In the compensation alphabet, "B" isn’t just the letter before "C."

The two letters need to be connected.
We're here today to talk about what that means and why it's important to you.
Our turnover is going through the roof.

Why can’t we fill this position?

People here just don’t care about the work we do.
Our retention rate is really great!
We only have two open positions to fill!
Our employees really understand the mission of the company.
Connecting your business strategy (B) to your compensation strategy (C) leads to more of the positive comments.
B = Business Strategy

Every organization has a business strategy.
Strategy Compass

Results: (GE)
Establish roles and goals, reward for getting the job done. Exit those not on the same page.

Mission: (Theo Chocolate)
When a company practices what they stand for, their brand becomes a movement.

Customers: (Nordstrom)
Create a great customer experience and customers will be loyal to us.

Institution: (Johnson & Johnson)
People are lucky to have a job here. We are the leaders in our industry. The company founders gave us a proud tradition.

Shareholders: (PACCAR)
We are here to serve the shareholders of this company.

Execution: (UPS)
We know this business – get the details right and the rest will follow.

Work Team: (Quicken Loans)
We are team driven. There is no “I” in team. Work together, win together.

Workforce: (Southwest Airlines)
Our people are our greatest asset. Be loyal to them and they will be loyal to us.
Customer Focus: Nordstrom

“We have a longstanding commitment to provide our customers with the best possible service every time they shop with us. We do everything we can to make them feel welcome, respected and comfortable. Our focus is and always will be to provide our customers with a great experience and to continually maintain our strong and lasting relationship with them. We ask all of our people to always use good judgment and to treat customers in the manner that they would like to be treated.”
Shareholder Focus: PACCAR

Investor Relations

Financial Reports

- 2014 Annual report 4mb PDF
- 2014 Annual report - Financials only 554kb PDF
- 2015 Q4 Earnings Release PDF
“We are committed to provide our Employees a stable work environment with equal opportunity for learning and personal growth. Creativity and innovation are encouraged for improving the effectiveness of Southwest Airlines. Above all, Employees will be provided the same concern, respect, and caring attitude within the organization that they are expected to share externally with every Southwest Customer.”
Mission Focus: Theo Chocolate

“We’re dedicated to making our world a better place. And we’re finding ways to do it through our passion—bringing out the best of the cocoa bean. We are all connected. We touch one another’s lives in incredible ways. And we are responsible to and for one another. From the cacao farmer in the Congo, to the truck driver in Seattle, to the chocolate lover in Philadelphia—there is a thread that runs through us all.”
Every organization has a business strategy.

Even if you have never seen/heard your strategy, there is one.

It’s the basis for how decisions are made.

When in doubt, ask, “Why are we in business?”
What’s Your Strategy?

Who knows their organization’s business strategy? 
What is it?
How do you know??
Results: (GE)
Establish roles and goals, reward for getting the job done. Exit those not on the same page.

Mission: (Theo Chocolate)
When a company practices what they stand for, their brand becomes a movement.

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We know this business – get the details right and the rest will follow.
Connecting B to C

Means setting your total rewards mix to support your business strategy.
Connecting B to C

B:C
## Connecting B to C

<table>
<thead>
<tr>
<th>Business Strategy</th>
<th>Business Response</th>
<th>HR Program Alignment</th>
<th>Compensation Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Leadership, Results</td>
<td>• Innovation</td>
<td>• Committed to agile, risk-taking, innovative people</td>
<td>• Reward innovation in products and processes</td>
</tr>
<tr>
<td></td>
<td>• Mass customization</td>
<td></td>
<td>• Market based pay (lead)</td>
</tr>
<tr>
<td></td>
<td>• Product cycle time</td>
<td></td>
<td>• Flexible programs</td>
</tr>
</tbody>
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</tr>
</thead>
<tbody>
<tr>
<td>Mission Driven</td>
<td>• Organization brand as a movement</td>
<td>• Purpose-driven employees</td>
<td>• “Discount for mission”</td>
</tr>
<tr>
<td></td>
<td>• All lives have equal value</td>
<td>• Care-taker relationship</td>
<td>• Emphasis on benefits, work-life, perks</td>
</tr>
</tbody>
</table>

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<tr>
<td>Operational Efficiency and Execution</td>
<td>• Operational excellence</td>
<td>• Do more with less (of everything)</td>
<td>• Focus on competitors’ labor costs</td>
</tr>
<tr>
<td></td>
<td>• Pursue cost-effective solutions</td>
<td></td>
<td>• Emphasize productivity</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Focus on work specifications</td>
</tr>
</tbody>
</table>

![Walmart Logo](image)

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# Connecting B to C

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</table>
| Customer Intimacy         | • Increase customer expectations  
                          • Deliver solutions  
                          • High touch                                                | • Delight customers  
                          • Exceed expectations                                       | ?                    |

The table shows the alignment between business strategy and business response, highlighting how HR programs can be aligned with compensation programs for customer intimacy. The table suggests strategies such as increasing customer expectations, delivering solutions, and providing high-touch experiences to delight customers and exceed expectations. The red question mark indicates a possible area for further exploration or elaboration.

