

NOCA Webinar:

Reward Models in 2023

How to navigate a successful
Reward Strategy Implementation

Klar Reward Agency | February 28 2023



Agenda_

- 01 Who am I
- 02 Approach to implement a successful Reward Model in 2023
- 03 Emerging Trends in Reward
- 04 A Fair Pay practice through Pay Transparency
- 05 Q&A (Slido session)

Morten Brøkner_

Managing Partner & Executive Advisor

Morten started his career in the early 2003 and has worked within Performance & Reward for almost 20 years. He is an experienced Senior Reward Leader with proven success in creating reward strategies linked to the corporate strategy. He has designed and deployed policies and procedures within Performance & Reward in several top 50 companies in Denmark.

Morten also has a proven track record in clarifying scope, designing and implementing both Long-Term and Short-Term incentive programs for Executives that underpins the company's performance.

Key results:

- Successful development, implementation and governance of group remuneration programs.
- Successful development of entire Reward departments, including training of reward specialists.
- Proven track record in implementing executive remuneration, hereunder extensive experience with design and implementation of short- and long-term incentive programs.
- Trusted advisor to the Board and Executive Directors.



Career highlights

Klar Reward Agency

Managing Partner | Executive Reward

Brøkner Executive Reward Advice

Founder | Executive Reward Advisor

Ramboll Group

Director | Global Reward & Mobility

Carlsberg Group

Vice President | Global Reward

Arla Foods

Senior Director | Global Reward

LEGO Group

Director | Global Reward

Danfoss

Senior Manager | Global Reward

Education

Aarhus School of Business

Master of Science | Business Administration

WorldatWork

Global Remuneration Professional

Agenda_

- 01 Who am I
- 02 Approach to implement a successful Reward Model in 2023
- 03 Emerging Trends in Reward
- 04 A Fair Pay practice through Pay Transparency
- 05 Q&A (Slido session)

Reward models over time....

.... ⇒ 2010: Reward Management

Main focus on:

- Quality in payroll and tax compliance
- Managers self-service
- Employee self-service
- Flexible benefits & tax optimization
- Procurement deals through empl. discounts

2010-2019: Reward Governance

Main focus on:

- Risk and liability
- GDPR
- Cost containment
- Internal decision authority
- Reporting on Equal Pay
- Reporting on Exec Pay ratios
- Shareholder rights

2020 ⇒ Reward Value Proposition

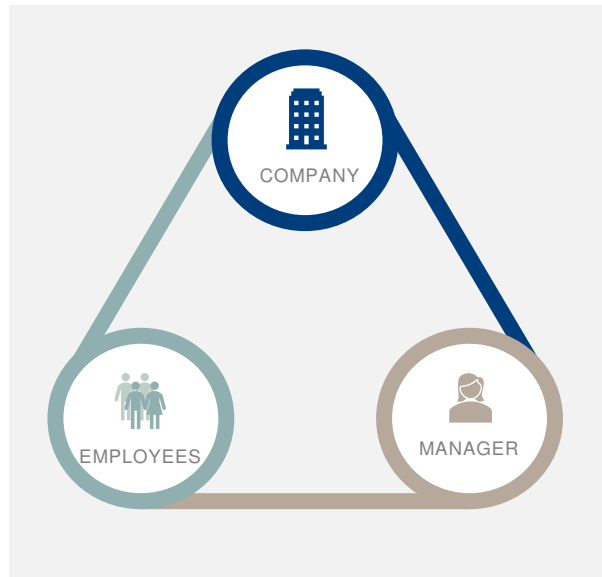
Main focus on:

- Pay Equality ⇒ **FAIRNESS**
- Transparency through legislation (USA & EU)
- The full employment deal –flexibility (post covid) and new ways of being employed
- Working for a sustainable employer with high standards
- **Own focus on the job and contributing to a better world**

⇒ **require the employer to ensure fair and trustworthy employment terms**

Reward Value Drivers

- building a long-term sustainable Reward Model



The Company

A sustainable, ethical and cost-effective reward model that attracts, engage and retains the right people and at the same time drives increased performance

