

# Rewarding For Results

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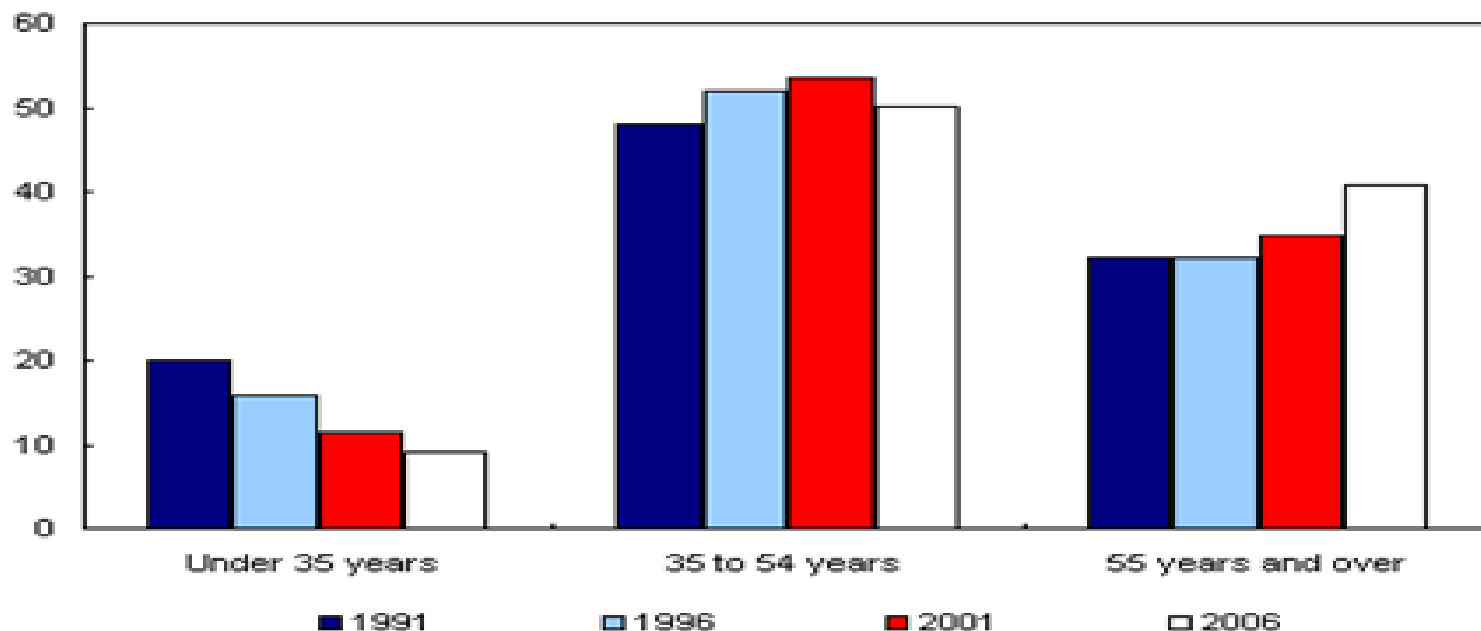
6 months ago.....

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# Where Have all the Farm Kids Gone?

## Canada's Aging <sup>Farm</sup> Population

percentage of operators



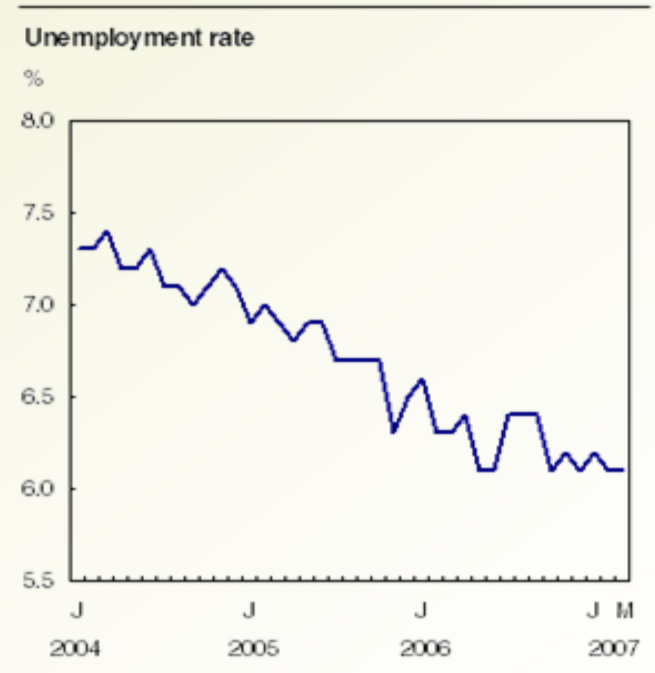
Source: Statistics Canada, Census of Agriculture, 1991 to 2006