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<td>Customer Intimacy</td>
<td>• Increase customer expectations</td>
<td>• Delight customers</td>
<td>• Customer satisfaction incentives</td>
</tr>
<tr>
<td></td>
<td>• Deliver solutions</td>
<td>• Exceed expectations</td>
<td>• Value of job based on customer impact</td>
</tr>
<tr>
<td></td>
<td>• High touch</td>
<td></td>
<td></td>
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</table>
| Workforce         | • High quality service delivered with warmth, friendliness and pride | • Concern  
• Respect  
• Care | ? |

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</thead>
<tbody>
<tr>
<td>Workforce</td>
<td>• High quality service delivered with warmth, friendliness and pride</td>
<td>• Concern</td>
<td>• Profit sharing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Respect</td>
<td>• Employee Stock Purchase Plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Care</td>
<td>• Heavy employee recognition</td>
</tr>
</tbody>
</table>

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If C Isn’t Following B
If C Isn’t Following B

<table>
<thead>
<tr>
<th>Job Title</th>
<th>Company</th>
<th>Location</th>
<th>Date</th>
<th>Similarity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Solutions Architect - Seattle</td>
<td>frog</td>
<td>Seattle, WA, US</td>
<td>Mar 9, 2015</td>
<td>Similar</td>
</tr>
<tr>
<td>Artist Internship, Disney Interactive WA- Summer 2015</td>
<td>Disney Interactive</td>
<td>Bellevue, WA</td>
<td>Feb 17, 2015</td>
<td>Similar</td>
</tr>
<tr>
<td>Manager - Digital Research (Multiplatform Research - Seattle office)</td>
<td>Disney ABC Television Group</td>
<td>Seattle, WA</td>
<td>Mar 9, 2015</td>
<td>Similar</td>
</tr>
<tr>
<td>Python Dev Lead for REST API's</td>
<td>Disney Consumer Products</td>
<td>Seattle</td>
<td>Mar 4, 2015</td>
<td>Similar</td>
</tr>
</tbody>
</table>
If C Isn’t Following B
If C Isn’t Following B

1.0 ★ ★ ★ ★ ★ 0% recommended to a friend
“It's okay to ask your workforce to skip a raise in a downturn, it is not okay to announce banner years to the shareholders and then not give your loyal employees (which is most everyone) a decent raise for a change. Two percent every 18 mos. even with an annual 2% holiday "gift" is nothing to write home about. You wonder why you can't pull in young, smart new employees. Take a look around, starting with the ugly Corporate headquarters where everyone wears a tie and a frown.”
When C Follows B

Your compensation strategy supports the business strategy and rewards what’s important.
When C Follows B

There's work and there's your life's work.
The kind of work that has your fingerprints all over it. The kind of work that you'd never compromise on. That you'd sacrifice a weekend for. You can do that kind of work at Apple. People don't come here to play it safe. They come here to swim in the deep end.

They want their work to add up to something.
Something big. Something that couldn’t happen anywhere else.

🍎 Welcome to Apple.
We believe it's important to offer all employees health care benefits they can afford. Part-time employees who work fewer than 20 hours per week can enroll in health care coverage. REI pays 100 percent of life insurance coverage and 60 percent of the premium cost for employee-only medical coverage. Optional dental coverage is also available. This is exceptional in the retail industry. Most retailers do not subsidize coverage for their part-time employees.
When C Follows B

Google Ratings and Trends

<table>
<thead>
<tr>
<th>Category</th>
<th>Rating</th>
<th>Recommendation</th>
<th>CEO Approval</th>
<th>Positive Business Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>4.4</td>
<td>91%</td>
<td>97%</td>
<td>78%</td>
</tr>
<tr>
<td>Culture &amp; Values</td>
<td>4.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work/Life Balance</td>
<td>4.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Management</td>
<td>3.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comp &amp; Benefits</td>
<td>4.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career Opportunities</td>
<td>4.0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Everything works.

B ❤️ C
Connecting B to C
1. Use your insights about your organization’s business strategy to design your total rewards program.

2. Get executive buy-in.

3. Communicate.
Connecting B to C

CFO = BFF
Connecting B to C
Connecting B to C
Connecting B to C

“I am happy to announce ….”
Next Steps

- Review your organization’s business strategy
- Review/create your compensation strategy
- Check for alignment with your business strategy
QUESTIONS? COMMENTS?

Nancy Kasmar, MS, SPHR, SHRM-SCP, CCP
Principal, Compensation Connections
www.compensationconnections.com