THE EMPLOYEE VALUE PROPOSITION

HOW TO INCREASE THE PERCEIVED VALUE OF YOUR TOTAL REWARDS PACKAGE
Introduction

Each year, HR departments spend a significant amount of resources planning total rewards. Despite the time, energy, and resources dedicated to developing employee benefit programs, the reality is that most employees still do not have a full understanding of their total value of employment.

Given the significant costs of providing a solid rewards program, employers need to effectively communicate the elements and value of their rewards program. By optimizing your communication efforts with employees, you can also raise the perceived value of the program helping to drive increased engagement and retention.

Of course, there are many possible communication approaches – you may already be using many of them, some maybe good refreshers and we hope others will offer a fresh, new perspective or tips. In this guide, we’ll discuss some various methods for leveraging your total rewards program to boost commitment and motivation throughout your workforce including:

- How to leverage total rewards for employees, including contractors and freelancers (if offered)
- Ways to access insights about employee perception of total rewards
- How managers play a critical role in communicating the value of total rewards
- Communication strategies for different groups of employees
Rethinking Communication

The first step in increasing the perceived value of your total rewards program is rethinking your communication approach. Most organizations require more frequent communication, as well as better clarity surrounding total rewards. Here are a few tips to consider:

- **Use Simpler Language**

  Oftentimes, there’s a disconnect between HR managers and employees when it comes to total rewards because the jargon used to describe health insurance policies and other complex rewards programs can be difficult to communicate with. For example “coordination of benefits” is not a household term, can you rephrase the text, or the section title, so employees understand, for example “coverage through your spouse’s employer”. To make it simpler, consider using analogies whenever possible to describe options. For instance, if your associates are weighing their health policy options, consider using an example related to car insurance and deductibles (you bear some risk but the premium costs are lower) to put the situation into perspective. Drawing upon familiar examples can help simplify some of the more complex aspects of total rewards.
**Communicate More Frequently**

The following comparison may seem laughable, but consider for a moment whether you’d sit down with your spouse on your anniversary dinner and go over all of your achievements or areas that need improvement from the past year. Chances are, you likely communicate with each other as things happen. Organizations are moving to frequent check-ins and the same should go for total rewards: encourage managers to talk with their people about total rewards throughout the year, not just during enrollment periods. They can talk about policies such as tuition reimbursement, working from home or remind the employee to check the employer provided out of country health coverage when booking their vacation.

**Focus On “Nuggets”**

One effective way to increase the perceived value of your total rewards is to use strategic language when comparing your company with others. For instance, you might consider yourself a “market leader” in terms of base pay. If there’s trust within your organization, what you communicate will be believed. If your company has a strong, transparent culture, associates likely won’t question how you define “market leader,” and even if they do, you could always tell them.

**Realize the Risks of Poor Communication**

Employers who fail to communicate the value of total rewards to their associates are taking a significant risk. If employees don’t know what you’re offering, they might assume that something better is being offered elsewhere. Think of your total rewards package as a product, and advertise it!
Use Managers to Raise the Perceived Value

Managers are your greatest tool for communicating total rewards value to employees. Here are some ways you can encourage them to raise the perceived value of employee benefits to their teams: they can do? For starters:

- **Link Rewards to Performance**
  Ask managers to identify their top performers, then consider how you can reward these individuals with above-and-beyond merit increases to show appreciation. Oftentimes, high performers are rewarded with 3% bonuses, versus average performers who may receive 2%. When an employee breaks it down and does the math, the small difference in weekly pay may not warrant the extra hours and efforts that he or she puts in. Encourage managers to help you identify these standout performers, especially those low in their salary range, then set aside a pool of money in HR to reward them fairly without impacting the manager’s budget.

  [Resource: Click here to learn how to integrate total rewards with your compensation planning]

- **Know Your Customer**
  If your product is your total rewards package, then your employees are your customers. Create tools or short workshops to help managers identify which rewards are most valuable to their teams, then have them remind their employees about the available options included in your company’s total rewards package. For instance, if employees value a work/life balance most, managers should be reminding them of the work-from-home policies or other options that support flexibility to increase the perceived value of total rewards.

