



COMPENSATION ROUNDTABLE®

WHAT THE BEST COMPANIES DO™

# INCENTIVE STRATEGIES FOR 2009 AND BEYOND

*Getting the Most out of Traditional and Nontraditional Incentive Programs and Investments*

FOR QUESTIONS AND INFORMATION,  
PLEASE CONTACT

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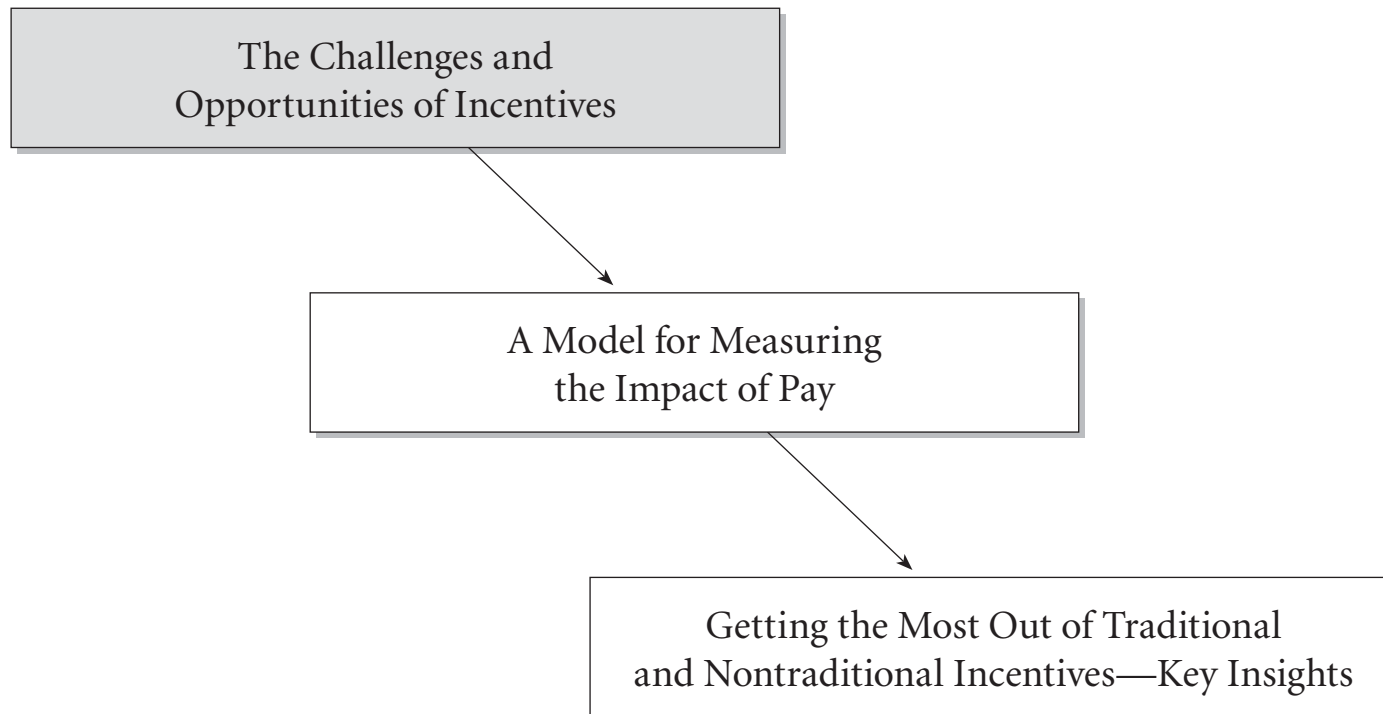
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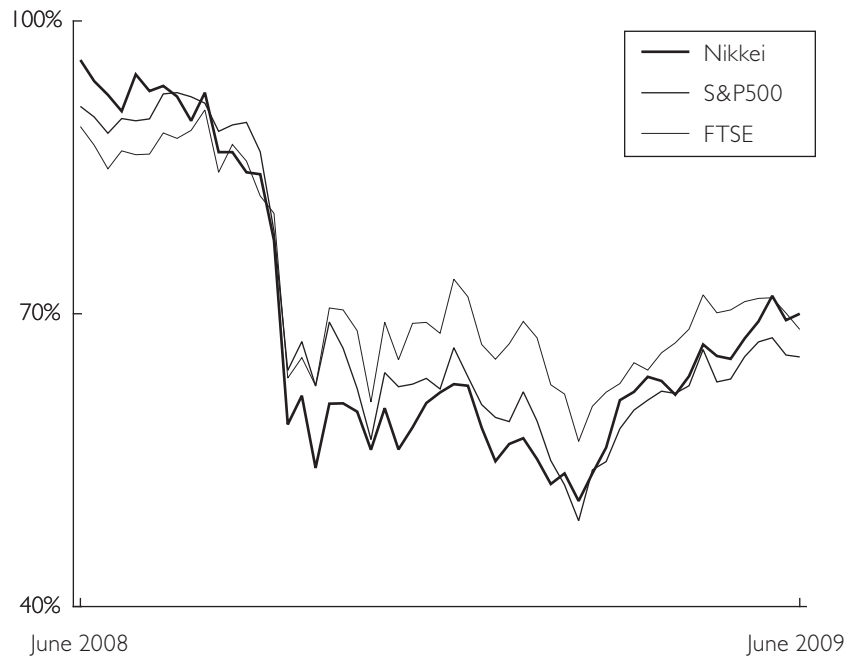
# INCENTIVE STRATEGIES FOR 2009 AND BEYOND



# CUTS TO PAY WIDESPREAD

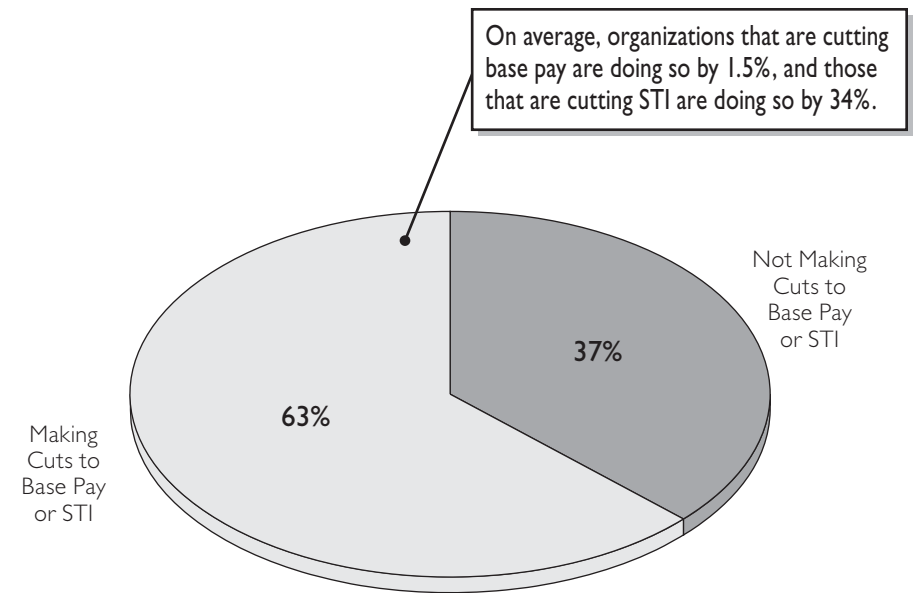
**A difficult business environment...**

Percentage Decrease in Share Price, June 2008 to June 2009



**...has forced a significant number of organizations to reduce base or variable pay**

Percentage of Organizations Reducing Base Pay or STI Amount, 2008 to 2009

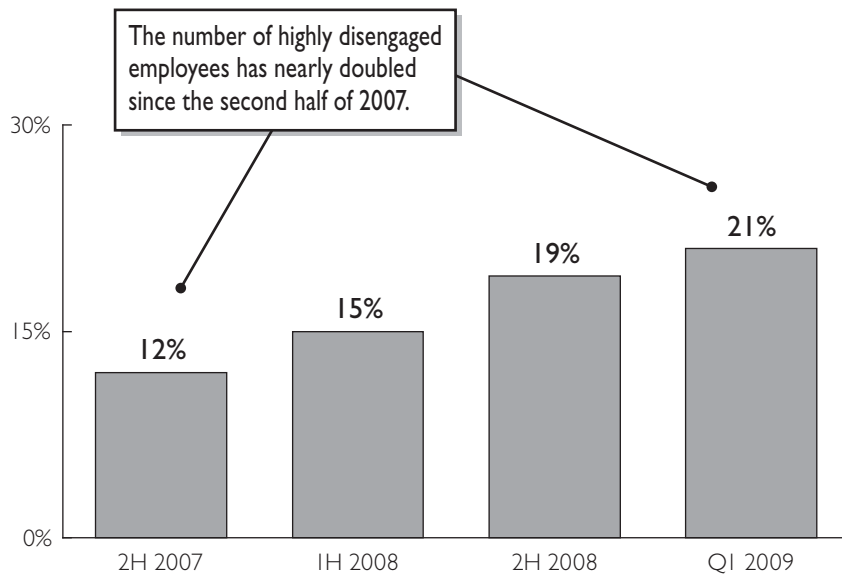


Source: MSN Money; Compensation Roundtable research.

# A NEGATIVE IMPACT WHERE IT MATTERS

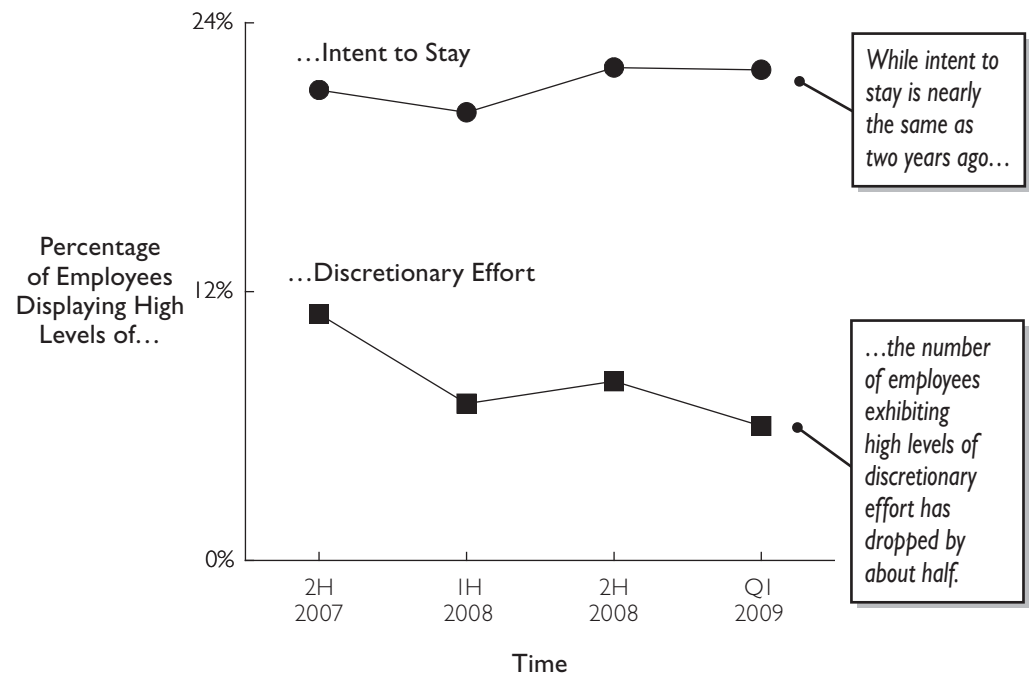
**Employee disengagement accelerated in the economic downturn...**

Percentage of Employees That Are Highly Disengaged



**...leading to declines in employee effort and productivity**

Employee Engagement Trends<sup>1</sup>



## A DROP IN PRODUCTIVITY

The decline in employee engagement is decreasing overall productivity by 3–5%.

<sup>1</sup> High scores on intent to stay and discretionary effort reflect an average response of "strongly agree" for these measures.

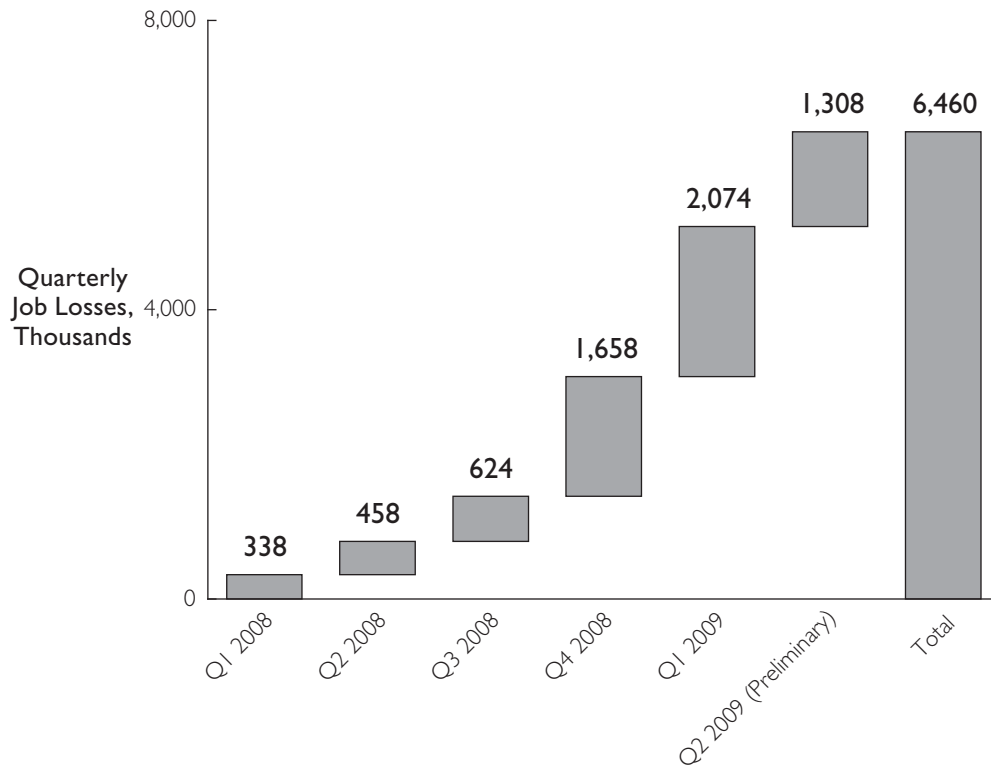
Source: Corporate Leadership Council research; Compensation Roundtable research.

