

What Millennials Want in a Pay Plan



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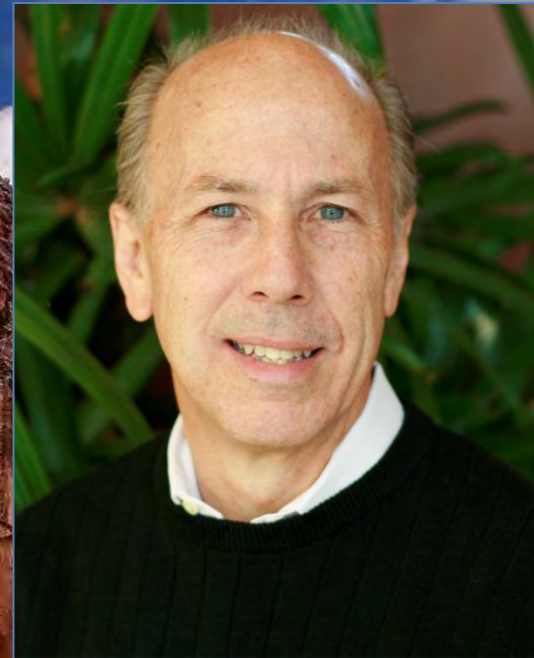
Today's Presenter:

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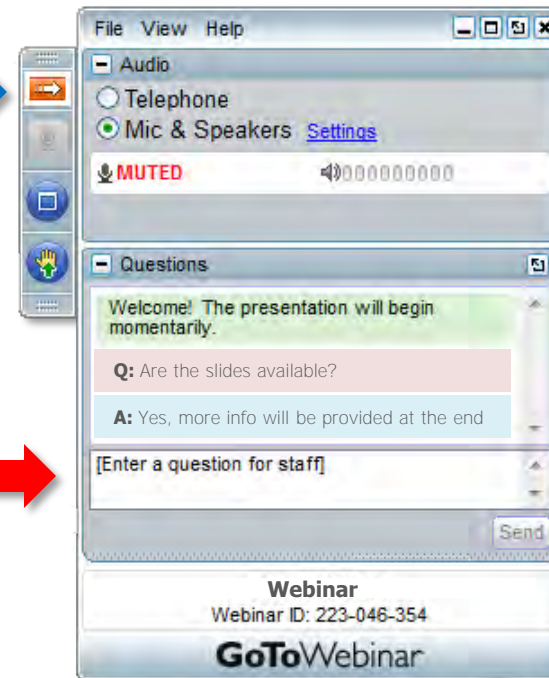
- Founded in 1996
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- Focus: Compensation design and management that drives growth

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Information will be provided at the close
of the presentation.

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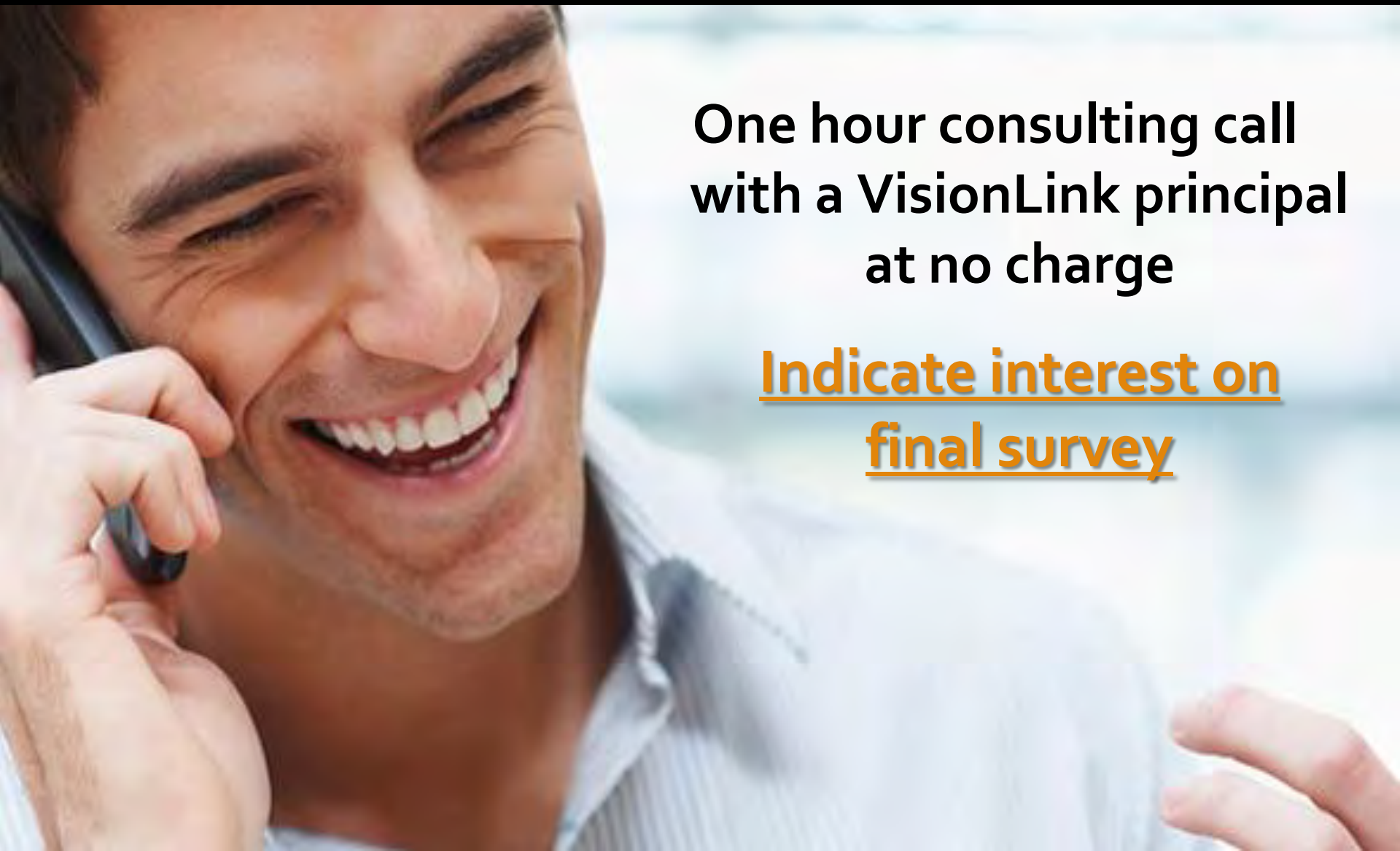
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For Webinar Participants



One hour consulting call
with a VisionLink principal
at no charge

Indicate interest on
final survey

SPECIAL OFFER!

WAIT FOR IT



End of the Presentation

Vision: Help You Become a Wealth Multiplier Organization

Transform the way you use
compensation to share value with
employees.



If you do that...

- Quality of talent will improve.
- Employee engagement will expand.
- Performance will be magnified.
- Business growth will be accelerated.
- Shareholder value will increase.

