Rewarding Models for Agile Companies

Data Driven Solutions

Jelle Goris - 26/10/2016
“The best use of money is to take the issue of money off the table . . . Effective organizations compensate people in amounts and in ways that allow individuals to mostly forget about compensation and instead focus on the work itself.”

Daniel Pink
Goals Performance Management

What do we want to achieve?

We want to drive overall performance by maximizing the impact of human capital on organizational success.

Align with organization’s strategic direction and culture

Drive Employee Engagement and Development

Recognize employee performance in a Fair and Transparent way
Call to action: Install Polleverywhere
| PollEverywhere | The current performance management approach in my organization is Aligning Human Capital with our organization’s strategic direction and culture

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
The current performance management approach in my organization is driving employee engagement

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
The current performance management approach in my organization is supporting fair and transparent decision-making.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
Link to Employee Value Proposition

The EVP is the collective programs an organization offers in exchange for employment. It is the *give and the get*: What an employee receives in exchange for their *performance and productivity*. 
GIVE: From Employee Performance to Employee Value
Employee Value

What are the **three first key words** that pop up your mind when you think about **the value an employee brings to your organization**?
How do we define an employee’s value to the organization today?

**Start of year**
Set performance objectives (SMART) with direct manager

**Mid year review**
Performance objectives status review meeting with direct manager

**End of year**
Performance assessment with direct manager
Why is this approach no longer fit for purpose?

Alignment with strategic direction and culture

The context in which organizations operate is not following an annual performance cycle.

Difficult to translate changing environment and company strategy into yearly performance goals.

Drive Employee Engagement and Development

The way we work & the workforce (4 generations) is changing.

Lack of recognition and little focus on Employee Development.

Recognize employee performance in a Fair and Transparant way

Subjective character as the line manager is the only person evaluating the individual.

Limited use of useful data leading to a false sense of control.
New Performance Management Approaches and Tools provide answers

**Alignment with strategic direction and culture**

- Dynamic approach and agile-goal setting. Set objectives when needed
- Marks progress when relevant to the organization and the individual

**Drive Employee Engagement and Development**

- Creates listening environment
- Provides real-time feedback (and recognition) with strong focus on Employee Development

**Recognize employee performance in a Fair and Transparent way**

- It makes use of all relevant available data and drives a process to gather additional data
- Gives opportunities to map employee value in a broader sense
Smart and multi-source data captation

To find ways to evaluate people that recognize the unique role each person has played in moving the organization forward.

Realtime - Ongoing

Involve more stakeholders

Measure what matters
Measure what matters to your organization
GET: What about Reward?
Employee Market Value

*Polleverywhere* | Do you measure or review your employees Market Value?
Employee Market Value

|Polleverywhere| How do you review the Market Value of your employees?
AS IS: Current performance management practices mainly impacts base pay based on the organizational reality

Increase base pay (merit) results in higher costs related to seniority (Acquired rights) without any assurance about future performance
TO BE: Pay for Value

Reward your employees for the value they created
Issue 1: Need for high quality data to see market reality clearly

- Real Total Rewards data. Go beyond base pay.
- Define the right reference market for your organization
- Think about local differences
- Take changing skills and roles into account
- Make sure data is comprehensible for end users
Issue 2: Employee’s Perception About Pay

a whopping two-thirds of people who are being paid the market rate believe they’re actually *underpaid*, representing a huge discrepancy.
Our solution

Bring people decisions closer to your people

Arm managers with accurate market data reflecting talent markets in innovative and user friendly tools. Close gap between the perception and reality of compensation.

Initiate transparent and honest conversations with your employees and create a transparant culture concerning total rewards. Don’t hide behind a ‘transparant’ and ‘fair’ system.
Flexible Reward

A personalized wage package as an innovative HR tool

To know the voice of your employee will create an advanced starting point to think about flexible remuneration
Recognize and Pay for Employee Value
Why is this approach helping to...

Align your human capital with your strategic direction and desired culture?

Is following and adapting to the rapidly changing business environment employees and organizations are working in

It provides opportunities to integrate strategy and desired company culture in a dynamic performance management process

By measuring what matters you can map the impact of investments on different levels
Why is this approach helping to...

Drive employee engagement
Why is this approach helping to…

Support fair and transparent decision-making

Objectifies performance based on multi-source input and provides more insights in the context of your organization and therewith your employee

Gives opportunities to map employee value in a broader sense

Assessing performance and compensation based on extensive data-sources
Key Takeaways

1. Objectify performance through smart data captation
2. Use real data to understand your market reality and bring people decisions closer to people
3. Think about smart and flexible ways of rewarding as you know the voice of the employee
Thank you

Any questions?