

How to build a **strong** *Total Rewards Team*

The Total Rewards Sector is facing an unprecedented talent crunch, with demand continually outpacing supply across Compensation, Executive Compensation, and Benefits. Over the past two years, many companies have invested in hiring skilled Total Rewards leaders, only to encounter challenges in structuring a robust function. Consequently, the burden on CHROs and Heads of Total Rewards has intensified. Drawing on our expertise in strategic appointments within this sector, we've created this guide to aid you in streamlining your hiring process.

Since the Covid-19 pandemic, **numerous companies have followed a top-down approach to building out their Total Rewards function**, prioritizing the hiring of a leader. While this theoretically empowers the Head of Total Rewards to evaluate the business, define necessary roles, and craft strategic hiring decisions, **this strategy often overlooks several industry and market-specific challenges:**

- **A new Head of Total Rewards is rarely greeted with smooth sailing.** Whether stepping into a first-time role for a pre-IPO company or succeeding several predecessors in a large-scale organization, the industry's fast-paced nature seldom allows for reflective hiring considerations. Immediate assistance is usually required, and skill gaps typically become evident early in the hiring process.
- **Timing can also significantly impede the acquisition of top talent.** Annual compensation cycles, for instance, keep most Total Rewards functions extremely busy from October to February, making candidates unlikely to switch roles or commit to extensive interview processes during this period. Coupled with other potential delays such as non-compete clauses or notice periods, your hiring process may extend far longer than anticipated—potentially taking as long as 6-8 months if initiated during compensation cycles!

Solutions to Consider

- **Anticipate and act** – Swiftly sketch out your ideal team structure that provides a sense of robust resources and layered infrastructure. Divide responsibilities like equity and executive compensation among key hires, ensure dedicated compensation resources for individual business units, and establish a solid Benefits function with a dedicated head and strong administrative support. Begin by overestimating your hiring plans and scale back as you acquire multi-skilled talent.
- **Adopt a campaign-style hiring approach** – A slow and methodical hiring process based on seniority or time constraints leads to missed opportunities and delays in team productivity. Opt instead for a campaign approach, collaborating closely with internal Talent Acquisition and a knowledgeable search firm to handle sourcing and narrative in the market. Launching a hiring campaign for eight roles might yield five successful hires, providing a solid foundation to further build your team.
- **Embrace creativity in your hires** – Don't restrict team structure to the point where individual growth and progression are hindered. If there isn't ample room for advancement, expect high-performing analysts to leave within two years. Consider hiring professionals who show potential for growth, even if they might not be ready for the role right now. It is critical to understand that optimal hiring opportunities fall between March and September. Hiring talent in Compensation and Benefits outside of this period can pose significant challenges, often leading to protracted or unsuccessful recruitment processes.
- **Be realistic about budgeting** – The heightened demand for talent has notably increased salaries, often exceeding figures from known data providers. It is likely your internal salary bands are not in line with market rates. Be open-minded about this cost and recognize that top talent will likely stretch the boundaries, exceeding initial expectations by 10-30%.

We welcome the opportunity to discuss this with you! Please reach out.