

Total Rewards

in the Post COVID-19 Era

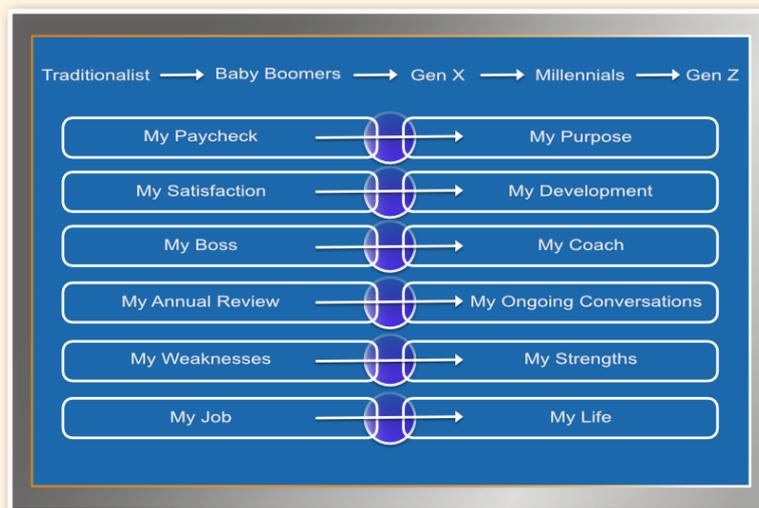
By Bobbi Kloss

What makes an employer an “employer of choice?” It is about an organization’s ability to not only attract quality employees but also to retain those employees as well. In Human Capital Management (HCM) terminology, this is called having a total rewards program.

The total rewards concept has been around for years, but a total rewards program looks differently today than it did a generation or so ago. Total rewards programs for baby boomers and past generations were focused on the base salary and health and welfare benefits. Competitively, a total rewards philosophy looked like, at minimum, matching or a cut above what other employers were offering in order to entice employees to a business. Employees knew this. Therefore, employee retention was easy to manage as job jumping was mainly centered on moving up the career ladder or due to poor management techniques.

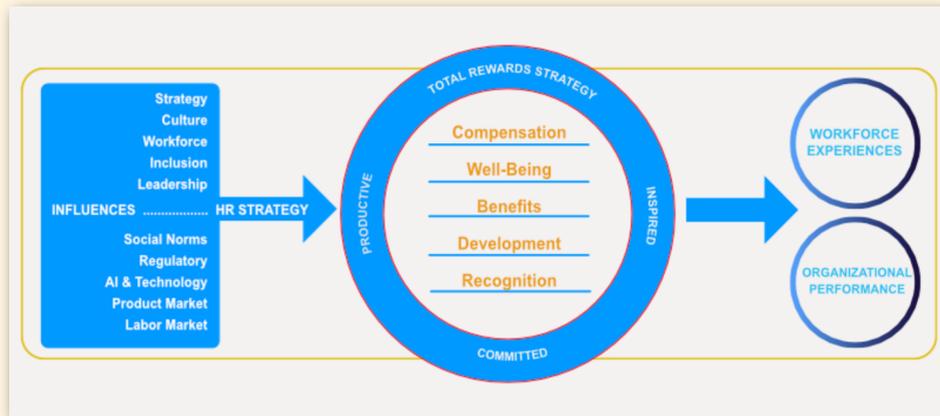
Times have changed with Millennials now in the workforce. Employee retention has become a challenge. Millennials are turning over jobs on average every 2.5 years, costing the [U.S. economy \\$30.5](#) billion annually.

Businesses have had to redefine the culture of the company in order to meet the nuances of this generation, as well as the next generation entering the workplace, the Gen Z’s. The chart, below, identifies how the goals of an employee has shifted throughout the generations:



Total Rewards Philosophy

Let's look at how total rewards philosophy is defined today. This is taking the company's vision and values and packaging those into a compensation strategy that includes base salary and benefits, short and long-term incentives, and its recognition and rewards programs. [WorldatWork](#) identifies a total rewards strategy as follows:



According to the [Training Industry](#), it takes on average two years for an employee to be fully productive and assimilated into the company. It is reasonable to assume then with current turnover every 2.5 years, employers who are hedging their recruiting and retention strategy on compensation and benefits alone are just training their employee for the next job opportunity - somewhere else. This strategy can cost a company anywhere from six to nine months of an employee's salary to recruit and train.

Moving from a task-oriented focus to a strategic HCM emphasis is what is needed to align the company's mission, vision and values and its needs and objectives to reach its goals. Putting aside the fact that the COVID-19 pandemic is disrupting the way we normally conduct business, employers need to push through the disruptions and recognize that operations will continue with a new normal. This new normal may lead to reforecasting the total rewards program to include provisions for remote workers, technology efficiencies and capitalization strategies.

A review of the company's business plan should be done annually, but now is as good of a time as any to review and consider if new strategies are needed. A review of your organization's current total rewards program should include an assessment of its strengths, weaknesses, opportunities and threats (SWOT). Is your current strategy harming or hurting your bottom line?

Employers will need to also understand the competitive landscape. Knowing your competition is just as important as knowing your applicant/employee base. It doesn't mean though that a business needs to mirror the competition's total rewards strategy. As part of the SWOT analysis the insight can guide the design of the organization's total rewards program. While the program concept is the same for all employers, the components may look different for an organization based on its industry, geographic location, and/or revenue size. For example, a smaller organization may not be able to offer compensation above market value, but may offer at market value and provide for remote work or a flexible work schedule.

An employer who may not be able to offer low premiums or deductibles on health care may be able to provide telehealth programs or cost saving programs in other areas such as employee discount programs. Alternatively, the total rewards program may be centered around the community offering a family environment, versus the hustle and bustle of the city, or it may be focused on career development and creating next generation leaders. The idea being that a total rewards program be individualized for the make-up of an individual organization.

Today, to be an “employer of choice,” employers need to recognize the value that is put on the organization’s greatest asset – its employees. While this value can still be monetized through ways as employee retention, productivity, and customer satisfaction, it encompasses so much more than base salary and benefits. A total rewards program today is one that spans the lifecycle of an employee’s experience by capturing a candidate’s attention in both the position and the company at the recruiting stage; engaging an employee into the company mission/vision/values during the onboarding process and; continuing to set an employee up for success through the performance management program.

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