



Spanning the Globe: Building an Effective Total Rewards Communication Campaign





Organizations across the globe have learned that the best employee benefits on earth are meaningless if employees don't know they exist.

The trick for employers is to convey that “big picture” value to their workforces. Total compensation statements are one of the best ways to communicate the total value of a salary and benefits package, and they're used widely throughout North America. But what happens when a corporation goes global? Expanding to other countries brings its own set of challenges. Communicating the big picture requires the right cultural lens.

Take a look at any total compensation statement and it's clear that cash compensation is only part of the financial rewards picture. The dollar value of medical and dental insurance, life and disability insurance, retirement benefits and more typically make up an additional 30 percent of an employee compensation package.

For instance, in countries such as Germany and Australia, employees engage in “salary sacrifice,” when an employee gives up the right to part of their cash remuneration in return for retirement or other non-cash benefits.

In some Asian-Pacific countries, employees are entitled to a “rice allowance,” as well as other allowances such as travel and lodging. Other countries present a dilemma when employees receive state-sponsored benefits, rendering irrelevant any employer-provided benefits.

This is the mission of the international compensation statement: to overcome cultural differences, convey the true value of an employer's salary and benefits, and unify how it's communicated from organization to employee. Such a global task may seem daunting, but HR professionals and compensation managers are quickly learning that once they get past the intimidating first impression, there's far more bark than bite.

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Total Rewards: A Two-Way Benefit

Once used solely for existing employees, total compensation statements have emerged as a valuable recruiting tool. A decade ago, these statements were simply a personalized rundown of how much an employer paid an employee to work for the company. Today, they're an effective way to lure new talent, reduce turnover, and keep longtime employees committed. Other companies are using statements to encourage employees who don't take full advantage of benefits like 401(k) plans or wellness programs to take action.

Even as companies have moved away from shouldering the bulk of retiree and health care costs and shifted some costs to employees, it doesn't take a rocket scientist to see the sizeable investment they still make. Some employers even tie their organization's business goals into reward statements so that employees can see first-hand how close they are to the targets.

Happily, employers who offer perks are enjoying their own benefits. In a 2011 study by Aon Consulting, 90 percent of employees have a higher appreciation for the value of their employer-provided benefits after receiving these statements. Ninety-five percent said they would save their statements and refer to them throughout the year.

While the economic downturn has caused scores of companies to curtail benefits, recent studies suggest that the benefits scene has stabilized. A June 2012 study by the International Foundation of Employee Benefit Plans reports the majority of employers do not plan to change their health-care plans by 2014—even though they are bracing for added costs. Over 86 percent of employers surveyed did not anticipate changing their health insurance offerings.

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In fact, more employers are offering benefits that encourage employees to improve their health in 2012, according to the June 2012 Employee Benefits Survey by the Society for Human Resource Management (SHRM).

Wasted Opportunities

Clearly, it's more important than ever for employees to understand the investments being made by their employers. Yet communicating a salary and benefits package remains a woefully low priority.

An ADP survey last December found that HR professionals believe that four in 10 employees don't fully understand their benefit plans. The quarterly HR/Benefits Pulse Survey found that 80 percent of HR decision-makers believe employees must fully understand their benefit options, yet only about 60 percent of their workers do. Worse, 36 percent of large employers and 66 percent of mid-sized firms have no budget to share the benefits story.

It's not just a U.S. problem. The Chartered Institute of Personnel and Development (CIPD) reported in May that most employers in the UK are wasting the money they spend on salaries and benefits by leaving employees in the dark about the true value of the total package. The CIPD/Benefex Reward Management Survey found that over a third of companies plan to increase their spend on employee benefits this year, but few (17.8 percent) provide "total reward statements" and 8 in 10 offer no financial education to help employees understand the value of their pensions and other financial benefits.

Goin' Global: International Success Stories

AXIS Capital

"AXIS is committed to providing our employees with a competitive and comprehensive total rewards package," says Amy Jackson, former vice president of corporate benefits for AXIS, a specialty insurance and reinsurance company that developed total reward statements for employees in eight countries. The company distributed statements to offices in Bermuda, the U.S., Canada, Singapore, the United Kingdom, Ireland, Switzerland and Australia.

"Our employees around the globe are at the heart of a strong culture that prides itself on delivering outstanding value to its shareholders, clients and employees. We were pleased to provide them with a new way to view a consolidated statement of their compensation and benefits here at AXIS."

Headquartered in Bermuda, the company based the project in its U.S. offices near Atlanta, Georgia, and partnered with TotalRewards Software to produce the various statements. The first paper statements were produced and mailed to approximately 1,100 employees last January; online versions followed soon after.

"While the scope of the project was intimidating, we started with a well-thought out project plan. There are definitely a lot of moving parts in producing total rewards statements globally so we quickly realized how important it was to be organized."

Jackson and her team initially created a sample statement based on U.S. benefits and compensation, then met with international counterparts to identify the similarities and

differences to customize the statements for each country.