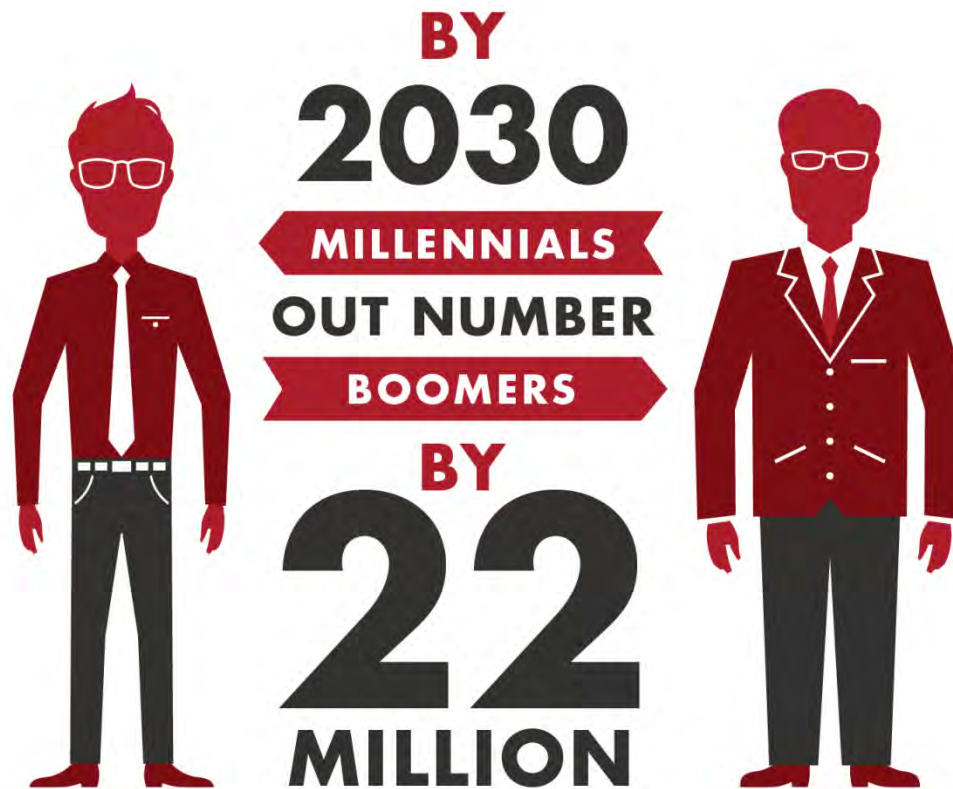


Why Talk about Millennial Pay?

- Largest generation in global workforce. (Pew Research)
- Myths abound
- Unique frame of reference
- Limitless potential impact
- Mystery to business leaders



Why Talk about Millennial Pay?



Roundtable Discussion



Perplexed Business
Leader:

“Our company initiated
a profit sharing bonus
plan and it just
bombed.”

Roundtable Discussion



All Knowing Business
Leader:

“What’s the average age
of your people?”

Roundtable Discussion



Perplexed Business
Leader:

“Probably between 22
and 31.”

Roundtable Discussion

All Knowing Business
Leader:

“That’s your problem.
Those are Millennials—
and Millennials don’t
care about money.”

(Problem solved.)





REALLY?

Millennial Pay Plan as a Marketing Strategy

- Audience
- Do
- Believe
- Know



Identify the Audience

- Persona
- Age group
- Career phase
- Family
- Goals
- Living arrangements
- Millennial type
- Free time



Identify What You Want them to Do

- Role
- Outcomes
- Impact
- Performance channel
- Unique abilities
- Fit



Identify What They Need to Believe

- What's possible
- Who benefits
- Why it matters
- Positive outcomes

Simon Sinek: "Start with Why"



Identify What They Need to Know

- Company vision
- Business model & strategy
- Partnership
- Rewards
- Relevance



Who Are Millennials?

Pew Research Center
analysis of U.S. Census
Bureau data

- 1/3 of Workforce
- Ages 18 to 34 in 2015
- 24% of the US population (77 million individuals)
- The median income:
 - Younger Millennials-- \$25k
 - Older Millennials-- \$48k



Who Are Millennials?



2014 Nielsen Research

- 21% of Millennials are married (42% of Boomers married at same age)
- 23% have a Bachelor's degree or higher (most educated generation)
- Most ethnically and racially diverse generation (19% Hispanic, 14% African-American, 5% Asian)
- 36% of women are mothers
- 2 in 3 Millennials are US-born
- 38% of Millennials are bilingual

Who Are Millennials?

WHO ARE MILLENNIALS?



"GEN Y"
80
MILLION
IN THE U.S



2.5
BILLION
WORLDWIDE

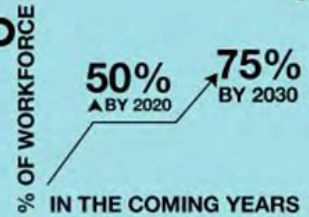
MOST ETHNICALLY & RACIALLY DIVERSE

LARGEST GENERATION YET



DOMINANCE OF SOCIAL NETWORKS

DO THEY MATTER?



MAKE A DIFFERENCE W/ THEIR WORK

- CONFIDENT**
- HAVE HIGH EXPECTATIONS**
- ACHIEVEMENT ORIENTED**

Millennial Myths

“...studies have started to dispel the myth of the itinerant millennial. Using data from the U.S. Bureau of Labor Statistics, for example, the website FiveThirtyEight.com has shown that millennials change jobs less frequently than gen Xers did at the same age....at least 40 percent of millennials see themselves staying at their current organization for a minimum of nine years — a much longer period than the 16 months to three years that’s often reported.”

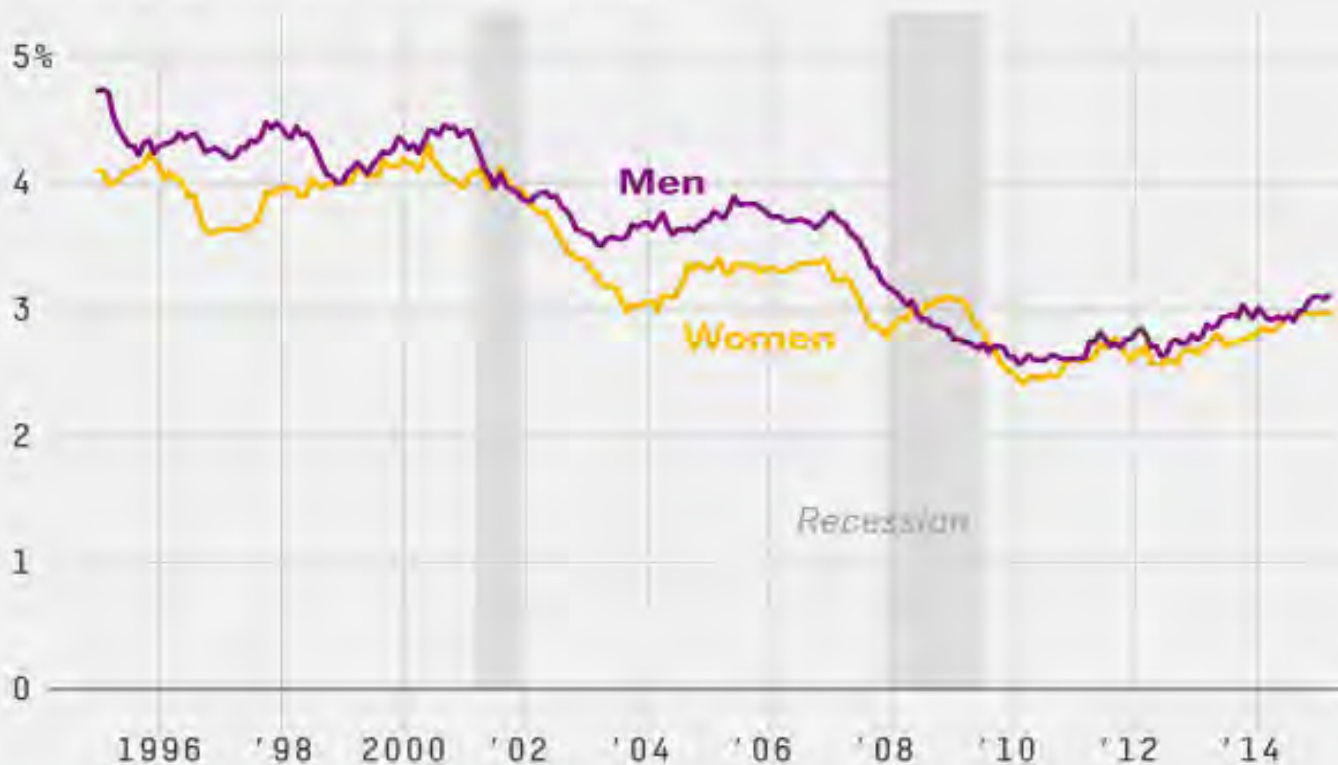
Millennials Play the Long Game, Strategy+Business,
Jennifer Deal and Alex Levenson