Bayer CropScience

# Canada's Economy and Labour Shortage

- Alberta, British Columbia and Saskatchewan fastest growing economies, lowest levels of unemployment in Canada
- By 2006 1 in 4 male students in Alberta were not completing their high school diploma and are taking employment opportunities.
- 30 % of Canadians considered rural population. 11% of Canadian rural population live in a Farm household, and traditionally most of our hires were from a Farm background and an Agriculture undergraduate program



Stats Can: April 5, 2007

**Labor demand** will outstrip supply by 2007 in NA  
Source: Employment Policy Foundation, *American Workplace Report 2006*

# Remember the War for Talent?

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Most organizations facing challenges to attract, motivate and retain valuable employees due to:

- The high demand for job skills and resulting shortages
- The reduction in the number of available workers
- The differences in motivation, values, work habits of the different generations
- The redistribution of jobs due to the globalization of labour

Today.....

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# Brutal arrival of recession in Canada

Jacqueline Thorpe, Financial Post (January 2009)



Unemployment rate



Stats Can: March 13, 2009

Rewards and Recognition =

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Employee Engagement

# What We Will Cover

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1. Linking Rewards and Recognition to Engagement
2. Driving Engagement With Rewards and Recognition
3. Designing Reward Systems for Engagement
  - Formal vs. Informal
  - Extrinsic vs Intrinsic
4. Extrinsic Rewards at Bayer CropScience
5. Intrinsic rewards at Bayer CropScience
6. Total Rewards
7. Benchmarking Engagement
8. Summary

# Linking Rewards and Recognition to Engagement

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# Why Engagement Matters

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- It's a recession not a depression! How long will it last? What has changed is the labour shortage over?
- When it is over the organizations that protect their human resources will come out of this stronger.
- The engaged employee works beyond job duties and will understand the realities of the workplace, these employees will be more productive and supportive regardless of economic conditions.

# What is Employee Engagement?

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- Managing discretionary effort...when employees have choices they will act in ways that are in the best interest of the organization. (Wikipedia)
- Employees' willingness and ability to contribute to company success. (Towers Perrin)
- Staff commitment and a sense of belonging to the organization. (Hewitt)
- Employee's commitment to the organization and motivation to contribute to the organization's success. (Mercer)
- Creating the sense that individuals are a part of a greater entity. (Best Practices, LLC)

# Focus on Engagement

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## Highly Engaged Companies Are:

- 29% higher in revenue
- 50% more likely to have above average customer loyalty
- 44% more likely to turn above average profits

-Izzo and Withers 2000

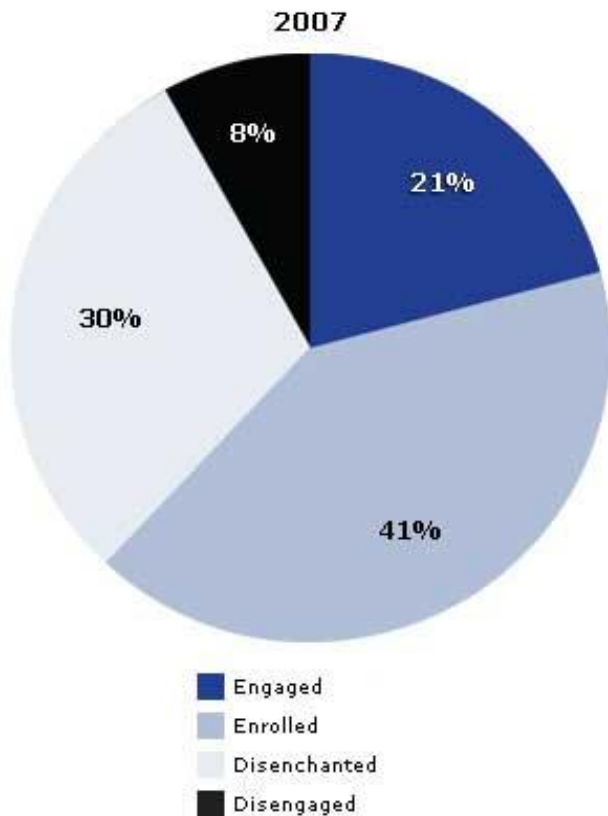
## Highly Engaged Work Groups Are:

- 44% higher in retention
- 56% higher in customer loyalty
- 50% more productive
- 33% more profitable

-Weir, J. HR.com 2003

# Where are Engagement Levels?

**Exhibit 1**  
**Employee Engagement Levels**



-Towers and Perrin 2007-2008 Global Workforce Study

## Engagement Levels Top 50 Employers

- < 1 Year Service 75%
- <5 Years Service 65%
- >10 Years' Service 65%-72%

-Hewitt Associates Top 50 employers in Canada 2008 findings

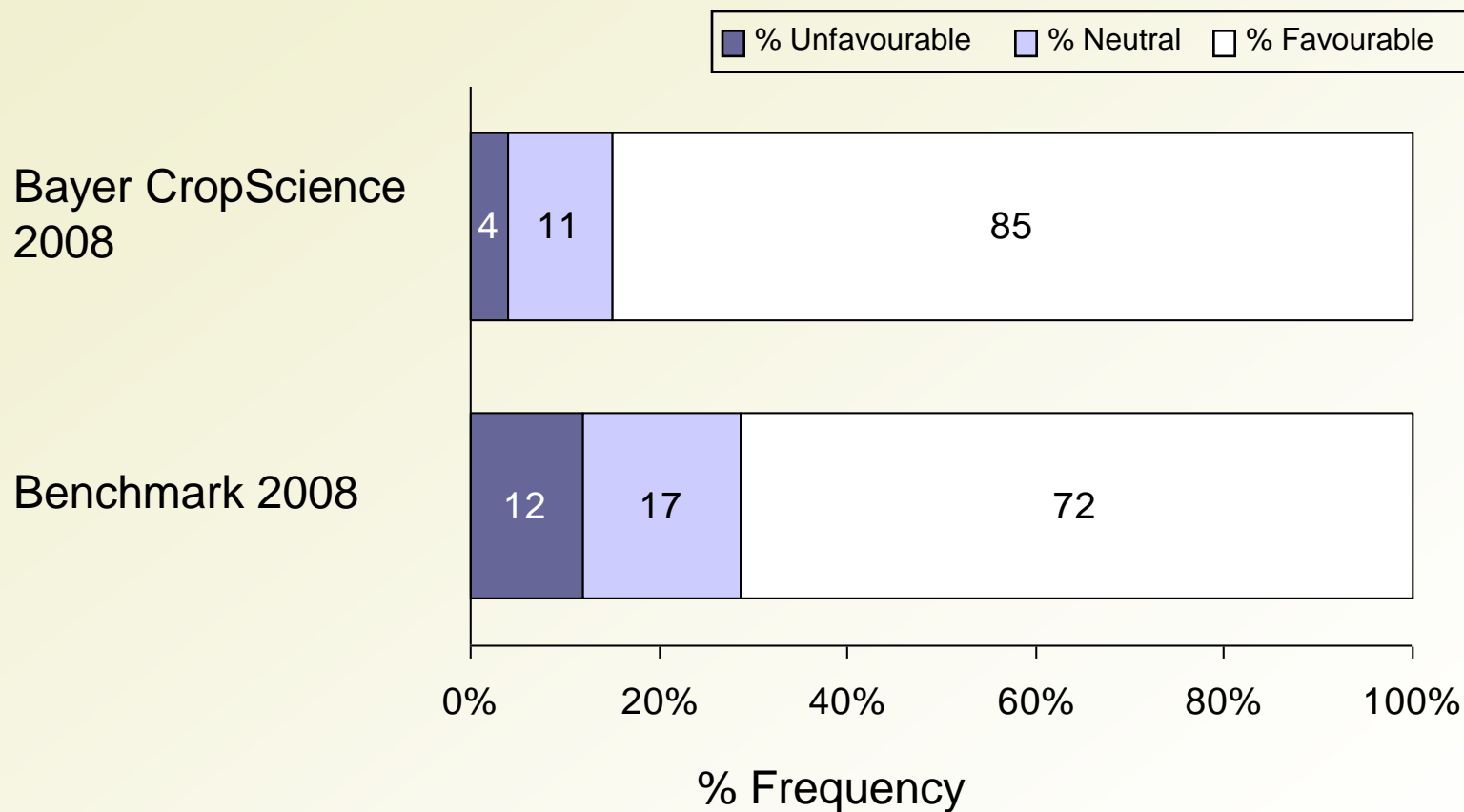
## The Correlation Between Engagement & Retention

- 85% of engaged employees plan to stay with their employer through 2008.
- Engaged employees stay for what they give (they like their work);
- disengaged employees stay for what they get (favorable job conditions, growth opportunities, job security).

