



Perks that really work

The Press | Monday, 07 January 2008

Canny businesses have individually tailored rewards to keep staff happy, writes REBECCA MARTIN.

For those dreaming of a roomy corner office with harbour views, these are heady times. It's the skills shortage, you see.

Good people are hard to find. That explains why the bloke at your local coffee shop, who makes just two coffees every five minutes for a 20-deep queue, still has a job.

The good news, though, is that you are a rising commodity. You have the experience, the skills and the ability to get the job done.

Should a job not be working out, you also have the knowledge and the power to jump out of it - and land on your feet.

It also places the onus back on companies to encourage you to stay and, although that might suggest big salaries, the figures show that's not the carrot companies are offering.

"Salaries (for middle management) in Australia have been rising about 4.2 per cent to 4.4% annually," says Rohan Connors, of human resources consultancy Hewitt Associates.

"That's about 1.2% ahead of inflation.

"Our pay has not accelerated at the same pace as the United States. The base salary in India has been progressing at 12% to 15% a year.

"But when you look at the absolute level of pay, (India's) is not that high. It's a very different proposition and a very different lifestyle. Australian companies have an advantage in that they can offer a better lifestyle."

Taking a historical view, the perks aren't quite what they used to be, either.

"If you look back to the 1980s, the classic perks (companies paid for) were things like school fees and entertainment," says Nick Woodward, a consultant with remuneration specialists CSi.

Now any benefit given to an employee can attract fringe benefits tax – where you have to pay tax at the full rate.

"From an employer's perspective, it's more cost-effective to give you cash."

That's not to say that the perks have completely disappeared. In a tight job market, companies need to spice up their packages to get people on board and keep them.

Syed Ali, the business director for Hays Executive, sees all manner of "sweeteners" at the hiring end of the process.

"One individual we placed with a real estate firm was told that he could have the company's corporate box at the rugby for his own use," he says.

"Middle managers are getting kickbacks like tickets to sporting events.

"Parking in the city is increasingly coming into the equation. (In the fast-moving consumer goods industry), alcohol allowances tend to be thrown in. And the further up the chain you get, the more perks."

Just how far you are up that chain can be hard to determine with companies that are less concerned with hierarchy. A recent CSi survey found many of the longstanding perks – such as flexible working hours – that once would have put you in the higher echelons of an organisation are now available to all staff.

"Where they used to be a point of difference, now they are almost expected," Woodward says.

Lisa Halloran, of Retention Partners, says companies are tailoring perks individually to reward their best and brightest.

"Hierarchy doesn't matter much any more – people don't believe in it," she says.

"They don't respect titles. So companies are offering a smorgasbord where you will have prawns, potato salad and beef. You can choose. Anyone can take advantage of it. It's about what matters to you."

MBA's, leadership development groups and even flexible time all fall into this kind of reward category, which Connors agrees is all about tailoring.

"If you look at telecommunications companies, you'll find that younger employees are offered more training benefits and less retirement benefits, while for an older worker it would be the flip side of that," he says.

"Companies have more targeted offers, with a lot more focus on high performers and the potential key contributors."

Being asked to join a leadership development group is undeniably a great way to massage the ego. Halloran calls this kind of perk a "brag factor" and says companies use it all the time, tailoring it to the individual.

"They could ask you to become the public face of the organisation and go and talk to unis or attend board meetings," she says.

"They could get you coaching from an outside guru, or have you mentored by the CEO.

"It has to have the brag factor. So it's important to you, helps you to progress and you can also go home and say, 'Honey, I'm meeting with the CEO for an hour every month.'"

The money or nothing. In between all the nice ego-massaging stuff, companies have not forgotten that money is a prime reward.

In the mining industry, as well as in banking and finance, Rohan Connors says sign-on bonuses for talent that a company really wants are becoming more common.

"To get people on board, they will throw cash at them," he says.

"It's either sign-on bonuses, or first-year bonuses, where they will give you (an extra) 10% of your package if you stay for 12 months."

Once you're in the team, money is tied to performance. Syed Ali says performance-related bonuses and share options are common.

"In the US, companies tend to offer share options and that's certainly prevalent in the IT companies (here)," he says.

"There are also better weighted at-risk bonuses, with an increased bonus pot of between 15% and 20% (of salaries)."

Which is great news if you think that nothing says you've made it like a wad of cash. And if money is your bottom line of success, you can judge how you are doing against the average salary rise of 4.2% a year.

"Salary budgets are finite resources," says Nick Woodward.

"But if you are a high performer, you will be getting larger [salary increases] than everyone else." Now, if only it was polite to talk about money.