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Getting rewards “just right”

A Goldilocks guide to optimizing employee
rewards on a budget



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Imagine you're Goldilocks, stepping into the world of employee rewards. You're faced with three bowls of porridge, three chairs, and three beds — but only one of each is “just right.”

Too hot, too cold, too big, too small, too hard, too soft. Your job?
To find the perfect fit.

Now, replace those bowls, chairs, and beds with your company's rewards budget versus employee preferences, rewards delivery mechanism and your business goals. Your challenge is the same:
to get it just right.



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Why rewards optimization matters — especially when budgets are tight

As a manager of total rewards or HR, you know budgets aren't unlimited. You can't just add the latest trendy perk or reward to your compensation offering hoping something sticks. You need to be strategic when selecting what rewards you offer to employees. You want to maximize the return on investment (ROI) of every dollar spent on rewards. That means understanding what your employees value the most — not just what looks good on paper or what competitors are doing.

Getting rewards right does not mean spending more. It's about spending smart

Picking the right balance of pay, benefits and other rewards will increase your ability to attract qualified candidates, and boost morale, retention, and productivity of your current employees — all while staying within budget. If you get it wrong, you risk wasting money on rewards that don't motivate or engage your people.



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The three bowls of rewards: Too much, too little, and just right

Think of your rewards budget as the three bowls of porridge that Goldilocks tries in that childhood classic:

- **Too hot (Too much):** You might be tempted to offer high salaries, large bonus opportunities or expensive perks. But if these rewards don't align with what employees care about, they can feel excessive or even create resentment. Plus, they can quickly drain your budget without delivering meaningful impact. One example of this is when a company with a large hourly population decides they're going to enhance the company's 401K match, failing to realize that their hourly population can't afford to contribute to the 401K at all.
- **Too cold (Too little):** On the flip side, offering minimal rewards or generic perks might save money upfront but fail to attract, motivate or retain talent. Employees may feel undervalued or overlooked, which can hurt engagement and increase turnover costs. If your employees are always seeing job postings with higher pay and perks or other rewards that are more valuable to them than what you provide...well, you don't really have a chance to keep those employees, do you?
- **Just right:** The sweet spot is where your rewards are meaningful, personalized, and aligned with employee values and preferences — all while fitting your budget. This is where you maximize ROI and make every dollar count. In the example we used above regarding the 401K and hourly employees, perhaps that employer could have reduced the medical premium for hourly employees in lieu of the increased 401K match or provided transportation vouchers. Providing pay and rewards that align with your employees' wants and needs shows them not only that you care, but that you are listening to them.



Remember, the “right” rewards are
those that resonate personally
with your employees

The three chairs: how rewards delivery and communication should fit

Just like Goldilocks tried the chairs, the way you communicate and deliver rewards matters, too. If accessing or understanding pay and perks is confusing, not timely or complicated even the best rewards can fall flat. Many companies find that even though they produce total rewards statements to ensure employees understand the value of all they are provided, either employees don't know how to access the information or don't understand it.

- **Too hard:** Complex reward systems and difficult to find information frustrates employees. "It's on the intranet" should not be the (only) answer to employee rewards questions.
- **Too soft:** Overly casual or inconsistent delivery can feel insincere. Not knowing what to expect in terms of pay, bonuses, and perks or having policies and practices that frequently change can erode the trust between employee and employer.
- **Just right:** Clear, timely, and personalized delivery and communication makes employees feel truly valued and builds loyalty. Offering employees different ways to receive their pay or providing easily accessible total rewards kiosks for paystubs and total rewards statements can be very beneficial to employee populations. On-site or virtual fairs that are manned by knowledgeable HR teams can help highlight different benefits and perks that are available to employees. Providing employees with a variety of tools, communication channels, and options for delivering rewards and the corresponding information can be the extra touch that bolsters your "just right" offerings.

