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Chris Mumford reveals how employers are looking for new ways to make their staff feel valued

Benefits rock

In an industry where retention is such a bug-bear, employee motivation is an ongoing priority. Generations X and Y now expect more reward than simply a salary cheque and end of year bonus. They expect work to be an enriching experience, to be something which challenges them but which is also fun, to be something which fits in with their other life commitments, and to make them feel valued and appreciated. Employers have increasingly responded by implementing new benefits and perks to help set them apart from the regular 'here's your pay packet, what more do you want?' brigade. Crèches, or baby care facilities, are now familiar sites at many workplaces, an increasing workforce now has the option to work some or all of their time from home, and financial benefits such as transport season ticket loans have long been a regular feature.

Sometimes it just needs a fresh set of eyes and a little creativity to develop that new employee perk. EMI Records recently identified a use for the dead space on the roof of its office building in New York. The company has introduced a fortnightly concert series for its employees on the roof of its headquarters, complete with barbecue and free drinks, which features performances by bands from EMI's various record labels. To date, every event has had full attendance and employees are rocking to the EMI tune. Seth Wolk, head of human resources, comments, "Every two weeks our employees get the best seats in the house for an exclusive show and get to share the experience with others. Although it may be counterintuitive, I find that the best perks are the ones that address what people are passionate about regarding work. For us at EMI, it is all about enjoying and sharing the music."

In an industry where employees typically bemoan low salary levels and long, unsocial working hours, benefits and perks can play a key role in helping to attract and retain talented staff. An HVS study of compensation practices in the European hotel industry reported that over 75% of hotel companies provide benefits to their executives as part of their general compensation programmes. As with salary and bonus levels, the value of a specific benefit varies in line with an employee's seniority.

1 Perks offered (London)

| Line Employees/Supervisors | Yes |
|--|-----|
| Pension Plan Offered? | 84% |
| Private Health Care Offered? | 38% |
| Free Dry Cleaning for Non-Uniform workers? | 74% |
| Train Season Ticket Loan? | 53% |
| Subsidised Chiropodist? | 47% |
| Health Club Membership? | 19% |
| Discounted Hotel Room Rates? | 82% |

A recent HVS survey of salaries and benefits awarded to employees of hotels in London revealed that benefits can range from those with a positive financial impact for the employee to those designed to make the employee feel appreciated.

- Pension
- Life Insurance
- Private medical insurance
- Dental cover
- Disability allowance
- Stock options
- Season-ticket loan
- Recommend-a-friend scheme
- Child-Care vouchers
- Retirement Gift
- Long-service award
- Birthday Gift
- Christmas Hamper
- Subsidised chiropodist
- Gym membership

Taking a sample of the above, table 1 illustrates the percentage of hotels in the London survey group which offer specific individual benefits to their line employees.

Not all of these benefits are offered from day one of employment but are phased in over a period of time, thereby generating a reward culture and engendering loyalty to the organisation. For example, most companies provide a pension plan benefit to line level staff that does not commence until the end of the first year of employment.

As we work up the organisational chart, the benefit allowances become increasingly generous. For example, the majority of senior management in the survey group of London first class and luxury hotels are awarded a pension plan benefit which kicks in within the first three months of their employment and which typically commands a higher contribution from the employer. Table 2 illustrates how senior employees receive a benefit such as a pension plan sooner than their colleagues below them.

At corporate level, other perks begin to apply, although stories of executives enjoying personal use of the company jet, and swanky country club membership are the exception rather than the rule these days. Surveys conducted by HVS of salary and benefits packages awarded to corporate vice presidents of hotel companies in Europe reveal that typical benefits include annual car allowance; pension plan; health, life, accident and disability insurance; business travel insurance; restricted stock award; stock options. Our research reveals the typical cost to a company of a corporate vice president's car, pension, and health benefits. Additional benefits can include financial assistance with the employee's children's school fees, interest-free loan, travel allowance, or clothing allowance. The cost to company for the provision of such benefits to its corporate executives can be viewed in table 3 as a percentage of the executive's base salary.

It is unlikely that any hotels are throwing fortnightly rock concerts for their employees but it is clear that the provision of benefits, whether financial or appreciative, is a key component in an effective attraction and retention strategy. Just as with salary and bonus potential, employers should strive to keep their benefits plans competitive within the marketplace and to adjust them as employees rise up the organisational chart. Furthermore, hotel companies should ensure that their plans are easily understood by employees and communicated in such a fashion that the employees know exactly what they are receiving and can appreciate it accordingly.

Chris Mumford is managing director of HVS Executive Search

2 Pension Plan

When is the employee eligible (within months)?

| | 0 mths | 3 mths | 6 mths | 9 mths | 12 mths | 24 mths |
|----------------------------|--------|--------|--------|--------|---------|---------|
| Line Employees/Supervisors | 17% | 39% | 11% | 17% | 11% | 5% |
| HODS/Managers | 16% | 37% | 11% | 15% | 16% | 5% |
| Executive Committee | 53% | 26% | 5% | 11% | 5% | 0% |

3 Benefits to corporate executives

Benefit as % of base salary

| | Min | 25th % | 50th % | 75th % | Max |
|---------------------------|-------|--------|--------|--------|--------|
| Car Allowance | 1.36% | 4.91% | 7.02% | 8.99% | 17.50% |
| Pension Plan Contribution | 1.17% | 2.98% | 8.39% | 14.60% | 30.00% |
| Medical Insurance | 0.06% | 0.87% | 1.94% | 5.58% | 24.77% |