- Blessing White 2008 Employee Engagement Report



# Engagement at Bayer CropScience



# Driving Engagement

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# The Difference

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- **Recognition:** an intangible expression of appreciation that identifies and follows a specific, desirable contribution or event
- **Reward:** a tangible gift offered to a person or team as a token of gratitude for a desired contribution

# Rewards and Recognition

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- Rewards are only effective at reinforcing a behaviour or achievement if accompanied by recognition. It is the recognition that makes clear to the recipient exactly what behaviour or achievement is appreciated and why that is significant to the company.
- Recognition, on the other hand, is often enough, all by itself. Never underestimate the power of “thank-you”.



# Reward and Recognition Styles

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## Formal

## Informal

Event or Milestone Driven	Spontaneous
Given to Motivate for the Long Term	Usually Lower in Cost
Can have Significant Costs	Reinforce Behaviour in Short Term
Part of Cultural Norms	

# Why Recognize and Reward...

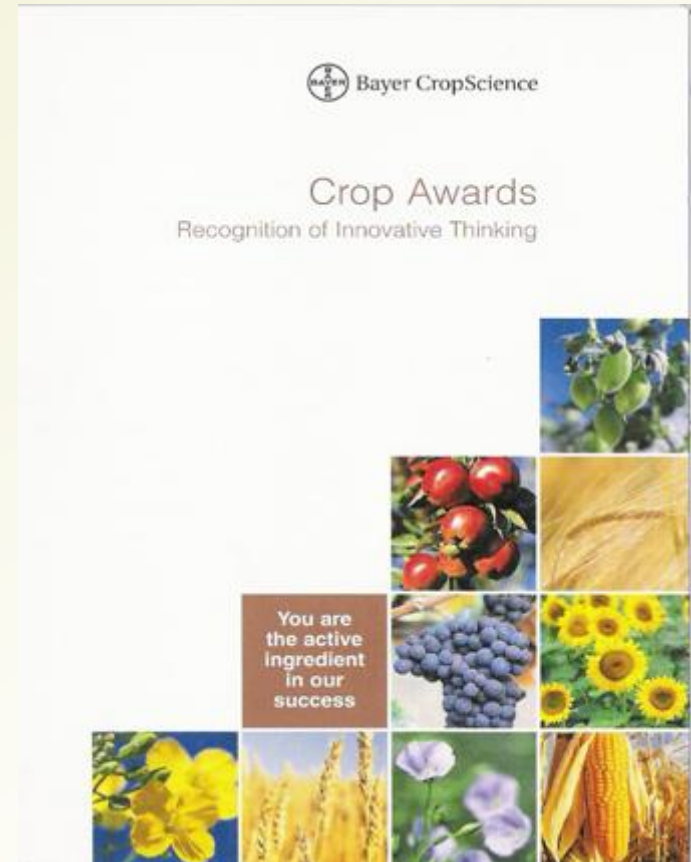
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- Provide appreciation
- Recognize the value and contribution
- Provide support and encouragement
- Compensate for effort, risks, innovation, cultural alignment
- Provide choices
- Build your culture and make work FUN!

# ...The Impact

*“The company values employee recognition. We have employee-to-employee thank-you notes pre-made if you want to show your appreciation to a co-worker. In the last couple years, the company has made a lot of improvements in terms of our focus and direction. My actual job hasn't changed much in six years, but the way the company approaches my job through recognition and personal development has improved.”*

-- Rudy Fulawka, Seed Chemist  
Bayer CropScience Inc.  
Tenure: 10 years.



# Rewards and Recognition in a Diverse workplace

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# The Changing Workplace....