# RELYING ON THE “SURVIVORS” TO SURVIVE

**Layoffs continue to remove employees from the workforce...**

**...leaving those that remain to do more work than ever**

United States Job Losses, 2008–2009



### Although Some People Are Gone, the Work Remains...

“This is probably the most critical year for our company. We have a clear sense of urgency and...must move this company forward...”

Robert Jackson  
President and CEO,  
Tiomin Resources

### ...Increasing Reliance on Remaining Individuals

- 47% of workers reported they have taken on more responsibility because of a layoff.
- 37% percent said they are handling the work of two people.

Careerbuilder.com survey, May 2009

Source: Bureau of Labor Statistics; Forbes; <http://finance.yahoo.com/news/Tiomin-CEO-Outlines-Corporate-ccn-2321902065.html?x=0&.v=4>; [http://money.cnn.com/2009/06/03/news/economy/more\\_work/index.htm](http://money.cnn.com/2009/06/03/news/economy/more_work/index.htm) (25 June 2009); [http://money.cnn.com/2009/06/03/news/economy/more\\_work/index.htm?postversion=2009060508](http://money.cnn.com/2009/06/03/news/economy/more_work/index.htm?postversion=2009060508) (25 June 2009); Compensation Roundtable research.

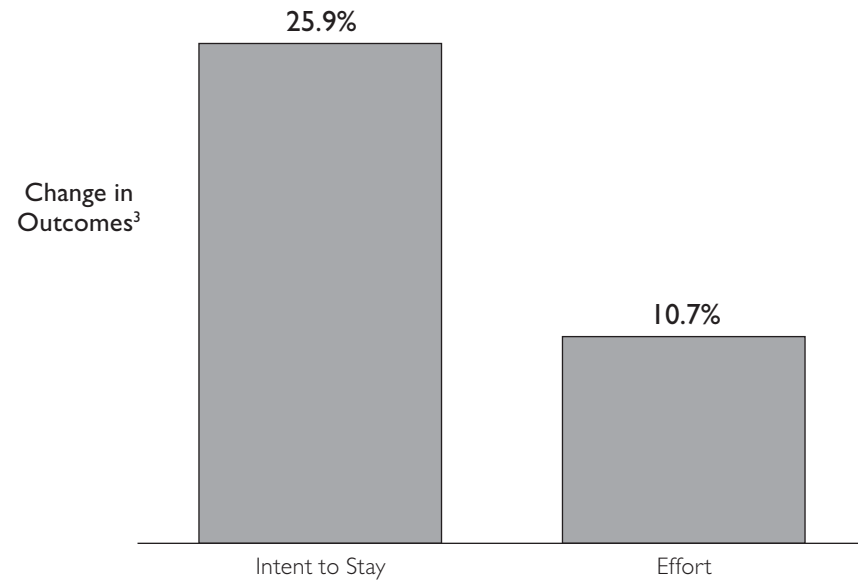
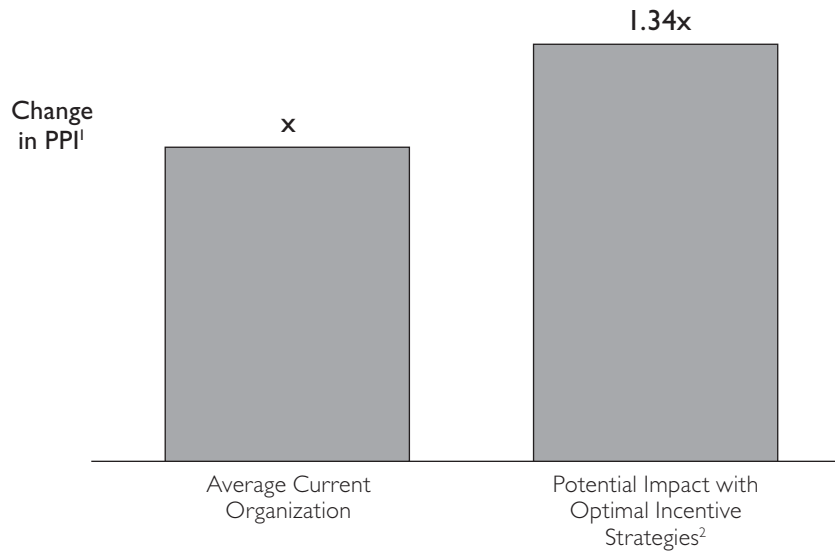
# A GREAT OPPORTUNITY

**The average organization has an opportunity to increase pay perceptions by 34%...**

**...and as a result increase intent to stay by more than 25% and effort by more than 10% through more effective incentive approaches**

Potential Impact of Optimal Incentives Strategies on Pay Perceptions

Impact of Pay Perceptions on Intent to Stay and Effort



<sup>1</sup> Change in PPI is the percentage increase or decrease of the average PPI score for an employee. A 5% increase in PPI leads to a 3.9% increase in the employee's intent to stay and a 1.6% increase in effort.

<sup>2</sup> LTI's contribution to total impact is likely understated.

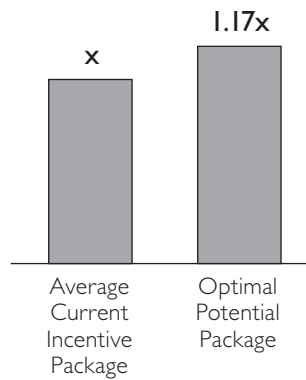
<sup>3</sup> Measured as the percentage change in the average level of the employee's intent to stay and effort indices.

Source: Compensation Roundtable research.

# THREE CHALLENGES TO OVERCOME

## #1: Designing Traditional Incentives for All Economies

Impact of Traditional Incentives  
PPI



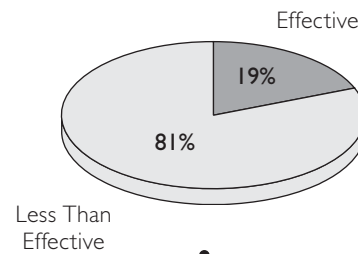
### MAKING THE MOST OF WHAT WE HAVE

“Any of our vehicles seem to be under pressure, and even though we use them, their values are going down. Both the number of awards is going down as well as the award sizes themselves, so we have to make the most of what we have.”

Director of  
Compensation  
Advertising and  
Marketing Company

## #2: Using Nontraditional Incentive Vehicles Effectively

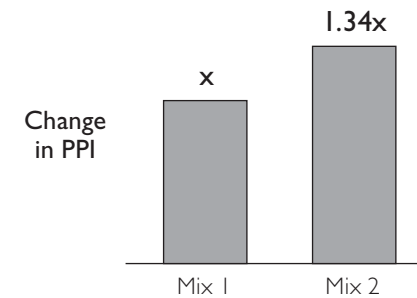
Perceived Effectiveness of Reward and Recognition Programs  
Percentage of Compensation Executives



Although most organizations have a reward and recognition program in place, the vast majority of compensation executives do not believe these programs are effective.

## #3: Deciding the Right Mix of Incentive Vehicles

Impact of Different Incentive Strategies at the Same Cost  
Example



### MANAGING INCENTIVES INDEPENDENTLY

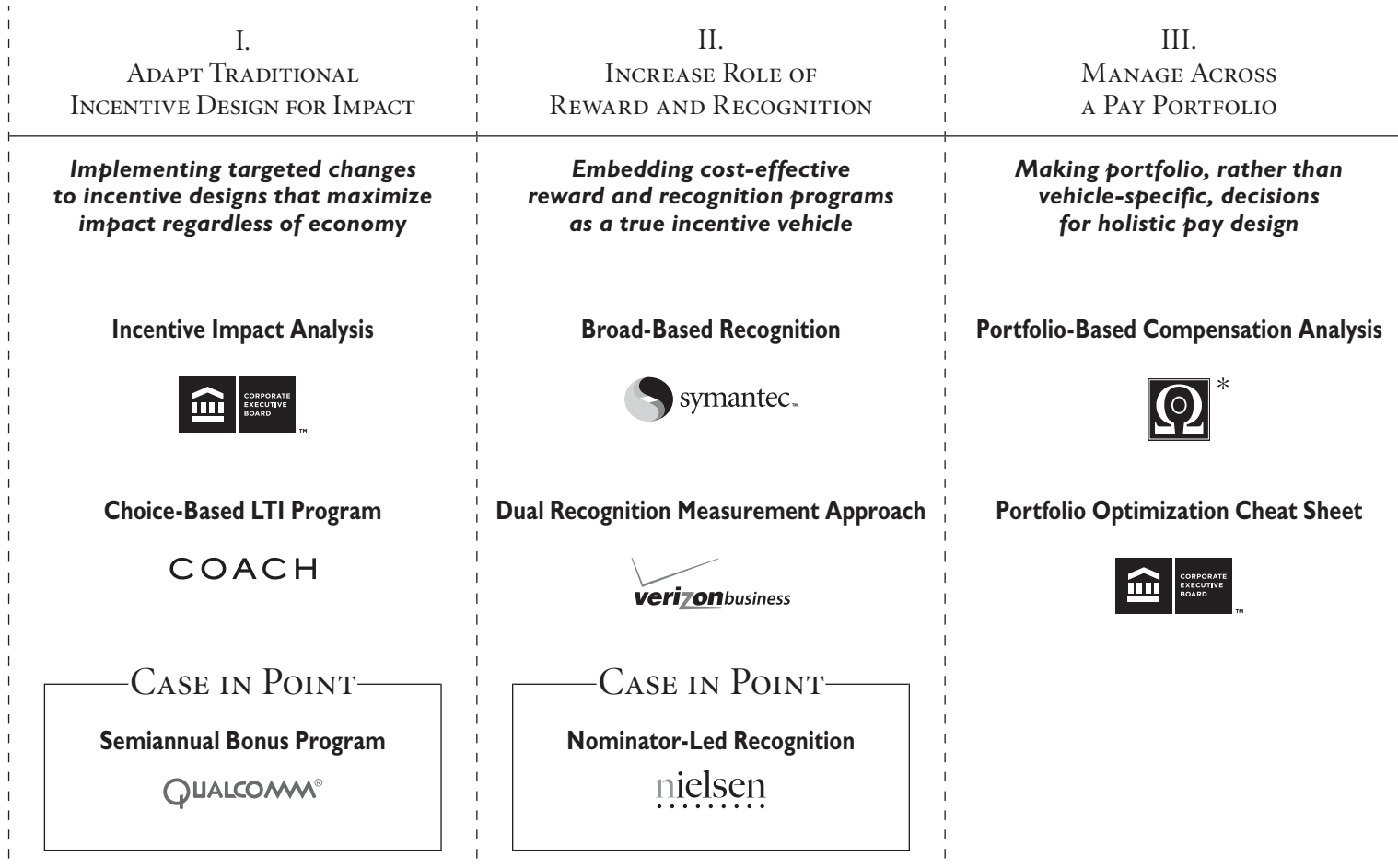
“We view most [incentives] as independent programs. We have a different strategy for STI versus LTI, so, it doesn’t make too much sense to combine them holistically. They have very different purposes and objectives...”

Senior Manager  
of Total Rewards  
Food and Beverage  
Company

Source: Compensation Roundtable research.

# HIGH-IMPACT INCENTIVE STRATEGIES FOR 2009 AND BEYOND

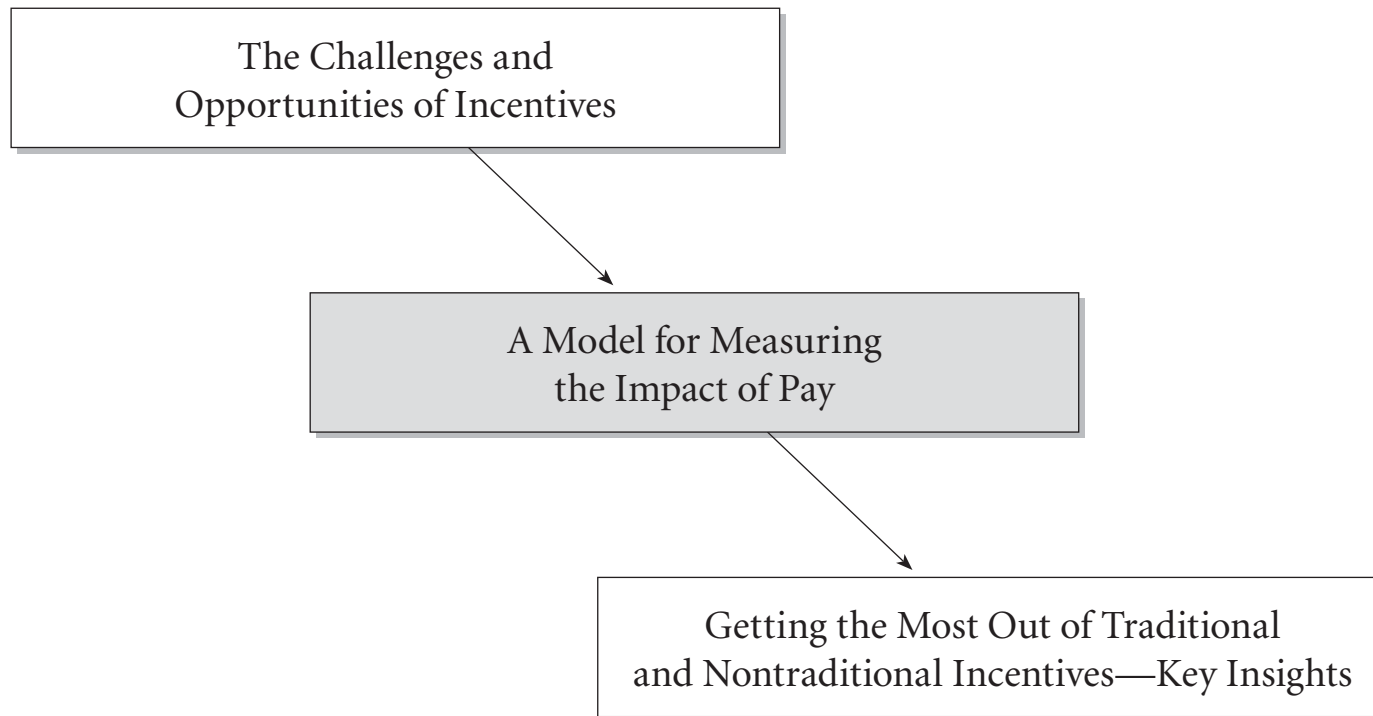
**Organizations must execute on three key imperatives to maximize the impact of incentives**



\* Composite pseudonym.

