



Pocketbook of Performance and Reward from CIPD Training

REWARD

cipd.co.uk/reward/training
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This pocketbook contains articles on some of the latest issues affecting you as a performance and reward professional, for example how to manage risks around reward, sales and incentive plans and performance pay.

At CIPD Training we understand how important it is for you to stay on top of the latest industry trends and hope this pocketbook provides you with a fascinating read and something to take back to the workplace.

You will also find details of our unrivalled range of performance and reward short courses and qualifications.

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In-house training

Our performance and reward courses and qualifications can be delivered in-house for a group of people in your organisation. We can deliver the programmes as they currently feature, or adapt length, content and emphasis to suit your requirements. We can also work with you to design and develop an in-house training solution from scratch that deals with the specific HR, reward or performance challenges you face.

How to manage the risks around reward

By Charles Cotton

While the way that you reward your employees can potentially have a positive impact on your organisation in terms of employee performance, it can also open it up to various risks. While the media has been focused on the unintended consequences that bonus schemes may generate, CIPD research reveals many other risks that can impact on the effectiveness of the reward strategy and its implementation, such as the inability to change reward quickly, poor line management, reward capability and inability to increase pay due to budget constraints.

To help organisations identify, assess and manage the risks around reward, the CIPD has created a framework for reward and HR professionals, *Managing reward risks and integrated approach*. Its five recommendations are:

1. Establish effective reward risk intelligence-gathering systems

Systematic reward risk management requires effective intelligence-gathering on potential risks arising from both outside (externally generated risks) and inside (internally generated risks) your organisation.

2. Proactively review your reward strategy and systems for risk

Seven risk groups relate specifically to reward strategy design, implementation and impact. These are strategic, behavioural, financial, legal and ethical, operational, implementation and change, and governance risks. Review your reward strategy for these risks.

3. Use established risk management tools to assess and manage identified reward risks

Apply existing risk management tools and processes – impact/probability matrices and risk registers and maps – to help you assess and manage the reward risks you identify.

4. Manage risk consistent with your reward risk appetite

Reward risk management is not about eliminating all risk in your business; it is about managing risk against, ideally, predefined tolerances as to what risk is acceptable to your business. Work with business management to define your reward risk appetite in different parts of the organisation and manage reward risks accordingly.

5. Build your risk management capability and build a permanent risk management culture

You cannot anticipate every risk to your organisation's reward strategy. You need to develop your overall agility and resilience to manage reward risks should they emerge.

Reward risk management is not a one-off or annual exercise but an ongoing process embedded in all reward management work. This requires a range of knowledge, skills and competencies.

However, reward risks represent only the tip of the iceberg when it comes to people management risks, and a holistic overview of risk is important, as eliminating a risk in one area of HR may generate another risk elsewhere.



Charles Cotton is the CIPD's performance and reward expert, directing the CIPD's reward research and public policy agendas.

The weblinks below take you to various resources to which Charles has contributed:

Survey on UK reward management –
cipd.co.uk/rewardsurvey

Research on current reward risks –
cipd.co.uk/rewardrisk

CIPD's reward public policy work –
cipd.co.uk/rewardpp

CIPD's reward blog – cipd.co.uk/rewardblog

The quick guide to sales incentive plans

By Mark Childs

Design of sales incentive and commission plans is an aspect of reward too many HR professionals shrink from. An effective sales incentive plan depends on business insight and achieving credibility with sales professionals,

and we can all add value if we deploy a systematic method and clear thinking, the key elements of which are:

Understand the sales cycle

The starting point for any reward programme is alignment to business strategy and this skill reaches its zenith in the sharp-edged world of sales incentives. It is essential to understand product or service life-cycles, pricing, profit margin, sales channels and the relative maturity of routes to market – whether direct or indirect. The duration of the sales cycle influences the timing and frequency of payment, including year-end hold back or deferral.

