Total Rewards

Becoming a Performance Driven Organization
Total Rewards

• Informed by three elements
  – Business Strategy
  – Organizational Culture
  – Human Resource Strategy

• WorldatWork White Paper Jan 2010
Business Strategy
Begin with the end in mind . . . .

Better Service

Lower Costs

CROW WING COUNTY
Business Strategy

Performance Driven

• Balanced Scorecard
• Lean
• Annual Report

CROW WING COUNTY
**Balanced Scorecard: Internal Processes**

### Community Services Inquiries at All Reception Desks

#### Desk Inquiries 2012 - weekly

<table>
<thead>
<tr>
<th>Weekly Data</th>
<th>Social Services</th>
<th>IMI</th>
<th>Child Support</th>
<th>Vets</th>
<th>Health - WIC, TANF, Medicaid</th>
<th>RSVP</th>
<th>Customer Service Desk</th>
<th>TOTAL Inquiries per week</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-14 thru 5-18</td>
<td>150</td>
<td>450</td>
<td>83</td>
<td>86</td>
<td>135</td>
<td>15</td>
<td>200</td>
<td>1225</td>
<td>-1%</td>
</tr>
<tr>
<td>6-21 thru 6-30</td>
<td>160</td>
<td>500</td>
<td>83</td>
<td>61</td>
<td>158</td>
<td>16</td>
<td>210</td>
<td>1444</td>
<td>1%</td>
</tr>
<tr>
<td>7-23 thru 8-2</td>
<td>120</td>
<td>400</td>
<td>83</td>
<td>84</td>
<td>58</td>
<td>23</td>
<td>112</td>
<td>1323</td>
<td>-8%</td>
</tr>
<tr>
<td>9-24 thru 10-4</td>
<td>170</td>
<td>547</td>
<td>102</td>
<td>84</td>
<td>115</td>
<td>33</td>
<td>263</td>
<td>1539</td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% change from previous week</th>
<th>2%</th>
<th>-1%</th>
<th>3%</th>
<th>27%</th>
<th>89%</th>
<th>57%</th>
<th>13%</th>
<th>5%</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Total</td>
<td>758</td>
<td>297</td>
<td>303</td>
<td>84</td>
<td>113</td>
<td>31</td>
<td>263</td>
<td>1539</td>
</tr>
<tr>
<td>% per Division</td>
<td>33%</td>
<td>31%</td>
<td>31%</td>
<td>10%</td>
<td>10%</td>
<td>3%</td>
<td>28%</td>
<td></td>
</tr>
</tbody>
</table>

#### Monthly Desk Inquiries 2012

<table>
<thead>
<tr>
<th>Monthly Data</th>
<th>Social Services</th>
<th>IMI</th>
<th>Child Support</th>
<th>Vets</th>
<th>Health</th>
<th>RSVP</th>
<th>Customer Service Desk</th>
<th>TOTAL Inquiries per week</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>844</td>
<td>1323</td>
<td>33%</td>
<td>203</td>
<td>854</td>
<td>40</td>
<td>1000</td>
<td>5222</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>910</td>
<td>1222</td>
<td>42%</td>
<td>500</td>
<td>580</td>
<td>10</td>
<td>1412</td>
<td>8222</td>
<td></td>
</tr>
<tr>
<td>% change from previous month</td>
<td>9%</td>
<td>24%</td>
<td>18%</td>
<td>75%</td>
<td>-31%</td>
<td>78%</td>
<td>30%</td>
<td>17%</td>
<td></td>
</tr>
</tbody>
</table>

| YTD Total | 1760 | 4079 | 704 | 564 | 1445 | 47 | 2558 | 11393 |
| % per Division | 38% | 38% | 7% | 5% | 13% | 3% | 23% |

### Customer Service Desk Recap

<table>
<thead>
<tr>
<th>Column</th>
<th>Total</th>
<th>Customer Serviced</th>
<th>Referred to another Div/Dept</th>
<th>Total of customers stopping in</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-14 thru 5-18</td>
<td>230</td>
<td>250</td>
<td>33</td>
<td>82%</td>
</tr>
<tr>
<td>6-21 thru 6-30</td>
<td>230</td>
<td>254</td>
<td>17</td>
<td>85%</td>
</tr>
<tr>
<td>7-23 thru 8-2</td>
<td>230</td>
<td>232</td>
<td>240</td>
<td>92%</td>
</tr>
<tr>
<td>9-24 thru 10-4</td>
<td>230</td>
<td>232</td>
<td>232</td>
<td>92%</td>
</tr>
<tr>
<td>11-24 thru 12-4</td>
<td>230</td>
<td>232</td>
<td>232</td>
<td>92%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Column</th>
<th>Total</th>
<th>Customer Serviced</th>
<th>Referred to another Div/Dept</th>
<th>Total of customers stopping in</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-14 thru 5-18</td>
<td>230</td>
<td>250</td>
<td>33</td>
<td>82%</td>
</tr>
<tr>
<td>6-21 thru 6-30</td>
<td>230</td>
<td>254</td>
<td>17</td>
<td>85%</td>
</tr>
<tr>
<td>7-23 thru 8-2</td>
<td>230</td>
<td>232</td>
<td>240</td>
<td>92%</td>
</tr>
<tr>
<td>9-24 thru 10-4</td>
<td>230</td>
<td>232</td>
<td>232</td>
<td>92%</td>
</tr>
<tr>
<td>11-24 thru 12-4</td>
<td>230</td>
<td>232</td>
<td>232</td>
<td>92%</td>
</tr>
</tbody>
</table>

### Desk Inquiries - Yearly

<table>
<thead>
<tr>
<th>Year</th>
<th># of Desk Inquiries 2012</th>
<th>% of Desk Inquiries 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td>Jan</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td>Feb</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td>Mar</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td>Apr</td>
<td>5222</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>6123</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** no data
Balanced Scorecard: Internal Processes