Trend for Job Changes

Do Young Workers Stick With Their Jobs?

Percentage of workers ages 22 to 29 who changed jobs in a given month, 12-month moving average



Myths Translate into Mistakes



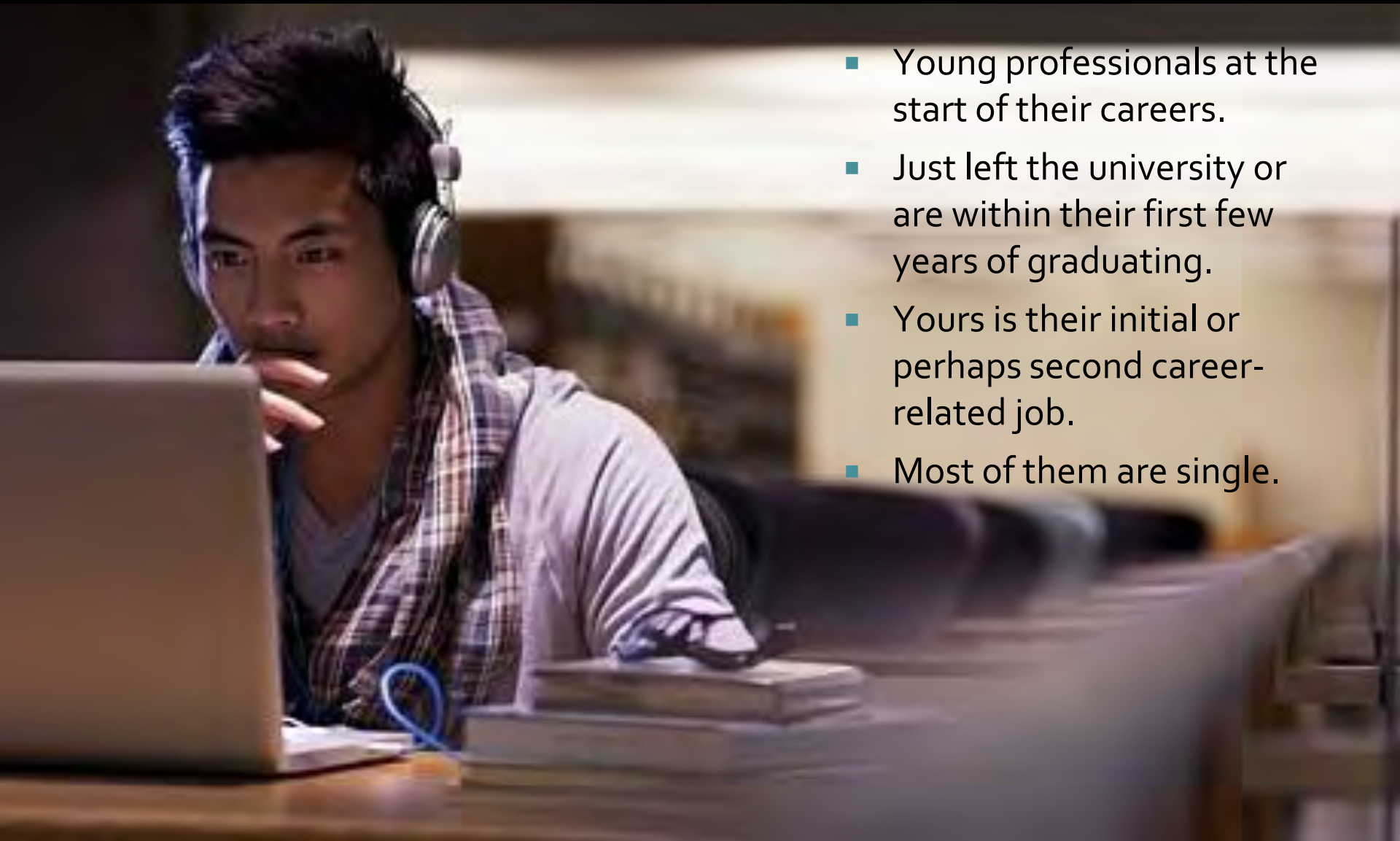
- Using myths as an excuse
- Treating millennials as a monolithic group
- Resisting change
- Making assumptions

Millennial Career Segments

- Launchers
- Accelerators
- Catalysts



Launchers



- Young professionals at the start of their careers.
- Just left the university or are within their first few years of graduating.
- Yours is their initial or perhaps second career-related job.
- Most of them are single.

Accelerators

- Have had some experience with more than one company
- Are now trying to settle in with an organization where they can rise in ability, recognition, contribution and influence.
- Most still single but a growing number are married or have life partners and are starting families.



Catalysts

- Entering or are well into their 30s
- Have gained meaningful experience and possess unique abilities.
- Able to affect significant (positive) change in an organization
- Companies are competing for their talents.
- They have leverage and are in a position to negotiate.
- Many married and have children.



Brian Chesney, Airbnb

The Emergence of Catalysts

The New Corporate Garage

"...Apple's inventiveness is no anomaly; it indicates a dramatic shift in the world of innovation. The revolution spurred by venture capitalists decades ago has created the conditions in which scale enables big companies to stop shackling innovation and start unleashing it."