The Leader

An agile and compelling leadership tool that enables the right decision to drive individual performance and attract & retain the right people

The Employee

A clear understanding of how their job fits into the organisation and that compensation is directly linked to this, as well as the broader job market – and not least their individual contribution. It is not so much about the money as it is about communication, perceived fairness and trust

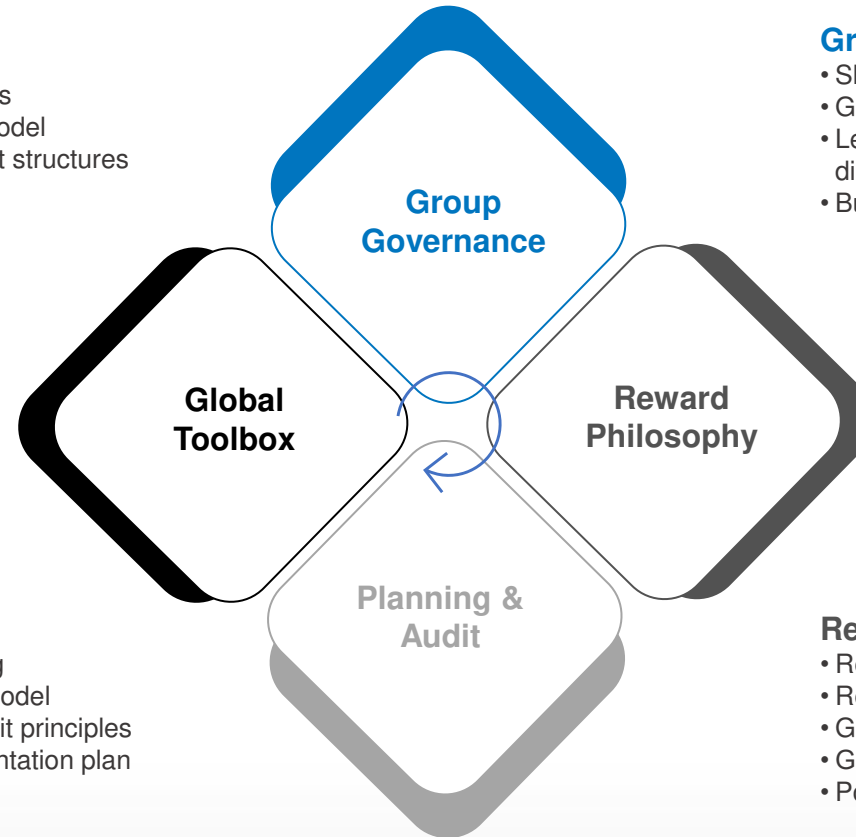
Implementing a Reward Model

Global Toolbox

- Core Job Architecture
- Grading & title structures
- Salary bands & merit model
- Variable pay and benefit structures
- Mobility model
- HRIS platform

Group Governance

- Shareholder relations
- Group C&B committee
- Legislative compliance – new EU directive on transparency
- Build Reward Infrastructure



Planning & Audit

- Implementation planning
- Change management model
- Implementation and audit principles
- Global phased implementation plan

Reward Philosophy

- Reward philosophy
- Reward value drivers
- Global design principles
- Governance RAID's
- Policy framework

Communicating a new Reward Model

General Reward Value Proposition

Make your overall reward philosophy and framework available to all current and future employees;

- Plan guides, bonus- and merit letters, and benefits brochures
- Offer letters and TA communication
- On web & SoMe – promise a fair and transparent value-based deal

Engage with your People

- Make sure to reach all your people in a consistent and transparent way
- Focus on fairness and suitable allocation of reward to all people in the organization
- Remember that leaders are employees too
- Build in key reward messaging into all reward (or HR) core processes
- Be consistent in tangible delivery of reward communication – through pay documents and people communication etc.



