

A New Perspective After My Corporate HR Role

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After spending the bulk of my career as a compensation consultant advising Boards and senior management teams on executive pay program design, incentive plans, and corporate governance-related items, I decided to make the jump from consulting into a broader corporate HR leadership role. For the last 3 years, I oversaw the compensation, benefits, and HR operations functions at a company with over 50,000 employees in the retail services and consumer products industry.

Now that I have recently rejoined Semler Brossy, I am excited to incorporate this additional perspective from my corporate role into our consulting advice.

PERSPECTIVE #1

Staying on top of day-to-day requirements can become all consuming

Demands are high on corporate HR teams. Managing the requirements of employees across annual bonus and merit cycles, special incentives or retention awards, the rising cost of benefits programs, and increasingly varied city or state regulations consumes a lot of time and resources.

When you add in other HR responsibilities such as talent acquisition, performance management and succession planning, rewards and recognition, and remote or flexible working programs to just name a few, it is clear that the everyday requirements are substantial.

To make matters more challenging, corporate HR teams are constantly being asked to do more with less. These pressures can be especially acute for high-growth companies who may have outgrown their HR systems or who quickly add significant headcount.

In this context, an outside advisor can become a valuable partner in two ways. First, an independent advisor can provide a helpful perspective when the HR leadership team has to switch quickly from managing the day-to-day requirements to focusing on the bigger picture. At the Board or Compensation Committee level, an advisor can facilitate conversations and drive the process to help relieve some of the burden

from management having to diagnose Board or Committee perspectives on pay programs. Second, outside advisors often play an important role by providing extra resources or expertise to assess current compensation programs and, if necessary, recommend adjustments.

By bringing to bear experience, an independent perspective, and analytical capabilities to help relieve the internal administrative burden, an outside advisor can play a critical role for overstretched HR teams.

PERSPECTIVE #2

Communication and change management should not be overlooked

Managing a large organization is like steering a cruise ship—change in direction has to be done thoughtfully and deliberately. The most perfectly designed pay program will not maximize ROI unless it is fully understood and embraced by participants. This cannot be achieved by top down fiat from the Board or CEO, or worse, forced on the company by an outside advisor. Collaboration and creating buy-in is crucial, and an effective communication and roll-out strategy is essential when changes are made to compensation program design.

Companies are constantly balancing priorities, and any change to compensation programs must be viewed in relation to other changes the company is undergoing, whether HR-related or across the broader business. An organization can only absorb so much change at one time, and understanding the broader business initiatives at play helps put pay program modifications in the proper context.

Rollout of a new pay strategy or program should account for implementation trade-offs and be built around realistic timelines and expectations to allow for effective communication and change management.

PERSPECTIVE #3

Simple pay programs aligned with business strategy and culture are most effective

The vast majority of participants in compensation programs are not compensation experts. Programs that are simple and inherently align with and reinforce the company's business strategy and culture, purpose or mission, and employee value proposition will be more easily understood by participants.

Companies often strive for the perfect alignment of pay and performance. However, creating that alignment almost always increases the complexity of the programs and can make communication more challenging. Simpler programs are often more effective.

Pay programs that can be communicated through straightforward messages aligned with business objectives, and pay outcomes that generally make sense in the context of performance—measured by a combination of stock price, and financial results and/or operational indicators that are regularly communicated as part of everyday management—will usually drive most of the desired behaviors and be valued more by participants.

Often simpler is better, especially when it allows for easier communication and implementation.

Spending time in a corporate HR leadership role has made me more sensitive not only to the demands on corporate HR teams and breadth of challenges they face, but also to the importance of effective communication, implementation, and execution of compensation programs. At Semler Brossy, we apply these practical lessons every day in our advice to management teams and Boards on executive compensation.

For more information, visit us at SEMLERBROSSY.COM, or please contact:

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