



TOWERS
PERRIN

Total Rewards Communication

Using the Power of Technology and Traditional Media
to Communicate the Value of Individual Rewards,
One Employee at a Time

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In today's world, we know that rewards are critical. In fact, competitive base pay remains the single most important element in attracting talent to an organization.*

But many companies may not be fully benefiting from their reward programs, simply because they are **not effectively communicating** the value of these programs to employees — whether the monetary elements like compensation and benefits or the “hidden paycheck” of less quantifiable but equally important elements like training or career development. Nearly two-thirds of respondents in our last Global Workforce Study, for example, rated their organizations “fair” or “poor” in providing clear pay and benefit information.

Our research has demonstrated that pay remains a challenge for both employers and employees. Employers understand the power of pay in guiding performance and focusing people on key goals and tasks, but they don't always follow through with programs that provide effective differentiation for performance or clarify what it takes to achieve certain levels or types of rewards. Employees, for their part, want to feel they're paid fairly and competitively and that they will see meaningful rewards for the right contributions and results.

When rewards are well designed and well communicated — when pay itself becomes a form of communication — both sides win. Employees understand how they are rewarded, and for what, and they behave in ways that contribute to the organization's success. And employers truly optimize their reward spend by ensuring that their pay programs effectively attract the right talent, inspire a true performance culture and produce a measurable return on investment.

So what does it take to achieve this vision? First and foremost, a recognition that pay is personal and that communication about pay and other rewards needs to be personal as well.

IT'S ALL ABOUT THE INDIVIDUAL

Too often, reward programs fall short in cultivating and rewarding desired employee actions and behaviors. And this most often happens when *employees don't understand the true value of their employer's total rewards program, especially at a personal level.*

Having to compete with all of the “noise” in today's typical workplace makes it more challenging than ever to reach employees with clear and individually meaningful messages about their rewards. But when done well, personalized communication can help foster a positive work environment, higher productivity and lower turnover, among other benefits.



What do employees need to know? With rewards, employers need to express to employees:

- what their total rewards include, and the richness of elements within the package
- why employees' reward packages are so valuable — not just today, but over the longer term, as they plan for their individual and families' futures
- how their rewards are (or can be) customized to meet changing needs at various points throughout their working lives
- how employees can make sound decisions and manage the financial risks around their reward packages
- which employee behaviors and actions the total rewards program is designed to encourage and sustain.

This is where Towers Perrin's personalized technology and communication expertise comes in.

Leveraging an optimal combination of today's technology and traditional media, we help companies reach employees with highly personalized communication that emphasizes the value and meaning of their individual reward program. This can lead to stronger business results and maximize a company's investment in rewards.

Our communication approach provides employees with two critical things: the individual context regarding what the organization requires of them (and how that effort will be rewarded) and the confidence that their financial security is understood and within their control. Our approach encourages greater ownership and personal accountability for individual reward and benefit decisions, and provides the supporting information that employees need to make those decisions.

Finally, as organizations transfer more risk and responsibility for reward decisions to their employees, our personalized communication approach provides the supporting tools and resources to let people effectively manage those risks.

Our Methodology

We begin with a **comprehensive look at your organization's total rewards programs**, including what they're designed to do, for which employee segments and how effectively they're meeting your needs. These inputs help us understand your goals and your audiences — whether line employees or leadership, on the factory floor or in the executive suite, in the same city or across continents — and create a customized approach to communicating about total rewards, one employee at a time.

Then, whether working on a specific, stand-alone aspect of your reward communication or a more complex, integrated approach to designing, communicating and managing change within a reward program, we prepare a **detailed definition of your requirements**, both short term and long term, strategic and tactical. This includes outlining your goals and objectives, along with an assessment of the support currently in place. During this time, we also work with you to develop project communication plans and protocols to assure an effective result.

Next, our collective focus shifts to content, **developing reward program messages** and determining the best ways to deliver these messages. For projects with an online component, we define and assess the technology and systems architecture needed to support these goals. Along the way, we help build the business case, determine effective metrics and think through short- and long-term internal rollout plans — all critical steps that need to happen alongside development.

Finally, we **implement a solution** that ties together reward communication, site or statement design, production and testing, along with a detailed rollout plan that includes internal communication and change management programs.

