Total Rewards: An Evolution in Compensation & Benefits

Recent demographic information indicates that in the not-so-distant future, the labor supply will begin to shrink as the population following the baby boomers will not be large enough to replace them in the workforce. Many employers are concerned with how to sustain and recruit a high-quality workforce while also maintaining costs.

What steps are you taking to make sure that you are an employer of choice? How are you promoting the full value of your company and your offerings as a quality place to work?

Total Rewards Concept
Establishing a total rewards program is not a new concept for employee recruitment and retention. For years, employer groups have produced total compensation or “hidden paycheck” statements that detail compensation and benefit costs.

Recently though, as employers look to improve their recruiting and retention strategies in a tighter labor market, these programs have taken on greater importance.

A total rewards program provides monetary, beneficial and developmental rewards to individuals at an organization who meet specific goals. These incentives are perceived to be of value in the employment relationship, including:

- Base and variable pay
- Group insurance (medical, dental, life/AD&D, retirement, savings, etc.)
- Paid time off (PTO)
- Recognition programs
- Training and career opportunities

These elements are interdependent and have different value and importance to each person. Ultimately, the outcome of a total rewards approach is to provide each individual with a combination of monetary and non-monetary rewards to motivate them to produce the desired business performance.

Weighing the Options
The 16th annual "Top Five Total Rewards Priorities," sponsored by Deloitte Consulting and the International Society of Certified Employee Benefit Specialists (ISCEBS), surveyed about 300 benefits specialists regarding total rewards at their company. Respondents were to represent their company’s views on many questions and to share personal opinions on others.

What steps are you taking to make sure that you are the employer of choice, both now and into the future? How are you promoting the full value of your company and your offerings as a quality place to work?

This year’s results again reflect the struggling economy, both from the employer and employee perspective.

When respondents were asked about their individual challenges, they cited the ability to afford retirement and their future job security as the most prevalent concerns. Also ranking high were the individual’s ability to earn additional rewards and the cost of health care benefits. To respond to these challenges, employees ranked wellness participation, increasing savings contributions and paying off personal debts as top strategies.

From a company standpoint, the cost of providing health benefits (76 percent) and the ability to attract and retain talent (61 percent) remain the two biggest challenges. However, when asked to look at the most significant challenges in the next three years, those two categories had almost equal responses.

This suggests that while cost containment is of utmost importance now, employers are still concerned about retaining talent as their companies recover from the recession.
When asked about changes employers planned to implement to their total rewards program over the next 12 months, responses were as such:

- Increasing employee communication and education around rewards (69 percent)
- Redesigning some reward programs (56 percent)
- Improving the measurement of return on investment (ROI) of reward programs (51 percent)
- Implementing a more formal process to survey employees about what they value most about their rewards (48 percent)
- Packaging, branding and/or communications relating to rewards programs (40 percent)

Communication, redesign, and measurement and evaluation of programs seem to be the most popular strategies among employers. To cater to your employees and determine what they value and prefer to receive in exchange for their time and talent, consider using surveys, focus groups and exit interviews to gather the needed information.

Plus, on a consistent basis, communicate regularly with employees concerning what incentives are offered and how they can take advantage of the total rewards for their unique circumstances.

Creating and Implementing a Total Rewards Program

To create an effective total rewards program at your organization, consider creating a development team to assess your current benefits package in relation to how it helps your company achieve its goals. If you find that you are not meeting the organization’s objective, then implementing or enhancing a total rewards program may be a smart strategy.

Here’s how to develop a solid program:

- Develop a senior-level management team to identify and analyze various rewards strategies to determine what would suit your workplace the best. Consider pay rewards, nontraditional benefits and personal development opportunities to further company objectives.
- Implement the new system by publicizing it to your employees. Also train management personnel on how to measure the program’s success.
- Train employees on how they can use the program to achieve results for personal success and to achieve company goals.
- Evaluate the program’s effectiveness and make necessary changes to further achieve your goals.

Assisting Employees

To help employees understand the concept of total rewards, there are many online tools that will allow them to view benefit and compensation statements, learning opportunities, paid time off, educational reimbursement policies, wellness activities, career development and recognition program information.

Consider revamping your total rewards program to meet the company’s needs and the needs of individual employees to increase the value of your investment.


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