<table>
<thead>
<tr>
<th>PERMITS ISSUED</th>
<th>CURRENT WEEK</th>
<th>01/01/12 thru 06/15/12</th>
<th>01/01/11 thru 06/15/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Permits Issued</td>
<td>91</td>
<td>913</td>
<td>768</td>
</tr>
<tr>
<td>PERMIT TYPE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Construction (New)</td>
<td>3</td>
<td>59</td>
<td>47</td>
</tr>
<tr>
<td>Septic - New</td>
<td>7</td>
<td>68</td>
<td>66</td>
</tr>
<tr>
<td>Septic Upgrades</td>
<td>5</td>
<td>25</td>
<td>24</td>
</tr>
<tr>
<td>Sheds</td>
<td>6</td>
<td>108</td>
<td>141</td>
</tr>
<tr>
<td>Additions</td>
<td>11</td>
<td>85</td>
<td>56</td>
</tr>
<tr>
<td>Driveways</td>
<td>3</td>
<td>78</td>
<td>174</td>
</tr>
<tr>
<td>WSC</td>
<td>2</td>
<td>46</td>
<td>69</td>
</tr>
<tr>
<td>Shoreland Alteration</td>
<td>9</td>
<td>60</td>
<td>25</td>
</tr>
<tr>
<td>E11 Addresses</td>
<td>7</td>
<td>95</td>
<td>59</td>
</tr>
<tr>
<td>PERMIT PROPERTY LOCATION</td>
<td>Current Week</td>
<td>YTD 2012</td>
<td>YTD 2011</td>
</tr>
<tr>
<td>Riparian</td>
<td>71</td>
<td>287</td>
<td>184</td>
</tr>
<tr>
<td>Non-Riparian</td>
<td>10</td>
<td>121</td>
<td>85</td>
</tr>
<tr>
<td>STORMWATER DATA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BMPs</td>
<td>11</td>
<td>171</td>
<td>63</td>
</tr>
<tr>
<td>Stormwater/EAP Plans</td>
<td>16</td>
<td>85</td>
<td>25</td>
</tr>
<tr>
<td>Shoreland Buffer</td>
<td>0</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Public Hearings Requiring Plan</td>
<td>0</td>
<td>Z0***</td>
<td>Z0****</td>
</tr>
<tr>
<td>CALS FOR SERVICE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Riparian</td>
<td>14</td>
<td>116</td>
<td>59</td>
</tr>
<tr>
<td>Non-Riparian</td>
<td>11</td>
<td>97</td>
<td>74</td>
</tr>
</tbody>
</table>

---

CROW WING COUNTY
Balanced Scorecard: Customer

1. During construction, traffic control was adequate and I felt I could safely travel through the construction zone.
   - Agree
   - Disagree
   - Not applicable

2. If I had any interaction with county or contractor staff, they were polite and professional.
   - Agree
   - Disagree
   - Not applicable

3. The project was a good investment and improvement that was needed, and the finished roadway is a quality product.
   - Agree
   - Disagree
   - Not applicable

4. Whether during construction or after, my overall experience has been satisfactory.
   - Agree
   - Disagree
   - Not applicable

Additional Comments:
Balanced Scorecard: Customer

Thank you for visiting a Crow Wing County Trail. Our mission is to provide you with excellent customer service. To help us measure our success, please comment on your trail experience. Your comments are important to us and we appreciate you taking the time to complete this survey!

1. Which trail are you using?

2. How did you receive information about this trail before coming today?
   - Word of mouth
   - Crow Wing County Website
   - Other

3. Please pick the best aspect(s) that apply to this trail system.
   - Scenery
   - Trail Design
   - Location
   - Accessibility
   - Condition of trail
   - Signage, maps and information

4. Please pick the area(s) in most need of improvement.
   - Scenery
   - Trail Design
   - Location
   - Accessibility
   - Condition of trail
   - Signage, maps and information
   - No improvement needed

5. Are you currently a member of an organized club or organization dedicated to this trail’s primary activity?

6. My overall experience was satisfactory.

Additional Comments:

If you are interested in receiving information and updates about this trail system and other Crow Wing County managed trails, please put your email address below and we will send you periodic updates.
Organizational Culture
You get to define it . . .
Organizational Culture

**Culture of Excellence**

- Service Excellence
- Operational Excellence
- Product Excellence
Organizational Culture

High Employee Engagement

Employee Surveys
• Quarterly Reports
• Leader Accountability
Organizational Culture

- Results
- Relationships
- Systems
- Service

4 Core Competencies

CROW WING COUNTY
Human Resource Strategy
Strategically Aligned
Market Competitive
Performance Driven

CROW WING COUNTY
HR Strategy: Strategically Aligned

– High Service/Low Cost
  • Leadership
    – Senior Management Team
    – Leadership Team
    – Leader Development
  • Employee Engagement
    – Survey, All-Staff, Lean, Recognition
  • Organizational Structure
    – Customer Centric
  • Contract language
    – Restrictive/High Cost Language
Quality Balanced Leadership

Balanced Quality Leadership

Culture of Trust

Employee Engagement

Programs, Products & Processes

Community/Customer Engagement

$ Resources

Mission Vision Values

gets

gets

gets

gets

gets more

fulfills

CROW WING COUNTY
HR Strategy:
Market Competitive Wages

– Pay Delivery System
  • Wage Ranges
  • Wage Adjustments
  • Longevity Pay
  • Promotions
  • Demotions
HR Strategy:
Market Competitive Wages

Multiple Sources

Minneapolis Public Sector Compensation

Compensation costs for state and local government workers increased 1.5 percent for the 12-month period ending March 2012.
External Drivers

• **IPMA-HR and Fox Lawson & Associates Survey:** . . . with reduced or zero pay increase budgets, employees will be unhappy and public sector organizations will be faced with concerns including how to balance the budget while managing their compensation program as well as their relationship with employees.

• **HR News Feb 2011:** Elected officials seek greater justification for their pay budgets even as budgeted amounts become limited. **They want a way to reward stronger performers and reduce amounts given to poorer performers.** The public also has become increasingly vocal about across-the-board increases for public sector employees when their own private sector jobs are eliminated and/or pay is cut.