Source: Compensation Roundtable research.

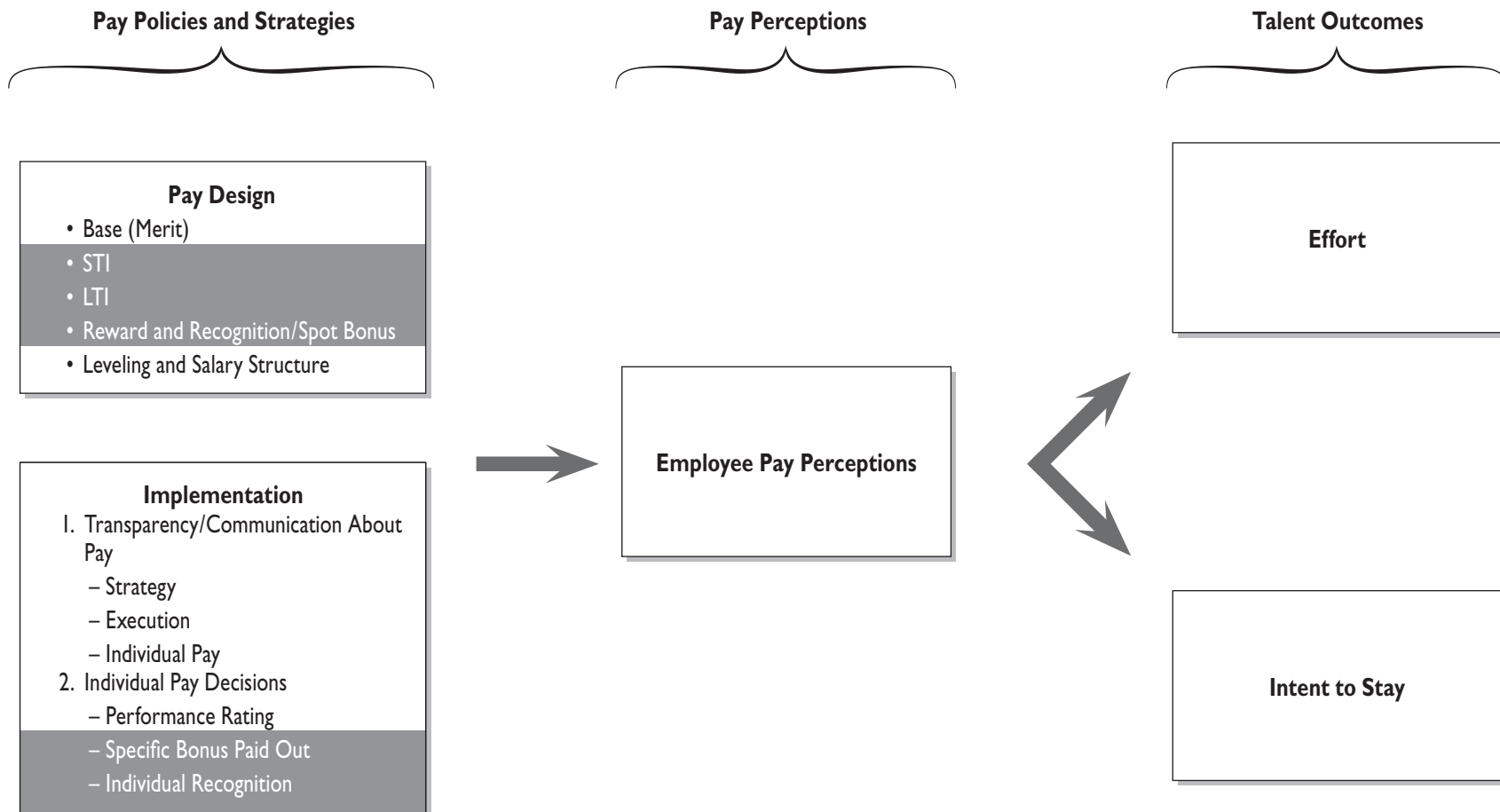
# INCENTIVE STRATEGIES FOR 2009 AND BEYOND



# EFFECTIVE INCENTIVE DESIGN AND IMPLEMENTATION DRIVE PAY PERCEPTIONS AND EMPLOYEE OUTCOMES

***Incentive strategies drive pay perceptions and ultimately employee outcomes***

Relationship Between Pay Policies and Strategies, Pay Perceptions, and Employee Outcomes



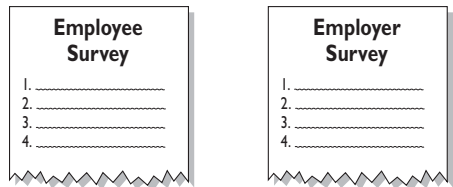
Source: Compensation Roundtable research.

# TWO COMPLEMENTARY EFFORTS

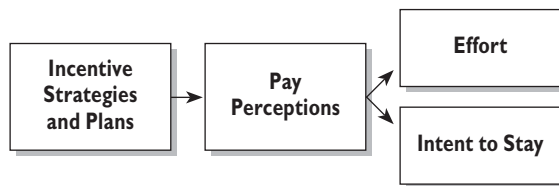
**Roundtable analysis draws on both quantitative analysis and best practice identification to determine the most effective strategies for designing and implementing incentives**

## QUANTITATIVE ANALYSIS

Conducted a comprehensive survey of almost 7,000 employees from more than 50 organizations globally to understand the impact of different kinds and designs of incentives.

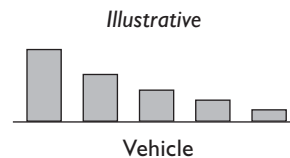


Combined the data to empirically test hypotheses and quantify the impact of incentives on employee pay perceptions and key outcomes.



Determined the most effective incentive strategies and plans.

Impact of Incentive Vehicle on Pay Perceptions

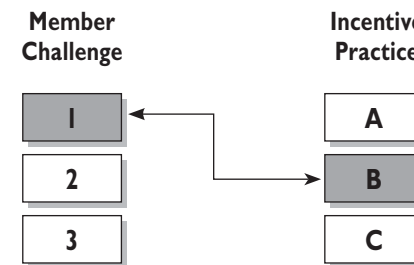


## BEST-PRACTICE PROFILES

Conducted numerous conversations with member executives, as well as experts in the field, to identify the most pressing incentive-related challenges and “most wanted” solutions.

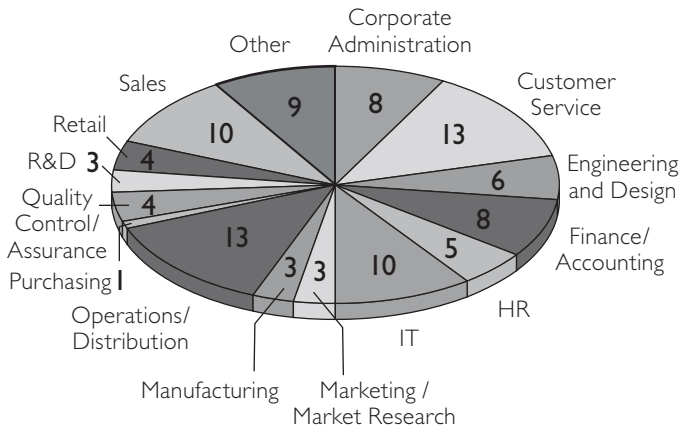


Used conversations to test practices and outcomes of effective incentive pay approaches; identified and documented best-in-class approaches implemented by leading organizations.

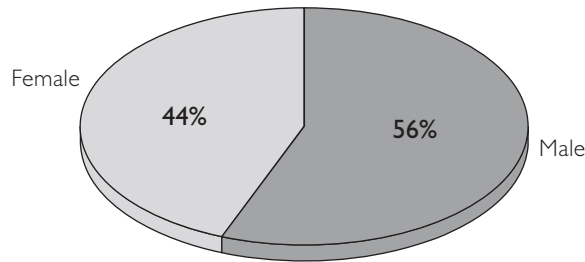


# SURVEY DEMOGRAPHICS

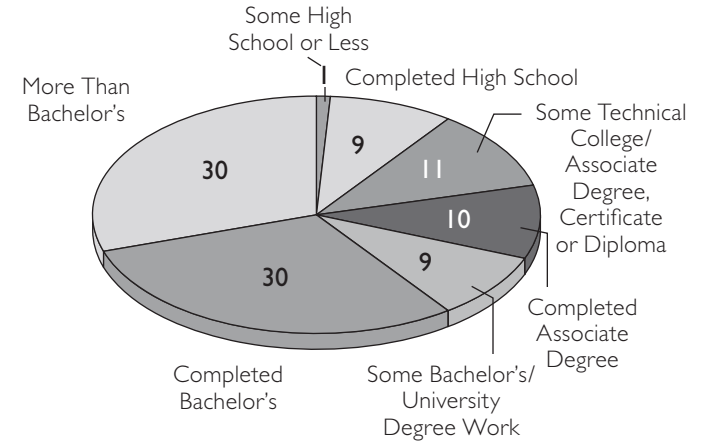
**Function**



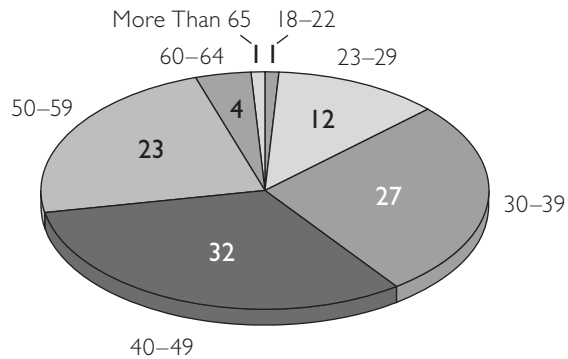
**Gender**



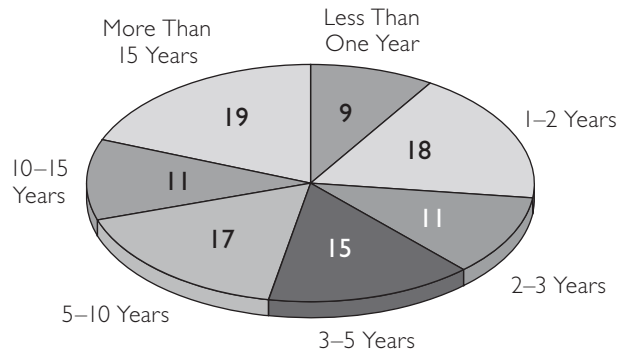
**Education**



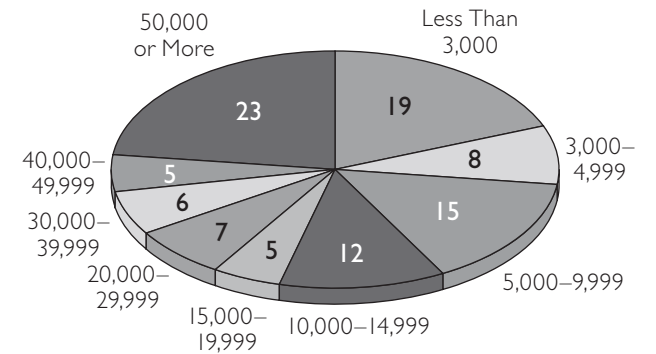
**Age**



**Tenure at Company**



**Company Size  
By Employee Number**

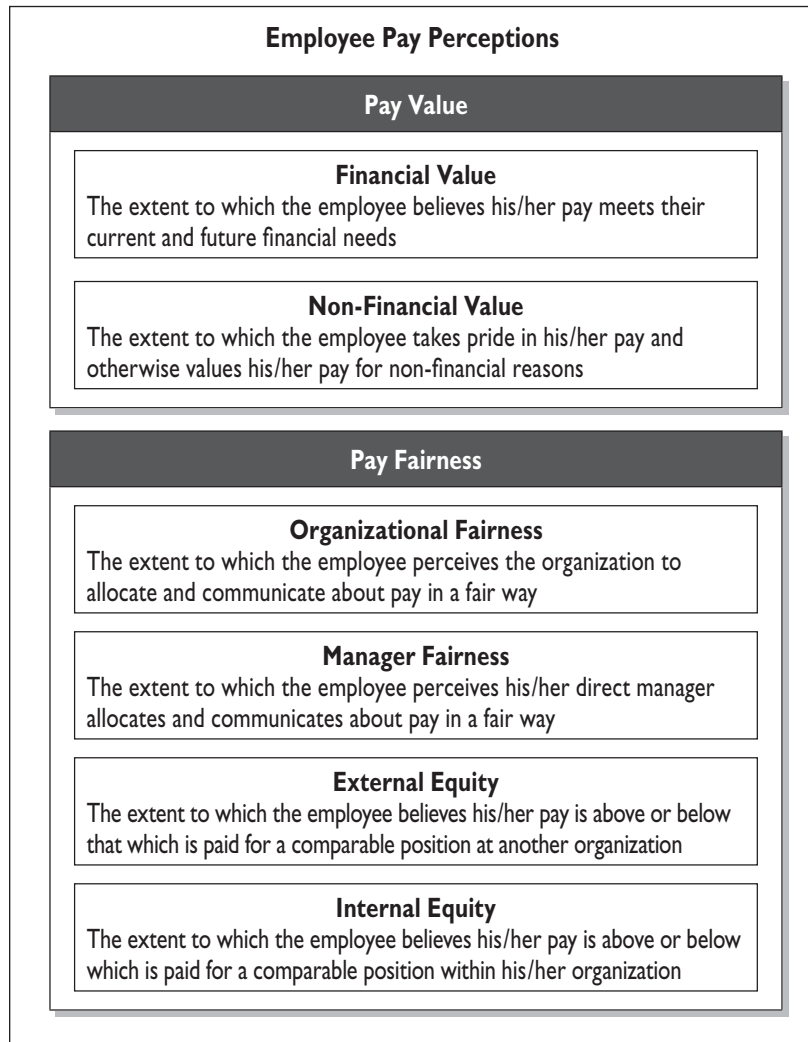


Source: 2008 Transparency in Pay Communication Survey; Compensation Roundtable research.