Catalysts Change Growth Trajectory

“...entrepreneurial individuals, or ‘catalysts,’ within big companies are using those companies’ resources, scale, and growing agility to develop solutions to global challenges in ways that few others...” (Harvard Business Review, September 2012)



Jony Ive

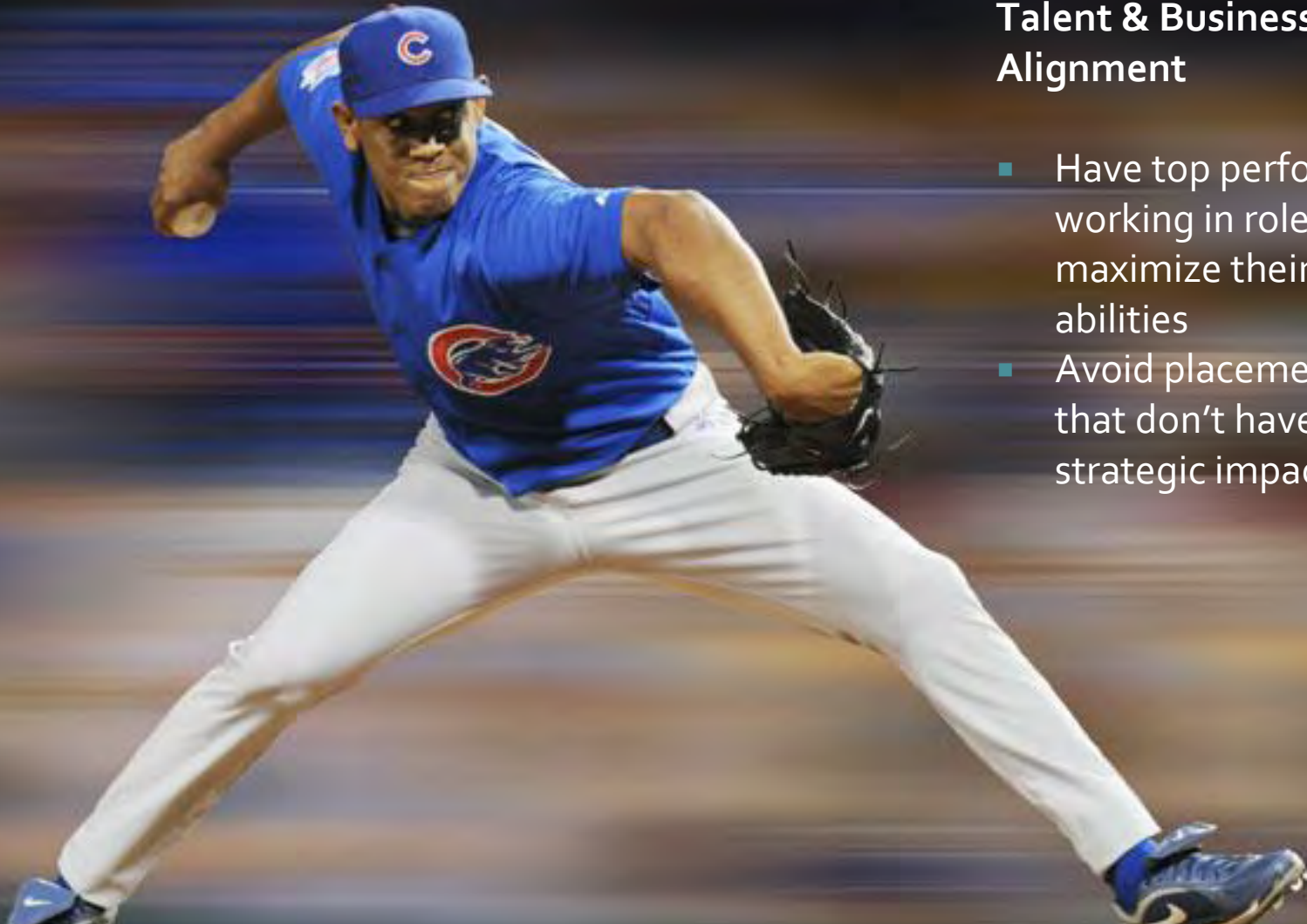
Attracting Premier Millennial Talent

3 Keys

Define What Talent You Need
Recruit to a Role (not a Position)
Market a Partnership



Know What Talent You Need

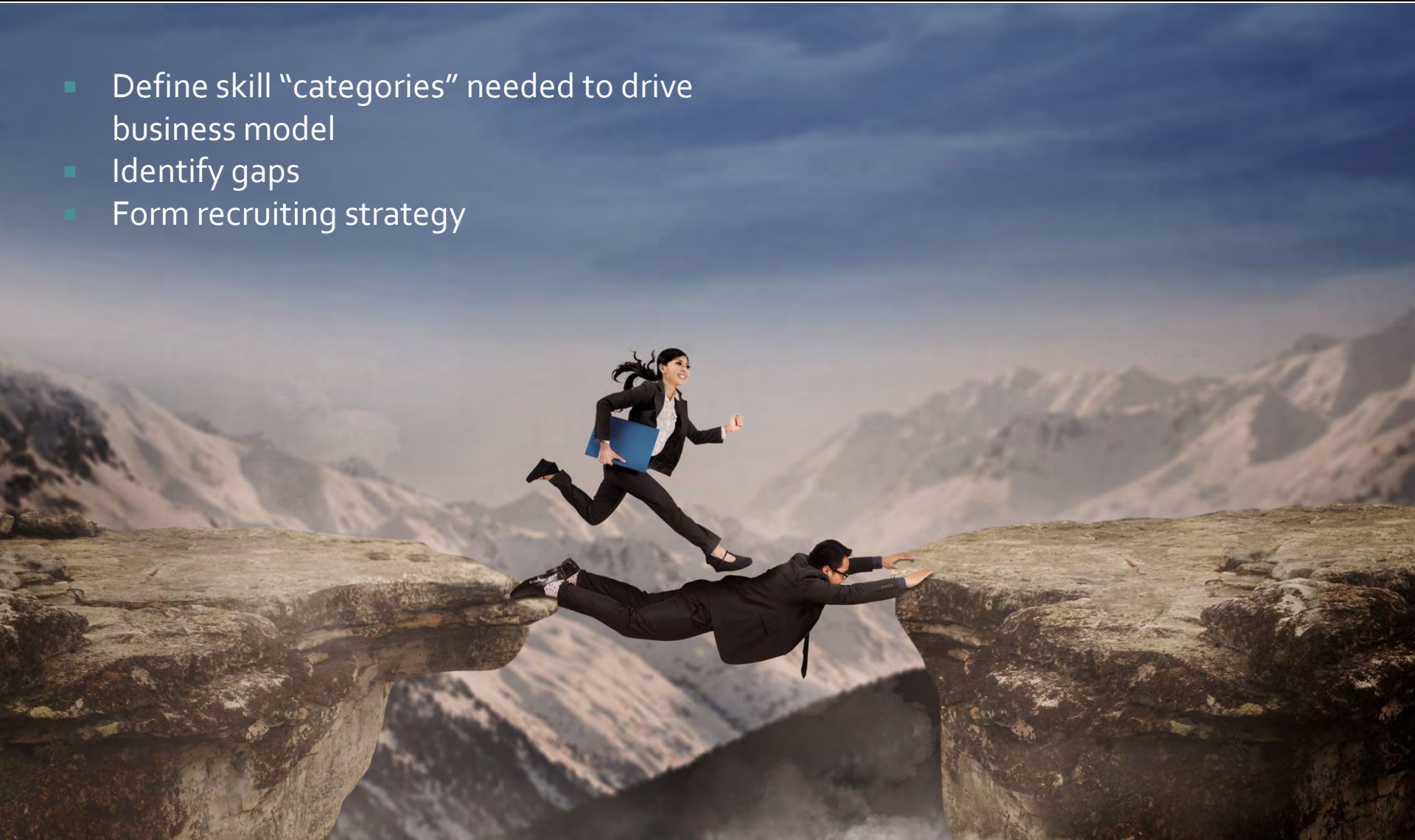


Talent & Business Model Alignment

- Have top performers working in roles that maximize their unique abilities
- Avoid placement in roles that don't have a strategic impact