• **MN Taxpayers Association Oct 2010:** . . . Employee wages are generally above market rates for jobs requiring lower education and below market rates for those requiring higher education.

• **Statewide County Settlement Survey:** 2009 2.6% COLA (62 counties); 2010 1.5% COLA (62 counties; 2011 .80% COLA (33 counties)
Employment Cost Index
State and Government Workers

- Data extracted on: June 10, 2011 (9:50:09 AM)
- Employment Cost Index

Series Id: CIU30100000000000A (B)
Not Seasonally Adjusted
compensation: Total compensation
sector: State and local government
periodicity: 12-month percent change
Industryocc: All workers
HR Strategy:
Market Competitive Wages

Market Based
Performance Driven

CROW WING COUNTY
HR Strategy:
Market Competitive Wages

• PAY STRUCTURE
  – ELIMINATE STEPS
  – ELIMINATE COLAS
  – IMPLEMENT PAY FOR PERFORMANCE
  – REDUCE MINIMUM PAY RATES
  – INCREASE MAXIMUM PAY RATES
  – ADDRESS LONGEVITY PAY

How Much by When?

CROW WING COUNTY
### Sample: Wage Adjustment Matrix

<table>
<thead>
<tr>
<th>PERFORMANCE</th>
<th>MIN-1/4</th>
<th>1/4-MID</th>
<th>MID-3/4</th>
<th>3/4-MAX</th>
<th>WAGE INCREASE WEIGHTED AVE.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceptional</td>
<td>6.50%</td>
<td>6.00%</td>
<td>5.50%</td>
<td>5.00%</td>
<td>5%</td>
</tr>
<tr>
<td>Exceeds</td>
<td>5.00%</td>
<td>4.50%</td>
<td>4.00%</td>
<td>3.50%</td>
<td>20%</td>
</tr>
<tr>
<td>Achieves</td>
<td>3.50%</td>
<td>3.00%</td>
<td>2.50%</td>
<td>2.00%</td>
<td>70%</td>
</tr>
<tr>
<td>Learner or Corrective Action</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>5%</td>
</tr>
</tbody>
</table>

100% total needs to equal 100%
HR Strategy:
Market Competitive Benefits

– Benefit Programs
  • Vacation/Sick Leave
  • Health / Dental
  • Retiree Benefits
  • Life Insurance
  • Disability Insurance
  • Tuition Reimbursement
Average Annual Premiums for Single and Family Coverage, 1999-2011

* Estimate is statistically different from estimate for the previous year shown (p<.05).

Average Annual Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, 1999-2011

*Estimate is statistically different from estimate for the previous year shown (p<.05).

# Crow Wing County
## Insurance Rate Comparisons
### 2011-2012

<table>
<thead>
<tr>
<th></th>
<th>Single</th>
<th>Family</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CMM</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost Share 70/30</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County Contribution/mo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Contribution/mo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Premium</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2012</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$394.80</td>
<td>$987.00</td>
<td>$1,002.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$169.20</td>
<td>$423.00</td>
<td>$429.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Premium</td>
<td>$564.00</td>
<td>$1,410.00</td>
<td>$1,432.00</td>
<td></td>
</tr>
<tr>
<td><strong>Rate is Per Medicare Eligible</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Senior Gold</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost Share 80/20</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County Contribution/mo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Contribution/mo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Premium</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2012</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$272.00</td>
<td>$282.80</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$68.00</td>
<td>$70.70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Premium</td>
<td>$340.00</td>
<td>$353.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>HSA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost Share 80/20</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County Contribution/mo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Contribution/mo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County Contribution to HSA/mo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Premium</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2012</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$183.80</td>
<td>$478.68</td>
<td>$464.26</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$77.20</td>
<td>$173.82</td>
<td>$170.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Premium</td>
<td>$261.00</td>
<td>$652.50</td>
<td>$634.50</td>
<td></td>
</tr>
<tr>
<td>Total Premium + HSA</td>
<td>$386.00</td>
<td>$869.18</td>
<td>$851.18</td>
<td></td>
</tr>
<tr>
<td><strong>VEBA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost Share 80/20</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County Contribution/mo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Contribution/mo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County Contribution to VEBA/mo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Premium</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2012</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$279.40</td>
<td>$717.88</td>
<td>$622.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$101.10</td>
<td>$233.62</td>
<td>$209.84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Premium</td>
<td>$380.50</td>
<td>$951.50</td>
<td>$832.50</td>
<td></td>
</tr>
<tr>
<td>Total Premium + VEBA</td>
<td>$505.50</td>
<td>$1,168.18</td>
<td>$1,049.18</td>
<td></td>
</tr>
<tr>
<td><strong>Delta Dental</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>80/20 Cost Share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County Contribution/mo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Contribution/mo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Premium</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2012</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$28.16</td>
<td>$75.76</td>
<td>$62.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$7.04</td>
<td>$18.94</td>
<td>$20.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Premium</td>
<td>$35.20</td>
<td>$94.70</td>
<td>$82.90</td>
<td></td>
</tr>
</tbody>
</table>
Key Strategies

- Cap Retiree Benefits (2005)
- Eliminate High Cost Health Plans (2008)
- Transition to PTO (2008)
- Add STD and Dental (2008)
- S/F Transition (2012)
Performance and Productivity

- **2009** • Service Integration
- **2010** • Balanced Scorecard
- **2011** • Lean Process
- **2011** • Employee Development
- **2012** • Performance Based pay

CROW WING COUNTY
Getting There

- The negotiating Team
- Contract Review
- Market Data
- Board Engagement
Getting There

- Proposal Development
- Communication Strategy
- Contingency Planning
Negotiating the Agreement

- Key message
- Priorities
- Mediator
Total Rewards: the rest of the story

- Recognition
  - Performance Based Pay
  - Service Awards
  - Excellence Awards

- Work-Life Programs
  - AWS
  - ROWE
Closing Thoughts

• Get the Right People on the Bus
• Confront the Brutal Facts
• Be Disciplined
• Be Courageous
• Expect Greatness
• Reward Results
Contact Information