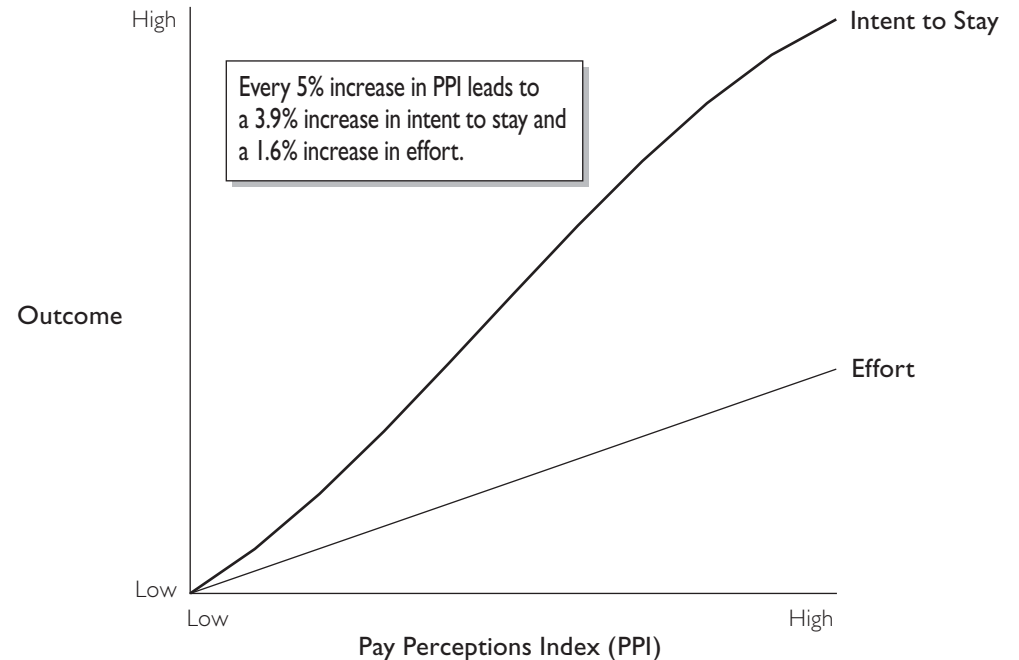
# EMPLOYEE PAY PERCEPTIONS DRIVE TALENT OUTCOMES

*The Roundtable measured six aspects of employee perceptions of pay...*

*...and built an index of the responses weighted by their impact on employee intent to stay and effort*



Impact of Pay Perceptions on Intent to Stay and Effort

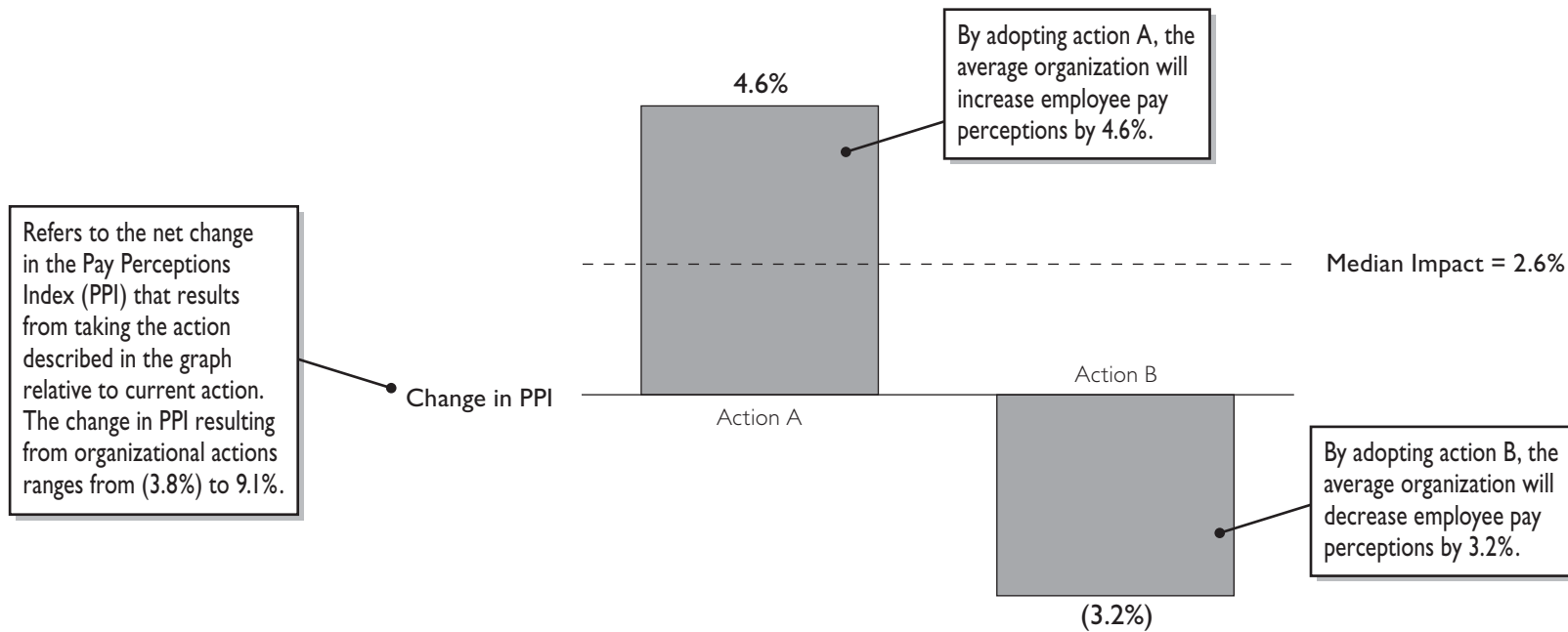


Source: 2008 Transparency in Pay Communication Survey; Compensation Roundtable research.

# HOW TO READ THE DATA

Strategies are presented based on their impact on employee pay perceptions

Impact of Actions on Pay Perceptions

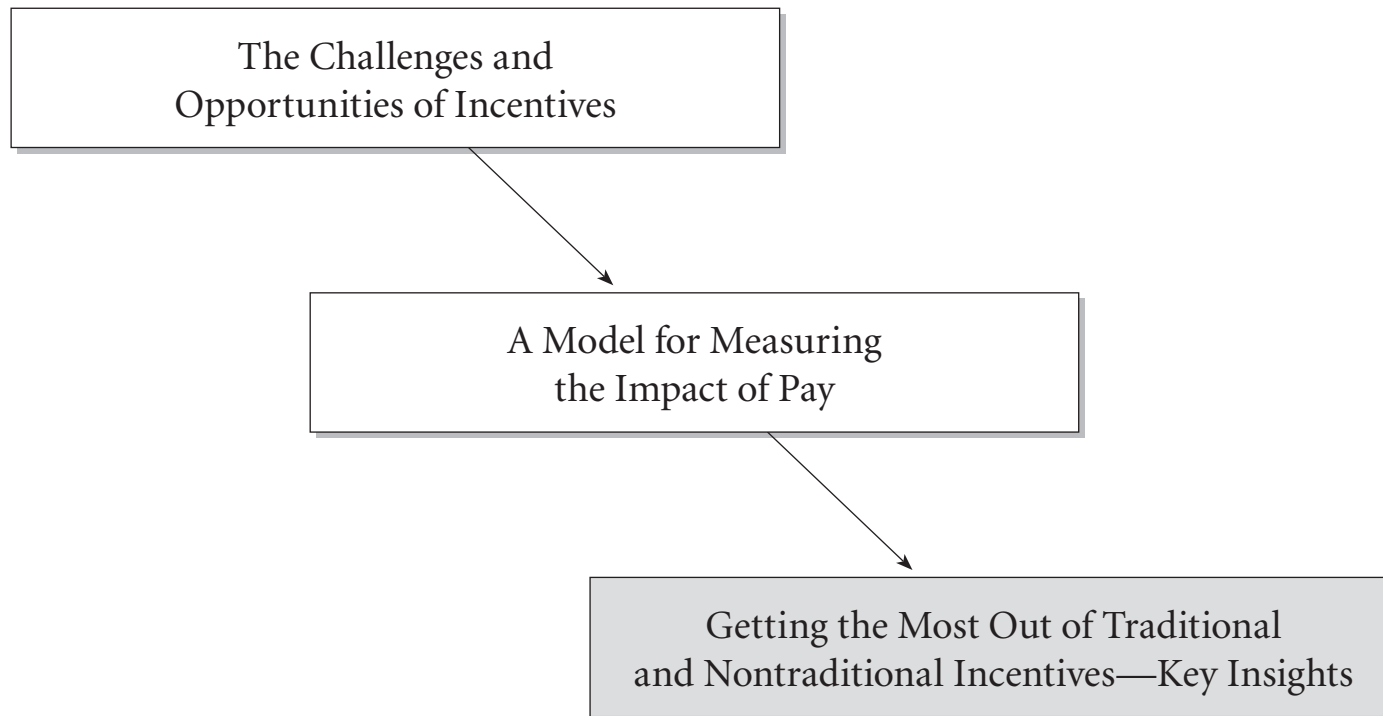


## THE FULL POTENTIAL

The average organization can improve pay perceptions by roughly 34% through effective incentive design. In doing so, the average organization can improve intent to stay by 26% and effort by 11%.

Source: 2008 Transparency in Pay Communication Survey; Compensation Roundtable research.

# INCENTIVE STRATEGIES FOR 2009 AND BEYOND



# A HOLISTIC VIEW OF INCENTIVES

## Partial list of questions addressed through analysis

Covered in This Session

### Adapt Traditional Incentive Design for Impact

- How have companies changed what they are paying out in STI and LTI?
- What is the implication of different STI payouts on employees? How does that vary by employee segment?
- What is the optimal STI payout probability?
- Who should be eligible for STI?
- What is the optimal level of differentiation when it comes to STI?
- What should STI payout frequency be to maximize the impact of what's being paid?
- How should organizational versus individual performance criteria be weighted for LTI and STI determination?
- How should results versus behavior based criteria be weighted for LTI and STI determination?
- What are employees' LTI vehicle preferences and how do they vary across employees?
- How can LTI programs be designed to meet needs of different employees segments?
- What is the impact of different LTI targets and payout amounts?
- What should LTI payout probability be?
- Who should be eligible for LTI?
- What is the optimal LTI vesting schedule and payout frequency?

### Increase Role of Reward and Recognition

- What do companies offer in terms of reward and recognition?
- How does the impact of reward and recognition compare to that of more traditional incentives?
- What is the impact of different amounts of rewards?
- What types of rewards have the greatest impact? Which have a negative impact or no impact at all?
- What is the best format for giving recognition?
- What audience should recognition be targeted at?
- What is the impact of reward and recognition on different segments of employees?
- Who should be doing recognition and rewards to maximize their impact?
- How can recognition be encouraged?
- What is the impact of combining reward and recognition?
- What is the optimal percent of employees that should receive reward and recognition?
- How can the impact of reward and recognition programs be measured? What are the best metrics?
- What is the typical cost of a reward and recognition program? Is there an optimal cost?

### Manage Across a Pay Portfolio

- What does portfolio management in the context of pay mean?
- What are the challenges to portfolio management in pay?
- How much can an organization improve the impact of incentives through portfolio management? What cost savings are available?
- What does an effective portfolio management approach and process look like?

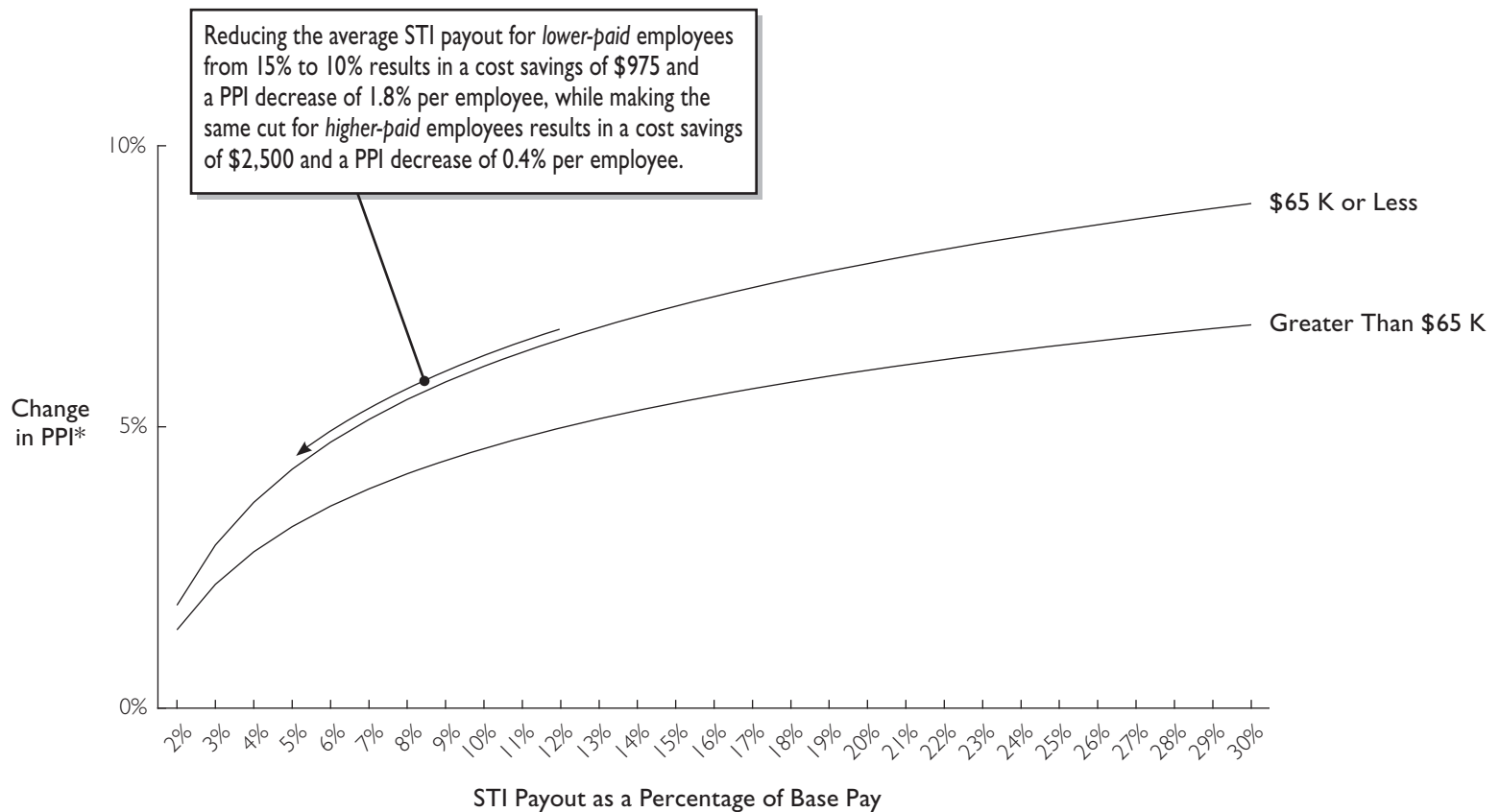
Source: Compensation Roundtable research.