Eligibility

Distinguishing between sales managers, sales professionals and sales support staff is the normal means of determining eligibility. Sales managers are responsible for teams of people who happen to be sales professionals, so unless they have their own sales targets, a management bonus is probably most appropriate. Likewise, there is no compelling reason to place support people in a sales incentive plan, just because they support sales professionals.

Performance metrics and weightings

Sales professionals will typically be allocated individual sales targets or quotas. These may be based on a geographical territory, product line or unit basis and usually reflect an increase on prior year. Team leaders may be incentivised on their team's results in addition to their own individual targets.

Frequency of target setting

Usually targets are set annually, with discretion to adjust (up or down) for unforeseen factors outside of the control of the sales person, e.g. pricing changes, reorganisation of territories.

Plan trigger point, thresholds and calibration

It is advisable to set a threshold level of achievement to trigger payment e.g. must achieve a certain percentage of target before any incentive is earned. Target incentive will normally pay out for achievement of 100%, with a higher payment run rate applying to results in excess of target.

Weighting of fixed and variable pay

Weighting is informed by local market/industry practice, but may vary with the maturity of the sales channel or duration of the sales cycle. An established channel might justify high gearing compared to a new line of business

which needs to be built over time, inviting higher guaranteed pay.



Mark Childs is a Director of the Total Reward Group, a former CIPD Vice-President Reward and a tutor for the Advanced Award in Reward Management (AARM).

Performance pay – minding the implementation gap

By Sylvia Doyle

Performance-related pay (PRP) – the system that links pay progression to the assessment of individual performance, usually linked to pre-agreed objectives, has been around for decades. Yet, despite its widespread use, performance pay still remains controversial. While many acknowledge that recognising performance through financial rewards can motivate people to achieve superior levels of performance, money may not of itself be a motivating factor.

What makes performance pay difficult to implement?

According to the *CIPD 2011 Reward Management survey*, over half of all organisations in the UK use some form of performance-related pay. Despite this, practical implementation represents a challenge for many. The role of line managers is crucial to success, yet are they properly equipped to make consistent performance assessments that directly impact people's pay levels? While some organisations use general performance assessment in preference to a more formalised system, a robust and 'felt fair' approach is essential to promote the desired outcomes. So what are the key factors to consider when planning the implementation of performance-related pay?

Ensure alignment to the organisational values and goals

While such statements are easy to say and harder to implement; scheme design needs to clearly align to the

culture and values as well as the wider organisational goals. Adopting a 'best fit' approach in preference to generic 'best practice' will help ensure that implementation addresses the organisational context.

Establish effective performance management processes and objectives

By linking pay to performance, priority needs to be given to performance management processes and objectives. This needs to feature a defensible form of performance measurement which is typically linked to meaningful (S.M.A.R.T.) objectives.

Manage objectivity

Managing objectivity presents a challenge in any performance pay system and is a key contributor to it being perceived as motivational or demotivational. Aim to achieve a robust and credible approach on the consistency of managers rating performance and applying rewards.

Involve line managers and other key stakeholders

Line managers are key stakeholders in performance pay and contribute significantly to the effectiveness of the scheme. Involve line managers from the outset – they play an important role in developing approaches to a range of areas including the assessment of performance.

Finally, remember that while performance pay will motivate some this will not apply to everyone.



Sylvia Doyle Reward First People Consulting is CIPD Course Tutor for Base & Variable Pay, and a personal tutor and assessor for the Advanced Award in Reward Management (AARM).



Courses

Short courses

Short courses offered by CIPD Training are focused on providing you with practical knowledge and skills that you can use immediately back at work to deliver tangible results for you and your business.

cipd.co.uk/reward/courses

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PRACTICAL PERFORMANCE MANAGEMENT – SUPPORTING GOOD PRACTICE

NEW

Two-days

This course is for you if you're tasked with supporting effective performance management and reward practices or looking to move into HR. It is for junior professionals or those new to the profession. It shows you how to get the best out of others and how to develop principles, practices and behaviours to support high performance working.