- Do more with less – cost management, downsizing, restructuring
- Team environments
- Virtual workplace, flexible work, telecommuting
- Increased diversity – both cultural and generational
- Different value systems and motivations with increased diversity



# So What Do all Generations Want?

- Each of the Generations in the current workforce are looking for 4 common things:

- Work-life Balance
- Interesting Work
- Good Salary/Benefits
- Flexible work Schedule

L. Duxbury Carlton University



How Can Rewards and Recognition  
Give us This?

# Recognition and Diversity

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- Different value and motivation systems among different generations.
- Younger workers less motivated by money, once fairly compensated.
- Younger generations motivated by the need for balance, challenges, variety in work.



# Baby Boomers

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- Many Current Rewards Systems built for this generation
- Team players loyal and committed
- Time is Money
- Pay for performance
- Incentives are important
- Milestones are important



- How many of our current structures are built on this model? How does it fit?

# Effective Rewards and Recognition Occurs When

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- Rewards and Recognition are relevant
  - Understanding your people so everyone can relate better
  - Know what is important to them
  - Reward individual and team contributions
  - Keep it simple, sincere and timely.



# Designing Effective Rewards and Recognition

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# Types of Rewards

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## **Extrinsic**

- External to the employee
- Usually tangible and monetary
- Satisfaction tends to be short lived

## **Intrinsic**

- Internal and values based
- Employee focused
- Motivation can be long term

# Extrinsic Reward Programs

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- Bonus Plans/Sales Incentives
- Project Rewards
- Cash and Equivalent Payments – Gift Certificates,
- Service Awards
- Signing Bonuses
- Referral Awards
- Stock Options
- Retention Payments

# Extrinsic Rewards at Bayer Crop Science

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# Bayer CropScience: Extrinsic Reward Programs

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## Cross Awards

- Activities and behaviors that best demonstrate the Bayer CropScience values
- For individuals and teams that best exemplify the Bayer values.



## Science For A Better Life Award

- Outstanding contribution to the organization that improves the business significantly with a profound sustainable innovation.
- Must be fully implemented and executed successfully (not just an idea)
- Scope can represent one department or all of BCS

# Crop Awards



# Impact of Extrinsic Rewards

“Being nominated for the Cross Award—Integrity, Openness and Honesty. I was flattered and very honored that my peers or co-workers felt that I deserved this recognition.”

*Nestor Ewasienko  
Formulation Foreman  
Regina*

“Completing a very successful dealer meeting in conjunction with the Grey Cup that focused around large independent dealers to promote our products and future vision. I am proud to be part of InterAg, and to be a ‘Maclean’s Top 100’.”



*Kevin Chorney  
Territory Sales Manager, InterAg  
Winnipeg*



**Dr. Hieronim Polewicz  
wins Otto Bayer Medal for  
InVigor hybrid canola**



Dr. Hieronim Polewicz, Manager Hybrid Breeding, BioScience was honored with the Otto Bayer Medal for the development of the InVigor® hybrid canola varieties. Werner Wenning, Chairman of the Bayer Board of Management, and Dr. Udo Oels, Member of the Board of Management responsible for Innovation, Technology and Environment, presented the award at a special ceremony in Leverkusen, Germany.

# Other Extrinsic Rewards

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- Time Off With Pay
- Service Awards
- Variable Pay/Sales Incentive Plans
- Wellness Program \$ Trips
- Regional Sales Reward Trip
- Accelerated Vacation
  - 3 Weeks >5 Years
  - 4 weeks < 5 Years, etc.

# Intrinsic Rewards at Bayer Crop Science

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# Intrinsic Reward Programs

- Flexible Work Hours, Job Sharing
- Time Off
- Training Opportunities
- Special Project Assignments
- Gym Facilities, Wellness Programs
- Pets in the Workplace
- Social Events
- Time Off for Family, volunteerism, Education

Canada's Own on the Cover



Bayer CropScience Canada's Kyle Gross made the cover of Bayer's 2007 Annual Report. After making his recent transfer from Kamloops, B.C. as a Parent Seed Agronomist, to Australia as the Parent Seed Manager for InVigor operations, Kyle found himself as the prime candidate for Bayer's photo shoot.

Kyle manages the contra season canola production (seed production during the Canadian winter) based in Mount Gambier, South Australia, where they produce male and female parents for our InVigor hybrids, as well as demo hybrid seed for the Market Development group.



# Celebrate The Big Victories.....



## Growth Part 3

A bumper crop of babies!

Congratulations to all the moms and dads. We hope your nights are peaceful!



