

Reward Effectiveness Differentiators of the World's Most Admired Companies

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Discussion leaders



Tom McMullen
Korn Ferry Hay Group
Senior Client Partner
tom.mcmullen@kornferry.com



Keith Reynolds
PepsiCo
VP Global Compensation
keith.b.reynolds@pepsico.com



Background



FORTUNE survey of World's Most Admired Companies

What is it?

- Annual rankings of reputation conducted by FORTUNE magazine and Korn Ferry Hay Group since 1997
- Candidate companies:

FORTUNE 1,000
companies

Non-US Global 500
companies with revenues of
\$10 billion or more

- Companies rated both overall and relative to their industry peers by executives, directors, and analysts

680 companies
from **29 countries** included

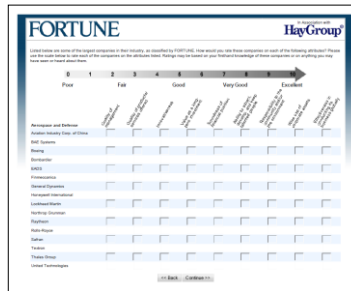
Industry rankings generated for
52 industries



Determination of industry rankings

Raters are asked to assess each eligible company in their industry on nine attributes of reputation:

- 01 Quality of management
- 02 Quality of products or services
- 03 Innovativeness
- 04 Long-term investment value
- 05 Financial soundness
- 06 Ability to attract and retain talented people
- 07 Social responsibility
- 08 Wise use of corporate assets
- 09 Effectiveness in conducting business globally



Most important attributes in eyes of raters



Determination of overall 'All Stars'

Raters also asked to identify 10 companies they admire most from a list of the highest scoring companies from the previous year.

2017 RANK SHOWN ON RIGHT



01	Apple	1
02	Amazon.com	2
03	Alphabet	6
04	Berkshire Hathaway	4
05	Starbucks	3
06	Walt Disney	5
07	Microsoft	9
08	Southwest Airlines	8
09	FedEx	11
10	JPMorgan Chase	22

The value of reputation

The World's Most Admired Companies outperform industry peers and the market as a whole

Cumulative total shareholder returns		
	WMAC All Stars (Top 50)	S&P 500
1 year	22%	16%
3 years	58%	37%
5 years	152%	89%
10 years	422%	149%