Talent Assessment

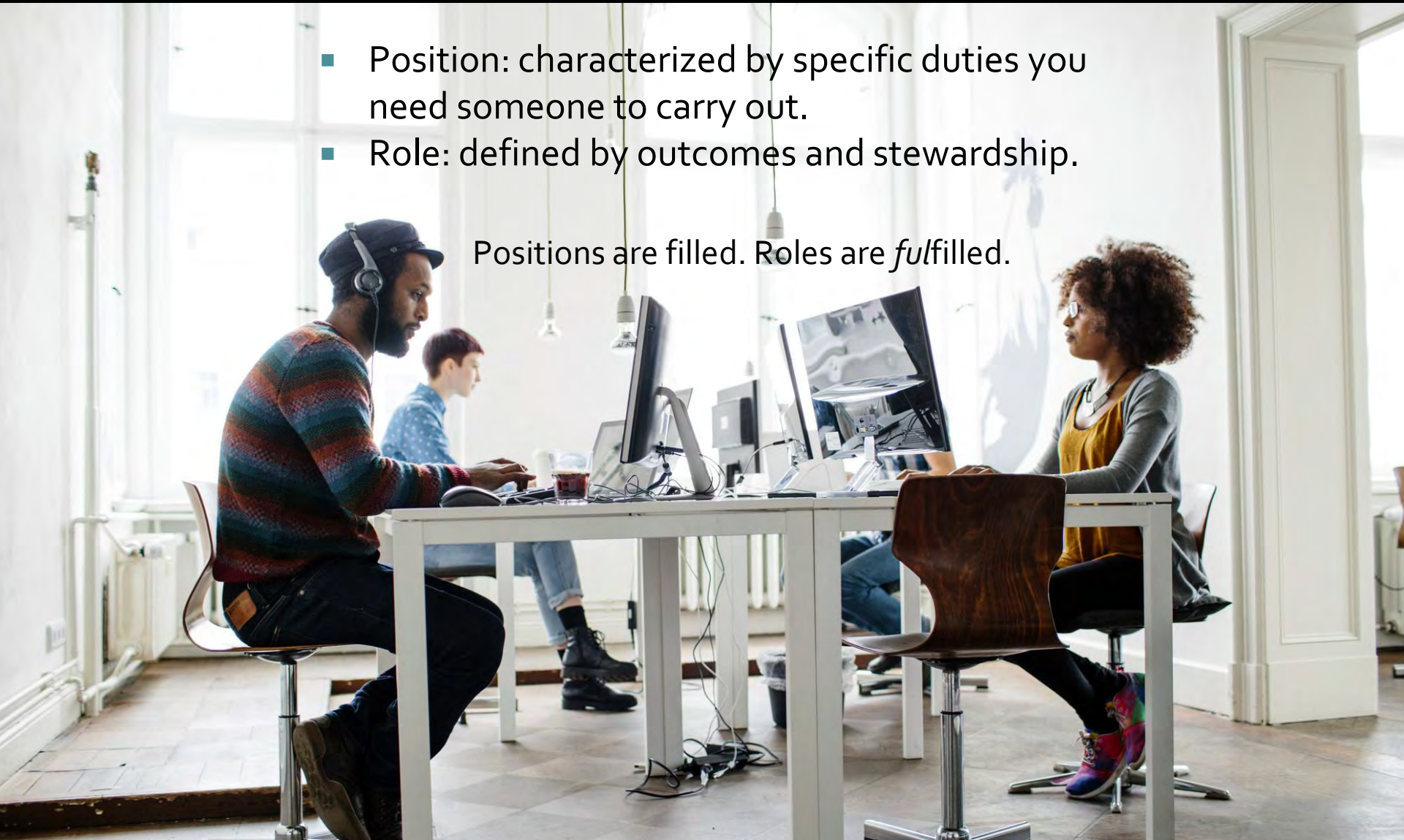
- Define skill “categories” needed to drive business model
- Identify gaps
- Form recruiting strategy



Recruit to a Role (Not a Position)

- Position: characterized by specific duties you need someone to carry out.
- Role: defined by outcomes and stewardship.

Positions are filled. Roles are *fulfilled*.




The Role Principle

Three Components

- Stewardship Expectations
- Recruiting Philosophy
- Pay Philosophy



Key Questions

- 
- A young man in a grey suit, blue striped shirt, and blue tie is looking upwards and to the right with a thoughtful expression. The background is a light blue wall covered in white chalk-like drawings of business concepts: a bar chart with an arrow, a lightbulb, a pie chart, a line graph labeled 'growth', a bar chart labeled 'profit', a cloud labeled 'Plan', a tree diagram, a cloud labeled 'staff', and a bar chart labeled 'Success'.
- What outcomes need to be achieved if the company's growth goals are going to be fulfilled?
 - What specific skill sets are needed to produce those outcomes?
 - What value proposition will attract and retain that kind of talent?

The Millennial Value Proposition:

Total Rewards

1. Compelling Future

2. Positive Work Environment

3. Opportunities for Personal and Professional Growth

4. Financial Rewards

1. Compelling Future

- I like the direction the company is headed.
- I embrace the company's values.
- I believe the company can achieve its growth goals.



- I see myself in the company's future.
- I want a "seat at the table" in determining the direction of the company.

2. Positive Work Environment

- I like the nature of the work I'm doing.
- I am working within my unique ability.
- My responsibilities have strategic purpose.
- I like the team of people with whom I work.
- There are channels and processes for solving problems and decision making.



