

Communicating Compensation

# During Challenging Financial Times

*By Keith Kitani, CEO of GuideSpark*



The COVID-19 pandemic, and the many challenges it has left in its wake, continues to cause significant obstacles in all aspects of our day-to-day business operations. HR teams, in particular, are having to rethink methods and processes around core programs, such as rewards and compensation, which have been deeply disrupted – for better or for worse. We're certainly not out of the woods when it comes to the economic effects of the pandemic, which means now is the time to examine your existing compensation plan and adjust it to better reflect revised budgets and company goals.

The financial plans you drafted at the beginning of the year likely don't quite match what our new reality has become. Looking at your current compensation program, a major challenge will be acknowledging what's realistic for your organization in terms of employee compensation next year. If your organization has seen financial hardship and difficulty over the last several months, as so many have, it's likely that you won't be able to provide the rewards or compensation adjustments for your employees that they may be accustomed to as part of their end-of-year review process. Or, if things have gone well for your business in the pandemic era, consider how that might impact your compensation programs – especially as we look toward a still-uncertain future. No matter the impact of the pandemic on your organization's financial stability, one thing remains certain: clear, consistent communications will be the way through these challenges – and to keeping a unified, engaged workforce.

# Align 2020 Rewards with Current Business Needs

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With so much change and disruption in 2020, it's more critical now than ever to align employees with your business – and compensation and incentives have always been a significant driver for rewarding the performance you want to see. Although financial strain and uncertainty may have a significant impact on the way you reward your employees, they should still be as closely aligned as possible with your performance management process. These two programs are tightly interconnected in aligning employees with the goals of your business, so your compensation program may impact your upcoming year-end review cycle.

Evaluating performance in such a tumultuous time can be a difficult task on its own – but with a strategy and process that's adapted to the current era, your organization will have an easier time finding the right incentives for each employee. For example, if the impact of the pandemic has created financial challenges for your company, making it unlikely or impossible to provide compensation rewards similar to previous years, consider non-monetary rewards that can still provide motivation and accolades.

A grayscale background image showing a person from the side, sitting at a desk and working on a laptop. A white mug is on the desk next to the laptop. The person is wearing a dark shirt. The background is slightly blurred, showing a window with some foliage outside.

# Communicate Your Compensation Program Effectively

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The increase in digitalization and distributed employees is making it more difficult than ever to communicate effectively to your entire organization. However, clear and empathetic communications are the strongest tool you have when it comes to educating and aligning your workforce on the state of your business, and what they should expect from their compensation programs.

Whether you've had to furlough employees, make salary reductions, eliminate end-of-year bonuses, or handle financial hardship in other ways due to the recent economic strain, the only way forward is with strong, aligned messaging across the company. Or, if your organization has seen new success and positive growth in these past several months, you may still need to re-examine your compensation strategy, which means communicating thoughtfully and consistently will be essential. Even if your organization has seen little to no change financially over the last several months, the amount of uncertainty and potentially distressing external information that your employees are experiencing mean that it's more critical than ever to promote clear, open communications from your company.



With the right messaging campaign, you can drive consistency and clarity when it comes to complex compensation processes and policies, and they're also a valuable resource as you lay out what changes will be in place this year. By carefully crafting your messaging, you also have the freedom to explain the reasoning that went into each decision, driving transparency and trust in your organization.

## **Consider these three key best practices as you prepare to communicate changes to your end-of-year compensation plan:**

### **Avoid one-size-fits-all communications**

Employees all have their own unique needs, which means that the more you can tailor your communications, the more engagement you'll see in response. Customize your communications for specific employee groups, if necessary – if hourly employees will experience changes to your compensation program differently than salaried employees, for example, customize your communications to acknowledge their specific situation.

### **Reach and engage employees where they are**

With a topic as critical and sensitive as compensation, your employees' understanding of the subject matter is key. Reach them through varied channels – email, text, Slack or MS Teams, or as part of company meetings – to ensure they're not missing your important messages. Using a consistent look and feel with your messaging across these channels will also help to promote a sense of consistency and unified point-of-view from the company.

### **Measure your communications as you go**

Hitting "send" isn't the last step in the communication process. Communication data will provide a clear, objective picture of how your employees are receiving your compensation campaign. If there are any major gaps in your data feedback – such as one department not engaging with your communications as consistently as others – reviewing the data consistently will help you decide when and how to change course, so you can be sure your messaging is truly getting through.

# Empower People Managers to Own the Compensation Process

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People managers are an essential resource for helping employees through tough times – they’re your frontline leaders for any questions or concerns your workforce may have. Make sure they’re prepared by crafting targeted messaging that will help equip them with the compensation and rewards knowledge they’ll need – especially with remote teams. They’ll need helpful resources to deliver aligned company messages, including educating their team on the details of their compensation package. Team leaders should be as prepared as possible to explain your compensation program, including difficult pay decisions. And, they might need guidance on how to communicate compensation changes; consider providing tips and best practices around transparency, or how to handle difficult conversations. By prioritizing your people managers, your workforce will move through this time of financial hardship with workforce morale and company culture still firmly intact.



## Prepare for Uncertainty with an Agile Mindset

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Without deeply understanding how your organization's compensation works – and how it may be changing or adapting after the pandemic – your employees may have no choice but to assume the worst. Understanding how compensation is calculated, and its ties to business performance as a whole, is crucial for your workforce and overall employee engagement. Even outside of this year's challenges, discussing compensation with employees is difficult and complex – but your flexibility and transparency is key when it comes to communicating compensation, as it relates to both individuals and the business as a whole. Avoiding the topic will only serve to cause distrust and a lack of engagement with your workforce – by providing empathetic and aligned messaging, your employees will understand the details behind every decision you make during your year-end cycle. Relying on consistent and ongoing communications to bring you through this year's compensation process won't stop there – your messaging strategy and approach will help guide your workforce through any future obstacle, not to mention stay aligned along the way.

## About Keith Kitani

Keith Kitani is CEO and co-founder of GuideSpark, a change communications software company. He brings over 20 years of digital communication, e-learning, and technology expertise to lead GuideSpark as it enables organizations to manage, measure, and scale their internal communications effectiveness to drive organizational change and achieve business goals. Keith's career has been focused on building companies that develop digital solutions to connect people and information.

## About GuideSpark

GuideSpark, Inc. is the leading provider of change communications solutions designed to drive strategic and organizational change. GuideSpark Communicate Cloud® is the first HR communications software platform designed to manage, measure, and scale your communication effectiveness. GuideSpark combines technology and internal communication expertise to deliver unique solutions that have helped over 1000 enterprises transform their HR program engagement and drive strategic change.

## Learn more about GuideSpark

Interested in learning more about how to leverage your communications to achieve business outcomes?

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