Rachel Nystrom
County Commissioner
Cell: 218-330-3385
Rachel.Nystrom@crowwing.us

Tamra Laska
Human Resource Director
218-824-1019
Tamra.Laska@crowwing.us

Timothy J. Houle
County Administrator
218-822-7019
Tim.Houle@crowwing.us
Total Rewards in the Public Sector

An Opportunity for Integration and Communication

By Jim Stoeckmann, CCP, and Karen Kelley
# Table of Contents

<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Executive Summary</td>
</tr>
<tr>
<td>4</td>
<td>Methodology</td>
</tr>
<tr>
<td>6</td>
<td>Findings</td>
</tr>
<tr>
<td>12</td>
<td>Conclusion</td>
</tr>
<tr>
<td>15</td>
<td>Appendix: Focus Group Questioning Route</td>
</tr>
<tr>
<td>16</td>
<td>Appendix: Focus Group Participants</td>
</tr>
</tbody>
</table>
Executive Summary

In October 2009 WorldatWork conducted a series of focus group meetings with total rewards professionals working in the public sector. The purpose of these meetings was twofold: To validate the total rewards model, as perceived by public-sector employees, and to identify similarities and/or differences in how total rewards is applied in the public sector versus the private sector.

The results of these focus group meetings revealed that the total rewards model, as published by WorldatWork in 2003 and widely used within the private sector, resonates well and applies equally among public sector HR professionals. Additional similarities — as well as several dissimilarities — were revealed during the course of the focus group meetings.

Similarities with the Private Sector

Along with facing core objectives like those of the private sector in attracting, motivating and retaining talent, the public sector also faces similar implementation challenges in using the total rewards model. Focus group attendees also identified the same core reward elements (i.e., compensation, benefits, work-life, performance and recognition, and development and career opportunities) as their private-sector counterparts when describing their view of managing public-sector rewards programs.

The vision of achieving greater synergy through an integrated implementation of total rewards is another significant challenge — and opportunity — shared between public- and private-sector employers.

Communication was identified as a key to success in implementing a total rewards philosophy in the public sector in several ways:

- Engaging front-line leaders to gain their understanding and ownership for deploying the model
- Ultimately connecting with employees to optimize their perceived value of the public-sector organization’s total rewards investment.

As in the private sector, ongoing focus is required with each of these public-sector audiences — and others — to inform and reinforce improved understanding and appreciation of the total rewards philosophy.

The total rewards model, as published by WorldatWork in 2003 and widely used within the public sector, resonates well and applies equally among public sector HR professionals.
Dissimilarities with the Private Sector
While participants were clear about the term “total rewards” and understood the purpose of total rewards in practice, the focus-group meetings revealed that some of the terminology used to express and describe the total rewards model (e.g., business strategy, variable pay, rewards) may be used in slightly different ways. Additionally, total rewards program elements within public-sector HR organizations tend to be managed in disparate functions, with some elements managed outside of the HR function.

Regardless, most participants expressed a belief that the aforementioned example terms are applicable in describing the principles defined in the total rewards model in a public-sector application. Indeed, it should be noted that many participants volunteered recent successful experiences in introducing the concept of running government as a business.

Finally, public-sector organization cultures and diverse stakeholder groups (i.e., unions, elected officials, the public, career employees) create special challenges in the governance, design and implementation of a total rewards strategy. While these concerns may be unique to the public sector, the idea that culture serves as a fundamental driver to the successful application of a total rewards strategy is a central tenet of the model.
Methodology

In the fall of 2009, WorldatWork invited 94 public sector HR professionals to participate in focus-group sessions to:

- Validate the total rewards model as perceived by public sector employees
- Identify similarities and/or differences in how total rewards is applied in the public sector versus the private sector.

Over the course of two weeks in October 2009, WorldatWork conducted six 90-minute focus-group sessions via Web conferencing. Of the 94 invitees, 65 participants logged into one of the six sessions. Of those 65 participants, eight logged off the call within 30 minutes. Four of the participants who logged off early were from the federal sector. Finally, 57 participants attended an entire focus group session. Thirty-two of these participants (56%) held a WorldatWork certification. None of the participants who logged off early held a certification with WorldatWork.

At the beginning of each session, participants were asked to write down the five most important HR-related activities associated with attracting, motivating and retaining employees. These responses were set aside for use later in the meeting. Next, two discussion questions were introduced:

- What does the term “total rewards” mean to you?
- How does total rewards apply to your work?

After introducing the discussion questions, the WorldatWork Total Rewards Model was presented to participants. The group was then asked to comment on:

- What makes sense in the model
- Aspects of the model that are challenging to reconcile in their (public sector) environment.

Next, participants were asked to place the HR tasks they had written down at the beginning of the session into one of five columns representing each total rewards element (i.e., compensation, benefits, work-life, performance and recognition, and development.

At the beginning of each session, participants were asked to write down the five most important HR-related activities associated with attracting, motivating and retaining employees.
and career opportunities). At the end of the session, the audience responded to five statements. (See “Five Statements Related to the Total Rewards Model.”) Results from the statements appear later in this report.

**FIVE STATEMENTS RELATED TO THE TOTAL REWARDS MODEL**

Focus group participants were asked to respond to five questions:

- The WorldatWork total rewards model makes sense to me.
- People like me will be able to apply the total rewards model to their jobs.
- I would find it helpful to refer to the total rewards model in describing total rewards to senior leadership.
- I would find it helpful to refer to the total rewards model in describing total rewards to managers and supervisors.
- I would find it helpful to refer to the total rewards model in describing total rewards to employees.

Response options for the polling questions were:

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree.
Findings

Total Rewards: Definition and Intention

Participants were clear about the term “total rewards” (though many used different terminology, such as “total compensation”) and understood the purpose of total rewards (to attract, motivate and retain employees). When asked what the term “total rewards” means, responses included:

- All aspects of pay, benefits and anything that employees feel is of value
- The combination of all rewards — both monetary and nonmonetary
- A competitive package that enables an organization to leverage itself as an employer of choice
- The entire list of remuneration and recognition tools offered by an employer.

