

STRENGTHEN YOUR EMPLOYEE VALUE PROPOSITION VIA COMPENSATION COMMUNICATION



Compensation Communication and Your Employee Value Proposition

EXECUTIVE SUMMARY

Successful executives are increasingly recognizing that effective compensation communication is essential to strengthen the employee value proposition (EVP) and make it easier for employees to understand it.

As a result, they're creating communication strategies that connect the dots between performance and pay in ways that build trust and engagement, transform the workplace culture, and help drive productivity.

Only 2 in 5 employees believe their organization has a compelling employee value proposition.

— [Mercer](#)

COMPENSATION COMMUNICATION FOR TODAY'S ENTERPRISE

Enlightened organizations are realizing that the traditional approach to performance and compensation — a year-end process focusing on employee ratings and rankings, an annual review, and a single compensation conversation — no longer addresses the needs of their employees or their businesses. This is causing HR leaders to adapt their performance and pay programs to a new paradigm based on ongoing discussions. But as companies shift in this direction, they're finding that many managers aren't equipped with the skill sets and tools to keep employees motivated and engaged with a yearlong pay-for-performance mindset. And many employees struggle to understand the value of their total pay package.

TOMORROW'S WORKFORCE IS HERE

The workplace is rapidly changing. Multiple generations are now working side by side, various technology disruptors are shaking up the way people manage their jobs (and lives), and talent scarcity and competition are challenging employers' ability to attract and retain top employees. These realities are impacting all things talent — including how companies manage and communicate compensation.

As such, HR leaders are exploring solutions to help them transform their performance and compensation programs, effectively reach and connect with managers and employees, and drive organizational change.

Performance and Pay Communication Trends

1

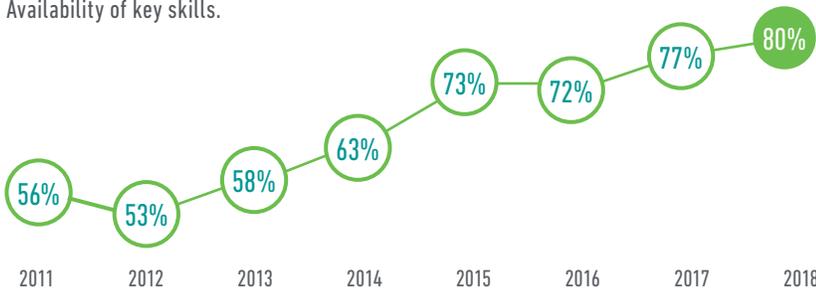
INCREASING COMPETITION FOR TALENT

Companies will have to compete more forcefully for talent with the right skills:

80% of CEOs are worried about the availability of key skills

Q: How concerned are you about the following business threats?

Availability of key skills.



i Chart shows percentage of respondents who stated "Extremely concerned" or "Somewhat concerned."

Source: PwC's 21st CEO Survey, Talent.

89% OF EXECUTIVES EXPECT AN INCREASE IN COMPETITION FOR TALENT

- MERCER

HR'S CHALLENGE:

Attracting and retaining talent by effectively communicating the EVP and offering a competitive total rewards package aligned with marketplace trends.

2

CHANGING EMPLOYEE DEMOGRAPHICS

Today's global workforce is increasingly diverse:

65% OF CEOs ARE CONCERNED ABOUT CHANGING WORKFORCE DEMOGRAPHICS

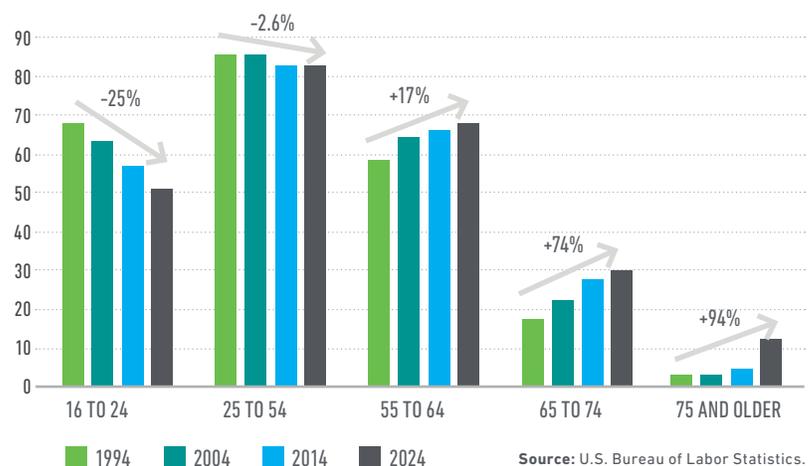
- PwC

HR'S CHALLENGE:

Connecting effectively with a wide range of workers distributed across the globe with different values, work and management styles, communication preferences, levels of technology adoption, and perceptions of benefits and rewards.

Projected U.S. civilian labor force participation rate by age

1994, 2004, 2014, and projected 2024 (by percent)



Source: U.S. Bureau of Labor Statistics.

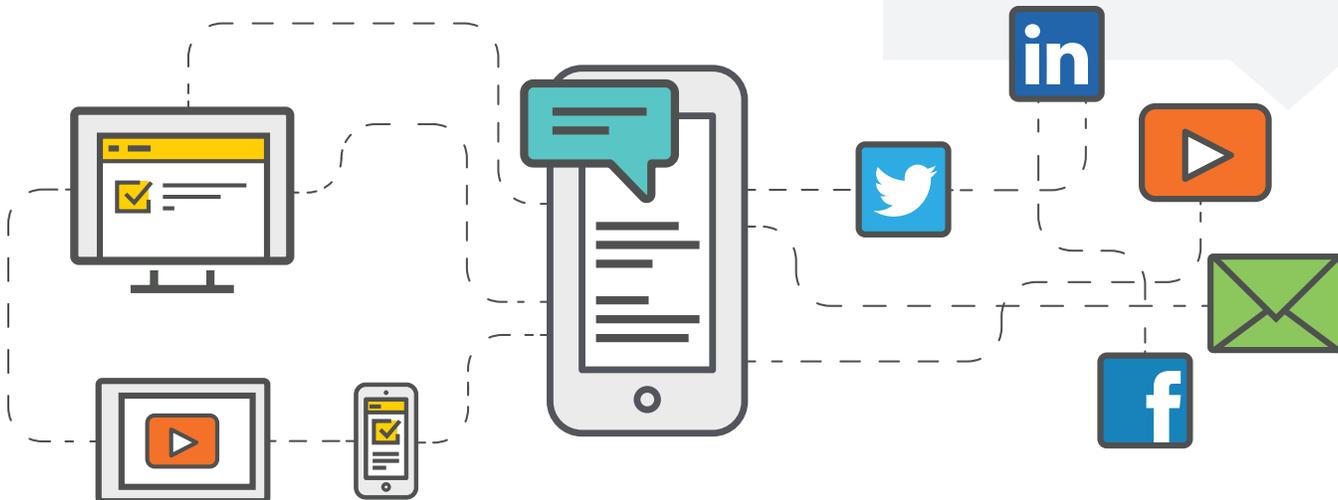
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GROWING DEMAND FOR FLEXIBLE, MULTI-CHANNEL COMMUNICATIONS

Today's workforce has access to myriad communication technologies:

HR'S CHALLENGE:

Updating to an effective mix of communication channels that maximizes reach to the workforce.



3 Steps to Transform Compensation Communication to Enhance Your Employee Value Proposition

The writing's on the wall when it comes to what's driving the demand for better communication around performance management and pay programs: Today's diverse and dispersed workforce, the evolution of communication technology (in and out of the office), and the need to grow organizational capabilities amid a talent shortage.

COMPANIES ARE AIMING FOR:

- Managers who make informed pay decisions and lead meaningful compensation conversations
- Employees who focus on their long-term value with the organization and understand where individual and company goals align
- A culture based on transparency, collaboration and feedback, and trust between managers and employees

To be successful, enterprises need to enable managers and employees alike.



