

Talking point

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Reward is a vital part of the HR function, yet professionals in this area can undersell its worth. They need to work not just on the numbers but on communicating them in a way that appeals to staff

Reward people are often seen as the geeks of the HR world. They are happiest in the world of pivot tables, inter-quartile ranges and compa-ratios. They might be high in IQ but not big on emotional intelligence. Leave them with the spreadsheets but don't get them too involved with people. Some reward people actually come through the accounting or actuarial route. Before we know it, reward jokes will rival actuary jokes. "What's the difference between an introverted and an extroverted reward manager? An introverted reward manager looks at his shoes when he talks to you. An extroverted reward manager looks at your shoes!"

Of course, reward is not simply about the technical stuff. In the US, compensation and benefits are often split responsibilities, the need for technical depth being seen as critical, and very much a science. The more enlightened HR functions here may see it as much as an art as a science – you need to be able to engage and explain.

But to engage people you first need to get their attention. For many firms, reward can be the largest single cost of the business. They can easily be 60 to 70 per cent of total costs for a service or financial services business. Therefore, reward – ie, pay – must be on the board's agenda at macro level. At micro level the reward of the most senior executives will be an important concern for the board. As reward gets the headlines it is an easy entry point to raise broader issues.

You get real value from joined-up HR. So, if you identify key talent, you need to develop them and give them challenging jobs while ensuring that their pay reflects their performance. Your performance management system also needs to relate to your talent management and recognition programmes and related elements of reward.

I often think of the reward role as dealing in two areas: above and below the line. Below the line – in the boiler room – is where the technical design work is done. It is, and should be, mostly invisible to the majority of people in the organisation. Above the line are the parts of the programme that are communicated: the stuff that you want to be seen and that means something to people.

Some reward people can get the balance wrong and spend more time on activities below the line rather than those that release value. Even when thinking about the communications, we can often find ourselves emphasising the features of a new plan rather than the benefit to the individual. We always have to answer the question: "What's in it for me?" This does not mean: "Explain to me the technical niceties that you might have found interesting when designing the programme," but: "What will I get out of it?"

Reward people need to get themselves out of "features" and into "benefits". Selling ideas and concepts should be a core competency of a reward professional, but too often the emphasis is on the technical design and administration rather than the underlying values, beliefs and benefits.

On the other hand, HR people in general are criticised for not always understanding the business and the numbers. Reward people can be criticised for being too close to the numbers. But, with joined-up HR, we need to work hard on the connections between the different parts of the function. Let's get the balance right.