#1: At Any Percent of Base Pay, STI Has a Greater Impact on Those That Make Lower Salaries Compared to Their More Highly Paid Colleagues

## POTENTIALLY LOOK TO MORE HIGHLY-PAID EMPLOYEES FOR STI CUTS

**Focusing STI cutbacks on more highly-paid employees results in greater average pay perceptions, as well as greater cost savings**

Impact of STI Payout on Pay Perceptions  
By Base Pay Level



\* Change in PPI is the percentage increase or decrease of the average PPI score for an employee. A 5% increase in PPI leads to a 3.9% increase in the employee's intent to stay and a 1.6% increase in effort.

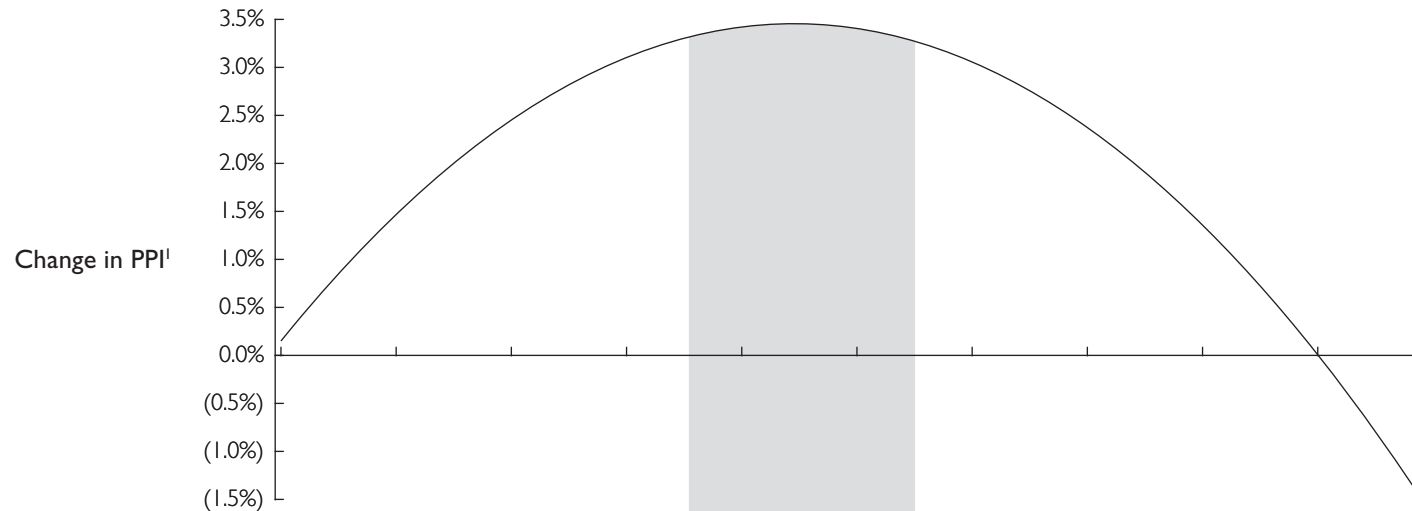
Source: Compensation Roundtable research.

#2: Employees Are Impacted by a Mix of Organizational and Individual Criteria

# BALANCE INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE

**A roughly even weighting of individual and organizational performance on STI payouts has the greatest impact on pay perceptions**

Impact of Individual and Organizational Performance Weighting for STI on Pay Perceptions



Individual Performance	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Organizational Performance	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	0%

Weighting of Individual and Organizational Performance on STI Payout

### CONSISTENCY IN BONUS CRITERIA OVER TIME

The impact of individual/organizational performance weights has not changed substantially since 2005. 2005 data show an optimal weighting of individual performance to be between 40% and 60%.

<sup>1</sup> Change in PPI is the percentage increase or decrease of the average PPI score for an employee. A 5% increase in PPI leads to a 3.9% increase in the employee's intent to stay and a 1.6% increase in effort.

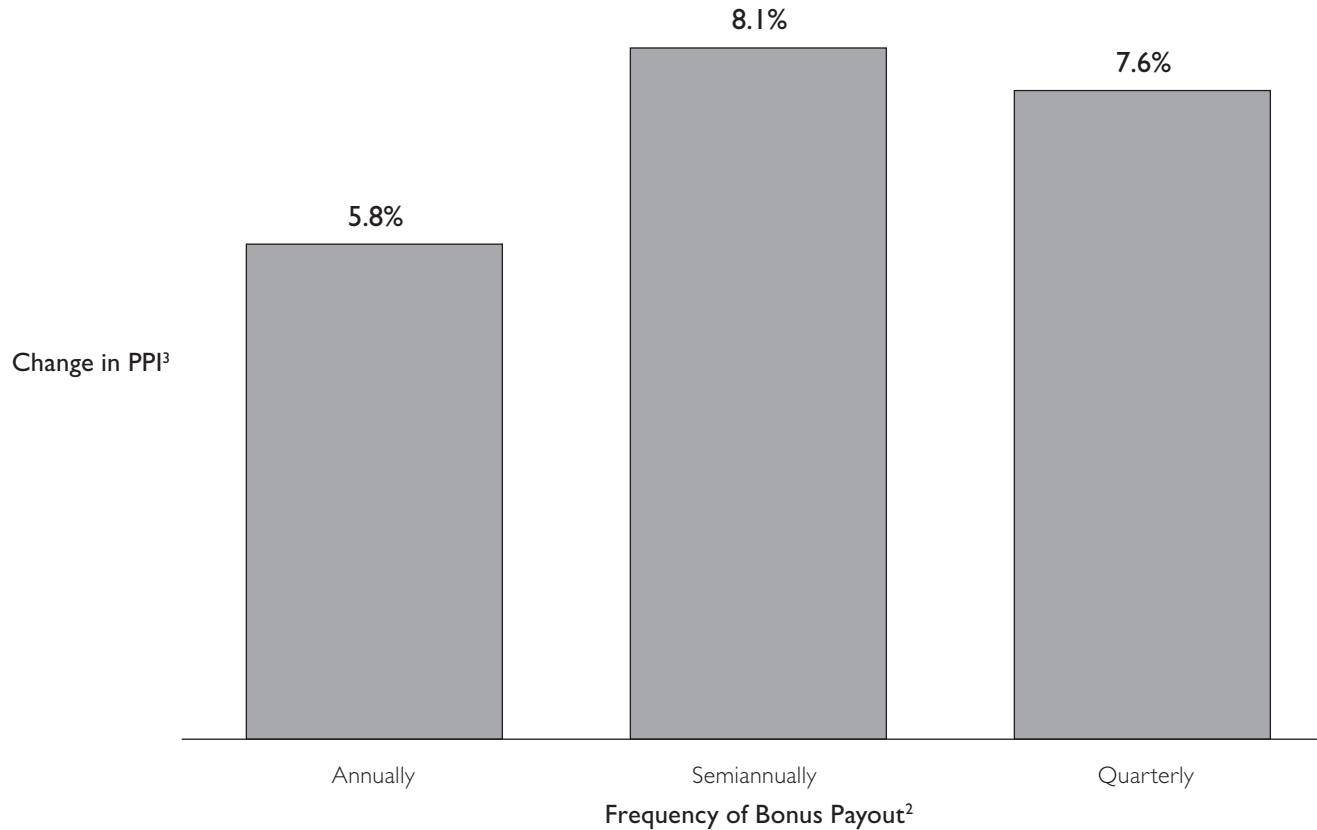
Source: Compensation Roundtable research.

#3: The Same Annual Bonus Amount Paid More Than Once a Year Will Have a Much Greater Impact

# I WANT MY BONUS TWICE A YEAR

**Bonuses paid twice per year have the highest impact on employee outcomes**

Impact of Bonus Frequency<sup>1</sup> on Pay Perceptions



Prevalence of Bonus Frequency (Non-Sales Employees)	Annually	Semiannually	Quarterly
	80%	6%	10%

<sup>1</sup> Assumes no change in total annual bonus payout.

<sup>2</sup> Does not include 4% of employees who receive their bonus either more frequently than quarterly or less frequently than annually.

<sup>3</sup> Change in PPI is the percentage increase or decrease of the average PPI score for an employee. A 5% increase in PPI leads to a 3.9% increase in the employee's intent to stay and a 1.6% increase in effort.

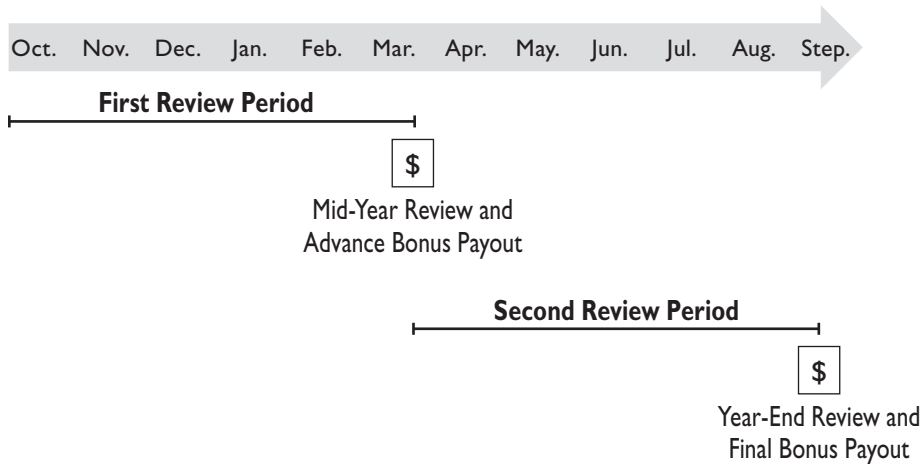
Source: Compensation Roundtable research.

# TWO BONUSES ARE BETTER THAN ONE

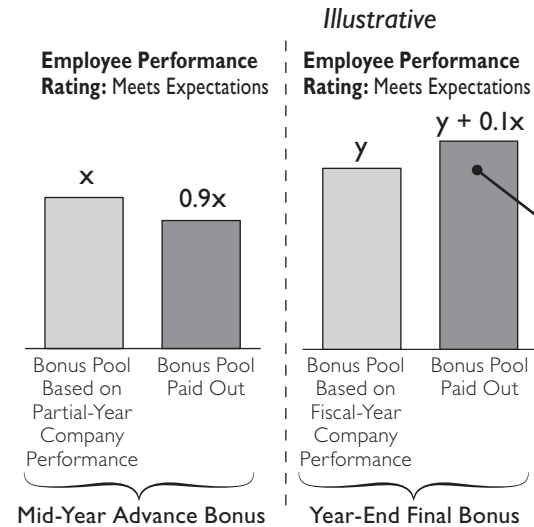
**QUALCOMM has an annual performance plan with a mid-year review and advance bonus payout...**

**...which is enabled by conservative bonus pool estimates at mid-year that are reconciled at year-end...**

QUALCOMM's Fiscal and Review Year

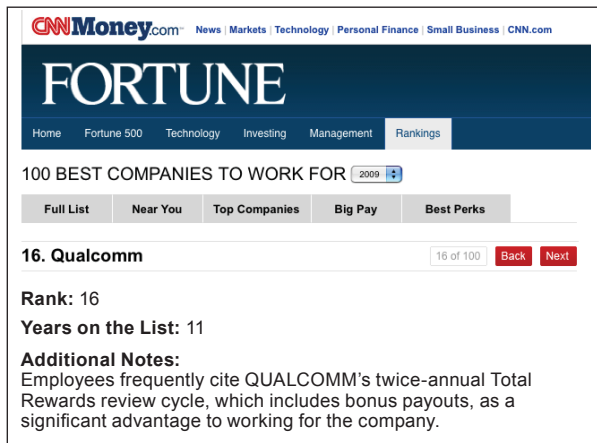


Bonus Pools and Payouts



QUALCOMM purposefully pays out more conservatively for the first period to allow for a reserve in the second part of the year. If performance is constant, the second payout includes the reserve to compensate.

**...leading to increased employee appreciation, motivation, and development**



**NOT JUST A BONUS—DEVELOPMENT PERKS, TOO**

“Employees like receiving rewards twice per year, and it’s a motivator for the next review cycle...and as much as they like the bonus, they also really appreciate having the development discussion twice a year.”