STEP 1



DEVELOP AND EMPOWER MANAGERS

When taking your performance management and pay programs to the next level — from a one-time event to a continuous dialogue between managers and employees — it’s important to establish early buy-in and provide ongoing support to the management team. HR has traditionally played the role of trainer and facilitator, but today, it takes more than a two-hour presentation and a stack of handouts to effect change. It takes a more comprehensive approach to help managers “own” the process, make better pay decisions, and effectively communicate with employees.

“Enterprises spend billions on strengthening their EVP, but this investment is lost without a targeted communication strategy that ties those benefits to the employee experience.”

— John Staines, GuideSpark CHRO

STEP 2

DRIVE EMPLOYEE UNDERSTANDING OF PAY PROGRAMS

When introducing new programs and implementing new processes, HR should maintain an ongoing focus on education, support, and organizational enthusiasm around the changes. This will help build engagement during and after the transition. Guiding employees this way can help foster trust, satisfaction, and retention — all of which are signs of a durable EVP. Most important, your efforts will help boost employees’ perceived value of their compensation. Best practices include:

- **Clearly state the “whys” behind the changes** and how they’ll benefit individuals, functional areas, and the company as a whole
- **Create transparency around pay** — how pay decisions are made, how pay connects with performance, and what specific actions an employee needs to take to reach the next level
- **Explain that employees can be active participants** through continuous and informal check-ins with their managers





STEP 3

CREATE A CULTURE OF FEEDBACK

HR can set managers and employees up for success by creating a highly effective workplace environment in which performance and pay programs are based on frequent, rich dialogue. A culture of feedback will enable more regular transparency about performance, rewards, and opportunities for growth.

Thriving employees are 5x more likely to believe they are paid fairly and competitively.

— [Mercer](#)

Fortifying Your Employee Value Proposition

A strong EVP depends on managers' ability to help employees understand your pay philosophy and demonstrate application of its values, principals, and protocols. Therefore, focus your manager communication efforts on:

- Training managers on how to align rewards with your company's pay philosophy, improve pay differentiation, and reduce legal risk
- Enabling managers to conduct frequent compensation conversations with employees and explain how pay decisions are made
- Preparing managers to have meaningful coaching and development discussions that bring out each employee's potential and show them how they can grow

HERE ARE THE KEYS TO COMMUNICATING PAY PROGRAMS IN AN EFFECTIVE AND CONSISTENT WAY THAT WILL FORTIFY YOUR EVP:

- 1. Multi-channel** — Easily reach employees using a range of communication channels, from person-to-person and mail to email and mobile. Multiple touch points will help ensure that you are able to meet people's varying communication preferences in ways that will drive engagement.
- 2. Multi-format** — Use content that informs and inspires managers and employees — and make it available in a variety of different formats, ensuring that every individual's needs are met. Interactive video content, QR and embed codes, texts, and other modern approaches can supplement traditional print and in-person communication.
- 3. Measurable** — Establish quantifiable goals, set benchmarks, and start measuring your progress (and ROI). Collecting employee feedback and using the analytics tools tied to your technology platforms will help you gauge and continuously improve employee engagement with your programs and communications.
- 4. Memorable** — Make your communication continuous: For compensation and performance to revolve around ongoing conversations, you have to provide ongoing communication and reminders that keep it top of mind for employees.

“GuideSpark’s solution was a big part of our success in giving managers confidence that they could make decisions around rewards without the crutches of ratings and have compensation conversations in the right way. Talent is our secret weapon — and we want to continue thinking about talent in unique ways.”



— Dalana Brand
VP of Total Rewards,
Electronic Arts

ABOUT GUIDESPARK

GuideSpark is the leader in employee communication, with 600 enterprise customers who use our software and solutions to effectively engage over 22 million employees and achieve HR program adoption goals. GuideSpark is the only company that blends software and content experiences to deliver communication campaigns that inspire, inform, and activate employees. The result is measurable employee engagement and greater connection to the employer value proposition.

To learn how you can transform your employee communications, visit <http://www.GuideSpark.com>.

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