Participants understood that total rewards elements are intended to be used holistically, though many said they often felt constrained by one or more of the following factors:

- Organizational environment
- Stakeholders
- Employee expectations
- The current economic landscape.

As expected, participants holding Certified Compensation Professional (CCP) and/or Certified Benefits Professional (CBP) designations were the most familiar with concepts related to the design and administration of total rewards.

The Context of Total Rewards

A total rewards strategy is informed by three elements:

- Organizational culture
- Business strategy
- Human resource strategy.

In reviewing the total rewards model, participants felt that the context of the model might be overlooking several external factors as well as several important stakeholders:

- External factors
  - Citizens’ needs and desires
  - Responsibility to the public
  - Stakeholders
    - Elected officials
    - Taxpayers
    - Unions.

Of note, private-sector focus groups also identified additional external factors that are not explicitly called out in the total rewards model, including economic conditions, the labor market, customers, and legal and regulatory requirements. However, the total rewards model is not intended to be exhaustive; additional external factors — whether for the public or private sectors — are acknowledged as important. WorldatWork recognizes that practitioners must take these factors into consideration as they design and administer programs.

Business Strategy

The total rewards model references “business strategy.” While a few focus group participants objected to the term, most participants viewed the concept of running government as business quite favorably, while at the same time admitting that others in the public-sector environment (e.g., other departments, employees) may disagree.
None of the participants expressed confusion by the term. When asked for suggestions for an alternate term, most selected “organization strategy”:

- Many public sector activities have social impact as their objective, whereas in the private sector it is about profit maximization. So ‘business’ means different things to the public and private sectors. How about the phrase ‘organization strategy’?
- Using ‘organization strategy’ might be more relevant in the public sector.

When asked, “Are you comfortable with the term ‘business strategy,’ as used in the model?” one participant replied, “We are trying to get there, but it’s been difficult for some departments, such as HR.”

**Leveraging Total Rewards Elements**

Focus-group participants indicated use of all aspects of total rewards. The assumption that public-sector participants would rely almost exclusively on compensation and benefits to the exclusion of other total rewards elements was found to be untrue. In fact, practitioners were keenly aware of the need for total rewards offerings:

- The total rewards concept is critical in my organization, as the only cash compensation element available for employees is base salary.

While not all participants represented organizations in which base salary was the only cash compensation available, all participants were highly conscious of resource and environmental constraints that made the use of total rewards desirable.

Among the elements discussed, development and career opportunity programs including learning events and other training were common, as was formal succession planning. Work-life, recognition and pay-for-performance elements seemed to be the most popular ways of supplementing basic compensation and benefits offerings. Finally, several focus group participants nominated a new and novel “total reward”: effective supervisors and managers.

**Development and Career Opportunity Programs**

Career mapping tools are gaining prominence as a way to communicate and guide employees and their managers through productive discussions of career advancement opportunities and to facilitate development planning discussions. This is in response to the growing recognition that employees place a high value on an organization’s ability to demonstrate commitment to employee advancement.

**Succession Planning**

The wave of Baby-Boomer retirements has been much anticipated by public-sector organizations for some time. Many believe that as the economy improves this retirement wave will hit. Accordingly, many participants described significant efforts devoted to planning for succession to identify and develop appropriate replacements for key positions in their organizations.

**Work-Life**

Many work-life programs were represented among the participants, but flexible work schedules were the most common and valued among employees. Other work-life programs used include telework, convenience services and incentives for healthy behavior.

Comments about work-life options indicated that some organizations are fully onboard (“Work-life is by far the most important element other than compensation and benefits”), and some are lagging (“Work-life balance programs are not fully utilized”). There was discussion around the difficulty of obtaining upper management’s buy-in for “softer” rewards. Participants who use work-life elements successfully shared some observations:

- A selling point can be that soft (i.e., work-life alternatives) may save hard cash. As in, offering a couple days per week of telework that someone may find more valuable than a few thousand dollars of salary.
- A skilled HR person will be able to use the mix of alternative rewards to match employee wants at a fiscally responsible level.

**Recognition**

Recognition programs are in use, but many participants said employee acceptance of these programs was difficult to achieve, and achievement required a significant culture change in the organization. Of those who offered recognition, only half felt the programs were unequivocally successful. Positive comments included:

- Most employees are happy with recognition of their work. Often our rewards are nonmonetary.
- In times of limited budgets, recognition just makes sense to keep employees motivated and engaged.

Some participants noted that designing recognition programs requires creativity in defining approaches that fall within funding or statutory limits. Still, other participants felt that recognition programs were not working in their organizations.
While programs do exist, they don’t seem to be used enough to be effective.

We have a recognition program and our employees don’t value it.

Both employee and employer suspicion about recognition programs seemed to be the main stumbling block:

Recognition is overrated in the public sector. Since they have very little money to provide real compensation, they think you will be happy and satisfied with a little ‘recognition.’

Recognition programs can become entitlements.

Participants with successful recognition programs observed that their initiatives were not necessarily met with enthusiasm, but often required some culture change — and patience.

Pay for Performance

Pay for performance was frequently mentioned as a challenge, but also as a goal. Unions often were cited as the reason for not offering pay for performance:

We cannot offer pay for performance due to union constraints. We also are unable to experiment with different offerings due to the same roadblock.

Aside from unions, pay for performance is seen as difficult to implement because supervisors struggle with setting goals, evaluating performance, using limited resources to truly differentiate when it’s time to divide the monetary pool and overcoming a culture in which tenure trumps performance.

It is difficult to get supervisors to set good goals and review performance.

Supervisors and raters are struggling with a system that gives final control to groups outside the work unit, and employees feel that their work is not fairly evaluated and pay is not reflective of their performance.

Part of the success or failure of pay for performance is the evaluation tool and the amount of (monetary) resources so that there is a true difference in the reward.

