Developing a successful reward strategy

Attract, retain and motivate your staff with reward

Use this quick guide to our reward strategy toolkit to help you develop an effective approach to reward for your organisation. The three checklists will lead you through each phase of planning, development and implementation.

It is important to recognise that there’s not necessarily one right place to start and not all phases may be applicable.

Preparation and planning

Shape your reward strategy - review and reflect on your existing organisational policies and practices by:

- Understanding your organisational and employee needs
- Reviewing your current reward offer
- Reviewing the external market context
- Identifying your reward principles and goals
- Understanding your current reward effectiveness
- Developing your business case.

Development and design

Improve the effectiveness of reward policies across your organisation by:

- Assessing the level of change required
- Identifying the range of reward elements available
- Considering Agenda for Change flexibilities
- Considering pay and performance
- Identifying the range of flexible benefits
- Aligning the reward elements to your strategy.

Implementation and communication

Once you have identified which elements of reward will best support the delivery of your reward principles and goals, you should:

- Test your approach
- Develop an implementation plan
- Manage the change
- Develop a communications strategy.

For more information please visit our reward web pages

Tell us what you think about our products and resources, email reward@nhsemployers.org

Published September 2017. © NHS Confederation 2017.
In order to work out the direction you want to take your reward strategy, it’s essential to know where you are now, and so fully understanding your existing rewards situation is very important.

This checklist will help you to identify the key actions from phase one of the reward strategy toolkit.

**Understanding organisational and employee needs and drivers**
- Establish a project team – the team could assist in collecting and reviewing information, carrying out surveys and interviews. It should be representative of the workforce.
- Identify your organisation’s goals and objectives – consider what your strategic aim is and how reward could support this.
- Meet with senior leaders – review relevant business plans and meet with organisational leaders to understand your key performance goals.
- Review and consider your workforce strategy and reward policies – this will help to see what your core values are and to what extent rewards reinforce them.
- Seek feedback and understanding of staff awareness – how engaged are staff with the reward offer? Do they know about the range of benefits you offer? Which benefits would they value in the future? You could do a short survey or hold focus groups.

**Reviewing your current reward offering**
- Assess your current overall reward package – starting from your pay, pensions and flexible rewards package, plus any other additional benefits.
- Assess details of your intangible benefits – this could include the quality of work, work-life balance and opportunities for development.
- Determine the take-up rates and costs of benefits – are staff accessing the benefits available to them? Look at the costs associated with benefits.

**Reviewing the external market context**
- Compare your reward offer with the external market – what practices and changes are evident among your labour market competitors? What are other NHS employers doing? How much flexibility within the national agreements is being deployed?
- Keep up to date with the political and legal context – these may affect your rewards and employment package.

**Identifying your reward principles and goals**
- Identify clear aims and objectives – information collected on your organisation, employee’s needs and drivers and understanding of your current reward will help you to identify your reward objectives.

**Understanding of your current reward effectiveness**
- Define the standards against which your current rewards should be measured – rate your goals in terms of importance and put in place measures to assess how effectively your principles are being practiced.
- Establish how far your current offer is from your goals – this will help you to identify how much change you want to introduce and where improvements can be implemented.

**Developing your business case**
- Identify what to include in a business case – use the key information you have collected during this phase to build your business case.
- Presenting a business case specific to your organisation – detailing all the work you have carried out will help you gain buy in from your board and other key stakeholders. This will help them to understand and support the strategy and its contents. This could be in the form of a document or presentation.

Use the resources available within our reward strategy toolkit to help you through phase one. Tell us what you think about our products and resources, email reward@nhsemployers.org

Published September 2017. © NHS Confederation 2017.
In order to develop a cohesive and robust reward strategy that will improve the effectiveness of reward policies across your organisation, it is important to ensure you are designing a strategy which will help you to achieve your objectives.

This checklist will help you to identify the key actions from phase two of the reward strategy toolkit.

**Assessing the level of change required**
- **Consider any changes to your current reward offer** – what changes need to be made in order to achieve your goals? This assessment will help you to identify any quick wins. You could carry out a SWOT and gap analysis to help with this.
- **Identify the level of change required** – the extent of changes required can be indicated in a number of ways, such as if there are significant misfits between organisational objectives and your current reward practices. Which reward elements will effectively deliver the objectives of your reward strategy?

**Identifying the range of reward elements available**
- **Consider reward elements that fit your organisational needs** – this will help you to deliver your reward strategy goals. There are a number of elements to consider, such as the flexibilities available within Agenda for Change, the range of flexible benefits and pay and performance. It is important to examine your current approach to each of these.

**Aligning the reward elements to your strategy**
- **Reflect on your conclusions** – do you have a fully integrated and clearly defined, effective and future-proof reward strategy?
- **Assess your chosen reward elements** – look at whether you have chosen the right reward elements. This will help to improve the delivery of your reward principles and goals. You could rate how well each of the reward elements meets your objectives.
- **Prepare for implementation** – consider each reward element to assess the resources required to make it happen and the ease or difficulty of making it work. Some of the changes may benefit from a pilot test in part of the organisation and a more detailed risk analysis.

Use the resources available within our reward strategy toolkit to help you through phase two. Tell us what you think about our products and resources, email reward@nhsemployers.org

Published September 2017. © NHS Confederation 2017.
Once you have identified and assessed which elements of reward will best support the delivery of your objectives, it is important to develop a robust implementation and communications plan for your reward strategy. This checklist will help you to identify the key actions from phase three of the reward strategy toolkit.

**Testing your approach**
- Test your proposed approach – testing is vital to ensuring staff engage and buy into the new reward approach. Consider who you could test your approach with and which method of testing is appropriate. You may want to hold focus groups to gain feedback, carry out a staff survey or run a pilot with one section of the workforce.

**Developing your implementation plan**
- Develop a plan which suits your approach – there are a number of areas to consider prior to introducing new reward elements. Some of these include:
  - Do you need an implementation project board and who should be on this?
  - What is the eligibility criteria for each element of reward? Can everyone access each of the benefits?
  - Do you want to outsource your flexible benefits? What are the pros and cons?
  - Are any policies or procedures going to be affected?
  - When should you launch any new reward elements? It is important to think about the timing of this.

**Managing the change**
- Communicate the changes clearly – this will help you to promote your reward offer and engage with staff. It is important that staff understand the reasons and how any changes may impact them.
- Communication from the senior team – the visible support of senior management is fundamental to the success of implementing a new reward strategy. Consider how they can help to launch and communicate your reward offer.
- Engage with managers and local trade union representatives – they are a powerful means of communicating with staff and can help you with testing your approach. It is important to involve them in the communication of your reward offer.

**Developing your communications strategy**
- Work with your communications team – they will help you to identify the best communication channels and other activities which may be happening across the organisation.
- Develop a clear communications plan – consider what you want to communicate and how you are going to do it. It is important to think about your audience, the key messages, communication channels and timescales. These should all feed in to your overall objective.
- Engage with your staff – have you helped your staff fully understand and appreciate the value of working for your organisation? Ensure you continue to seek feedback from staff on your reward offer.

Use the resources available within our [reward strategy toolkit](#) to help you through phase three. Tell us what you think about our products and resources, email [reward@nhsemployers.org](mailto:reward@nhsemployers.org).

Published September 2017. © NHS Confederation 2017.