- **Be Sensitive To Managers' Needs**
  Although managers are indeed your best tool for communicating the value of total rewards to employees, they are also employees. Remember to be sensitive to their needs in terms of benefits as well. Keep in mind that managers can steer their employees to a program or pique their interest, but should not offer details or advice, especially on pension and financial benefits.
Offer a Total Value Statement

One creative way to illustrate the full value of employment is to offer a total value statement for employees. You can provide an equation to factor in bonus pay, time off, learning and development, and more. HR or managers can use this short interactive exercise to talk about rewards in a departmental or other meeting. For example, if base pay is 100%, how much additional value for a typical employee is:

+ Bonus Pay:
+ Government Benefits:
+ Time Off:
+ Benefits
+ Pension
+ Other (L&D)

= Total

Oftentimes, this figure amounts to as much as 140%. Thus, the associates begin to see the full value of employment provided by your company outside of base pay. This is useful when they question the higher hourly rates of contractors, who do not receive much more than base pay.

[Resource: Click here to learn more about creating online total rewards statements.]
Find Out What Your Employees Are Thinking

If you’re not already surveying your people to determine what they think about your existing total rewards program, it’s time to start. Doing so could unlock valuable insights about how you need to improve communication, which benefits they value most, and what they still need from you to better understand their total rewards package.

Here are some strategies for accessing insights from your employees:

- **Survey Them**
  If you’d like, you can use surveys to find out how employees perceive the current total rewards program in your organization. Or, if you’d prefer to make it fun, consider quizzing employees (online or live if you have a cafeteria) about existing total rewards options and rewarding associates who answer correctly.

- **Focus Groups**
  If it’s feasible in your organization, consider developing a focus group to tackle total rewards communication. You can test out their understanding what employees in general know about rewards and what are misconceptions.

- **Hold Interviews**
  Another option is holding informal interviews to ask employees what they think about total rewards.

- **Just Ask!**
  If your organization is less formal, you may be able to simply ask employees for opinions on total rewards.

When asking employees about their opinions on total rewards, be sure to find out how they retrieve their total rewards information. Even if you think you have an effective total rewards communication tool in place, you might be surprised to find out how few employees are actually using it. Sometimes, employees neglect to access total rewards information because they aren’t permitted to do so during the work day; in other instances, the tool may not fit their particular learning style. We’ll discuss that in greater detail in the next section.
Make Total Rewards Work for Everyone

There are a few considerations to keep in mind when appealing to the largest possible group of employees to communicate the value of total rewards. One of the best ways to boost communication is simple: understand how key groups likes to communicate. Take a look at these methods for tailoring your total rewards communication methods:

- **Preferred Learning Style**

  Think about people who provide you with driving directions – some give you specific street names and compass directions while others will offer a detailed tour of the visual cues, with no specific street names. Maybe your employees prefer to retrieve information verbally from your claims or contact center, their manager, or, or read the text online. Think about your corporate culture and the primary methods of communication in your office and refine your strategy based on these findings. Or, take multiple approaches so that at least one communication avenue will appeal to everyone.

- **Consider Your Demographics**

  Do you need to take into consideration total rewards communication based on age, level, or salary? Plan ahead for certain groups who may need special considerations – e.g. a group who may be negatively affected or managers (who may be key communicators and also affected as employees). You may consider offering special limited rewards to high potential individuals to help retain them and make them feel valued.

- **Remember Your Contractors & Freelancers**

  It’s projected that 40% of the workforce will be non-traditional within the next decade, meaning that the percentage of freelancers and contractors working for your company will likely increase steadily. Make sure that HR is prepared to handle total rewards communications for these groups.
Incorporate Key Communication Tactics

Again, not all employees learn or communicate in the same ways, but there are some proven methods you can use to increase visibility for your total rewards information. Consider these tips you can incorporate into your communications to boost the understanding of your offerings and the value of the total rewards:

- **Use Headlines**
  People are five times more likely to read headlines than any other text. If you have an important total rewards message that could increase perceived value, spell it out prominently as a headline e.g. 401k Plan Helps Reduce Your Taxes

- **Include Photo Captions**
  If you have any photos or images that you can incorporate into your total rewards communications, consider also using photo captions to accompany them. People are two times as likely to read photo captions as other text. Think about marketing material for mutual funds with happy couples on the beach, which make us wish we were there or how USA Today presents information.

