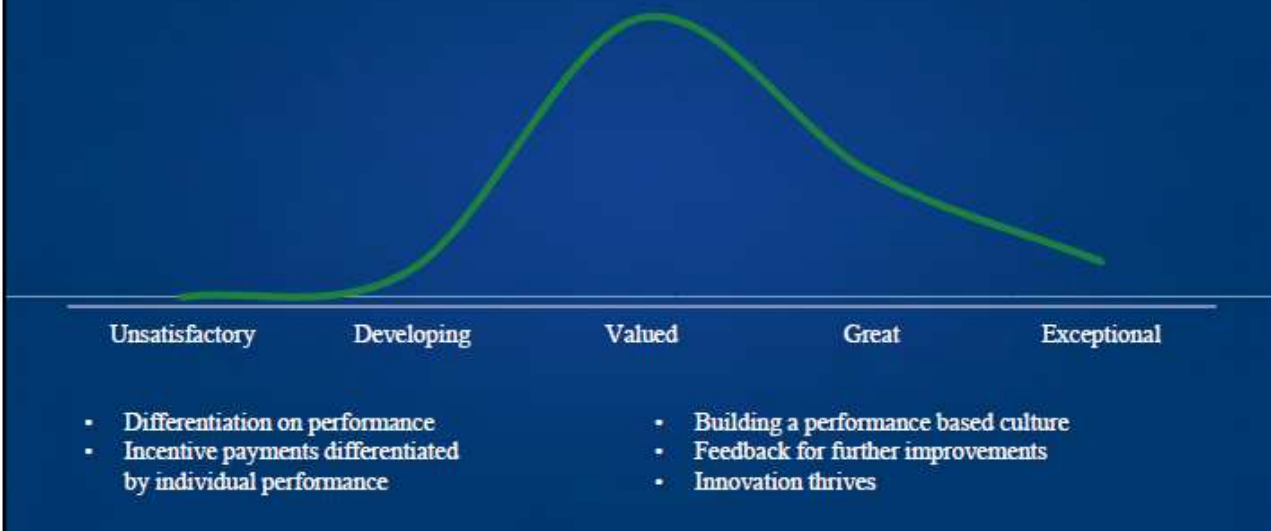
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# Nokia

## ACHIEVEMENTS 2012 PERFORMANCE DISTRIBUTION



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**TOTAL 2013 REWARDS**

**Pay for Performance vs. Retention and Motivation: Can You Have It Both Ways?**

Brit Wittman, Director Executive Compensation, Intel  
Ron Bottano, Vice President, Farient Advisors LLC

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## Intel - LTI's Motivation vs. Retention

Always a balance between motivation and retention

- SARs and FS are popular
- FS split into OSU and TRSU
- At top level no TRSU

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## Intel - LTI's Lessons Learnt

- Many things influence design but keeping goals as the primary driver is important
- A longer time horizon improves shareholder alignment but increases executives perceived risk
- Pressure test designs – avoid surprises
- Not every component needs to be industry leading
- LTI programs are primarily formulaic, but with discretion
- Communication is critical – Simple, clear and consistent

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## My top 6 takeaways

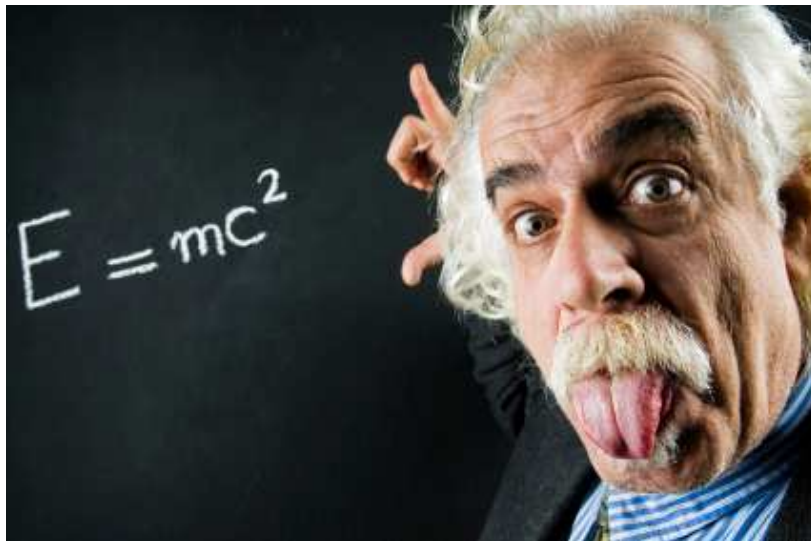
1. Variable pay is the key to compensation. Most valued form of compensation is equity.
2. Most negative consequences of changing reward structure is not the wrong change but poor comms and poor change management. Communication is the key.
3. Top 40% add 5 times more value than bottom 60% . Do something unique for the high performers.
4. Don't waste money rewarding wrong people
5. Quarterly informal performance reviews very NB
6. Many things influence design but keeping goals as the primary driver is important

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# Thinking about analytics?

If serious about analytics, employ a  
Data Scientist



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