The public sector gives more credence to tenure than to performance.

It is well worth noting that these differences are commonly encountered by pay-for-performance organizations in the private sector. Rewarding top performers can be made difficult by unwieldy performance appraisal processes, timid or undertrained managers, suspicious employees and unwillingness (for any number of reasons) to truly differentiate and reward according to performance. The private sector may be a few years ahead of the public sector in terms of renegotiating the employer/employee contract (e.g., no more merit raises based solely on attendance), but transformation from a tenure- to a performance-based system was not without some significant pain and culture change.

Managers as Part of Total Rewards

In several sessions participants mentioned the idea of good managers and supervisors as a valuable part of an employee’s total rewards package. While managers are not part of the total rewards model, it is true that this group is an integral part of an employee’s relationship to an organization. Do managers attract, motivate and retain the talent an organization needs to meet its goals? It would be difficult to prove otherwise.

Comments Regarding Total Rewards in the Public Sector

The Public as a Stakeholder

Participants were highly conscious of the public as a major stakeholder. Some said that management preferred to focus on compensation and health-and-welfare benefits because citizens find it hard to justify spending tax dollars on what they consider “softer” rewards.

Our salaries tend to be very competitive, for the most part. The tax base here is extremely critical of the pay and benefits.

Public-Sector Culture

Participants expressed some frustration with the public-sector culture, with one person noting that a “‘Good enough’ mentality prevents us from forging ahead.” Also, organizational leadership was not always seen as being interested or informed about issues surrounding total rewards.

I am responsible for developing and designing a large portion of the total rewards programs offered in our organization — that includes convincing management of their value and of our readiness for implementation. That’s tougher sometimes than coming up with the ideas to begin with!

Unions also were cited as having significant influence on what organizations could offer employees in terms of rewards:
We are limited in what we can offer, primarily due to union contracts and also public perception at times.

Additionally, employee attitudes were seen as deeply influencing the success of total rewards initiatives. Several participants noted that actively targeting employee engagement as a goal for organizations was being overshadowed by finger pointing and accusations of employee entitlement.

Employees with long tenure do not always appreciate new programs that are made available.

Any changes to the existing benefit package are always seen as takeaways because we have always provided so well. The days of the ‘company store’ are numbered.

Quite often it’s an entitlement mentality that drives our employees — rather than their being engaged. What have we done for them lately versus how they can assist in getting us there.

Employee engagement as a goal has not yet been addressed. More often there are complaints about the employee’s ‘entitlement’ attitude.

Scope and Changing Nature of the Public Sector
Participants often mentioned that the public sector is organizationally complex and extraordinarily vast. This complexity can make rewards integration seemingly impossible:

While the model is good, we are so segmented that it is difficult to get the various HR areas to work holistically — my gain is someone else’s loss.

In the federal government, one of the questions we continue to struggle with is, ‘Are we a single employer or multiple employer?’ This is exacerbated by the breadth of missions (businesses) we undertake across government.

I don’t think it’s just a federal issue — even cities have multiple ‘businesses.’

Aside from vast, decentralized organizations, the public-sector rewards professional also has to deal with frequent change due to transitions of elected officials and leadership.

With transition comes different emphasis on what is most important and where resources will be allocated. Changing strategy and maintaining continuity may pose challenges.

Talent: Where Private and Public Sectors Converge
Participants are aware of and concerned about the need for talent. When prompted to consider the talent pool and competition, one participant asked, “Who are the competitors of the federal government?”

Commonly, there was some groaning as participants considered the answer: the private sector. There was an awareness of the need to pay attention to market survey information from the private sector, as this is where current employees may go and from where future employees may come.

Several participants noted that the current economic environment created a windfall of talent as employees lost their public-sector jobs. Still, there was an awareness that this talent shift might be a passing phenomenon.

We are actually receiving better quality candidates with the down economy because some really great folks have lost their jobs. Government seems like a better proposition when you’ve been banded a pink slip. We have hired some solid, even over-qualified, people who have now bought into service over compensation, for now. We’ll see how long that lasts.

In one focus group, the conversation turned to market data when a participant asked where to get information about private-sector competitors that will help make decisions in the public sector. Other participants suggested the U.S. Department of Labor (DOL) and local surveys as other sources. Custom surveys also were suggested; their expense might be worthwhile if the jobs had significant impact on payroll budget.

It was noted that DOL data usually are not as current as private-sector data, and participants agreed that it is crucial to have well-trained HR staff available to work with market data.

Having skilled HR employees who know how to work the data and do the benchmarking and slotting that is required has been a problem for a lot of public-sector compensation analysts.

Five Statements Related to the Total Rewards Model
At the end of each focus group session, participants were presented with several statements related to the total rewards model. (See Figure 1.) Participants found the total rewards model progressively less useful as they moved through the hierarchy from executive to level and employee levels. Reasons for diminishing effectiveness might include:
Ownership issues. These stakeholders don’t share/understand/own the philosophy.

Language issues. Stakeholders might see the model as too technical/HR speak.

Operational issues. It can be difficult to roll out the model due to silos.

When asked why it is more difficult to use the model when communicating to employees than to managers and supervisors or senior leadership, participants provided several observations:

I’m sure employees want to know that we’ve considered them, but I think they want to be the ones telling us (the compensation folks) what we should be caring about (i.e., change the direction the communication is coming from).

Goes back to the trust factor. They don’t believe it is in their interest. They think it is just an excuse to not give them something.

They don’t care about the big picture in many cases. They are strictly interested in their pay and benefits, and that they are compensated comparably when they speak with their peers.

As you move up the ladder, the total rewards model may make more sense. Don’t forget Maslow!

It is worth noting that the responses to the statements among public-sector practitioners are consistent with responses gathered from private-sector practitioners in prior focus groups. As a point of comparison, Figure 2 shows the percent of practitioners who did not agree with statements about the total rewards model, broken out by private- and public-sector participants.