"It was important for us to partner with a company who could be very flexible and allow us to customize the statements that worked best for us."

Finally, Jackson repeats the need to be organized and how crucial it is to ensure the data is accurate when producing these types of statements. "Make sure you have a means of validating all of the data, especially if it's coming from many different sources such as local HR contacts, benefit

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-Amy Jackson, Former Vice President, AXIS Capital

carriers, payroll providers and third-party administrators."

Ultratech, Inc.

When Ultratech, Inc., opened an office in Singapore, the California-based company knew it was time to produce its first international compensation statement. The company is a longtime supplier of lithography and laser-processing systems used to manufacture semiconductor devices and high-brightness LEDs.

Ultratech had previously issued total compensation statements to its U.S. workforce but never to its overseas offices. Strong growth in 2010 triggered the change, and the company targeted four overseas offices to receive statements: Singapore, Taiwan, Korea and China. The company also has offices in Europe, Japan, Thailand and

the Philippines.

“We wanted our employees to see the full value of their salary and benefits,” said Salina Faria, compensation & benefits manager for Ultratech. She quickly recognized the challenge of trying to mirror the United States benefit model and its dizzying menu of choices.

“It’s not like the U.S. where we have 30 different various deductions & benefit choices... in many cases, our international employees are limited to state-issued benefits, where it’s given to them instead of opting in.”

They began the project in December and mailed statements in late January and early February. Since there were fewer categories of benefits in the overseas locations, Faria said her challenge was to mirror the substance and style of U.S. compensation reports, which typically feature pages of graphs and pie charts. Another important step was to educate managers prior to mailing the statements so they could help employees with questions.

“When our employees actually saw the pie chart showing overtime, car allowance and everything else Ultratech was contributing, they were truly surprised,” Faria added. “Most people see their annual base salary and they don’t realize what else is included.”

PR for HR: Steps for an Effective Campaign

Companies such as AXIS and Ultratech are reaping the benefits of spreading the total compensation gospel, but their programs wouldn’t be nearly as successful without strong organization and communication. Think of total compensation statements as the centerpiece of an

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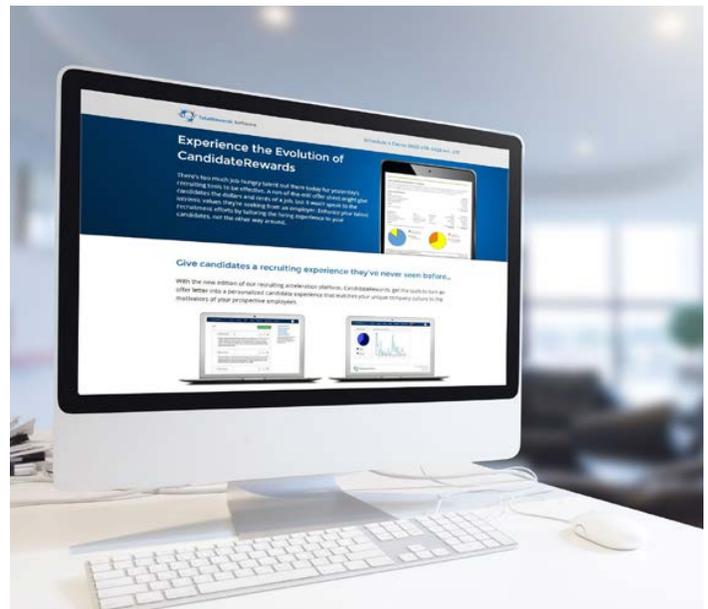


internal marketing campaign.

Below are some tips for launching an effective global campaign:

- **Plan Ahead.** Before taking a single step, map your organizational goals— what are the messages you wish to convey and who are your audiences?
- **Name an internal project leader.** With so many moving parts, you need a central manager who can coordinate with global offices and monitor progress.
- **Don't bite off too much.** If possible, start with U.S. and English-speaking offices to get a framework in place, followed by a phased rollout to other countries.
- **Nail down the infrastructure.** Determine in advance how the data will be housed. Try not to split payroll and benefits data into separate systems.
- **Embrace the differences.** Don't try to copy the U.S. model—embrace each country's culture and all of its wonderful customs.
- **Educate managers in advance.** Employees will typically go to their direct supervisor with questions about a statement. Prepare them with answers.
- **Build the buzz.** Put on your internal marketing cap and build anticipation ahead of time. Use email, posters, and social media. Follow it up with another promotional blitz when statements are issued.

Global organizations make a huge investment in benefits. Total compensation statements help employees recognize that value. Make sure they read them!



Based in Rocklin, California, Total Rewards Software is a private company founded by business and technology professionals with a mission to deliver high quality and cost-effective total compensation software solutions to employers worldwide. The cloud-based application creates statements for employees in more than 40 countries across five continents, including industries such as retail, manufacturing, construction, non-profit, education, financial, insurance, professional services and technology.

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