Reward Philosophy

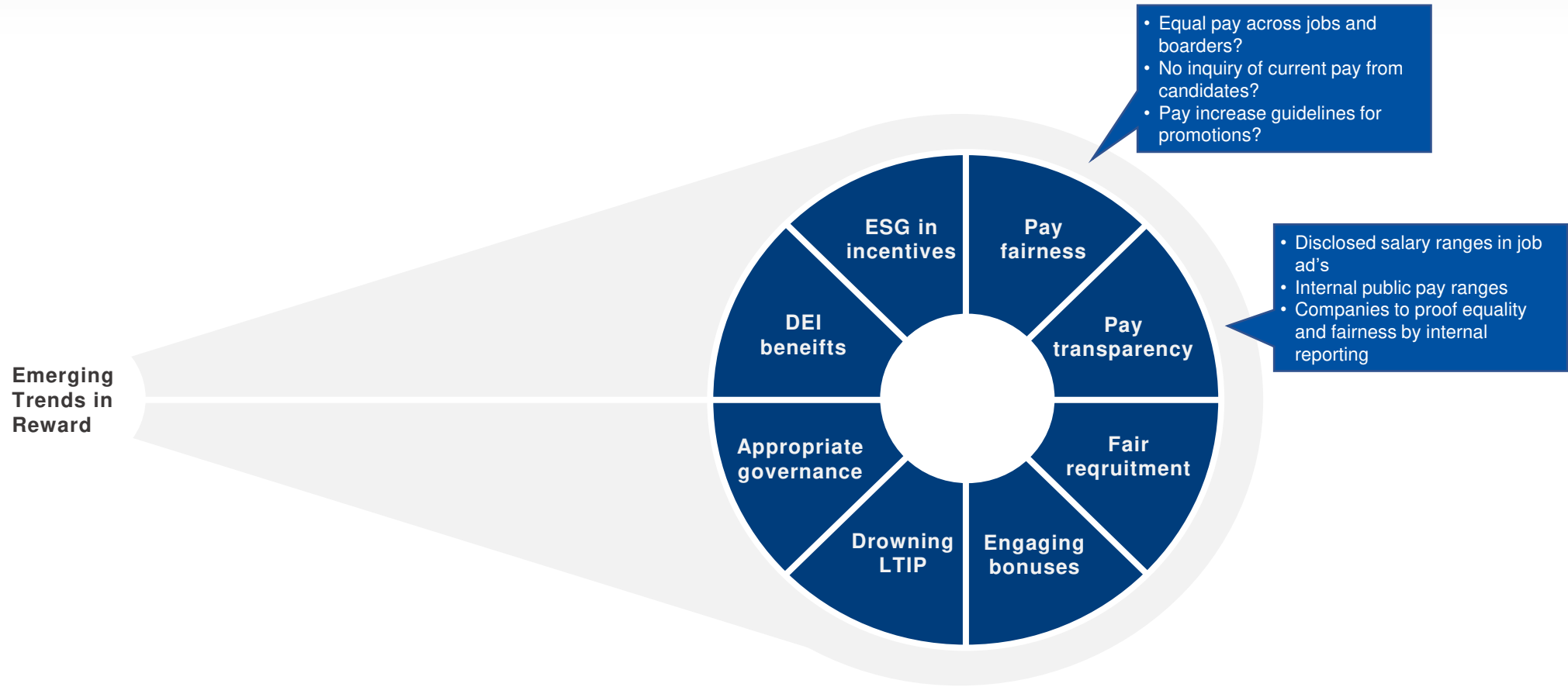
- Define the company reward philosophy in a clear language
- Ensure the reward value drivers are relevant
- Make sure the reward principles fits your organization
- Prepare a transparent governance structure
- Ensure a consistent policy framework

Engage with your People Leaders

- Ensure top mgt. buy-in to the reward philosophy
- Define clear reward value drivers for leaders
- Prepare cascaded messaging from exec's to line mgr.'s
- Build it into relevant leadership training - JiT eLearning or leadership certification
- Follow-up on deployment and impact – minimum to all new people leaders in the organization

