

Reward and technological innovation



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Reward professionals working in the UK over the past couple of years have been faced with an environment where there is little or no appetite from senior management for increasing spend on salaries or benefits, and very little external pressure from the market place to do so. This article explores some of the less traditional ways KPMG in the UK have used to try to maintain employee motivation within a relatively stable reward framework, we also look at some of the pitfalls we have encountered along the way.

Context

KPMG LLP operates from 22 offices across the UK with more than 9,000 partners and staff. The UK firm provides a wide range of accountancy, tax and other financial advisory services to its clients. The firm has a strong technology infrastructure, with widespread provision of laptops and remote working facilities. Almost everyone has access to a PC. This means we have a highly PC-literate workforce.

The e-enabling programme has meant that that everyday administrative processes like claiming expenses, filling in timesheets, arranging travel bookings and so on have been greatly simplified and time spent on these activities drastically reduced.

The process of e-enabling the firm's Human Resources (HR) policies and processes is well now advanced. Results of which have meant better communication, more efficient processes, improved linkages between policies and processes. Reward is no exception.

What have the benefits been?

A key advantage has been that the range of reward options available to staff are now more accessible and choosing your individual preference has been made much more user-friendly.

For example, the firm has offered a flexible benefits programme to its employees for some time now. Last year, we replaced the old paper-based process for selecting flexible benefit options with a brand new intranet-based system. The new system enables employees to see their current selection of benefits whenever they want, change these at renewal, and access further information on the HR intranet. As well as being able to deliver instant information to employees and to process

the changes to benefits more efficiently and cost-effectively, the new system has brought another key advantage. Flexible benefits can be complicated for employees. Providing the facility to model various option choices makes the whole process of making choices easier for employees to understand. This means that they are likely to get more from their flexible benefits selections, and that the firm will in turn get more benefit from providing flex as part of its offering.

With similar benefits, the firm launched a new employee recognition programme in 2003 which is delivered via a custom-built website. The aim was to provide an extra means of recognising outstanding team and individual contribution at a low cost and within a relatively short timeframe. A manager or colleague can nominate individuals and teams for an award, and business heads review and agree nominations every month. The website allows employees to see information about the programme and to browse potential rewards such as experience days and retail vouchers. Winners use the system to select their award.

Another advantage of e-enabling reward processes is speedier communication. For example, the firm first issued a total reward statement to all its employees two years ago. This provided employees with a snapshot of their total reward package at that point in time. As such it succeeded in helping employees to have a better understanding of the cash value of the whole reward package, including benefits such as pension and private medical insurance. However, the statements became out-of-date relatively quickly as benefit entitlements and base salaries changed. So more recently, the firm has switched to providing personalised reward statements on-line, via its HR intranet. Now the statements are available to employees all the time, and are updated regularly to reflect changes in entitlements. This helps the firm to optimise pay-back from its investment in employee benefits.

By making processes more efficient and faster, HR Managers' time has also been freed up for more value-added work. The salary review is a good example of this. Two years ago the salary review was a torrid time of year for HR teams. The truth was that HR had become tied down in administrative tasks during the review, inputting salary and bonus proposals to spreadsheets and producing and checking letters at the end. Since then a custom-built system has meant that line managers can access all the information they need about the people in their teams, and input salary and bonus recommendations for their teams directly to the HR database. This has a doubly helpful impact - line managers are able to have greater involvement in and accountability for the salary and bonus levels of their teams, and HR managers have more time to take an overview of pay and bonus decisions to ensure that the spend on salary increases and bonuses is being used effectively.

And at the end of the review, after a week-long period during which individuals meet with their line manager to learn of their new salary and any bonus award, all employees receive an e-mail with a link to a secure web page confirming the awards. The whole process is automated, and with just a few exceptions, no letters need to be issued. It would probably be pushing things too far to say that HR teams now enjoy the salary and bonus review, but they certainly appreciate the

opportunity to focus on providing advice to their clients, and time pressures have been eased for line and HR at critical points in the timetable.

Pitfalls

So what of the pitfalls; did we manage to avoid them? Well no, not all of them.

Our flexible benefits system went live later than we had hoped and cost came in over budget. As a result, net savings will take longer to flow through to the firm than originally expected. Going live later than expected in fact turned out to be helpful, as it meant that we launched the system at a point in the annual flex cycle when there was minimal activity. This meant that we had time to bed the system down and to sort out teething problems before the period of heaviest usage (the annual renewal cycle).

Another risk is that the sheer volume of real time, immediately accessible information that is available can overwhelm employees. Well thought-out web design can help by breaking the information up into digestible chunks, and by combining ease on the eye with ease of use. KPMG is constantly developing better ways to share information, but we still get feedback from time to time that employees are not reading information that is readily available to them on the intranet.

Keeping what has become a very comprehensive directory of information up-to-date can become a major task in itself. It takes resource to monitor and maintain intranet information, and it is easy to fall into the trap of failing to factor in this resource at the outset. Occasionally we fall foul of this - for example during the flexible benefits renewal we posted specifications for PC packages available under our PC lease scheme on the intranet without removing those from the previous year, so that there was some initial confusion among employees as to what was this year's offering. A lesson learned here is that either the text needs to be 'timeless', so that it does not need regular updating, or its 'use-by' date needs to be clearly flagged so that people accessing the page after this date can see that the information is no longer valid.

Unexpected complaints do crop up. For example, we're very proud of how much personal information we now provide directly to employees at their workstation. Generally this goes down well, however a minority have commented that they don't like their salary or other personal data appearing on screen in the open office. Within HR, we tend to be used to dealing with confidential information on screen, so can easily forget that not all employees are. The answer to this lies in screen design and perhaps messages warning employees that they are about to view confidential information on screen.

And finally, communicating in this way means that there is no hard copy record that can easily go in the file. There is an electronic record, but these are not always readily accessible to managers and employees, and can get overwritten. We've had to take a close look at what we really need to keep in writing, which of course is a good discipline.

Summary

We're still learning how best to use the technology available to us. The good news is that the UK firm is already seeing the benefits flow through. Day-to-day running costs for its programme of flexible benefits have been reduced significantly. The time taken to run the salary and bonus review process has been halved. Feedback from employees on the new flexible benefits system and on-line total rewards statements has been positive. The firm's programme of e-enablement of its reward policies and processes has certainly required some investment of time and money, but overall the results are seen as worthwhile.

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