Having to compete with all of the “noise” in today’s typical workplace makes it more challenging than ever to reach employees with clear and individually meaningful messages about their rewards.

On a tactical level, personalized communication helps put employees in the driver’s seat in understanding their complete compensation and benefit package. Whether delivered through a print piece or an integrated total rewards portal, detailed information about pay, health and welfare benefits, retirement and other saving plans, and work/life benefits can be communicated as both the current state and future projections.

OUR SUITE OF PERSONALIZED TECHNOLOGY AND COMMUNICATION TOOLS

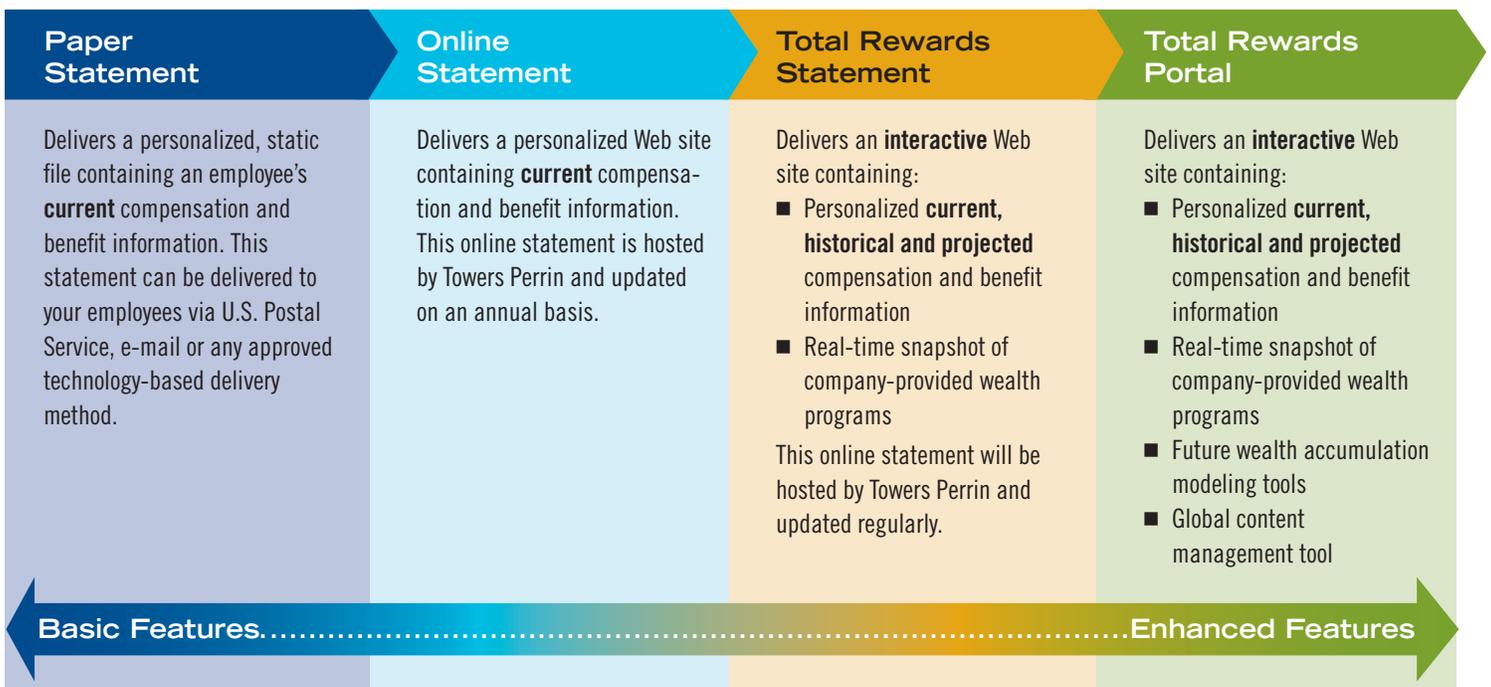
Since organizations have diverse needs and unique cultures, a one-size-fits-all approach to personalized reward communication is usually ineffective. Factors that influence how an organization might communicate individual rewards include age, job level, geography, and union or nonunion status. All of these factors, and others, make a difference in how employees interpret and understand their reward programs.

For this reason, our personalized solutions embrace a spectrum of options — from basic compensation **statements**, to highly customized and interactive **portals** with reward modelers.