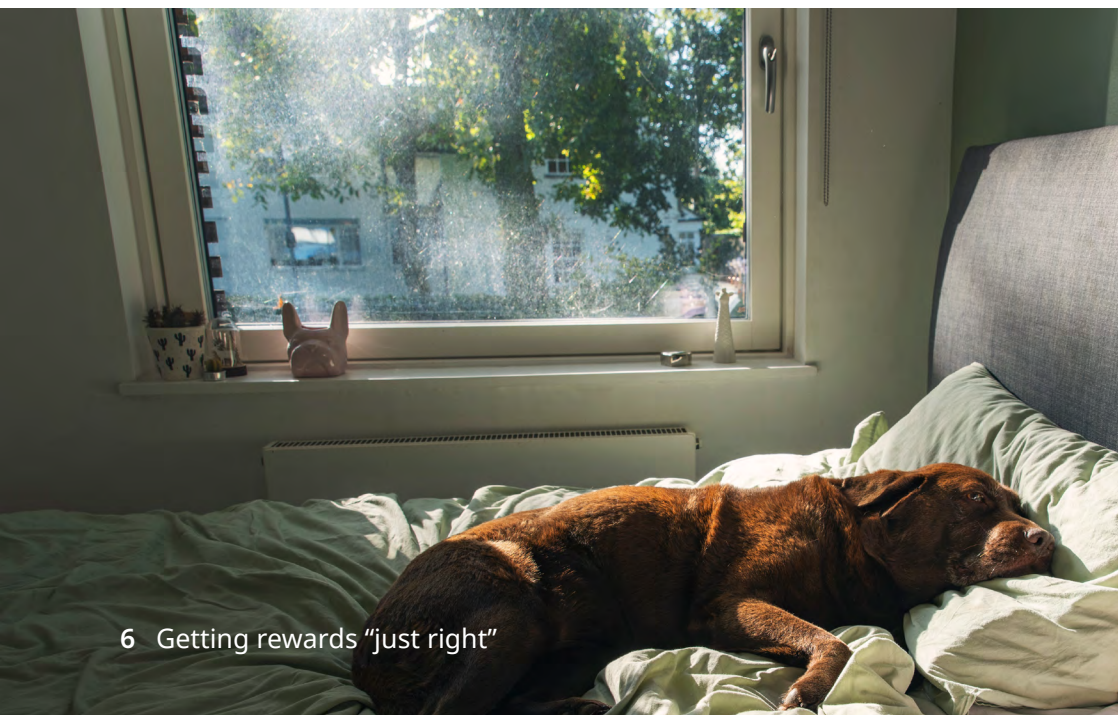


The three beds: aligning rewards with business goals

Your rewards need to fit your company's goals. They should highlight behaviors or performance that support the achievement of the company's objectives:

- **Too Firm:** Rewards that don't align with business objectives create confusion by focusing employees on the wrong objectives. For example, a company looking to launch a new product and hit a particular sales goal would need to include something in their incentive plan to focus everyone on that product launch and sales. Without that, everyone will carry on, business as usual, selling what's always sold.
- **Too Soft:** Vague or 'squishy' promises of rewards won't drive desired behaviors. The promise of a pay increase for hitting particular performance objectives may not mean anything to an employee if they've received the same pay increase or bonus percentage year after year.
- **Just Right:** Rewards that support your company's mission, values, and performance targets help everyone move forward. A company that prides themselves on sustainability might offer a public transportation stipend. If research and development is core to your company's success then you'd likely offer bonuses and awards for innovation.

Aligning
rewards with
business goals
ensures your
investment
drives real
results





Your Goldilocks Moment

As a total rewards or HR manager, your role is to be the Goldilocks of your organization's rewards strategy. You're balancing budget constraints, employee preferences, and business goals to find that "just right" mix.

By listening carefully, segmenting thoughtfully, prioritizing impact, delivering effectively, and aligning with strategy, you can optimize your rewards program — even on a limited budget. When you get it just right, your employees feel valued, your company thrives, and your rewards spend delivers maximum ROI.

So, step into Goldilocks' shoes and start finding your "just right" rewards today. Here are five tips to give you a head start.



Listen to your employees: Use employee surveys, focus groups, or conversations to collect insight and feedback to understand what truly motivates your team.



Segment your workforce: Tailor rewards to different groups based on demographics, roles, or preferences.



Prioritize high-impact rewards: Focus on rewards that deliver the biggest employee satisfaction, motivation and engagement.



Be creative and flexible: Consider non-monetary rewards like extra time off, recognition, or development opportunities for employee groups that will value these offerings.



Measure and adjust: Track results and refine your rewards strategy regularly. Monitor employee engagement and collect satisfaction feedback. Track utilization and uptake of perks you are offering to see if they are truly meaningful to your employee population.



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Let us help

Not sure how to get started? We have experts to guide you through our vast catalogue of tools and reports to help you optimize your total rewards and ensure your getting the maximum ROI from your investment.

Reach out today:

Call 855-286-5302 or e-mail surveys@mercer.com to get started.

