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People Success in Practice: Evolving Today's Compensation Strategy for Tomorrow

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Julia Markish, Director of Advisory Services

OCT 20TH, 2022	10AM PST - 11AM PST
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Welcome

Thank you for joining us!

- We'd love to answer your questions! Please submit your questions on the Q&A tab.
- If you would like to see a demo of Lattice press the "Request a Demo" button on the top right of your screen. (You won't lose your place!)
- There are some great articles and ebooks in the "Docs" tab.
- This session is being recorded and you'll receive the recording via email after the event.
- You will receive your SHRM and HRCI credits via email after the event.



Lattice Resources

Lattice Advisory Services

Your People Strategy Guides.

LAS helps People Team leaders identify and execute on the people strategies that fit their unique needs – strategies that create value for their companies and meaning for their employees.

- Methodology exploration and tailoring
- Recommended practices across people programs
- Aligning systems and processes to strategy
- Paid services available across practice areas



Introducing our Speakers



Julia Markish

Director of Strategic Advisory,
Lattice Advisory Services



Chad Atwell

Principal Compensation Practice
Lead, Lattice Advisory Services



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Poll

What compensation-related topics are the highest priority/most top of mind in your organization?



Agenda for Today's Discussion

- 01 **Inflation** – How should it impact compensation planning?
- 02 **Pay for Performance** – Is it still relevant?
- 03 **Compensation Tools** – What are the advantages to moving to a compensation solution?
- 04 **Q&A from attendees**



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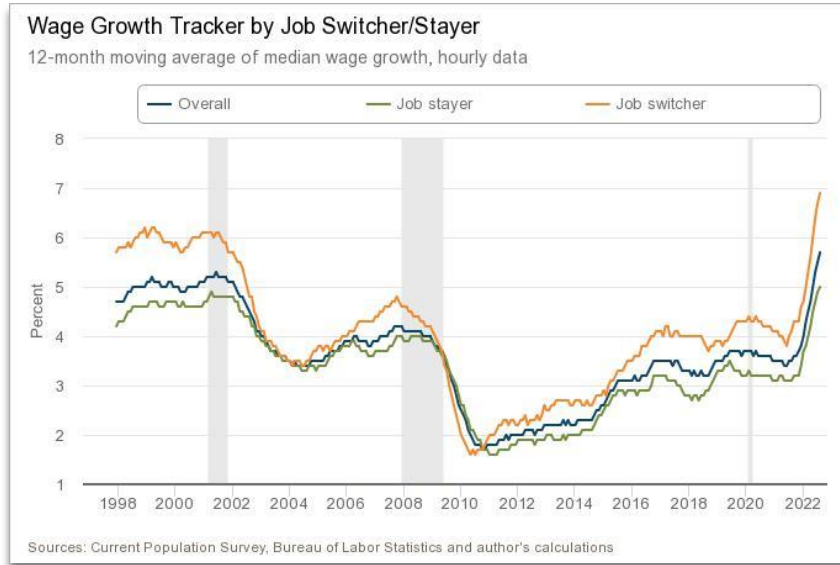
Inflation

How should it impact
compensation planning?