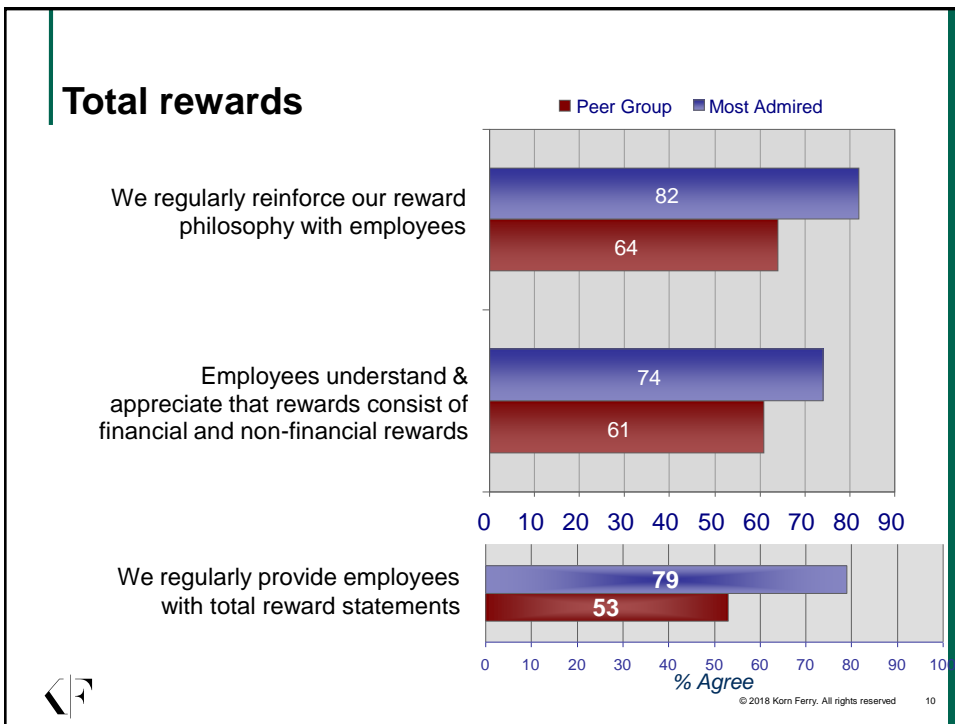


Key differentiators of the World's Most Admired Companies

Focus of past "spotlight" research

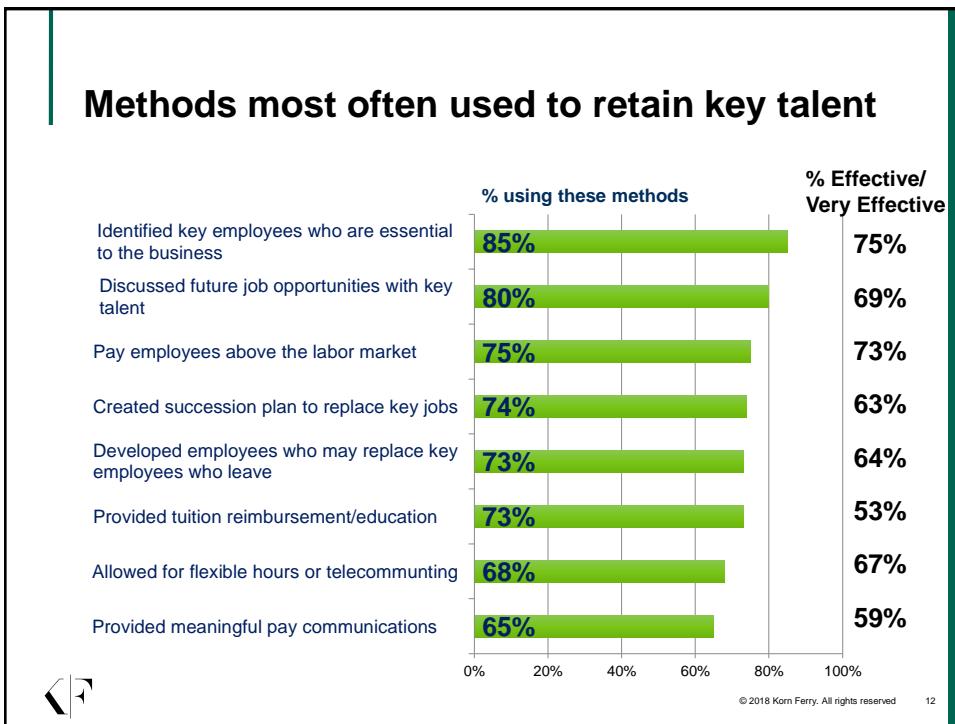


Total Rewards



Key Talent



Engagement



Key predictors of employee retention

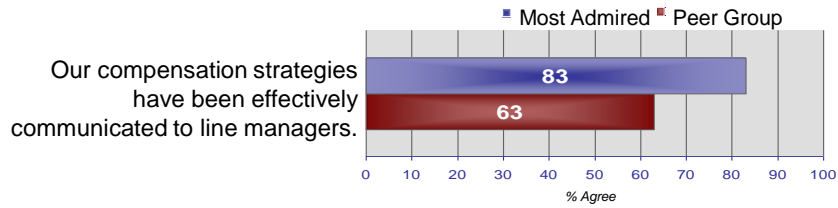
	Employees planning to stay for >2 years	Employees planning to leave within 2 years	Gap
Confidence in ability to achieve career objectives	64%	31%	33%
Trust and confidence in company senior management	60%	35%	25%
Opportunities for learning and development	71%	45%	25%
Benefits that meet employee needs	68%	45%	23%
Company demonstrates care & concern for employees	62%	39%	23%
Company is effectively managed and run well	73%	51%	23%
Adequately authority to do job	73%	51%	23%
Employees paid fairly for the work they do	53%	31%	22%
Supervisory coaching for development	67%	45%	22%
Support for employee creativity and innovation	70%	48%	22%
Cross-work unit collaboration and support	63%	41%	22%
Direction and goals are the right ones for the company	73%	51%	22%



Source: KFHG Employee Opinion Norms

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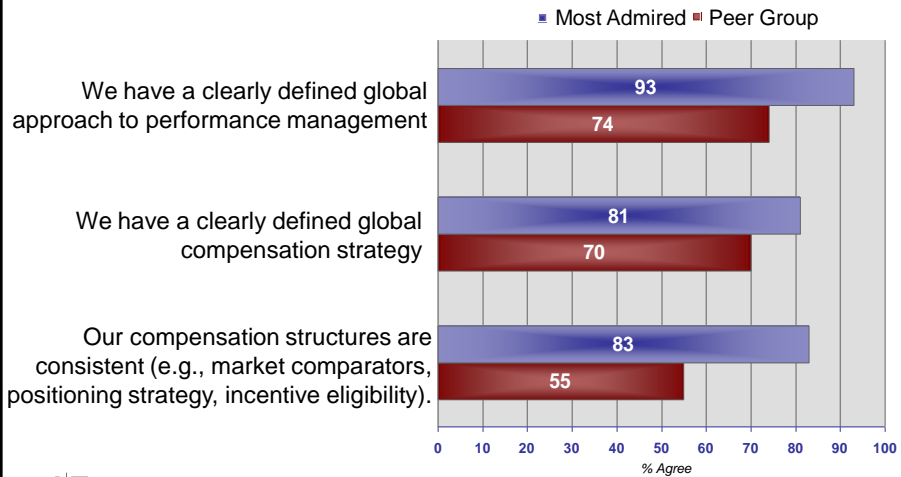
Impact of line managers



Global/Local Rewards



Global approach to reward strategy & structure



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Measuring Effectiveness



Assessing Reward ROI

How does your organization monitor the ROI of its reward programs?

	All	Most Admired
We do this informally through discussions with management and employees	20%	21%
We do this formally by comparing our investment in human capital to financial and productivity measures	9%	23%
We do this formally by assessing employee and management attitudinal data	9%	20%
Not applicable; we do not attempt to assess ROI	62%	36%

Source: Korn Ferry Hay Group, Loyola University Chicago



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Your
Questions



