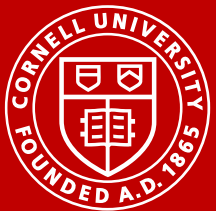


CAHRS Webcast

Why We are Not Getting What We Pay For

Brad Bell, Associate Professor & Faculty Director of CAHRS
Brian Dunn, Visiting Lecturer, Compensation



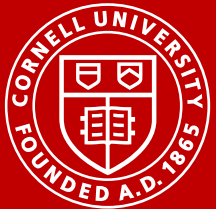
USING 20th CENTURY TOOLS TO MEET 21ST CENTURY CHALLENGES



A Little Context

- Pension plans started in the 1880s, became common post WWII and peaked in 1972
- Minimum wage laws were first passed in 1934
- Wage and salary practices were developed and implemented on a broad scale in the 1940s and 1950s
 - Salary Grades
 - Point Factor Job Evaluation
 - Compensation Surveys
- Incentive plans took hold in the 1960s
 - Annual bonus plans
 - Leveraged sales incentive plans
 - Stock option plans
 - Stock grants





USING 20th CENTURY TOOLS TO MEET 21ST CENTURY CHALLENGES

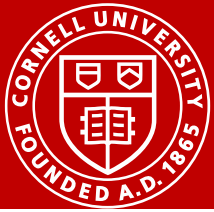


How has the world changed?

Knowledge work has outstripped manufacturing jobs by a significant margin (<9% today)

- Manual labor has been largely eliminated
 - Off shoring
 - Automation
- We have entered the era of the mega corporation
 - Centralized control
 - Uniform practices
 - Focus on shareholder returns at the expense of communities and workers
 - Significantly widened income differentials
 - Reduced power of collective bargaining
- Remote work and “electronic leashes”





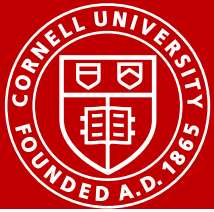
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What are the new challenges we face today?

- Intense focus on quarterly financials
- Massive skill gaps between what is needed and available
- Failure to significantly increase productivity despite massive investments in technology and automation
- Increasing pay inequality and social unrest
- Ill advised and sometimes counter productive regulation
- Disenfranchised/disillusioned employees
- Reinvented work ethic
- Unaffordable higher education except for a select few





USING 20th CENTURY TOOLS TO MEET 21ST CENTURY CHALLENGES



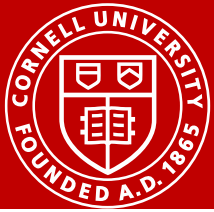
Some possible paths forward:

None is a panacea—gains will come incrementally

- AI based job “value” system incorporating real time market value internal valuation and skills assessment
- Pushing decision making about performance and pay down to the lowest possible level. Empower direct management
- Eliminate quarterly financial reporting
- Require some percent (e.g. 50%) of stock buy-backs to be cycled to employees/communities through:
 - Pension contributions
 - Performance based compensation
 - Charitable giving
- Renew a form of profit sharing as opposed to highly structured individualized compensation
- Create more efficient transfers of employees from one organization to another
- Introduce a comprehensive apprenticeship program

Questions?





Upcoming Events

5/14/19 Sales Incentive Design and Governance Working Group |
Hosted by American Express | New York City

5/15/19 Current Trends, Challenges and Opportunities in Workspace Design Webcast

5/16/19 Maximizing Internal Staffing & Succession Planning Working Group | Hosted ADM | Chicago

5/16/19 HR Transformation Working Group | Hosted by ING Bank | Amsterdam

6/05/19 HR Transformation Webcast

6/18/19 HR Analytics Working Group | Hosted by Estee Lauder | New York City