Ann Owens  
Vice President, Total Rewards  
Management  
QUALCOMM

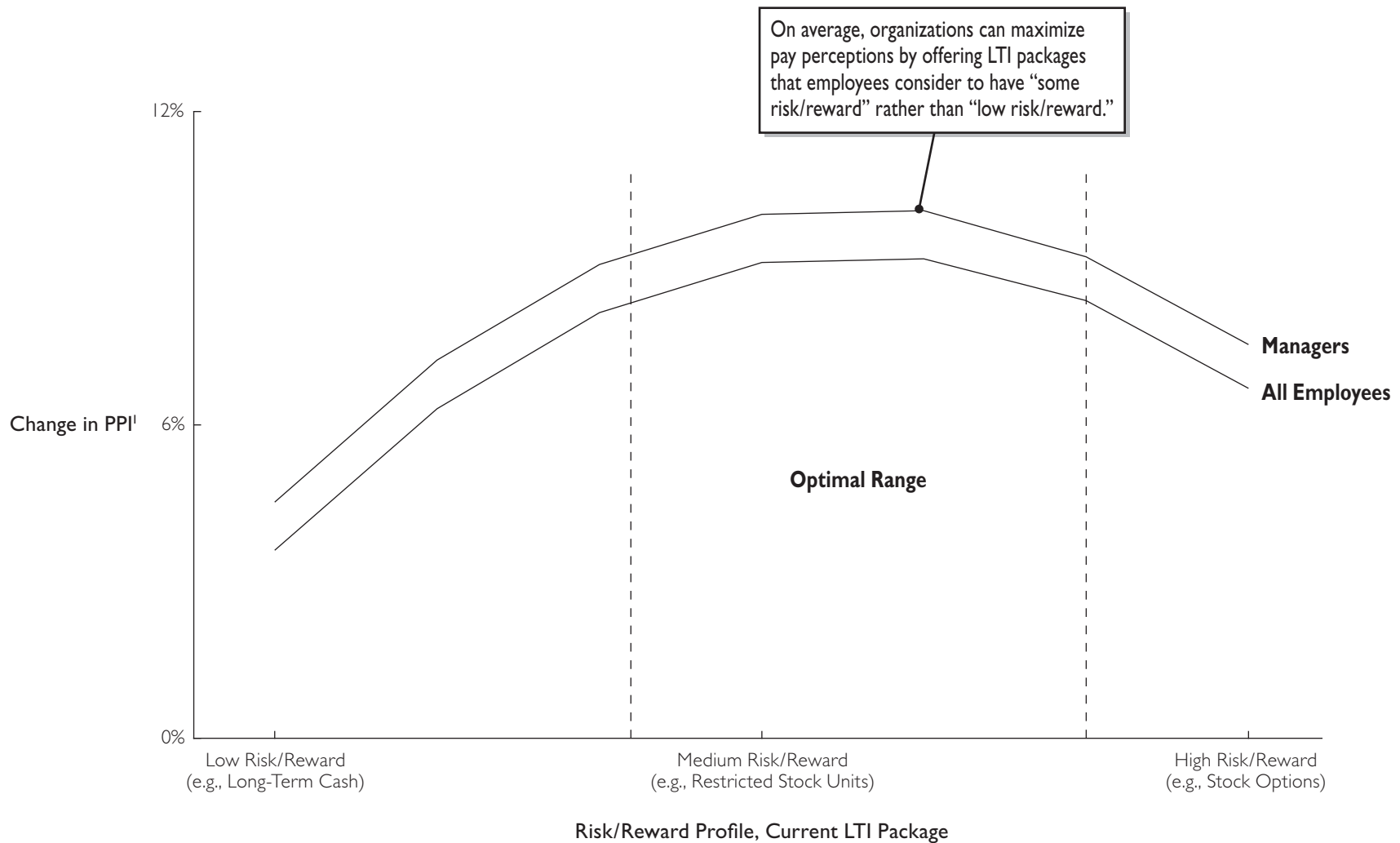
Source: Qualcomm; CNNMoney.com; Compensation Roundtable research.

#4: Despite Stock Market Declines, Employees Are Still Looking for Some Risk/Reward in LTI

## EMPLOYEES STILL VALUE SOME RISK/REWARD

Despite the business downturn, LTI offerings that offer higher potential rewards at higher risk drive pay perceptions

Impact of LTI Risk/Reward on Pay Perceptions



<sup>1</sup> Change in PPI is the percentage increase or decrease of the average PPI score for an employee. A 5% increase in PPI leads to a 3.9% increase in the employee's intent to stay and a 1.6% increase in effort.

Source: Compensation Roundtable research.

#5: Employee Preferences for LTI Vehicles Depend on Their Risk Profile and Vary by Demographics

## DIFFERENT VEHICLES FOR DIFFERENT SEGMENTS

**Employee preferences for LTI vehicles depend on their risk profile**

Segment Preferences for LTI Vehicles

<b>Risk/Reward Profile</b>	<b>Low Risk/Reward</b>	<b>Medium Risk/Reward</b>	<b>High Risk/Reward</b>
<b>Preferred LTI Vehicles</b>	<ul style="list-style-type: none"> <li>• Long-Term Cash</li> <li>• RSUs</li> <li>• Phantom Stock</li> </ul>	<ul style="list-style-type: none"> <li>• Performance-Based Units</li> <li>• RSUs</li> <li>• Phantom Stock</li> </ul>	<ul style="list-style-type: none"> <li>• Options</li> <li>• SARs</li> <li>• Phantom Stock</li> </ul>
<b>Typical Demographic Profile</b>	<ul style="list-style-type: none"> <li>• Female</li> <li>• Manager/Staff</li> <li>• Some College</li> <li>• 7.5 Years Tenure</li> <li>• Avg. Pay \$76 K</li> </ul>	<ul style="list-style-type: none"> <li>• Male</li> <li>• Manager</li> <li>• Bachelor's Degree</li> <li>• 8.5 Years Tenure</li> <li>• Avg. Pay \$90 K</li> </ul>	<ul style="list-style-type: none"> <li>• Male</li> <li>• Manager/Director</li> <li>• Bachelor's Degree/Some Graduate Work</li> <li>• 9.5 Years Tenure</li> <li>• Avg. Pay \$109 K</li> </ul>

Source: Compensation Roundtable research.

# COACH'S CHOICE-BASED LTI PROGRAM

## COACH

### **Description**

Coach uses an LTI choice program that allows employees to select their own mix of stock options and restricted stock units, without impacting the expense to the organization.

### **Key Practice Lesson**

Providing employees with simple choices around their LTI mix accounts for different employees' risk preferences and ensures that employees can select less risky vehicles if they choose during times of economic uncertainty.

### **Company Profile**

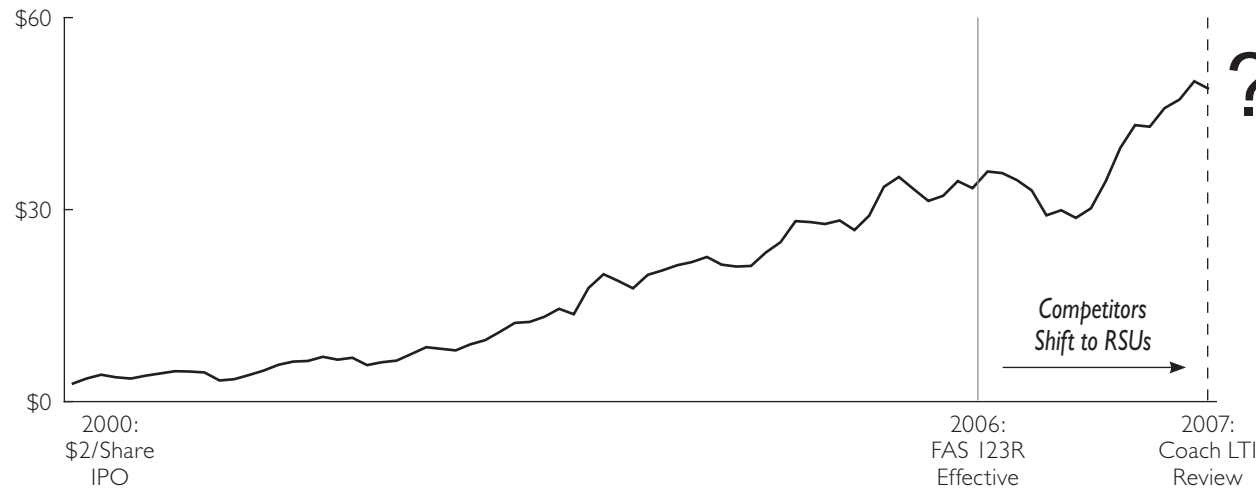
Industry: Consumer Products      FY 2008 Employees: 12,000  
FY 2008 Sales: US\$3.2 Billion      Headquarters: New York, New York

## FIXING THE LTI MIX

**Changing equity practices caused Coach to reevaluate its reliance on stock options...**

Coach Stock Price, October 2000–May 2007

Historic Stock Price



**...which led to a debate about how to introduce alternate vehicles without worrying employees**

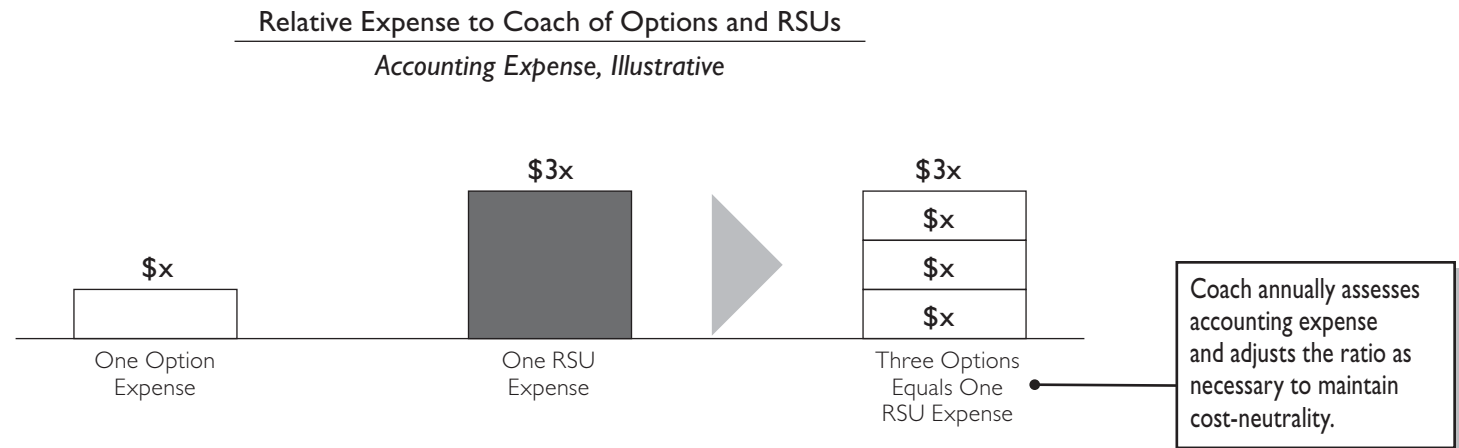
### —WHAT SHOULD THE MIX BE?—

“We had been discussing how and when to introduce RSUs as a second vehicle for more than a year...but we never considered moving only to RSUs, because we have a strong preference for options as a better pay-for-performance vehicle. So we talked about moving to a fixed mix of options and RSUs, but we felt employees would perceive that as a take away.”

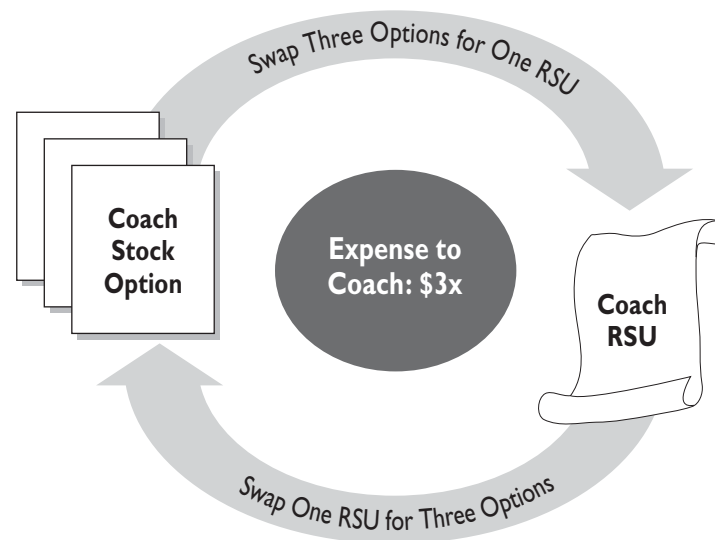
Laura Booth  
Senior Vice President of Compensation, Benefits, and HRIS  
Coach

## A FIXED EXCHANGE RATE

**Coach calculates the relative accounting expenses to the organization of options and RSUs...**



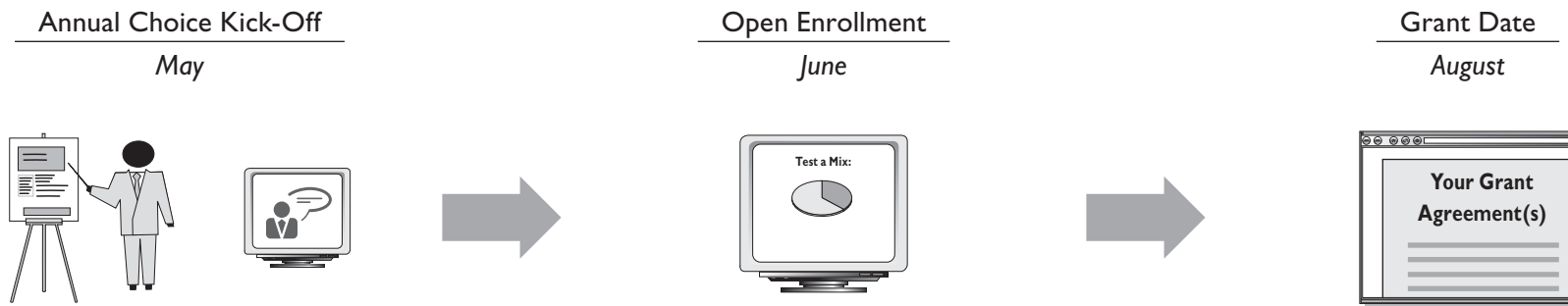
**...and uses a simple ratio to keep accounting expenses fixed while allowing employees to choose between the two vehicles**



Source: Compensation Roundtable research.

## AN ANNUAL CHOICE

Employees receive program information and elect their vehicle mix online over a specified period...



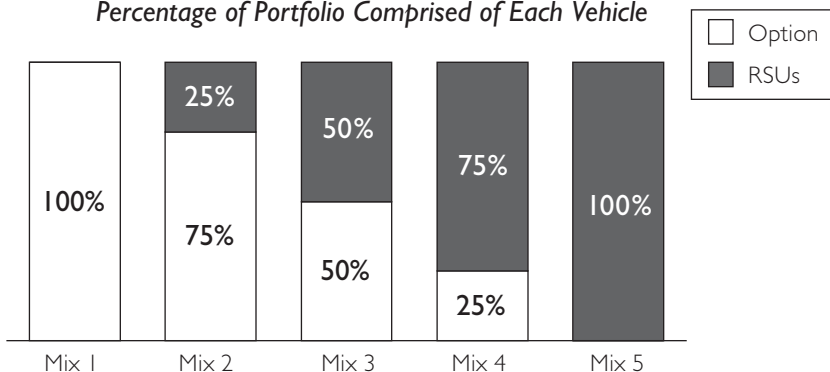
Live and taped presentations, accompanied by electronic communications, are provided to all eligible employees.

Coach's intranet site is used to model various portfolios and capture employee portfolio selection.

Verification materials are sent electronically, and then communication is handed off to a third-party equity administrator.

...during which employees can create different LTI portfolios...

Portfolio Combinations of Options and RSUs  
Percentage of Portfolio Comprised of Each Vehicle



Originally employees making no selection defaulted to 100% options in the portfolio; going forward, the default will be 50%-50%.