Adam Scott Henry  
June 13



Eric Arthur Drummond  
August 10



Kayden Lynn Jorgensen  
Feb. 7



Addysen Marie Bard  
Feb. 14



Jake David Julian Sevck  
Oct. 29



Morgan Riley Isaak  
May 9

and the small.....



Bayer CropScience

# Know Your People's Passions.....

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Every Family Receives a portrait opportunity at the annual fall picnic



Employees Participate in the annual K-100 Race in the Rockies

Members from AB, SK, ON

# Make Costumes Part of Your Life



Regina Annual Spring Town Hall



Crickets?



Halloween Party



Watching the Grey Cup with Pizza



Costume Night National Conference

# Recognize Contributions Outside Work

## REPQRT

1 2008  
A Bayer CropScience Canada  
employee report on Business



 Bayer CropScience

## Home Sweet Home

Paul Rempel, Assistant Manager of Hybrid Canola Seed Production in Lethbridge, Alberta always remembered growing up with more people around the supper table than lived in their home.

"My mother was always taking in people and kids that needed a helping hand," says Paul, who grew up on a farm near Vauxhall. "It was natural to help your neighbor or those people who were less fortunate." His aunt and uncle were foster parents and introduced the concept of fostering to him at an early age.

Paul married his wife Joanna and had two daughters, Janelle and Michelle. The family lost Joanna to cancer. In 1984 he married Yvonne. Paul encouraged Yvonne to take in foster children, as he wanted her to be home with their two girls. That was over 20 years ago and more than 23 children have come and gone from the Rempel's home in Lethbridge. Paul and Yvonne's home is a temporary placement and when an adoptive or permanent home comes available, the child or children are then moved.

One of Yvonne's fondest memories is of an eighteen month old little girl, Marla, (not real name) who had been diagnosed

It's been over two years since Marla left the Rempel's home for a permanent placement, and since then she has undergone a heart transplant and is doing well. Marla still has a special place in Paul and Yvonne's heart, as do all the foster children they have taken into their home, loved, and cared for. Yvonne says, "The hardest part of fostering is putting your heart and soul into these



Paul and Yvonne Rempel

# Focus on Development

HASKAYNE  
School of Business



- A customized 18 month program in partnership with the Haskayne School of Business.
- Participants selected from top performers during annual Talent Management process
- The program is a balance of theoretical expertise and practical experience aimed at providing broad business education and skills

Module 1 - Understand Self and the Internal Environment

Module 2 - Understanding the External Environment

Module 3 - Financial Management

Module 4 - Management Accounting/ Supply Chain Management

Module 5 - Implementing Strategy

- Project teams of 4 -5 select real world business cases with the assistance of the Management Committee Mentor and create a business case for the Canadian Management Committee



Photo: Courtesy Haskayne School of Business

# Recognize Work Life Balance / Wellness

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- **Active living activities** such as: hockey, soccer, skiing, yoga, pilates, karate, golf, shape classes, personal training, fitness classes, horse back riding, snow-boarding, tennis, etc.
- **Healthy life style enhancement programs** such as: Weight Watchers, Shapes, Curves, dietician services, meditation, tai chi. Any activity, program, learning session, conference, that interests the employee so that they can help create or maintain a work/life balance.
- **Active living primary piece(s) of equipment** required for activity – essential accessories only such as: hockey equipment, skis, running shoes, fitness equipment, golf equipment, bikes.

# Total Rewards: The Role of Compensation

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# You Get What You Pay For.....