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Inflation and Real Wages

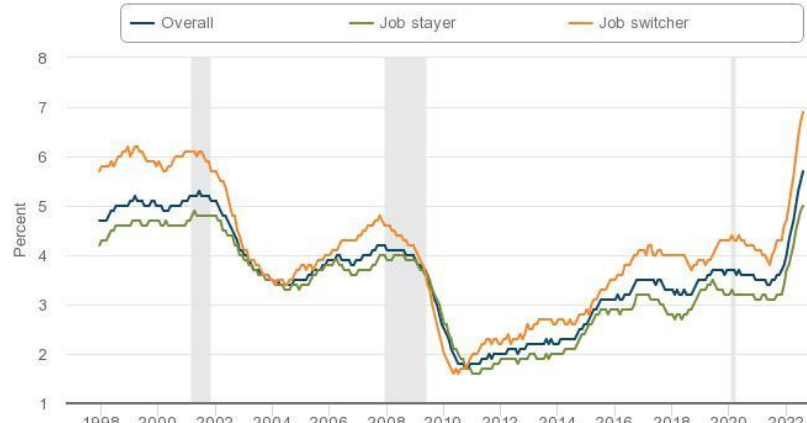


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Inflation and Real Wages

Wage Growth Tracker by Job Switcher/Stayer

12-month moving average of median wage growth, hourly data

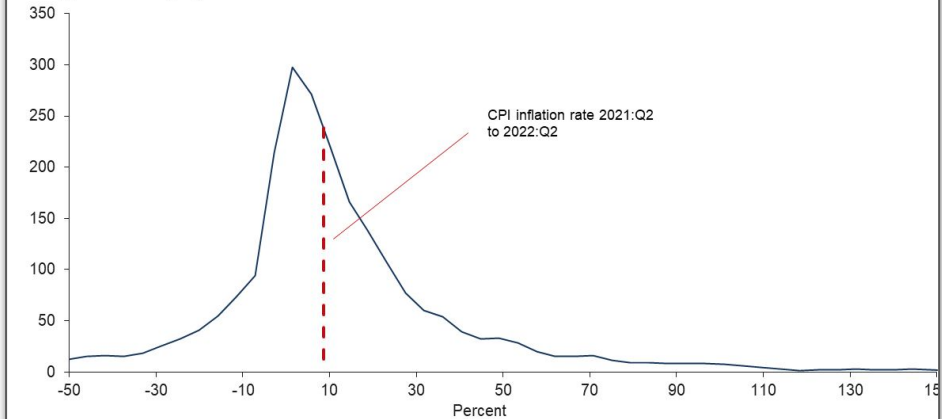


Sources: Current Population Survey, Bureau of Labor Statistics and author's calculations

Chart 1

For More than Half of Workers, Wage Growth Hasn't Kept Up with Inflation

Density, individual wage growth



NOTES: Period measured is second quarter 2021 to second quarter 2022. CPI refers to Consumer Price Index inflation.

SOURCES: Current Population Survey; Federal Reserve Bank of St. Louis, FRED database; authors' calculations.

Federal Reserve Bank



Compensation planning during high inflation

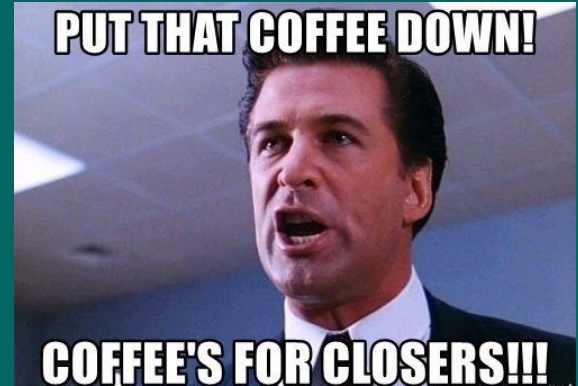
- **Establish and communicate a clear compensation philosophy**
- **Refresh and revisit your market data**
- **Review other programs or stipends that address specific needs of your workforce**



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Pay for Performance

Is it still relevant?



Preview of Lattice's 2023 State of People Strategy



Compensation & Performance Should be Linked

Most HR professionals believe that compensation should be linked to performance



Investing in Linking Compensation & Performance

Most companies have been investing in linking the two and 48% report that they invested considerable effort



Need Improvement

Despite their efforts, most companies acknowledge they could improve their ability to link the two, and 27% admit they need to do a lot more.

High-performing HR teams place more importance on linking performance to compensation and generally do a better job at doing this in practice.

Those that rate themselves as excellent at connecting compensation and performance gather more data. They:

- Conduct reviews more frequently
- Include more people in the reviews
- Focus more on quantitative ratings in their performance reviews



Clarifying how performance is rewarded

- **Consider linking more quantitative (and more frequent) results-focused metrics directly to pay decisions**
- **Focus on transparency in your performance process as much as transparency in compensation**
- **Separate performance conversations focused on development opportunities from compensation conversations**