Agenda_

- 01 Who am I
- 02 Approach to implement a successful Reward Model in 2023
- 03 Emerging Trends in Reward
- 04 A Fair Pay practice through Pay Transparency
- 05 Q&A (Slido session)



Agenda_

- 01 Who am I
- 02 Approach to implement a successful Reward Model in 2023
- 03 Emerging Trends in Reward
- 04 A Fair Pay practice through Pay Transparency
- 05 Q&A (Slido session)

THREE ISSUES THAT CAN TURN INTO BIG HEADACHES

1) Do you have any pay gaps?

A gender pay gap is an inequality in pay distribution that can't be explained by gender neutral factors such as job level or contribution.

Focus are mostly on the gender pay gap, but pay gaps come in many forms, such as age, ethnicity, geography etc.

Pay gaps can be challenging to spot. They are found even in companies with the best intentions.

2) Are your salaries fairly aligned?

Transparency will expose your internal pay differences to the scrutiny of all your people.

While individual salaries won't be made public, you should act as if they were.

Make sure that you reward the right people for the right contribution to your business, and that your allocation of salaries are aligned with the goals of your business.

3) Are your salaries aligned with the market?

Make sure that you are competitive in the market you recruit in.

Increased transparency means increased focus on pay levels.

Will your high contributors make more working for your competitors?

PAY TRANSPARENCY

Pay Transparency

- The proposed EU directive (4th March '21) on transparency
- Both government institutions and employees, wants fair and equal pay for equal jobs – yesterday...
- Mandatory disclosed salary ranges in external job ad's
- Employers will not be allowed to ask candidates about their current pay
- Employees will have the right to request information on the average pay levels, by gender and for same job of equal value
- Consequently, leading to public internal salary ranges and scrutiny

Opportunities & Challenges

- Do you have salary ranges ready to be published on external & internal job ad's?
- Do you have the majority of your people's salary aligned to their salary ranges, with min. 80+/- paid fairly inside these?
- ... **AND** are your people leaders ready to handle public pay discussions on "YAMMER" once these becomes talk of the town?
- Are your ready to proof equality and fairness by internal reporting to your people?

PAY FAIRNESS

Pay Fairness

- The proposed EU directive (4th March '21) on transparency
- Most companies focus more on external competitiveness than internal equity ⇒ lack of equal pay and pay progression when promotion etc.
- Today's trend is that people are looking for employers where the offered pay is "right", and not mainly driven by a person's pay history and negotiation skills
- More people are looking for "the fair employment deal" – not only pay but also company fairness towards all, transparency and not least high ethically standards when it comes to e.g. executive pay.