3. Personal and Professional Development

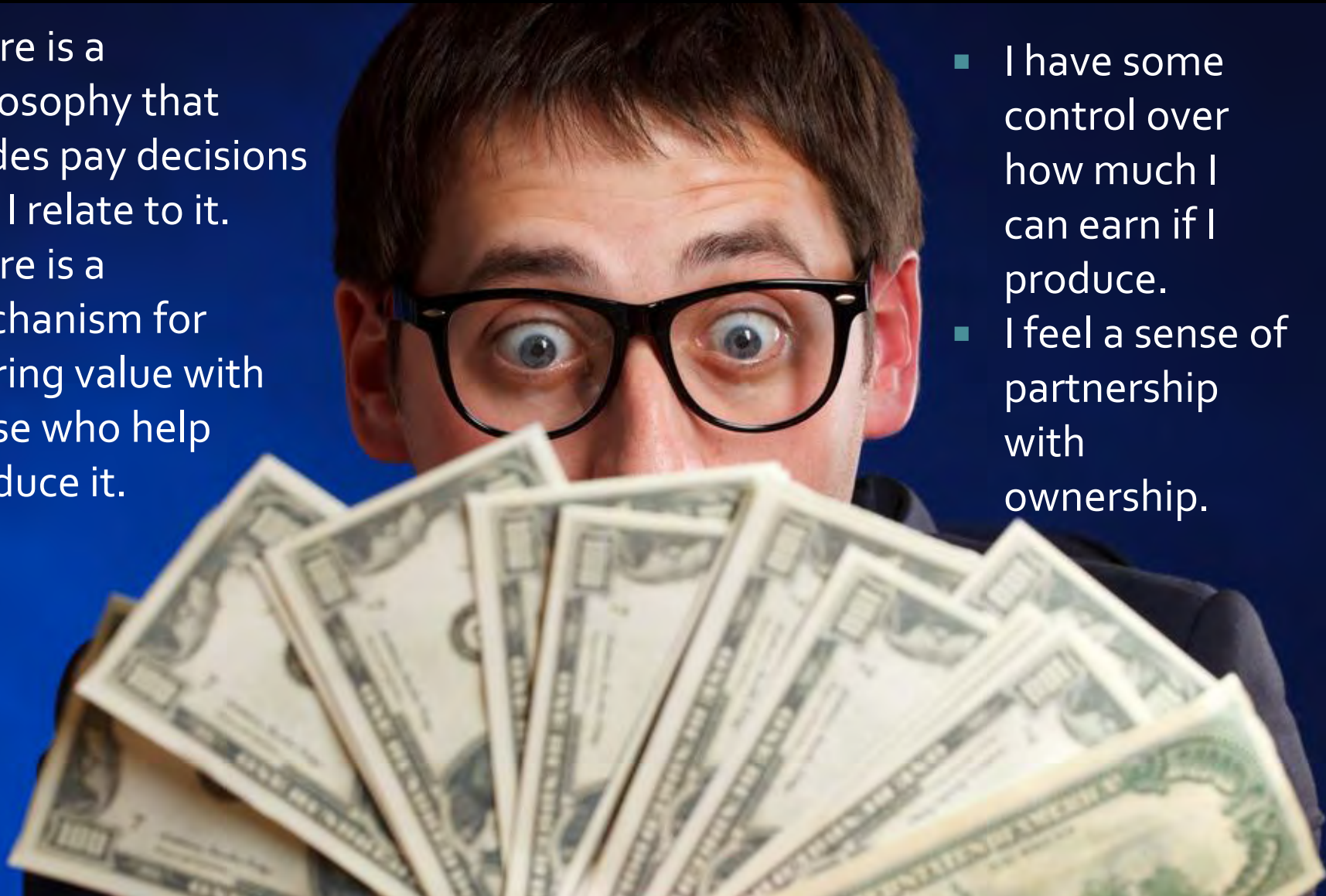
As a result of my immersion in the culture and resources of this organization, my unique abilities will improve—and I will experience personal and professional fulfillment.



4. Financial Rewards

- There is a philosophy that guides pay decisions and I relate to it.
- There is a mechanism for sharing value with those who help produce it.

- I have some control over how much I can earn if I produce.
- I feel a sense of partnership with ownership.



Link Company & Employee Goals

Financial “Hierarchy of Needs”

5

Wealth Accumulation

Wealth Multiplier Philosophy

4

Value Sharing

Short & Long-Term Incentive Plans

3

Retirement Planning

Qualified & Executive Retirement Plans

2

Risk Protection

Comprehensive, Flexible Benefits Plan

1

Cash Flow & Living Standard

Salary & Bonus

Clear Pay Philosophy

Hierarchy & Millennial Segments



Launchers	
Area	Orientation
Cash Flow/Standard of Living	<ul style="list-style-type: none">• Pay expectations still being formed• Modest needs• Competitive salary and mentoring
Risk Protection	<ul style="list-style-type: none">• Basic needs• Don't want to pay anything
Retirement	<ul style="list-style-type: none">• Small or little concern
VS/Wealth Accumulation	<ul style="list-style-type: none">• More concerned about money for this weekend• Short-term preferred over long-term

Hierarchy & Millennial Segments

Accelerators

Area	Orientation
Cash Flow/Standard of Living	<ul style="list-style-type: none">• Context:<ul style="list-style-type: none">• Experience• Peer Pay• Life Responsibilities• College Debt
Risk Protection	<ul style="list-style-type: none">• Adequacy of coverage—family focus• Cost sensitive
Retirement	<ul style="list-style-type: none">• Growing Focus
VS/Wealth Accumulation	<ul style="list-style-type: none">• Emphasis on increased cash flow• Short-term preferred over long-term



Hierarchy & Millennial Segments



Catalysts	
Area	Orientation
Cash Flow/Standard of Living	<ul style="list-style-type: none">• Prefer median of market pay but with high upside potential
Risk Protection	<ul style="list-style-type: none">• Want flexibility and options• Maximum Control
Retirement	<ul style="list-style-type: none">• Two areas of focus:<ul style="list-style-type: none">• Retirement accumulation• Current tax savings• Deferred compensation
VS/Wealth Accumulation	<ul style="list-style-type: none">• Large area of emphasis• Focus on long-term opportunity• Mirror owner opportunity

An Aligned Millennial Pay Strategy



Salaries

Competitive with market standards?
Tied to strong performance management process (merit)?
Managed within a flexible but effective structure?

Performance Incentives

Tied to productivity gains?
Clear, achievable and meaningful?
Self-financing?

Sales Incentives

Challenging yet achievable?
Reinforcing the right behaviors?
Differentiating your offering?

Growth Incentives

Linked to a compelling future?
Supporting an ownership mentality?
Securing premier talent?

Core Benefits

Responsive to today's employee marketplace?
Allocating resources where most needed?
Evaluated to eliminate unnecessary expense?

Executive Benefits

Flexible enough to address varying circumstances?
Communicating a unique relationship?
Reducing employee tax expense?

Qualified Retirement Plans

Giving employees an opportunity to optimize retirement values?
Operated with comprehensive fiduciary accountability?
Avoiding conflicts and minimizing expenses?

Nonqualified Retirement Plans

Optimizing tax-deferral opportunities?
Aligning long-term interests of employees with shareholders?
Structured to receive best possible P&L impact?

Line of Sight

My Job Responsibilities

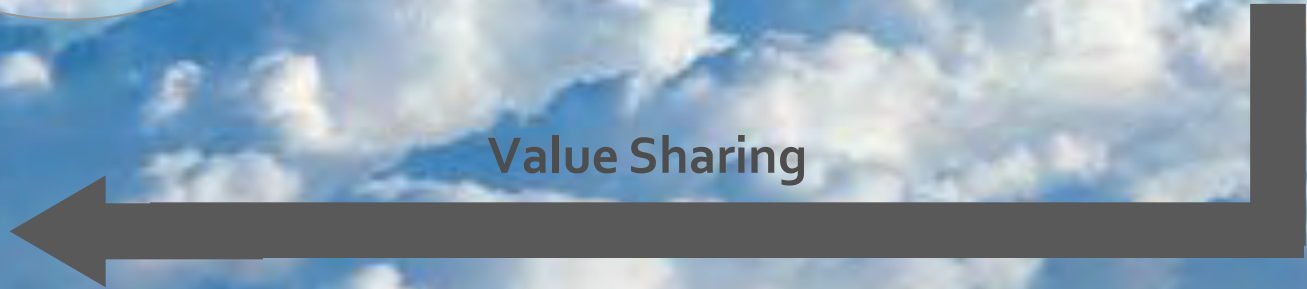
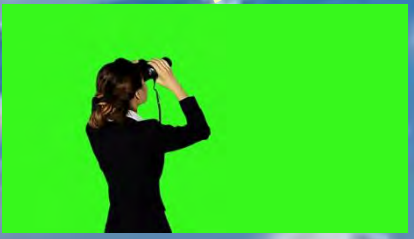
- Product Improvements
- Cost Improvements
- Customer Satisfaction
- Productivity Improvements
- Quality Employee Retention

