

# STRATEGIC REMUNERATION

## WHY IT IS IMPORTANT?

David Lowe

# Topics

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- What remuneration does
- Keeping remuneration strategic
- Getting involved in individual disputes
- How close should the link be to performance

# What remuneration is about

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- Reward
- Recognition
- Motivation

# Reality of Remuneration

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- Effects human beings
- Even Boards of Directors get involved in details
- Strategy flies out the window

# Getting your CEO's attention

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- Difficulty recruiting good reason to talk
- Quality of organisation
- Identify CEO's hot issues
- Remuneration as a motivator or demotivator

## Keeping remuneration strategic

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- Strategist or Santa – what do you want to be?
- Clear simple strategy
- One size doesn't fit all
- Administration v. Motivation

# Individual disputes

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- Managers not taking responsibility for outcomes of reviews
- Boards and CEO's involved in individual pay rates
- Individuals coming to you on appeal

# Staying Strategic

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- Decision-making policy allowing discretion
- Clear guide lines
- Managers accountability for outcomes
- Adjusting outcomes without consulting managers

# Translating strategy to operation

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- Matrices
- Total spend
- Relation to the mid point
- Job evaluation
- Market rate v. market position
- Link to performance
- Quotas
- Some or all above

# Cardinal rule

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All questions referred to employee's immediate manager (who should have made the decision)

# Link to performance?

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- Explanation to employer that is credible
- If not performance, what is it?
- Measure it objectively – it can be done

## Link to performance

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- Performance discussion held with employee
- That discussion must reflect remuneration decision
- Manager accountability for both vital

# Importance of a remuneration strategy

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- Makes best use of money available
- ‘Affordability’ argument is demotivating
- Simple and credible strategy
- Managers be accountable
- No place for Santa
- A driver for performance and quality
- Senior management grateful to know biggest cost has a plan