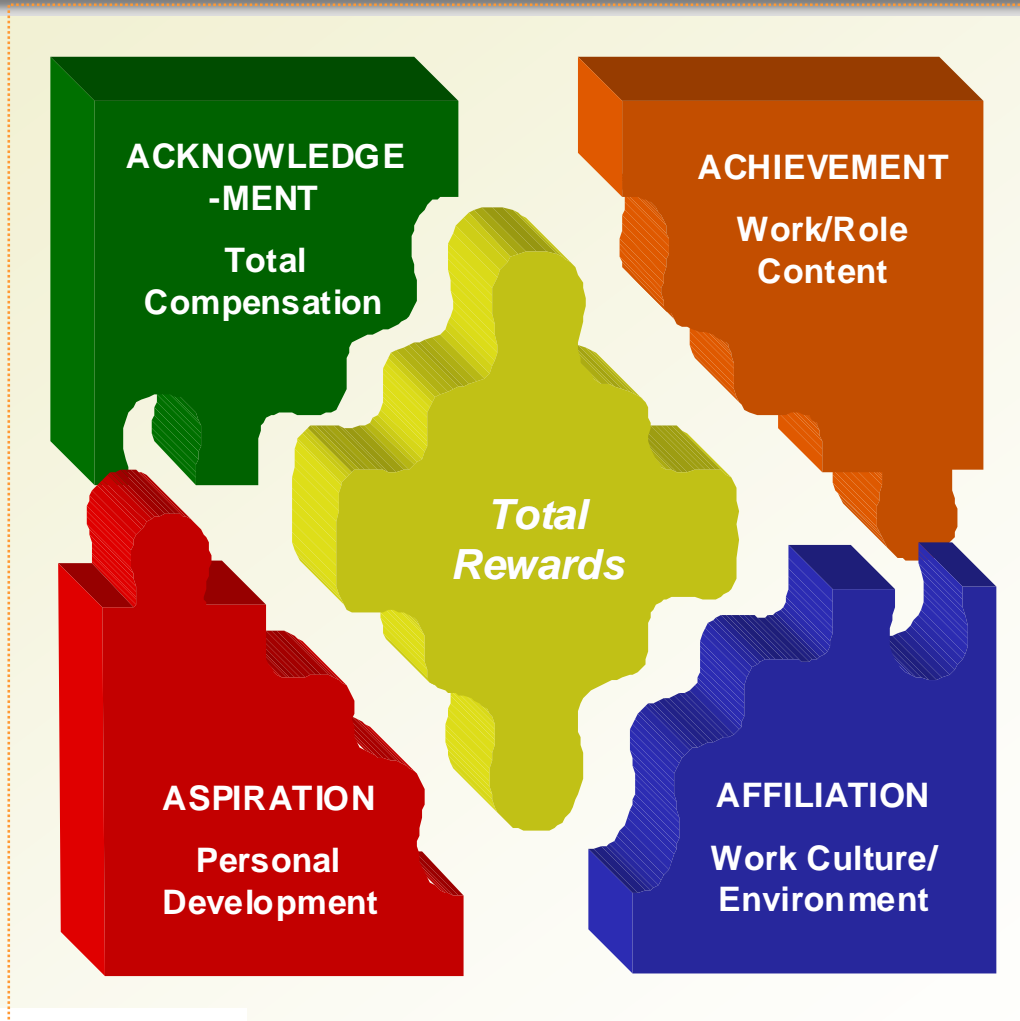
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In the early days, I didn't have the money to pay decent salaries, so I didn't get good people. I got nice people, but I didn't get good employees.