From this perspective, it appears that public-sector practitioners actually find the model more sensible than private-sector audiences. Also, public-sector practitioners may be able to apply the model to their jobs and use it to describe total rewards to senior leadership more readily than their public-sector counterparts.

### FIGURE 1: Polling Question Results

<table>
<thead>
<tr>
<th>The WorldatWork Total Rewards Model makes sense to me.</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>58%</td>
</tr>
<tr>
<td>Agree</td>
<td>40%</td>
</tr>
<tr>
<td>Neutral</td>
<td>2%</td>
</tr>
<tr>
<td>Disagree</td>
<td>–</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>People like me will be able to apply the total rewards model to their jobs.</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>30%</td>
</tr>
<tr>
<td>Agree</td>
<td>57%</td>
</tr>
<tr>
<td>Neutral</td>
<td>11%</td>
</tr>
<tr>
<td>Disagree</td>
<td>2%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>I would find it helpful to refer to the total rewards model in describing total rewards to senior leadership.</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>42%</td>
</tr>
<tr>
<td>Agree</td>
<td>40%</td>
</tr>
<tr>
<td>Neutral</td>
<td>16%</td>
</tr>
<tr>
<td>Disagree</td>
<td>2%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>I would find it helpful to refer to the total rewards model in describing total rewards to managers and supervisors.</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>26%</td>
</tr>
<tr>
<td>Agree</td>
<td>54%</td>
</tr>
<tr>
<td>Neutral</td>
<td>13%</td>
</tr>
<tr>
<td>Disagree</td>
<td>7%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>I would find it helpful to refer to the total rewards model in describing total rewards to employees.</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>14%</td>
</tr>
<tr>
<td>Agree</td>
<td>62%</td>
</tr>
<tr>
<td>Neutral</td>
<td>7%</td>
</tr>
<tr>
<td>Disagree</td>
<td>17%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>–</td>
</tr>
</tbody>
</table>
When asked if they would find the model more useful in describing total rewards to managers and supervisors, the public sector still responded more favorably than the private sector even though the percent that disagree or strongly disagree are considerably closer. When using the total rewards model to describe total rewards to employees, public- and private-sector participants found it almost equally useful. Most public-sector participants agreed:

The model is logical. A basic operational concept for a successful organization is to match the goals of its employees to the goals of the organization. As employee needs, wants and goals differ ... the greater mix of alternative forms of recognition and rewards offered by an organization gives the organization a better choice of finding motivating and rewarding enticements for employees.

Employees are frequently unaware of the true cost of benefits, work-life programs, professional development, so the model offers an opportunity to educate them in a broader perspective.

I'm familiar with the model, but have not seen it used in our culture. There is a tendency to be reactive rather than strategic in developing programs.

If employees are upset with pay or benefits when they are comparing to the market, the model helps show how well off they usually are (e.g., no co-pay on benefits).

Closing Comments from Participants
WorldatWork thanks the public-sector focus-group participants for their thoughtful responses and willingness to share their experiences in the interest of furthering their profession and the practice of total rewards. Following are additional comments:

The total rewards concept is critical in my organization, as the only cash compensation element available for employees is base salary.

In these tough economic times ... it's critical that we are able to utilize things other than salary increases to attract, motivate and retain.

We've found that, as budget constraints have become more prominent in recent years, the concept of total rewards has become more dominant in giving employees a fuller appreciation for rewards beyond merely compensation.

Isn't one of the main purposes of total rewards to communicate to the employee what is in it for them and whether we have the right balance to make them want to be here?

| FIGURE 2: Disagreement with the Total Rewards Model, by Private and Public Sector |
|-------------------------------------------------|-----|-----|
| Percent who disagree or strongly disagree       | Private Sector | Public Sector |
| The WorldatWork Total Rewards Model makes sense to me. | 8.4% | 0    |
| People like me will be able to apply the total rewards model to their jobs. | 9.2% | 2.1%|
| I would find it helpful to refer to the total rewards model in describing total rewards to senior leadership. | 11.7% | 2.3%|
| I would find it helpful to refer to the total rewards model in describing total rewards to managers and supervisors. | 12.0% | 7.6%|
| I would find it helpful to refer to the total rewards model in describing total rewards to employees. | 16.9% | 16.6%|
Conclusion

Total rewards as a strategic construct for optimizing an organization’s rewards investment to maximize success in attracting, motivating and retaining talent is not a new idea. It has been evolving in at least the past two decades before attaining its current primacy as the model of choice for total rewards professionals.

The evolutionary path for the model in the private sector began with a singular focus on cash compensation. This expanded in the 1980s to include greater emphasis on both variable pay and benefits. “Compensation and benefits” was a typical functional title well into the 1990s for the HR professional charged with responsibility for managing these programs. Beginning in the ’90s, work-life programs were added to this portfolio to recognize that the workforce had increasingly complex and specialized needs and expectations that went beyond pay and benefits.

In the current decade, the idea that success for an employer in sustaining a persuasive value proposition capable of engaging the talent necessary to succeed as an organization has depended on the comprehensive and holistic application of a very diverse set of employee programs and services. Among these — in addition to pay, benefits and work-life — are performance, recognition, and development and career opportunity. As a whole, these programs are understood to be the elements of a total rewards strategy from which an organization can craft an appropriate mix or package of rewards programs that enable their success in today’s challenging talent market.

The public sector also has seen an evolution in the way rewards are considered. Again, the primary focus originally was pay. Attention in the past two decades has been increasingly given to enhancing flexibility, incorporating opportunities for recognition and rewards linked to performance, and enabling additional pay flexibilities. Benefits programs have remained very strong, though typically they have been viewed as separate from pay. In recent years, work-life initiatives (e.g., telework) have matured into ongoing programs. Finally, an emphasis on career paths and consideration for career development and succession planning is occurring due, at least in part, to the anticipation of a wave of baby-boomer retirements.

Each of these programs and initiatives represents an emerging view that the attraction, motivation and retention of talent requires more than just pay. Full acknowledgement of the total rewards model may not yet be the prevailing view, but there does appear to be recognition that a more comprehensive approach is required. Indeed, U.S. Office of Personnel Management Director John Berry’s vision of making “the federal government the model employer in the United States” may serve as a timely endorsement for this idea.