Sales Growth

Margin Improvement

\$ New Value \$

Value Sharing



Market a Future that's Relevant

- Communicate desire for a growth partnership
- Demonstrate commitment
 - To the future business
 - To key contributors
- Promote don't just communicate
- Be consistent



Market a Future that's Relevant

- Here's our future
- Here's how we're going to get there
- Here's the role we picture for you
- Here's how we encourage our people to grow and contribute
- Here's our philosophy about pay and rewards
- Here are our specific pay programs
- Here's how our pay programs could work for you if we achieve our plan



Market a Future that's Relevant

- Build a sense of partnership
- Demonstrate commitment
 - To the future business
 - To key contributors
- Promote don't just communicate
- Be consistent



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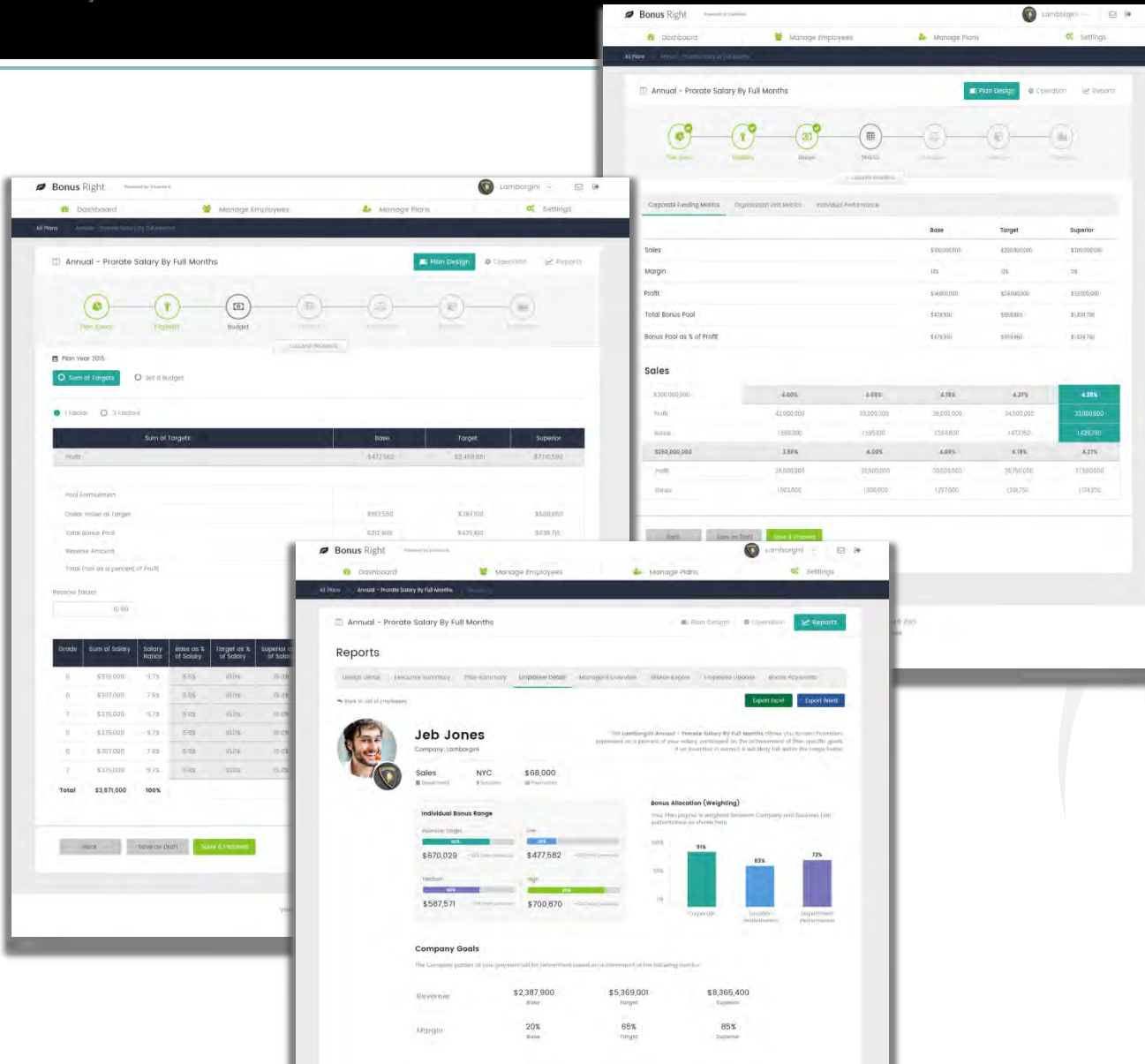


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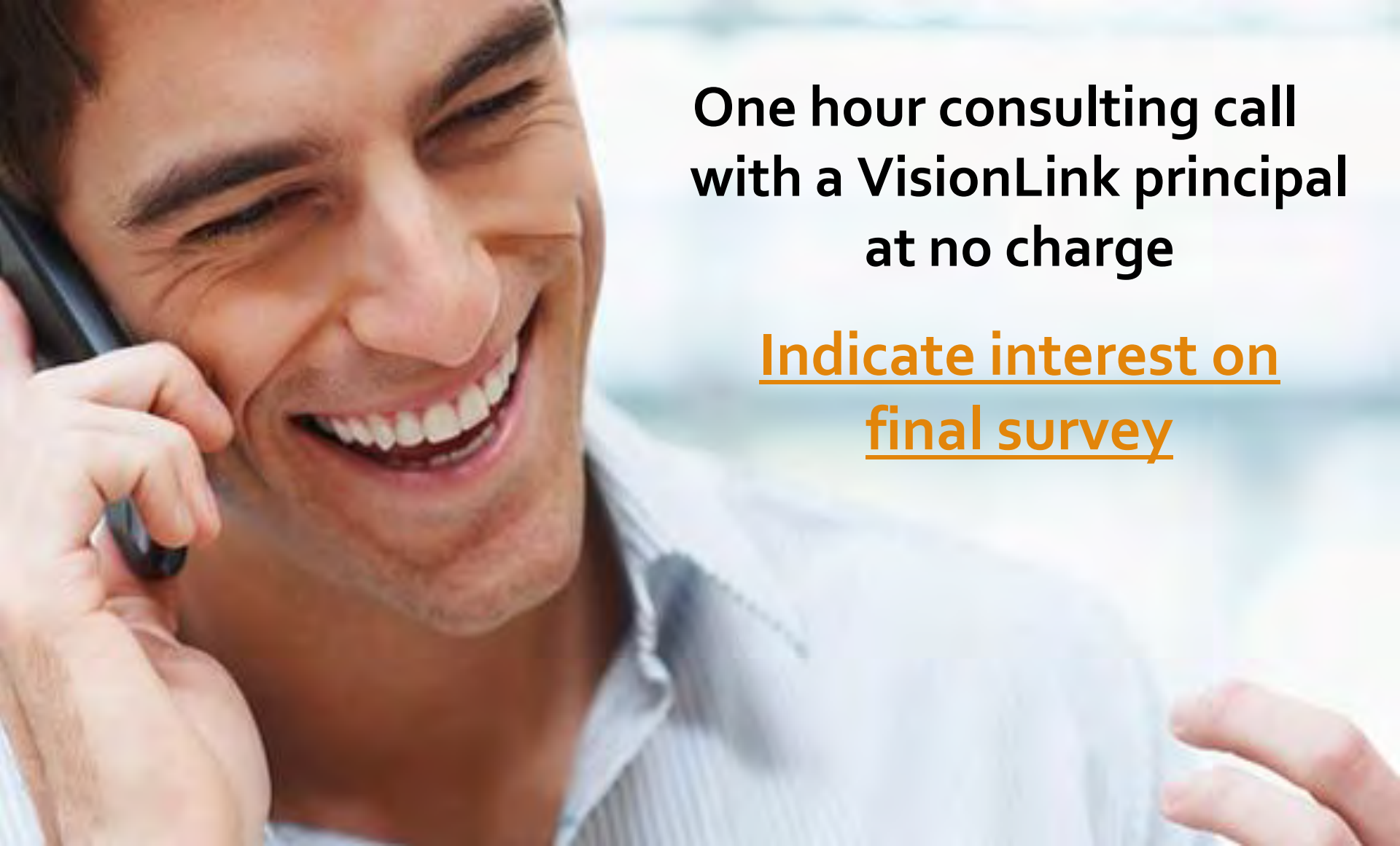
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Special Offer