...which can be updated every year

Employee A's Year-Over-Year LTI Choice Log

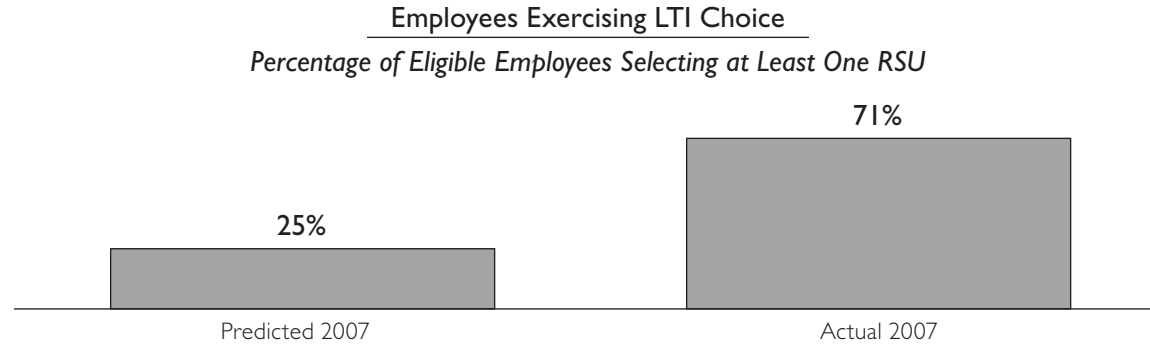
Illustrative

Fiscal Year	Options Percentage	RSUs Percentage	Rationale
2007	75%	25%	Like options and prefer to take a chance for greater upside; try a few RSUs to see how they work.
2008	50%	50%	Market looking slightly turbulent; hedge bets and add RSUs.
2009	50%	50%	Stick with the same program as last year—hedge bets but still have options if the market improves over vesting period.

Source: Compensation Roundtable research.

## CHOICE CREATES EMPLOYEE VALUE

**Employees value choice, taking advantage of the new LTI program more than Coach had anticipated...**

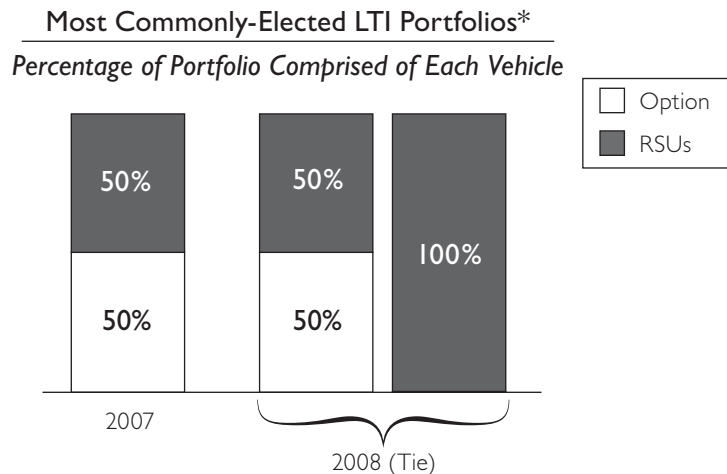


### CHOICE IS GOOD

“Coach’s ‘Your Equity Choice’ program has been a great benefit. Each year, I can re-think my preference between ‘high risk, high reward’—stock options—and ‘safe return but less upside’—RSUs—or choose some combination of the two. In such uncertain times, it’s very reassuring to actually have some control over my own compensation as it relates to company performance and the economy in general.”

Coach Equity Choice Participant

**...broadening their control over risk management and potential long-term financial returns**



### UNEXPECTED UPSIDE

“It was surprising to us that so many people chose to take RSUs...but given what has occurred, those people end up looking pretty smart now, since they are keeping more value because of that choice, at least as of right now.”

Laura Booth  
Senior Vice President of Compensation,  
Benefits, and HRIS  
Coach

\* Elected portfolio data shown only for employees that made an active choice, not including employees defaulting to the pre-determined portfolio.

Source: Compensation Roundtable research.

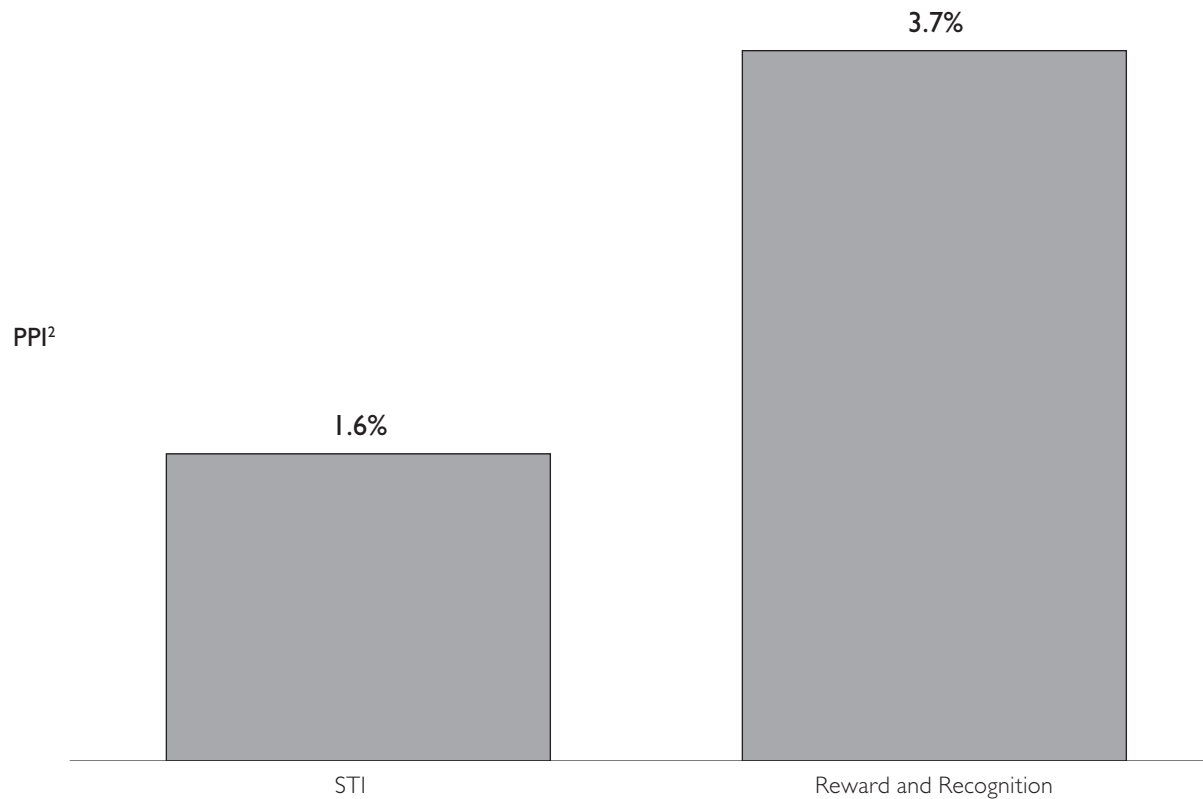
#6: *The Impact of Reward and Recognition Programs on a per Dollars Basis Is More Than Twice the Impact of STI for the Same Cost*

## MOVE OVER, STI

**The impact of reward and recognition programs can rival that of traditional incentives**

Comparison of Returns on Reward and Recognition Versus STI

*Per \$1,000 per Employee per Year<sup>1</sup>*



<sup>1</sup> Assumes annual salary of \$50,000.

<sup>2</sup> Impact of the first \$1,000 dollars invested into STI and Rewards and Recognition programs.

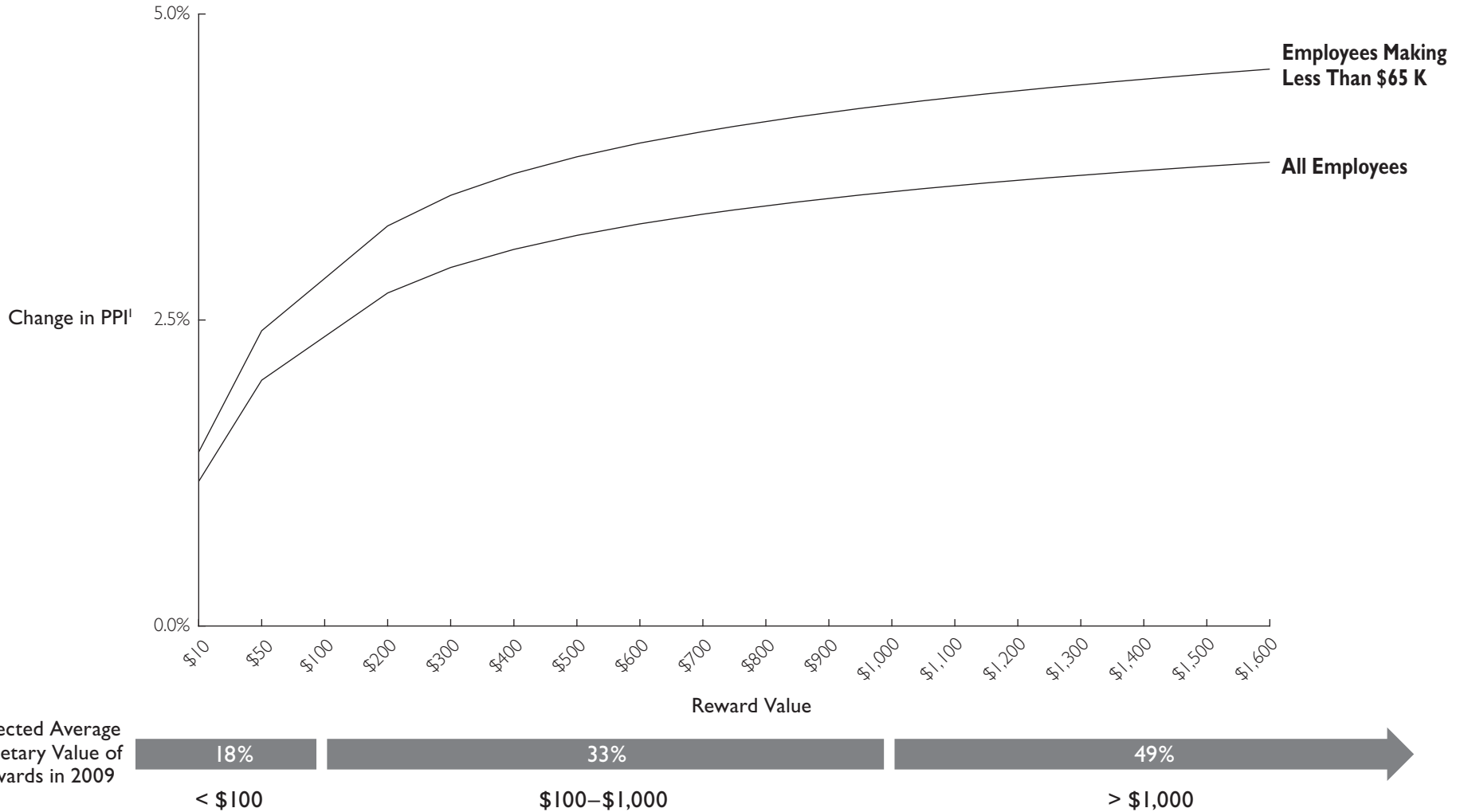
Source: Compensation Roundtable research.

#7: The Highest per Dollar Impact from Rewards Comes from Rewards of Around \$100

# REWARDS DON'T HAVE TO BREAK THE BANK

**The steepest improvement in impact comes from rewards of less than \$100**

Impact of Reward Value on Pay Perceptions



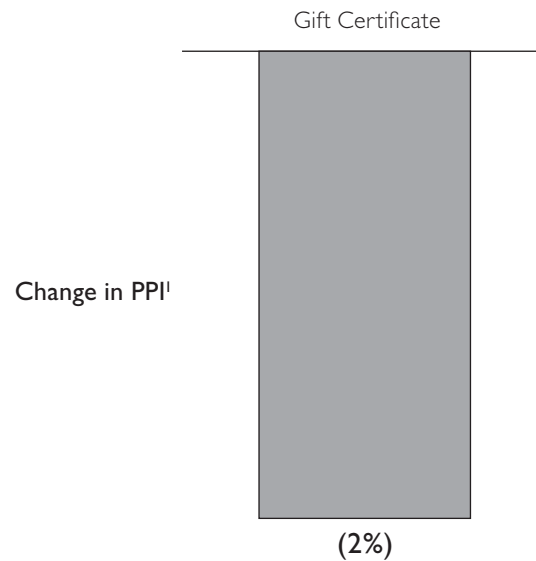
<sup>1</sup> Change in PPI is the percentage increase or decrease of the average PPI score for an employee. A 5% increase in PPI leads to a 3.9% increase in the employee's intent to stay and a 1.6% increase in effort.

Source: Compensation Roundtable research.

#8: *Employees Are Generally Indifferent Between Types of Rewards,  
but Have a Very Negative Reaction to Gift Certificates*

## ANYTHING GOES... EXCEPT GIFT CERTIFICATES

**Employees were indifferent between types of rewards given,  
except for gift certificates, which have a distinctly negative impact**



Employees were indifferent across the following reward types:

- ☞ Cash
- ☞ Travel
- ☞ Company merchandise
- ☞ PTO
- ☞ Consumer goods and food

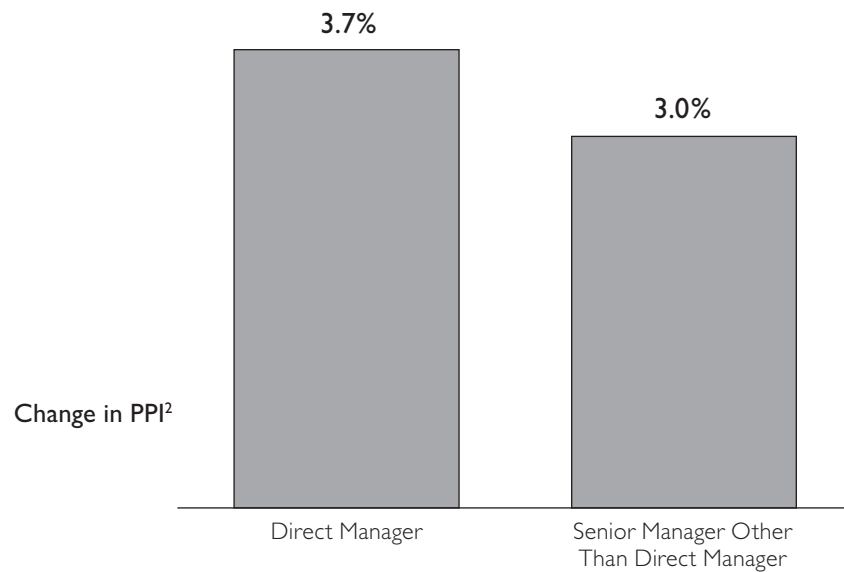
<sup>1</sup> Change in PPI is the percentage increase or decrease of the average PPI score for an employee. A 5% increase in PPI leads to a 3.9% increase in the employee's intent to stay and a 1.6% increase in effort.