Culture Shift

While the private and public sectors may have pursued somewhat different paths to this regnant view, they each are progressing toward an approach for managing rewards that can capitalize on the strengths of a comprehensive model such as the total rewards model. The model’s fundamental concepts resonate across the community of rewards practitioners in both public- and private-sector organizations. It is commonly accepted that a thoughtful and well-crafted total rewards strategy is a key to successfully attracting, motivating and retaining talent. The idea that the total rewards strategy must align with the business strategy, mission, and characteristics and needs of the workforce appears to be well accepted.
Support for the idea that a total rewards strategy can influence a positive dynamic balance between employee satisfaction and business success also appears strong.

However, implementation of a total rewards philosophy represents a cultural shift for any organization. And few organizations (if any) can claim to be “there.” Organizations considering a move in this direction could learn from others that have already started the journey. Key steps along the path to successful adoption of a total rewards philosophy include:

- **Leadership buy-in.** Leadership understanding and sponsorship is a necessary precondition for a total rewards approach to be fully realized. Senior leadership has the sole authority in an organization to make investment decisions, and this is fundamental to the view that total rewards programs must be evaluated and managed as investments of an organization’s scarce resources.

- **Communication.** Leadership also is responsible for initiating and reinforcing messaging to the organization that is consistent with its selected total rewards strategy. The subtle but critical cues to the organization that the offer is about much more than just money can only be communicated effectively if leadership truly understands and embraces this premise.

  In the same vein, communication overall has a determinative effect on the success of any cultural change, and total rewards is no different. Several constituencies and channels should be considered for an effective total rewards communication strategy. (See “Constituencies and Channels to Consider in Communicating Total Rewards.”)

- **Return on investment.** Leveraging the full total rewards investment requires organizations to consider return on investment (ROI) in evaluating rewards programs. This begins with a full

### CONSTITUENCIES AND CHANNELS TO CONSIDER IN COMMUNICATING TOTAL REWARDS

As stated, communication has a determinative effect on the success of total rewards. Consider the following audiences when developing an effective total rewards communication strategy.

**Employees**

Communicating from an employee perspective might consider a typical career lifecycle: How is total rewards represented:

- In recruiting?
- At offer?
- During onboarding?
- At event-based transactions (e.g., promotions, appraisals, marriage, adoption)?

The way an employee understands and perceives an organization’s total rewards offering at each of these career lifecycle events will inform their decisions and motivation to join and stay with the organization.

**First-Line Leader**

The importance of the first-line leader cannot be overstated. In effect, the first-line leader is “the organization” from the individual employee’s perspective. As such, these leaders are of critical importance in influencing employee perception and satisfaction with pay, career development, recognition, work-life and benefits programs. Perhaps even more fundamentally, the front-line leader creates (or at least significantly influences) the work environment. As one focus-group participant noted, the front-line leader may, in fact, be a component of a total rewards strategy.

**HR Organization**

One of the more fundamental yet difficult factors for enabling total rewards communication is the organizational structure of the HR organization itself. Rewards programs tend to be managed in silos, particularly in larger organizations. Yet organization structure is a natural derivative of organization strategy. As such, if there is to be an effective total rewards strategy, it can only follow that there needs to be an organizational alignment that promotes easy integration of those functions and resources responsible for managing the elements of total rewards. Only then can total rewards decisions concerning investment, ROI and communication truly be managed in a coherent and coordinated fashion.
appreciation by the organization of the line-item investment in each program and service related to total rewards. Accounting for each of these line-item investments enables an organization to see its full investment in total rewards and evaluate changes to the total rewards strategy based on ROI. Viewing total rewards from an ROI perspective combined with leadership sponsorship can have a profound effect on an organization’s ability to capitalize on and sustain the model.

Opportunities to leverage. While the paths taken to total rewards by the public and private sectors each have varied, it appears that the time is right for total rewards as a philosophy to be further leveraged in the public sector. Public-sector organizations aspiring to become employers of choice are finding that a total rewards strategy offers both a viable and potent solution for achieving this goal. Yet full deployment of a total rewards approach represents a significant change for public-sector organizations — as it has for private-sector organizations. This change requires the active engagement of leadership, front-line leaders and HR organizations to realize the implications and benefits of a total rewards philosophy, and to act with the objective of fully optimizing the total rewards investment.

Taking the First Step
While few private-sector organizations and perhaps even fewer public-sector organizations are “there,” some have achieved great success. The journey to total rewards begins with a single step. The model suggests that this step may simply be in the recognition that attraction, motivation and retention is best influenced through a holistic appreciation for the full value of the total rewards investment. This perception may present a strikingly new paradigm for many.

Seen through the eyes of different stakeholders (i.e., employees, front-line leaders, HR, top leadership), the perception will manifest in different ways. Yet nearly all the participants in the WorldatWork focus groups reported that the total rewards model resonated well in the public-sector environment. While there are many approaches and some organizations are farther along in the journey than others, the total rewards model already is being deployed by many public-sector organizations.
Appendix: Focus Group Questioning Route

Discussion
- What does the term “total rewards” mean to you?

Discussion
- How does total rewards apply to your work?

Presentation
- Presentation of total rewards model.

Discussion
- What makes sense in the model?
- What is challenging to reconcile in your environment (if anything)?

Activity
- Participants place self-identified activities (the five most important HR-related activities associated with attracting, motivating and retaining employees) in the model (using whiteboard).

Polling Questions
- This model makes sense to me.
- People like me will be able to apply this model to their jobs.
- I would find it helpful to refer to this model in describing total rewards to senior leadership.
- I would find it helpful to refer to this model in describing total rewards to managers and supervisors.
- I would find it helpful to refer to this model in describing total rewards to employees.
Appendix: Focus Group Participants

WorldatWork thanks the focus-group participants for their generosity in sharing their thoughts and experiences as total rewards professionals in the public sector.