Statements

On a basic level, organizations may opt for a straightforward, print statement that offers employees an at-a-glance view of their current rewards. These customized statements, which can detail single elements, such as pay, or capture the entire suite of employee rewards, can be delivered via traditional

Communicating Total Rewards — Our Service Continuum



Optional enhancements to each of these services are available.



mail, e-mail or the Web. They offer a cost-effective and efficient perspective on an individual's rewards. A more dynamic approach includes not only current rewards but also shows future projections and helps tie employee performance to rewards.

And whether paper or online, straightforward or interactive, our approach to statements incorporates a custom solution while leveraging efficiencies in information, delivery (whether mailed or hosted online) and integration with current total rewards communications.

Portals

Towers Perrin's approach to personalized technology also includes basic and highly sophisticated total rewards portals that offer frequently updated, secure Web-based access to personal reward information. With this technology, employees can view current and future reward values, access detailed content about their benefit programs and, using more advanced estimation tools, actually model their future wealth accumulation. These modelers and other supporting tools let employees make informed financial choices, weigh the risks and rewards of those choices and see how the value of their reward portfolio will change and grow over time.

Total Rewards Online

We believe that an effective online total rewards framework — one that educates employees about their compensation opportunities and supports an organization's engagement, retention and performance objectives — should be guided by three primary objectives:

Enhance Understanding of the Value of Total Rewards

- Effective communication that explains reward program design and key corporate performance measures — and the critical link between them — to increase employee understanding of the value of rewards.

Summarize Company-Provided Compensation Opportunities

- Aggregate all key compensation elements to summarize current opportunities and values/balances.
- Offer financial planning tools that provide an easily accessible real-time snapshot of company-provided wealth.
- Provide references to an employee's historical pay (e.g., historical base salary, annual bonus payouts and pretax stock option exercise gains) for additional context around current pay levels.

Act as First Point of Entry for All Rewards-Related Inquiries

- Simple, easy-to-find links to additional key program content and Web sites so that the total rewards resources act as the first point of reference for employees seeking more detailed information about specific programs or account information (e.g., pension/cash balance, account-based plans and deferred compensation).



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WE'RE UNIQUELY QUALIFIED TO PARTNER WITH YOU

Every Towers Perrin personalized communication project is delivered by a multidisciplinary team that draws on:

- broad, relevant experience in employee communication so that the tenor, tone and timing of your personalized reward communications are clear, effective and consistent with your culture and brand
- our unmatched subject matter expertise in health and welfare, compensation, executive pay and international benefits, to ensure solid program design and functional accuracy
- current and sophisticated understanding and use of HR technology and systems, including state-of-the-art approaches to Web strategy, design and implementation, as well as the ability to link together technically complex systems and user interfaces for a seamless employee experience
- a strong methodology for project leadership and management, backed by detailed implementation plans, timelines and reporting options for tracking your project's success.

We're also global in thought and in reach, with offices and capabilities around the world. From high-level strategy planning to detailed translation, we provide truly integrated global capacity — and the implementation know-how to back it up. We've delivered total rewards statements and helped design and implement detailed HR Web sites in many countries around the world. Our online statements offer global content management tools that allow administrators to develop, update and upload content in multiple foreign languages. Many of our clients are multinational organizations with a need for both centralized and decentralized global approaches; we support both models adeptly, from strategy to underlying technology support.

ADDING IT ALL UP

Whichever communication medium you choose, your reward message will have the greatest impact if delivered in a personal way. Individual meaning and consistency help drive desired behaviors and increase employee understanding of the value of their reward programs — even as they increase the return on your significant investment in rewards.

We welcome the opportunity to talk with you about how personalized technology and communication can play an integral role in the success of your reward programs.

ABOUT TOWERS PERRIN

Towers Perrin is a global professional services firm that helps organizations around the world optimize performance through effective people, risk and financial management. The firm provides innovative solutions to client issues in the areas of human resource strategy, design and management; actuarial and management consulting to the financial services industry; and reinsurance intermediary services.

The firm has served large organizations in both the private and public sectors for over 70 years. Our clients include three-quarters of the world's 500 largest companies and three-quarters of the *Fortune* 1000 U.S. companies.

Our businesses include HR Services, Reinsurance and Tillinghast.

