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STRATEGY The Complete Package

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Faculty and staff are rewarded in many ways for their good work and contributions to your institution: base salary, recognition programs, health care and retirement benefits, life and disability insurance, paid time off, tuition waiver, sabbaticals, and so forth. Those rewards are clear, but what about the intangibles: a great work environment, participation in campus events, use of campus facilities, contributing to a worthy mission, and working with smart, dedicated people?

Have you ever wondered whether your institution is getting the most from its rewards expenditures? Is what you offer understood and valued? Do the rewards—financial and nonfinancial—enable your institution to attract, retain, and engage the talent required to realize its strategic mission and achieve institutional goals?

What is a Total Rewards Strategy?

A total rewards strategy articulates an institution’s overall plan for the rewards it will offer in exchange for the excellent work and commitment of its faculty and staff. The actual statement can be concise or detailed. To be effective, the strategy should capture the full set of rewards, both financial and nonfinancial. Segal/Sibson’s Rewards of Work (ROW) model, which captures and articulates five reward elements, is an effective and clear framework for building a total rewards strategy. (See companion article, [“Why Workers Stay or Go,”](#) in this issue.)



A comprehensive strategy should address each element in the model, articulating the

- goals,
- relative value,
- roles and responsibilities to ensure effective execution,
- short- and long-term objectives and tactics, and
- metrics to measure effectiveness and progress.

Institutions that develop a total rewards strategy realize significant benefits. The strategy:

- helps ensure that the value the institution receives for its rewards expenditures is maximized—that employees understand and value the rewards they have available to them;
- establishes a distinctive set of rewards to support the institution's employment brand and enables the institution to attract, retain, and engage qualified faculty and staff;
- provides a roadmap for the human resources function to review, develop, and enrich the total rewards offerings;
- helps ensure that the offerings are a reflection of the institution's actual intentions and competitive needs; and
- provides a clear and consistent communication device to remind employees of the full array of rewards.

A total rewards strategy helps faculty and staff see the big picture—whether employees are long service, new to the institution, or even new to the higher education workplace.

Colleges and universities typically offer a rich and varied set of rewards to faculty and staff, but the “package” has typically evolved piecemeal, with offerings added, deleted, or modified as appropriate at a given time. As such, your institution's package may not adequately reflect the institution's current strategic direction. This is not to suggest that higher education institutions have a cavalier approach to rewards. On the contrary, changes to offerings are usually not undertaken lightly. Rarely, however, is the full rewards package reviewed in its entirety.

Six Steps to Start Your Strategy

Developing a total rewards strategy specific to your institution's needs requires some initial homework to establish a baseline of what you already offer and to develop a more strategic approach to rewards.

1. Inventory rewards. Conduct a full, detailed, and accurate inventory of the rewards currently offered by your institution that fall into all five elements of the ROW model. This inventory should include both formal programs and informal practices. Some of this information is readily available but some of it will require investigation, particularly in large, decentralized institutions. Consider focus groups as a way to identify rewards and to generate interest and engagement in this process throughout the institution.

Use the inventory to build the overall strategy and the goals you want to achieve for each element. To be effective, a total rewards strategy should reflect your institution's strategy and goals for attracting, retaining, and engaging qualified talent.

2. Measure investment. To the best of your ability, calculate the current level of investment in each element to establish a baseline and to track changes. In some cases, the measurement will help gauge competitiveness (salary, benefits, etc.) as well as investment. In other cases, the institutional cost of the reward can be measured but determining competitiveness will be more difficult. For example, the cost of fitness-center usage can be determined, although the competitiveness of this benefit really is not quantifiable. In all cases, however, measuring your investment in rewards will help institutional leadership understand the magnitude of current expenditures and what may be needed in the future.

3. Increase information. Through clear communication, help employees understand the full suite of rewards available to them. Link the total rewards strategy to institutional strategy, and consider creating a distinctive name and logo. Use your customized strategy as a basis for measuring employee understanding, satisfaction, and engagement through surveys and other employee feedback techniques.

4. Implement improvements. Implementation and execution are essential to a fully realized total rewards strategy. Vague practices, inconsistent implementation, and unclear communication will contribute to a less-than-effective strategy. Setting priorities for developing or enhancing rewards and communicating these improvements will demonstrate an institutional commitment to employees.

5. Measure impact. A total rewards strategy constitutes a vibrant plan. Maintaining the plan's relevance requires regular review of your institution's initiatives and external influences. A review of your strategy's effectiveness needs to be incorporated into routine planning processes that your institution regularly conducts. This is a different measurement process than the measurement of expenditures. Your institution is likely to have a menu of metrics to use as a starting point, and it will probably be necessary to supplement this starting menu. For some elements, qualitative measures may be the only available tool. Regardless, the process of measuring effectiveness consistently and regularly is essential.