What's it like and what will I learn?

This practical course will give you the knowledge and skills to define the characteristics and purpose of positive performance management; appreciate the connection between reward, resourcing and performance; recognise good and poor performance and identify how to manage this; demonstrate how to effectively structure a performance review meeting using role-play and coach your people on agreeing smart objectives and action planning.

**To find out more and book on this course visit
cipd.co.uk/reward/courses**

INTRODUCING AND UNDERSTANDING PENSIONS

One-day

This course will greatly assist you in understanding pensions and will serve to prepare you for the 2012 pension reforms.

What's it like and what will I learn?

Through interactive group work, we'll help you assess various pension options available; design an integrated pension reward package; identify different solutions and legal obligations; communicate pension issues to employees more effectively; and prepare for the 2012 reforms.

To find out more and book on this course visit
cipd.co.uk/reward/courses

DEVELOPING A REWARD STRATEGY

Two-days

This course covers the theoretical and practical issues in developing a reward strategy. It explores the processes needed to develop the strategy and provides the opportunity to use these processes practically.

What's it like and what will I learn?

You will gain the skills, theory and specialist knowledge needed to develop an effective reward strategy, and associated processes to build on your organisation's success. As part of the programme, you'll build the first steps to develop the reward strategy for your organisation.

To find out more and book on this course visit
cipd.co.uk/reward/courses

REWARD IN CONTEXT

Two-days

This wide-ranging course reflects on the impact modern reward management has on company reward schemes, regardless of your company's size.

What's it like and what will I learn?

This course is practical and interactive; using case studies to deliver specialist knowledge deemed critical to aligning reward strategy with the business and HR and organisational strategy. It addresses the reward environment in which the organisation operates and looks at the resources required to manage reward schemes.

This course also forms part of the *CIPD Advanced Level Award in Reward Management*.

To find out more and book on this course visit cipd.co.uk/reward/courses

Do this course as part of a qualification, see page 16

BASE AND VARIABLE PAY

Two-days

Stay ahead of the game with this intensive two-day course in structuring and managing base pay; designing variable pay programmes, and delivering on-going financial support to your business organisation.

What's it like and what will I learn?

Combining theory and group work, it will provide you with the knowledge to assess and evaluate different pay structures and progression methods; helping you to manage various pay elements efficiently.

This course also forms part of the *CIPD Advanced Level Award in Reward Management*.

To find out more and book on this course visit cipd.co.uk/reward/courses

Do this course as part of a qualification, see page 16

BENEFITS, PENSIONS AND SHARE SCHEMES

Two-days

The perfect chance to gain the confidence, knowledge and skills you need to make an influential contribution to the management of your organisation's benefit plans, pensions, and share schemes with this two-day course.

What's it like and what will I learn?

Using specialist knowledge and theory, and interactive group work, you'll learn different approaches to the management of non-cash reward programmes internationally; including mainstream approaches in Europe, Asia and the Americas. You'll come away better equipped to manage international benefits programmes and contribute to the design of long term incentive plans.

This course also forms part of the *CIPD Advanced Level Award in Reward Management*.

To find out more and book on this course visit cipd.co.uk/reward/courses

Do this course as part of a qualification, see page 16

GLOBAL MOBILITY

One-day

If you're looking to develop your global mobility policies and identify key issues in managing international assignments, this one-day course will get you started.

What's it like and what will I learn?

You'll be able to evaluate the merits of different policy alternatives; create assignment compensation packages; and identify the issues behind immigration, tax and social security. You'll also critique your current employer's global mobility practices, and spot opportunities to improve processes and reduce costs in a practical way.

This course also forms part of the *CIPD Advanced Level Award in Reward Management*.