- **Use “Quick Hits”**
  Brief messages with simple phrasing can effectively communicate important messages. Be sure to avoid any technical jargon and use short, punchy language to get your message across.
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HRsoft is the trusted global leader in compensation management software whose COMPview solution is proven to control and simplify the full process and allocation of merit, bonus and equity awards to drive manager and employee engagement.

- **Break Up The Text**
  Most information related to benefits is dry enough to begin with. Don’t deter your target audience with large blocks of text. Instead, make it more inviting with headlines, subheads, bullet points, bold text, menus, and so forth.

- **Use Illustrations and Graphics**
  Infographics – graphics with corresponding facts, statistics, and other text – are becoming increasingly popular among today’s professionals. They’re simple yet eye-catching, and they can help you get across important messages related to total rewards.

- **Tell a Story**
  If you do have to include a significant amount of text, consider including a story. If possible, include a fictitious character and use him or her as a total rewards model to show examples of which options employees can choose to get the greatest value for them.

- **Make a Promise**
  To really get the attention of your audience, consider making a promise to them. For instance, you might begin total rewards communication by saying something along the lines of: “Through the improved incentive plan, your income could increase by 10%. Find out how.” You’ll grab your employees’ attention and encourage them to read further to find out more.
Connect the Dots

Once you’ve followed the tactics described above, you can finalize your total rewards communication strategies with a few final steps. Here are some final considerations that we’ve compiled for you:

✔ Consider a “Just In Time” Calendar
   There are going to be certain times of year when your employees are going to want to access total rewards information more so than others. Consider how it might be useful to send out blasts with pertinent information just in time for tax season. Or, remind your employees about vacation days or out of country medical coverage, as certain times of year approach, including the summer and holiday seasons.

✔ Build Bridges Among HR Teams
   Your total rewards strategy should encompass multiple HR department functions, so it’s beneficial to encourage teams to work together to establish a comprehensive and effective total rewards program. Increase communication and awareness throughout HR to get all parties on board. Consider if your HR Intranet or portal is structured in silos like your HR department (benefits, learning, compensation, etc.) rather than holistically using a total rewards approach?

✔ Get Buy-In from Key Stakeholders
   To get your total rewards communication strategy rolling, you’ll need support from your organization’s key stakeholders. To establish buy-in, consider describing the ways in which you can marry enterprise goals with rewards strategies. For instance, if you can link business plans and metrics with bonus initiatives, you may find that leaders will be more responsive to the plan.
Conclusion

We hope that you’ve collected some helpful insights about how you can make your total rewards more attractive to your potential hires and existing workforce. With the tips we’ve described here, you can help employees understand the way your company’s rewards are working for them. At the same time, you’ll also drive engagement and retention by increasing the perceived value of your total rewards.

To sum up what we’ve discussed here, let’s take a quick moment to review some key concepts.

- Start by rethinking communication: use simple, accessible language and analogies to communicate total rewards to employees, and encourage managers to discuss total rewards throughout the year (as relevant) during employee check-ins.

- Depend on your managers to help identify key performers and find out which rewards their employees value most.

- Offer a total value statement to clearly illustrate the ways in which the company contributes to total compensation. For simplicity, this statement can offer examples representing large demographic groups rather than an individual approach and employees can infer from the example.

- Make it work for everyone by considering the preferred learning styles of your employees. This is a totally different point not sure it bears repeating.

- Incorporate effective communication tactics such as using eye-catching features to attract your employees and encourage them to read important messages.

- Connect the final dots by establishing a “just in time” calendar, building bridges among HR teams, and obtaining buy-in from key stakeholders.

In time, you’ll find that the frequency and clarity with which you communicate total rewards will become easier to maintain when everyone gets involved. With the help of managers, executives, and fellow HR members, you’ll be able to support a strong total rewards communication strategy that has the power to engage, attract, and retain top talent.

[Resource: Like the guide? Click here to watch the webinar version of The Employee Value Proposition]
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Tony has completed more than 200 consulting initiatives throughout his career and now serves as a Certified Human Resources Leader (CHRL) and Partner at NVision consulting. Over his 20 years of consulting, he has provided strategic guidance for a wide range of industries, including aviation, technology, hospitality, and more. Working alongside HR, Tony helps senior leaders overcome organizational challenges and leads initiatives in compensation, rewards, performance management, and other key business areas.

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