6. Involve the community. Involve leadership, faculty, and staff in understanding the total rewards strategy and how it supports the institution's overall strategic direction. This goes beyond communicating the actual strategy. Demonstrate links between new initiatives and the strategy. Use surveys to understand what is or is not valued. Take the opportunity to review and refresh the strategy by seeking input from those most impacted. Broad involvement and understanding will help ensure the continued relevance of the total rewards strategy to the institution.

The Value of Multiple Strategies

Colleges and universities are traditionally egalitarian environments, and most certainly want to maintain the positive aspects of this culture. Yet, many institutions are recognizing a need to respond to market pressures that are exerting uneven pressure across the institution. For instance, segmenting employee groups to understand their varying expectations and drivers may make sense when there is a legitimate need. Consider these instances: universities with health systems compete within the higher education market as well as the health care market; law and business faculty command higher salaries than humanities faculty; professionals in certain specialties such as athletics, development, and information technology can often name their price.

Because the need for greater segmentation is becoming an imperative that cannot be ignored, it may be worth exploring whether more than one rewards strategy is needed. Each institution's approach will be based on its own set of strategies and priorities. One suggestion for beginning to sort through the segmentation issue is to think about the following segments and determine whether they are relevant, and if so, which functions and positions fall into which categories.

- **Strategic:** critical to developing and driving the long-term vision and strategic direction of the institution.
- **Core:** the "engine" of the institution and essential to delivering on the mission and values.
- **Requisite:** required functions that are necessary to maintain and manage the institution.
- **Outdated:** functions that are no longer necessary at the institution.

Strategic and *core* functions may require more competitive rewards to ensure that the institution is able to attract, retain, and engage the talent needed to excel. *Requisite* functions may require a somewhat less competitive positioning and, in some cases, the function may be outsourced entirely. *Outdated* functions clearly don't require significant institutional investment, beyond potentially retraining and reassigning employees in these functions.

While corporations have long embraced segmentation as a necessary part of doing business, on the whole, higher education remains somewhat resistant. Some of the difficulty institutions have with segmentation is the impression that it can be a value judgment on the importance of people to an institution. However, this is not the case, and it is essential to view these categories as functions and positions. In reality, some segmentation is already happening, albeit with little fanfare. For example, many private institutions are in one phase or another of a capital campaign. To bring in the type of development talent needed to realize their fundraising objectives, institutions are frequently providing more generous rewards to these positions through salary, bonuses, titles, and so forth.

Mapping and Marketing Your Rewards

Enhancing your total rewards package does not have to be undertaken all at once. Use the strategy and inventory as a framework for assessing effectiveness of each element and developing a set of priorities. Create a plan for addressing each element, including roles of individuals and any prerequisites that must be in place.

You also don't have to perfect your strategy before you communicate its benefits. Your total rewards strategy can be an effective means of reminding faculty and staff in an ongoing manner of the full set of rewards that are offered in exchange for their contribution to the institution.

Working at a college or university offers a rich and fulfilling work environment, and academia attracts people for reasons beyond financial gain. They expect a fair and competitive salary and benefits but typically also place tremendous value on affiliation, work content, and career. Often, long-service employees may not appreciate the richness of their rewards package, while new employees, particularly those coming from outside higher education, may be baffled by the variety of rewards. As academia taps into the corporate talent pool, more people are being introduced to the rewards of working in higher education. Developing and communicating a well-articulated total rewards strategy can help ensure clear

understanding and across-the-board appreciation of what your institution provides and how employees can make the best use of what you offer.

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Lehigh's Staff Employment Value Strategy

When Jacqueline Matthews, associate vice president of human resources for Lehigh University, Bethlehem, Pennsylvania, began planning the redesign of the university's staff compensation plan, she recognized the importance of doing so within the context of a broader program supporting the institution's strategic goals and priorities. To ensure that all rewards, financial and nonfinancial, would support Lehigh's strategic direction, the university developed a total rewards strategy with the guidance of Segal/Sibson consultants as the first step in designing a new staff compensation program.

The development process began with a series of interviews with leadership and focus groups with staff. These meetings were intended to collect detailed information on institutional direction and priorities and to understand what staff valued about working at Lehigh. Margaret Plympton, vice president of finance and administration, and other senior leaders understood the importance of reaching out to staff to hear directly about what was most important to them. Senior leaders also knew that this process would help establish buy-in for the new program. While it was clear that salary and benefits were important to staff, the focus groups revealed that staff also value the intangibles: working on a beautiful campus and at an institution with an excellent reputation, contributing to a worthy mission, having access to campus facilities, and so forth.

Lehigh leaders recognized that in addition to providing a framework for the institution's rewards expenditures, a total rewards strategy offers communication potential. To emphasize the university's focus on staff, Lehigh's strategy was named the Staff Employment Value Strategy. SEVS was introduced to the Lehigh community in the early stages of the staff compensation project and continues to articulate the institution's goals related to five major reward elements: compensation, benefits, affiliation, work content, and career. An abbreviated form of the full strategy was presented in quarterly newsletters. As new initiatives are launched, they are linked to SEVS to reinforce the strategy's ongoing relevance.

-- Karen Hutcheson

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