

# Checklist: Building a total rewards strategy

Building a total rewards strategy is a critical task for any organization that wants to attract, retain and motivate top talent. This checklist provides a simple guide to help you design and implement a comprehensive rewards program that aligns with your business goals and values.



## Ensure the total rewards strategy aligns with the business strategy

The first step in creating a total rewards strategy is to understand your organization's overall business strategy and its workforce implications. The total rewards strategy is the cornerstone of rewards programs, as well as the basis for a unique employee value proposition. Understanding your business strategy, and the workforce needs to deliver on that strategy in the future, is critical to establishing a total rewards strategy that will reinforce that strategy.



## Include a broad array of elements

While contractual elements such as compensation and benefits are obvious, experiential and emotional elements can be better molded to your organization's unique culture, creating an impactful employee value proposition. High-performing HR organizations make extensive use of those additional elements, which can include:

- Career development and pathing
- Health wellness
- Flexible work
- Pride in organization
- Meaningful work



## Understand what you're doing now

Gather current policies and practices on all elements intended to be covered by the strategy. These can vary widely across geographies and business units. Even if you have a global policy, local implementation can result in different employee experiences. Those differences can inform the strategy as well as help identify where special attention is needed in change management associated with any reward program alterations.



## Gather data from various perspectives to inform the strategy

When designing a total rewards strategy, balancing multiple perspectives is critical. These perspectives include the employer perspective (e.g., leaders), employee perspective, market, and cost. These perspectives can be analyzed through a variety of tools, including market benchmarking, focus groups, exit interviews, engagement surveys, social listening, and analytics. Consider not only what employees say they value, but also what they do as measured through analytics, such as utilization of programs and the impact of rewards on business outcomes such as turnover, productivity and engagement.



## Identify whether segmentation of your strategy is needed

Based on your business strategy, determine if there is a business need to segment your rewards strategy for different parts of the organization. Some organizations vary their total rewards strategies by employee group, including by career level, country, or job family. These variations are typically for incentive plan eligibility, pay mix, and market target positioning. A newer trend is using personas to segment your strategy to target programs and/or communications to portions of your workforce who may have unique needs and interests.



## **Include contingent or contract workers**

Contingent workers represent a growing portion of the workforce. Be sure to acknowledge them in the strategy, either through inclusion in eligibility for the same strategy and programs or identifying differences for that employee segment.



## **Pull it all together in a way that allows you to tell a unique EVP story**

Bring together external market practices and internal needs to build a strategy that is competitive and affordable, aligns with business needs, engages employees, and enables a unique, powerful employee value proposition.



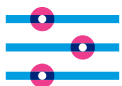
## **Determine potential interventions to achieve your strategy**

Once you have a draft strategy in place, consider the potential reward program interventions you may need to take to achieve your strategy (e.g., new programs to introduce, changes to existing programs). Prioritize potential interventions based on magnitude of impact (e.g., impact to employees, cost) and ease of implementation, making adjustments as needed. If significant changes are required, you might consider phasing the changes in or testing them with a pilot. Assign timing, roles, and resources to potential design changes.



## Communicate carefully

Put your strategy in writing and communicate it appropriately. Focus on the EVP messaging, not technical HR-speak about target market positioning, peer groups and personas. Convey the real implications, such as what programs are changing and how employees can expect their experience to change. On an on-going basis, when communicating about a specific program change, be sure to place it in the context of the overall total rewards offering.



## Monitor and adjust over time

Continue to collect data on a regular basis to ensure your strategy supports a competitive and valuable total rewards experience. Consider the entire total rewards strategy when making changes to any single element. And don't be afraid to adjust the strategy if it's not working for you.



# Conclusion

Your organization's total rewards strategy sets the stage for all reward program decisions. While compensation and benefits are still critical, employees are seeking far more from employers — everything from flexible working to wellness programs to meaningful work — and they want to be proud of the organization that employs them. The organizations that succeed are likely to be those that best understand how their rewards strategies and programs impact tangible business outcomes such as engagement, productivity, and retention.

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