

Compensation Incentives That Attract and Retain Employees

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Title: Employee Incentives

Companies anxious to find staff are coming up with new ideas

Employment recruitment tactics are changing. Younger, professional employees no longer automatically take what companies offer without question. They are more assertive and demanding about having life balance. When it comes to compensation benefits, organizations have to think outside the box in order to attract new employees.

The Situation: The ongoing and increasing skilled labor shortage will continue to drag company productivity and profitability down. Most engineering and oil and gas companies have a backlog of work and not enough employees to complete the projects. Overtime is needed, delays are the norm, budget overruns are common. What do successful companies offer in order to stand out from the competition in order to attract new employees and retain more of the ones you currently have? With overseas mega projects recruiting Canadian talent to build their projects, the stakes are high.

The Solution: The starting point is a competitive salary which continues to escalate upward. In many cases bonuses of up to 35% of the salary are necessary to attract employees to locate to remote locations. To be really successful, you need to offer a competitive benefits package that is valued by the recipients – without creating an attitude of entitlement, otherwise loyalty decreases.

The Trends: Lets review some of the trends in the oil patch today. The key new one is **Health Care Spending Accounts** instead of cash bonuses. This gives employees the opportunity to be consulted in picking and choosing from a flexible package range the benefits specific to their needs today and alter them as their career path changes. For example, early in the career, orthodontics might be a higher percentage of the dollars allocated and then later in life, a switch to vision, massage and chiropractic care. With some companies you can take in cash what you don't use of the allotted amount or transfer to pension plans.

Vacation pay is being increased. What was the industry standard of 2 weeks for new hires is now almost universally 3 weeks and after being employed two years you get 4 vacation weeks. One company is recognizing previous industry experience to be counted toward your years of experience. Another has a formula of your age less 20 to determine vacation weeks based on 2 weeks for every ten years. For example, a person aged 50, less 20, equals 30, so with 2 weeks for every 10, gets you 6 vacation weeks.

Days Off: An industry leading company in Canada recently started giving every employee 2 Fridays a month off, 24 in total. To earn this, you take either a shorter lunch hour or work an extra 30 minutes the rest of the week. Other companies offer new employees a range of from 5 up to 17 paid personal days off every year.

RRSP's: Matching of from 3 1/2 % up to 6% of annual salary and some match up to an additional 5% in savings plans. Profit sharing for everybody in some companies linked to company profitability.

Maternity Top Up Benefits: Increasingly seen is maternity top-up benefits of up to 100% for 36 weeks for new parents and adoptive parents.

Other industry specifics are:

- 10 discretionary flex days – no questions asked
- Adding a paid day to long weekends
- Work extra hours to get every summer Friday off
- Corporate offices shut down for up to 10 days over Christmas
- Company car and parking lot allowance
- Health club membership and scheduled time in work day to attend
- On site fitness facilities and a professional fitness trainer provided
- Phased in retirement leave programs
- \$200.00 a month health spending account to spend how you want
- On site day care and on site room to house students during teacher Professional Development days. One sources senior care facilities
- Scholarships for children entering University
- On site dining room with subsidized prices
- Birthday - 1 paid day off, even if it falls on a weekend or holiday.
- Compassion leave – 3 – 8 paid days, more if travel required
- Finders fees – up to \$3,000.00 for referring new employees who stay
- Parental leave – men can take more time off for newborns
- Happy Staff – lots of recognition events such as new babies & birthdays
- Education – more in house training and off site courses with tuition fully paid to drive up competencies and productivity

Performance Contracts: To ensure employees appreciate the above average industries benefits and at the same time improve personal productivity and ownership, one company has each employee sign a High Performance Contract. This sets goals and objectives for them that are in sync with their supervisors and it is reviewed quarterly up to 4 times a year, depending on their experience level.

This article was prepared by Bruce Lee, President of Encore Seven Inc., a training company founded with his wife Toni. Bruce's training focus is on improving corporate employee retention and individual productivity through keynotes and workshops.

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