To find out more and book on this course visit cipd.co.uk/reward/courses

Do this course as part of a qualification, see page 16



Online

Qualifications

CIPD Training are experts in delivering exceptional learning. All our programmes incorporate the very latest thinking, unparalleled support from your personal tutor, access to incomparable resources both on and offline, and a unique blended learning approach which provides you with greater flexibility to balance your studies alongside your work and home commitments.

cipd.co.uk/reward/qualifications

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Open Evenings

We hold open evenings throughout the year, online or face to face, to help you decide if a qualification in performance and reward is right for you. To reserve your place at one of these popular events, call our customer services team on **+44 (0)20 8612 6202**, email **training.hotline@cipd.co.uk** or visit: **cipd.co.uk/reward/oe**

CIPD FOUNDATION LEVEL AWARD IN SUPPORTING GOOD PRACTICE IN PERFORMANCE AND REWARD MANAGEMENT

NEW

This qualification provides an introduction to the purpose and processes of performance and reward management and the role of HR in promoting and supporting good practice. You'll develop your understanding of how motivational theories and associated tools can be used within the context of performance and reward.

It also provides an overview of appropriate skills and good practice associated with performance management. You'll understand the role of financial and non-financial benefits and important determinants of reward decisions. On completion you'll feel more confident in providing first-line support to managers.

WHO IS IT FOR?

This qualification is for you if you're a new or support level HR practitioner wishing to develop knowledge, skills and capabilities in supporting performance and reward management. It is also suitable if you're aspiring to, or embarking on, a career in HR. No prior knowledge of performance and reward is needed.

WHAT WILL I LEARN?

On completion of the programme, you'll be able to:

- explain the link between organisational success, performance management and motivation
- explain the relationship between performance management and reward
- contribute to effective performance and reward management in the workplace
- conduct and reflect upon a performance review.

HOW LONG DOES IT TAKE?

You have a maximum of three months to complete the requirements of the programme.

HOW DO I GAIN THE QUALIFICATION?

To be awarded the qualification, you must:

- attend the two-day course, *Practical Performance Management- supporting good practice* (see page 8)
- complete the activities during the course module
- successfully complete the post-programme assessment related to the syllabus.

ACCREDITATION

On successful completion of the programme, you'll be awarded the *CIPD Foundation Level Award in Supporting Good Practice in Performance and Reward Management*. The qualification is accredited by the CIPD and is equivalent to QCF level 3.

SPECIAL FEATURES OF THE PROGRAMME

All our programmes are delivered by expert trainers and throughout you'll receive support from your own personal tutor, exclusive access to a dedicated online Virtual Learning Environment and comprehensive course and reference materials.



More information online

cipd.co.uk/reward/qualifications

CIPD ADVANCED LEVEL AWARD IN REWARD MANAGEMENT

The ideal qualification if you're looking to gain relevant, in-depth technical knowledge of reward management and the skills needed to effectively develop tailored strategies and solutions that support real organisational and business needs. This unique programme brings the CIPD's research, knowledge and training expertise together with leading practitioners and consultants in the field, to provide you with a recognised qualification based on leading-edge thinking and highly practical approaches.

WHO IS IT FOR?

A tailor-made programme if you're a pay and reward specialist or consultant, or an HR generalist wishing to either continue in a generalist role or specialise in reward.

WHAT WILL I LEARN?

On completion of the programme, you'll be able to:

- assess and utilise all the key components of reward management, including contemporary approaches and developments
- diagnose reward issues and determine an appropriate fit between reward schemes and the business and wider external context
- apply reward knowledge and skills with confidence in public, private or voluntary sector settings
- optimise the effectiveness of reward budget spending
- ensure that pay systems are not discriminatory
- develop the reward programme so that it is adaptable and does not become a source of competitive disadvantage
- analyse the relationship between the environment, strategy and systems of reward management
- explore the conceptual apparatus and theoretical debates informing reward management
- critically discuss traditional, contingent and knowledge bases for transactional and relational rewards
- design internally consistent reward structures that recognise labour market and equity constraints
- analyse executive and expatriate rewards in an international context.

