

## Special Total Eclipse Edition Compensation Connections 17-3



Dear Reader,

The total eclipse is nearly upon us! Read the latest Special Eclipse edition of Compensation Connections!

### Total Eclipse of Total Rewards

The Great Total Eclipse of August 2017 is nearly upon us! And of course, that makes me think about what that might mean in “light” of a Total Rewards program that you might also only think about once every 75 or so years...



First off, you’d have to be concealed under a rock to not know about this event coming up. In Oregon, the media is – as might be expected – going nuts with their coverage. We even have estimates by each city or town in the eclipse path of the probability of clear skies. Interstate 5 is expected to have the worst traffic for miles and miles headed south from Seattle and north from California– overall Oregon is expecting over 1 million visitors who absolutely must see the event in person. Every port-a-potty in the state is rented, if that tells you anything about what is expected... for a 2 minute and 45 second event (that’s the eclipse, not the port-a-potty!).

And what does the word eclipse mean? Eclipse means to conceal, outdo, darken or make disappear. To be eclipsed is hidden, concealed, obscured, overshadowed, outdone or surpassed.

Want to see how much of the eclipse you'll experience from your location? Go to this map link and 'drop a pin' at your location.

[Solar Eclipse Calculator](#)

I used the calculator linked above and discovered that at my house, the sun will be 99.7% obscured. That seems pretty complete to me – I'm not in the path of 100%. What value would the last 0.3% provide to me? What about in thinking about total rewards, does that last fractional percentage really add any value?

Has your rewards program been eclipsed? Obscured? Overshadowed? I believe you should focus your limited time and resources on the big things and get them right (in other words, I'm not too concerned I'll miss out on the 0.3%, and the traffic certainly isn't worth it)!

**The Competition:** Are you comparing yourself to the right competitors? It's fashionable to have the "big names" on your list, but are they really competitors? Is that where your employees go when they leave? What about your values and culture, are they the same as those called out on your list? The wisest management teams I've worked with (at least when it comes to rewards issues) don't necessarily want their companies to be like all the others in their industry, i.e., revenue size, specific products, etc. But they give considerable weight to other companies where they'd want to emulate rewards practices.

**The Opportunity:** I've run across several companies recently, some of relatively large size that do not spend time defining levels of advancement for their employees beyond the big leaps – worker to supervisor to manager to director. If you've concealed or obscured the path of career advancement for your employees, you are doing yourself a disservice. Career levels don't create entitlements to promotions, but they do demonstrate that you value employee service and contributions.

**The Trends:** Personally, I'm not a big follower of trends, and anyone who has seen my wardrobe can confirm that! But in total rewards, it is easy to miss trends if no one is paying attention. It's not so much the administrative trends like how wide pay grades should be as what do employees value and how can you align your total rewards offerings. Remember, total rewards aren't just an expense, it might be something like how PTO works. For example, if you have an older, traditional workforce that has always had rich disability benefits, something like unlimited PTO may not have the same value as to a younger workforce that places higher value on time off versus

traditional income replacement benefits.

**Total Value:** You can get all the other elements of total rewards right (competitors, opportunity, understanding trends for starters), but if you aren't in the ballpark in value, you are almost certain to be overshadowed by your competition. That means understanding all those elements at play, just like you have to understand what is in play for a total eclipse (sun, moon, clouds, traffic, availability of port-a-pottys). With total rewards, that is certain to vary by level in the organization too. What is valued by your entry-level production operators, drivers or administrative staff is most certainly different than your executives. Try a simple calculation to see what that looks like by totaling all the most easily monetarily valued items then dividing each by the sum of the total. It probably looks something like this:

<b>Employee Segment</b>	<b>Base Pay</b>	<b>Variable Pay</b>	<b>Long Term</b>	<b>Benefits</b>	<b>Total</b>
<b>Executive</b>	<b>55%</b>	<b>16%</b>	<b>14%</b>	<b>15%</b>	<b>100%</b>
<b>Management</b>	<b>60%</b>	<b>12%</b>	<b>10%</b>	<b>18%</b>	<b>100%</b>
<b>Professional</b>	<b>65%</b>	<b>8%</b>	<b>6%</b>	<b>21%</b>	<b>100%</b>
<b>Production / Admin</b>	<b>71%</b>	<b>4%</b>	<b>0%</b>	<b>25%</b>	<b>100%</b>

It isn't hard to see why making a reduction to the company's medical plan offerings would be less well received by production and administrative employees than by executives and management because of the significance of benefits value.

## **Closing Thoughts**

OK, I've had a little fun with the eclipse, but I don't want to 'obscure' the value that should be placed on understanding Total Rewards. Some companies move further along the path by providing Total Rewards Statements to their employees annually, which is a great way not only to communicate value, but to be able to track a moving target (insert obvious eclipse reference here). Thinking about your rewards offerings more than every 75 years or so is also a great practice (as is wearing your eclipse glasses)!



Jim Harvey is Founder and Principal Consultant for Columbia Compensation Consulting Inc. His 35+ years' experience encompasses high-tech, aerospace, utility and health care industries, specializing in leading companies in the formulation and execution of their rewards strategies in support of business objectives. His global work experience and collaborative reputation includes translating business needs and ideas into tangible and measurable deliverables, and a hands-on results-

oriented attitude with a strong track record of driving large-scale projects through to delivery and implementation.

At Columbia Compensation Consulting, you are working with someone with over 35 years of expertise in executive, equity, incentive, sales and base compensation. My consultative style includes a D-T-S approach to working with clients: D for Do, since most clients have already identified the need and are looking for specific deliverables; T for Teach, where those opportunities present themselves and transferring knowledge to the client can enable self-sufficiency in the future, and S for Support either through ongoing retainer support or coaching of those then delivering. For more information please visit [www.columbiacomp.com](http://www.columbiacomp.com).

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