

How to hire a **Head of Total Rewards**

In the Total Rewards field, we're seeing a significant talent shortage with demand consistently exceeding supply. The influx of IPOs, mergers, and acquisitions has spurred an incredibly active recruitment period unlike any in the past decade. Traditional talent acquisition strategies have often fallen short, leading to hiring processes that extend beyond nine months. A fresh approach is needed in this highly competitive, talent-scarce market to meet the unique challenges.

Leveraging our unparalleled expertise, we've created a strategic guide. This isn't a mere temporary fix - it's a fundamental shift aimed at transforming your hiring process, turning challenges into opportunities.

The Challenges:

The quest for an individual embodying the perfect blend of skills is indeed a unique journey for each organization. While the desired skill set varies, most enterprises typically seek a comprehensive array of expertise including:

1. Demonstrated experience in active participation and presentation at compensation committees,
2. Proficiency in executive compensation,
3. Hands-on experience with carried interest or co-investment,
4. Aptitude in sales compensation,
5. Mastery in Long-Term Incentive Plan (LTIP) design,
6. Savvy in HR systems and advanced analytics,
7. Proficiency in benchmarking and job evaluation.

Together, these form the **tapestry of skills** that, **when interwoven**, create the ideal candidate for navigating the complexities of today's Total Rewards landscape.

Finding the right Total Rewards leader **requires more than technical proficiency**; it also demands exceptional **communication, influence, and relationship management** skills. Budgeting must reflect the current market, not outdated benchmarks, to avoid miscalculations that waste both time and resources. Furthermore, promoting career advancement opportunities alongside financial benefits is crucial. Articulating the potential for growth and additional responsibility will prevent candidates from considering the role a "sidestep" or being swayed by counteroffers.

Solutions to Consider

- Constructing role requirements should start with your organization's compensation and benefits philosophy, its current shortcomings, and potential improvements. This understanding will guide the identification of necessary skills and outline the **"Purpose"** of the hire.
- Clarity on the **evolution** of the position in both the sourcing process and the interview stage is essential. Convey a concrete career path to ensure the role is viewed as a genuine opportunity for advancement.
- Consider the potential **progression of the role**. Is the candidate a prospective CHRO successor? Will they oversee HR Operations, HR Data, and Analytics?
- **Avoid limiting your talent pool** based on location, industry, company size, and turnover. With few exceptions, Total Rewards skills are transferable across business scales.
- Setting the hiring budget requires understanding the market trends and **being flexible** on salary and bonus structures. Be ready to compensate for any vested stock or equity the candidate may forfeit by moving.
- Lastly, the candidate engagement process should be positioned as an opportunity, not an inconvenience. **Emphasize the transformative potential** of the Total Rewards function to attract a leader who can substantially improve your Employer Value Proposition.

While market data serves as a reference, understanding your financial capacity is essential. Define the salary and bonus you can offer, identify flexible elements, and evaluate if this will draw the desired talent. Remember that a Total Rewards leader will likely have equity stakes and will expect a buyout up to the vesting value occurring in the next three years. Timing of the hire will likely necessitate buying out or guaranteeing a year-one bonus. Pro-rating the first year's bonus could potentially jeopardize your offer's attractiveness.

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