#9: Recognition and Rewards Have the Greatest Impact  
When They Come from Managers

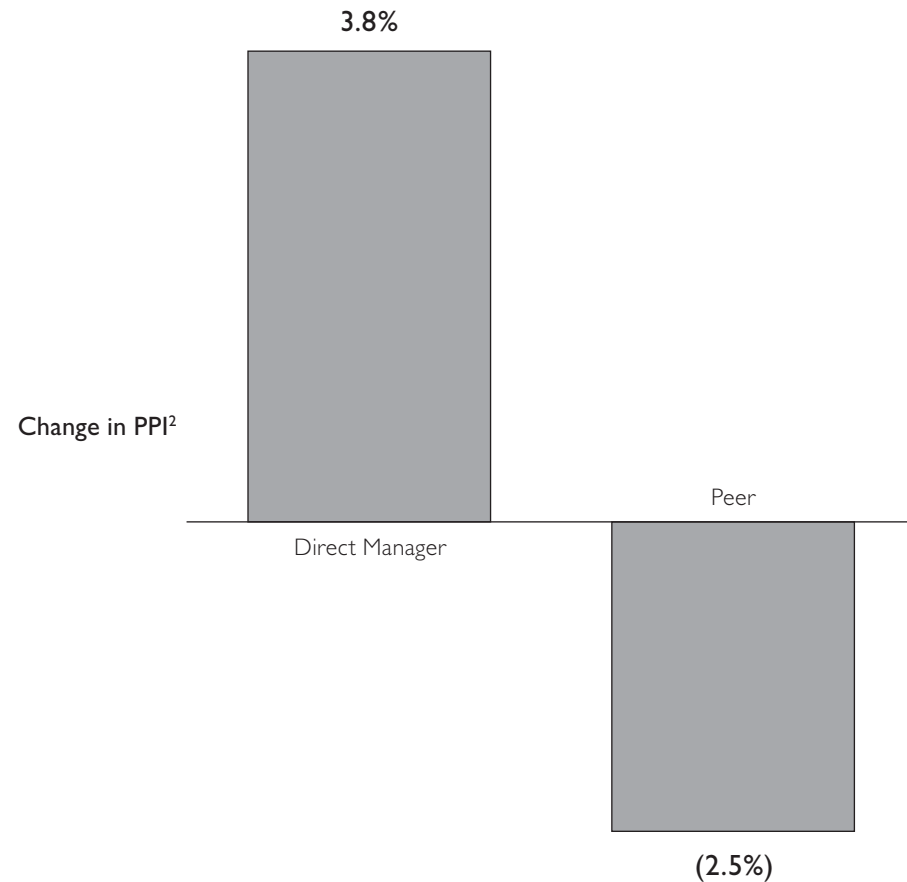
## LEVERAGE MANAGERS TO RECOGNIZE AND REWARD

**Recognition and rewards have the greatest impact on employee pay perceptions when coming from managers**

Impact of Recognition Source<sup>1</sup> on Pay Perceptions



Impact of Reward Source<sup>1</sup> on Pay Perceptions



<sup>1</sup> Shows the impact, positive or negative, of the source of recognition, above and beyond the impact of the recognition itself.

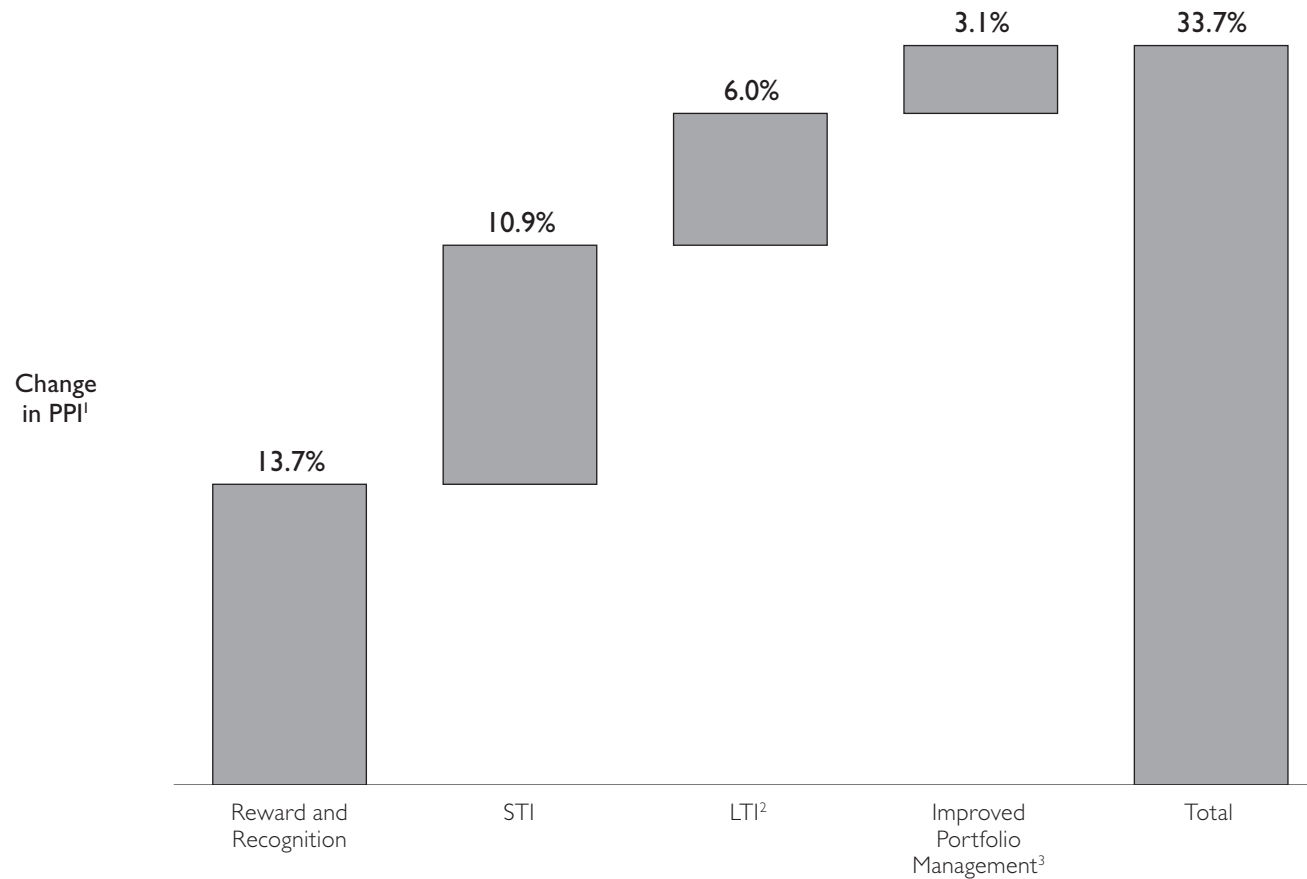
<sup>2</sup> Change in PPI is the percentage increase or decrease of the average PPI score for an employee. A 5% increase in PPI leads to a 3.9% increase in the employee's intent to stay and a 1.6% increase in effort.

Source: Compensation Roundtable research.

#10: The Average Organization Can Increase Employee Pay Perceptions by 34% Through Better Investment in Incentives Without Spending More

## THE OPPORTUNITY OF INCENTIVES

The average organization stands to gain from making changes to all major elements of their incentives offerings



<sup>1</sup> Change in PPI is the percentage increase or decrease of the average PPI score for an employee. A 5% increase in PPI leads to a 3.9% increase in the employee's intent to stay and a 1.6% increase in effort.

<sup>2</sup> The Impact of LTI is likely understated.

<sup>3</sup> Incremental to impact embedded in other components.

Source: Compensation Roundtable research.

## 10 INSIGHTS ON GETTING MORE FROM INCENTIVES

1. At any percent of base pay, STI has a greater impact on those that make lower salaries compared to their more highly paid colleagues; potentially look to more highly-paid employees for necessary STI cuts.
2. Employees are impacted by a mix of organizational and individual criteria; base STI payouts on a roughly even weighting of these performance criteria.
3. The same annual bonus amount paid more than once a year will have a much greater impact; pay bonuses twice a year to capture an increase of roughly 40% in impact.
4. Despite stock market declines, employees are still looking for some risk/reward in LTI.
5. Employee preferences for LTI vehicles depend on their risk profile and vary by demographics; provide employees with a choice-based program to maximize impact of LTI.
6. The impact of reward and recognition programs on a per dollars basis is more than twice the impact of STI for the same cost; integrate reward and recognition as a core part of an incentives strategy.
7. The highest per dollar impact from rewards comes from rewards of around \$100; bias rewards to small amounts to maximize return.
8. Employees are generally indifferent between types of rewards, but have a very negative reaction to gift certificates; bias rewards to vehicles that provide more flexibility such as points programs.
9. Recognition and rewards have the greatest impact when they come from managers; Ensure managers are recognizing and rewarding employees.
10. The average organization can increase employee pay perceptions by 34% through better investment in incentives without spending more.

# SUPPORTING EFFECTIVE PLAN DESIGN

**The Compensation Roundtable offers a comprehensive suite of benchmarks, tools, best practices, and analysis to help you design high-return pay plans**

## Sample Plan Design Resources

### Benchmark Your Plan Design

#### Compensation Benchmarking Tool

Level	Percentage of Organizations
Executives	100%
Senior-Level Managers	100%
Middle Managers	98%
Line Managers/Supervisors	94%
Emergent Non-Managers	82%
Non-Emergent Employees	69%

Benchmark your pay plan design against that of your peers. View recent data for:

- Plan segmentation
- Base pay
- Short-term incentives
- Long-term incentives
- Reward and recognition
- Spot awards

### Test Different Design Combinations

#### Pay Plan Design and Assessment Tool

Use the Pay Plan Design and Assessment Tool to:

- Calculate the ROI of plan design changes using data on the cost and value of pay plan decisions.
- Identify which pay elements drive attraction, retention, and performance and quantify their impact.
- Understand employee pay preferences.

### Implement Best Practices

#### Pay Plan Design Topic Center

Obtain proven strategies for plan design through the Roundtable's Pay Plan Design Topic Center. Get resources related to:

- Global plan design
- Salary structures and base pay
- Reward and recognition
- Short-term incentives
- Long-term incentives
- Pay mix

These and other plan design resources are available at [www.cr.executiveboard.com](http://www.cr.executiveboard.com)

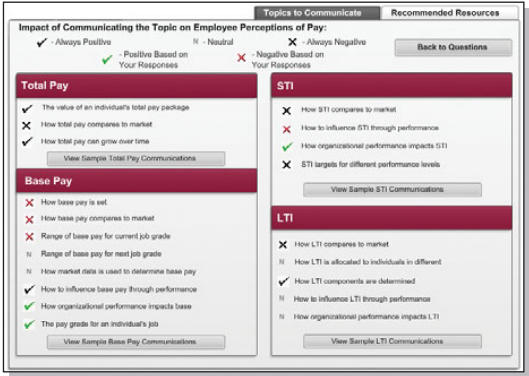
## SUPPORTING EFFECTIVE PAY COMMUNICATION

*The Compensation Roundtable offers guidance, analysis, tools, and templates to support you across all critical stages of the pay communication process*

### Sample Pay Communication Resources

#### Build Your Communication Strategy

##### Pay Communication Diagnostic



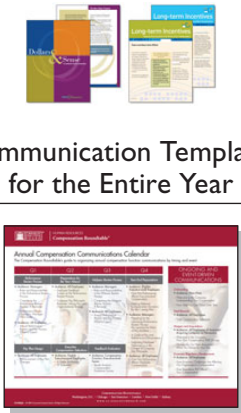
The screenshot shows a diagnostic tool with a checklist of topics to communicate. The topics are categorized into Total Pay, Base Pay, STI (Short-Term Incentive), and LTI (Long-Term Incentive). Each topic has a list of sub-topics with checkboxes indicating their status. For example, under Total Pay, 'The value of an individual's total pay package' is checked, while 'How total pay compares to market' is not. There are also buttons for 'View Sample Total Pay Communications' and 'View Sample Base Pay Communications'.

Use the Pay Communication Diagnostic to:

- Identify the pay topics that your organization should communicate to employees.
- Identify the pay topics your organization should avoid communicating to employees.
- Address any gaps in your pay communication strategy.

#### Jump-Start the Communication Creation Process

##### Communication Documents Library



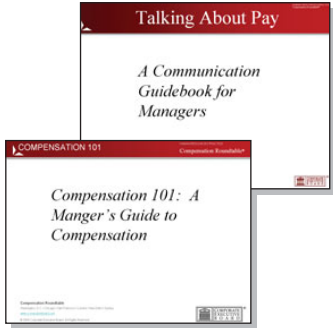
The screenshot shows a library of communication documents. It features a grid of document covers with various colors and titles. Below the grid, there is a section titled 'Communication Templates for the Entire Year' with a screenshot of a sample communication document. The document is titled 'Annual Compensation Communications Calendar' and contains a table with columns for 'Date', 'Topic', and 'Action'.

Use the Pay Plan Design and Assessment Tool to:

- Access the Roundtable's library of member-submitted communications to benchmark your pay communications and speed up the creation process.
- Download and edit the Roundtable's online collection of templates for effectively communicating around pay across the year.

#### Improve Manager Effectiveness at Pay Decisions and Communication

##### Line Manager Resources



The screenshot shows a collection of resources for line managers. It includes two book covers: 'Talking About Pay: A Communication Guidebook for Managers' and 'Compensation 101: A Manager's Guide to Compensation'. The second book cover also features the text 'COMPENSATION 101: A Manager's Guide to Compensation'.

Obtain proven strategies for plan design through the Roundtable's Pay Plan Design Topic Center. Get resources related to:

- General pay communication
- Differentiating performance and pay
- Talking about pay
- Communicating difficult pay messages

These and other pay communication resources are available at [www.cr.executiveboard.com](http://www.cr.executiveboard.com)

COMPENSATION ROUNDTABLE  
[www.cr.executiveboard.com](http://www.cr.executiveboard.com)

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