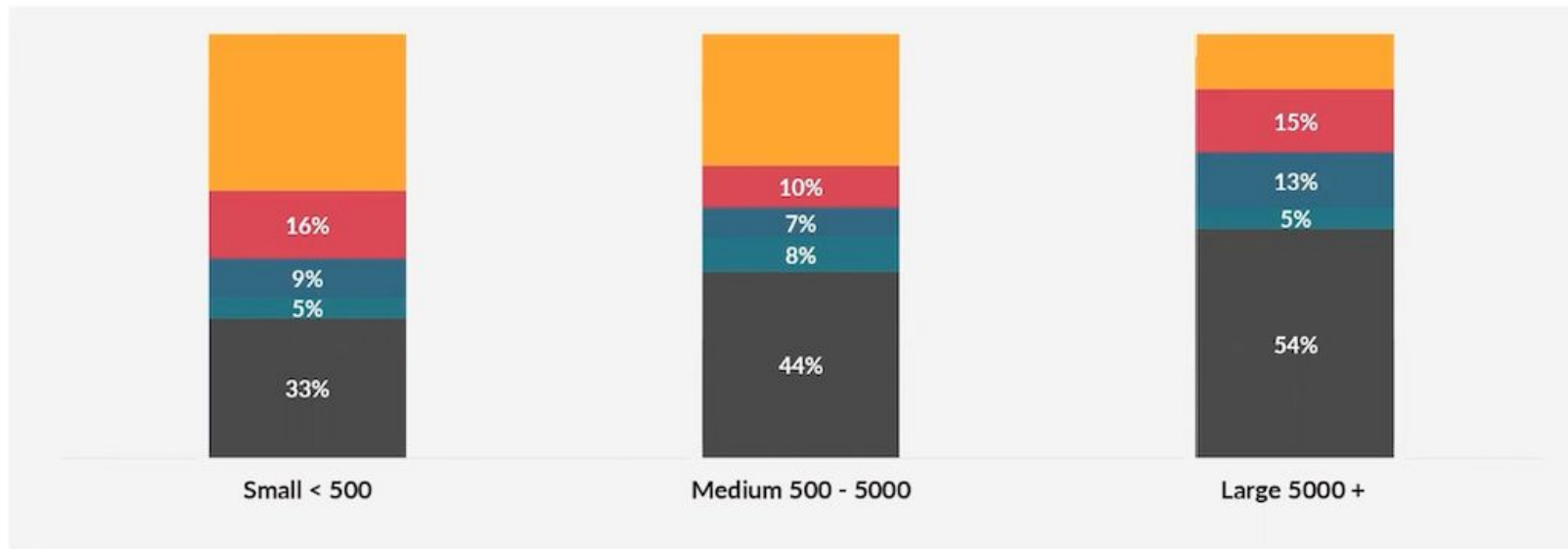
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Compensation Tools

What are the advantages of moving to a compensation solution?



Adoption of compensation-specific tech



2X's

Organizations with No Plans for a Compensation Application, are 2 X's more likely to have No Weekly or Monthly HR Metrics shared at the Executive Level .

- In Use Today
- Budgeted
- Forecasted
- Assessing
- No Plans



Advantages of compensation-specific tech

Securely share
compensation data

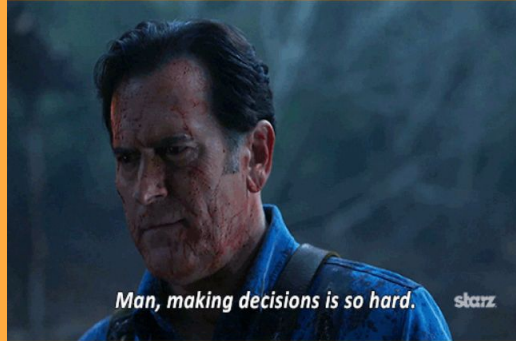


Advantages of compensation-specific tech

Securely share
compensation data



Collaborate on
compensation decisions

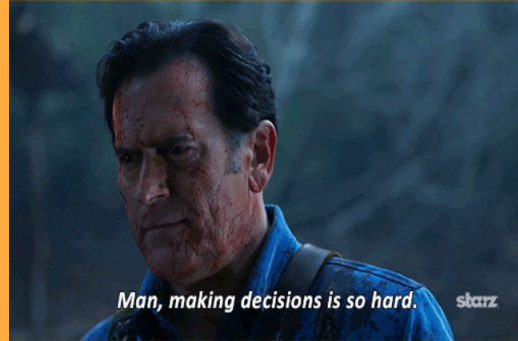


Advantages of compensation-specific tech

Securely share
compensation data



Collaborate on
compensation decisions



Stay consistent with your
compensation strategy



Q&A



Thank you!

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