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**One hour consulting call
with a VisionLink principal
at no charge**

**Indicate interest on
final survey**

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We value your input.

Request a copy of our slides, white paper, complimentary consultation, and invitation to BonusRight rollout.



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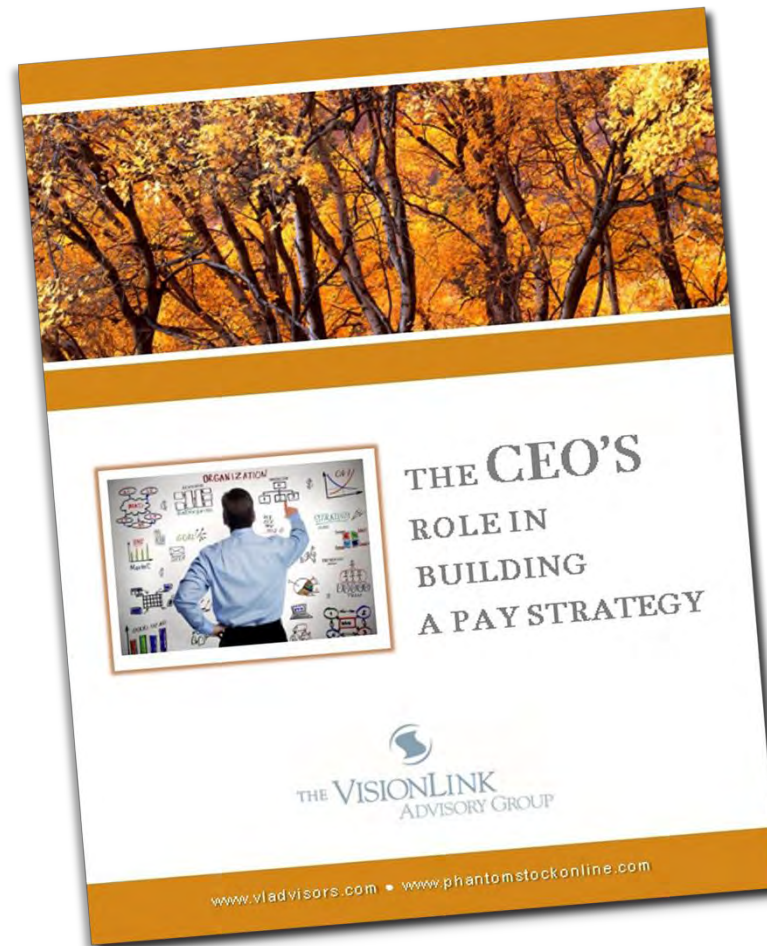
How to Share Value without Diluting Equity <i>4 Alternatives to Sharing Stock</i>	August 23rd
Pay, Performance and Productivity	September 27th
How to Transform Employees into Growth Partners	October 25th
Balancing Salaries and Incentive Pay <i>(HR Specific Webinar)</i>	November 8th
Pay Strategies that Increase Shareholder Value	December 6th

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NEW REPORT

The CEOs Role in Building a Pay Strategy



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The screenshot shows the Phantom Stock website homepage. At the top left is the logo "Phantom Stock The Equity Alternative" with a green arrow pointing up and to the right. To the right of the logo is a dark green navigation bar with white text: "KNOWLEDGE CENTER", "TOOLS", "BUILD A PLAN", "BLOG", "ABOUT US", and "CONTACT". In the top right corner, it says "POWERED BY VISIONLINK". Below the navigation bar is a large light gray banner. On the left side of the banner, there are three green arrow-shaped buttons pointing right, containing the text "WHAT IS IT?", "WHAT WILL IT CHANGE?", and "WHERE DO I BEGIN?". In the center of the banner, the text "A way to share ~~equity~~ Value" is displayed, with "equity" crossed out and "Value" written in red cursive. On the right side of the banner, there is a red play button icon with the text "Phantom Stock Watch overview" written diagonally. Below the banner is a grid of four white boxes. Each box has a title, an icon, and a short description. The boxes are: 1. "KNOWLEDGE CENTER" with an information icon (i in a blue circle) and the text "Explore our wiki and find the answers to your Phantom Stock questions." 2. "TOOLS" with a brown briefcase icon and the text "Decide whether Phantom Stock is a fit for your company." 3. "BUILD A PLAN" with a wrench and screwdriver icon and the text "For 'do-it-yourselfers.' Follow this guide to create your own plan." 4. "BLOG" with an orange RSS icon and the text "Read the latest discussions about Phantom Stock and other value sharing strategies." At the bottom of the page is a dark green footer bar with white text: "Knowledge Center Tools Build a Plan Blog About Us Contact" on the left and "© 2012 PhantomStockOnline.com" on the right.

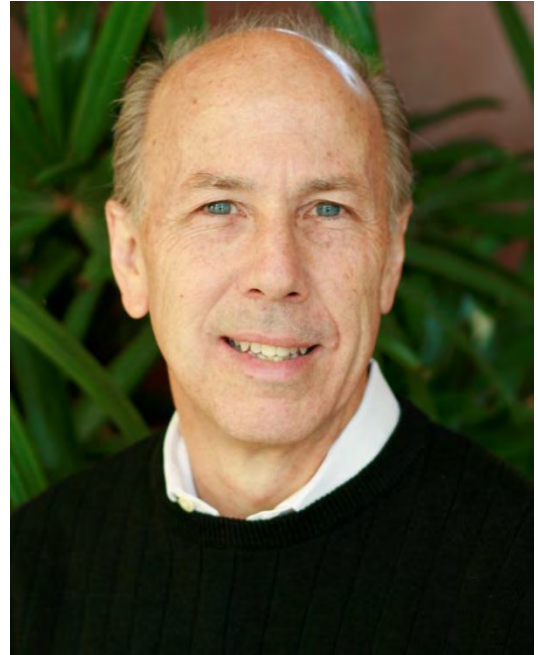


Q&A



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THANK YOU



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