HOW LONG DOES IT TAKE?

You have a maximum of two years to complete the requirements of the programme.

HOW DO I GAIN THE QUALIFICATION?

To be awarded the qualification, you must:

- attend the introductory workshop, four course modules and revision day
- successfully complete assessed case studies
- successfully complete an assessed written assignment
- complete independent learning
- pass the Reward Management examination.

ACCREDITATION

Upon successful completion of the programme, you'll be awarded the *CIPD Advanced Level Award in Reward Management*. The qualification is accredited by the Chartered Institute of Personnel and Development (CIPD), and equivalent to QCF level 7.

SPECIAL FEATURES OF THE PROGRAMME

All our programmes are delivered by expert trainers and throughout you'll receive support from your own personal tutor, exclusive access to a dedicated online Virtual Learning Environment and comprehensive course and reference materials.

Other unique features of this programme include:

- discounted attendance at the CIPD Annual Reward Conference
- complimentary place at a CIPD Reward Forum event.



More information online

cipd.co.uk/reward/qualifications

CIPD ADVANCED LEVEL AWARD IN PERFORMANCE MANAGEMENT (COMPETENCY-BASED/NON-STUDY)

The Award in Performance Management is for those already performing in this area and looking for some recognition for their experience to date.

WHAT ARE COMPETENCY-BASED AWARDS?

Developed from the specialist professional areas of our HR Profession Map, the competency-based advanced awards have been designed to reflect the current and future competencies of today's HR professional.

With a style that challenges the experienced practitioner, the approach of the qualification is to review, question and consider alternative solutions to complex and specialist topics. You will be encouraged to reflect on your current practices, explore alternatives and use experiential learning techniques to develop and demonstrate your competence.

Competence is demonstrated in three key areas 'what you do' (activities), 'what you know' (knowledge) and 'how you do it' (behaviours).

The preparation assessment exercises and the assessment centre assessment activities are all designed to challenge your thinking and allow you to demonstrate your competence in these three key areas.

To support you along the journey, you will have your own coach / advisor, chosen to match your specialist areas and industry background, so that together you can plan every step of the journey to successfully passing the award.

WHO IS IT FOR?

You will be an experienced HR professional working at a strategic level and at least part of your remit is to manage the performance management process in supporting organisational goals.

HOW LONG DOES IT TAKE?

The duration of the programme is 20 weeks.

HOW DO I GAIN THE QUALIFICATION?

The first step is to make sure you are going to have the necessary evidence for the competency-based assessments at the assessment centre. A short telephone diagnostic will help us to decide if you qualify for this route.

Once accepted and registered on the programme, your next step is to attend an induction workshop. This workshop outlines the competency-based model for the award(s), including the assessment design and criteria. We will cover all aspects of the assessments and how we can support you with compiling and submitting your evidence for assessment.

During the 20 week programme you are required to attend two separate workshops, usually in weeks 3 and 10.

- Workshop 1: Human Resource Management
- Workshop 2: Human Resource Development.

The style and approach of the workshops is to share experiences and ways of working and may at times require some pre-workshop activity.

Your time in between and after workshops is taken up with various assessment preparation activities, as well as key reading and research with the support of your adviser. All of which prepares you for a telephone assessment session with your adviser in week 18. This session will focus on reviewing your preparation activities and the evidence you will present to the assessors at the assessment centre in week 20, giving you two weeks to take on board any adviser feedback.

Week 20 is the assessment centre which takes place over two consecutive days. You will go through each of the assessments with a number of other candidates and receive your feedback report about a week after the assessment centre which will include the assessment decision.

ACCREDITATION

On successful completion of the programme, you'll be awarded the CIPD Advanced Level Award in Performance Management. The qualification is accredited by the CIPD and is equivalent to QCF level 7.



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