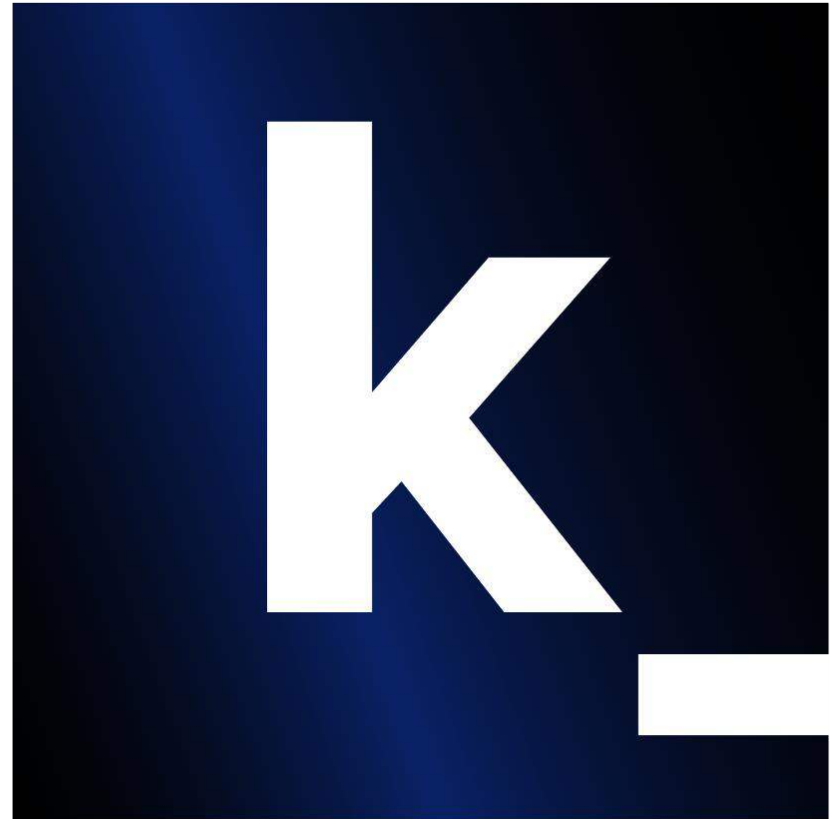
Opportunities & Challenges

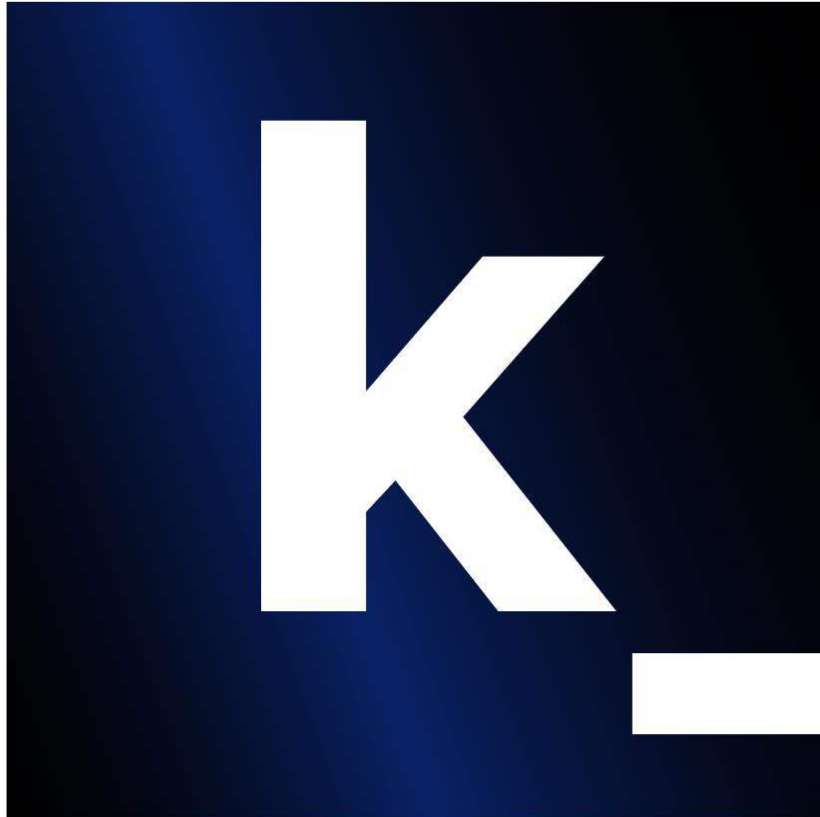
- Are you ready to STOP asking your candidates for their current pay when hiring?
- Are you a fair and transparent employer where people can trust the pay OFFERED to be right?
- What drives allocation of pay? (position, skills, behavior, efforts or results)
- WOKE people want their employer to behave right!
- ... and so does the boomers...!

Agenda_

- 01 Who am I
- 02 Approach to implement a successful Reward Model in 2023
- 03 Emerging Trends in Reward
- 04 A Fair Pay practice through Pay Transparency
- 05 Q&A (Slido session)

Q&A_





Klar Reward Agency_

For more tips and insights:

Follow us on



hello@klarreward.com