--Louise Hay founder Hay House Publishing



# Total Rewards



# Total Rewards Approach

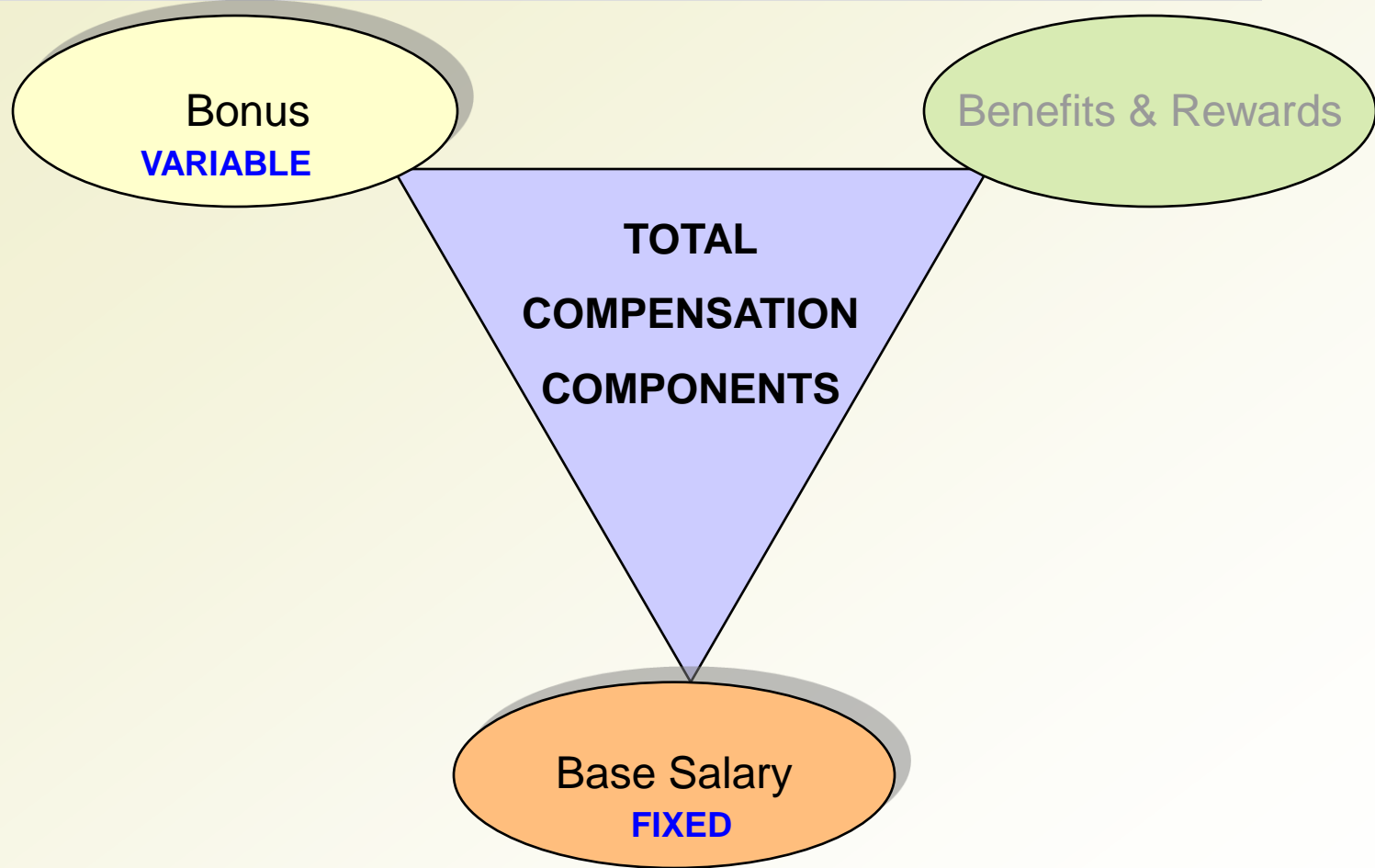
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- Attract, hire, retain and motivate qualified individuals
- Provide incentives on the basis of demonstrated individual performance
- Ensure that salary levels are competitive within the external labour market and internally consistent
- Maintain an appropriate balance between the interest of employees and the company
- Meet all Canadian regulations in the administration of the compensation programs

**All of these elements add up to a compensation strategy that focuses on  
TOTAL REWARDS**

# Total Rewards

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# Rewarding Performance

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- Employees who are developing or learning the job & building up a history of performance may be paid below the market index. After development and gaining experience there will be opportunities to move closer to the market index.
- For employees who are experienced and performing at a consistent Meets Expectations level, the objective is to bring such employees to the market index over a reasonable period of time.
- For employees who are very experienced and consistently exceeding performance expectations the target is to pay above the market index.

# External Market Influence on Valued Rewards

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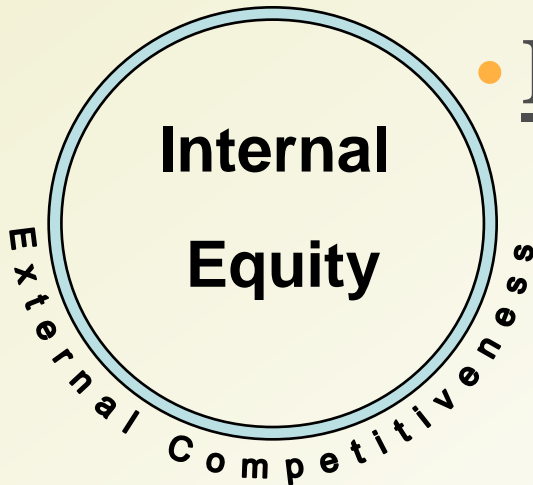
Your pay structure should address:

- **External Competitiveness**

- » Ability to compete for talent in the open labour market

- **Internal Alignment**

- » Evaluate jobs based on common factors or criteria to ensure that a position's responsibilities are valued fairly when compared to others in the company. This evaluation results in ranking/hierarchy of jobs



# Internal Equity Influence on Valued Rewards

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Point factor method based on the principle that every job in an organization exists to achieve results and therefore a job requires:

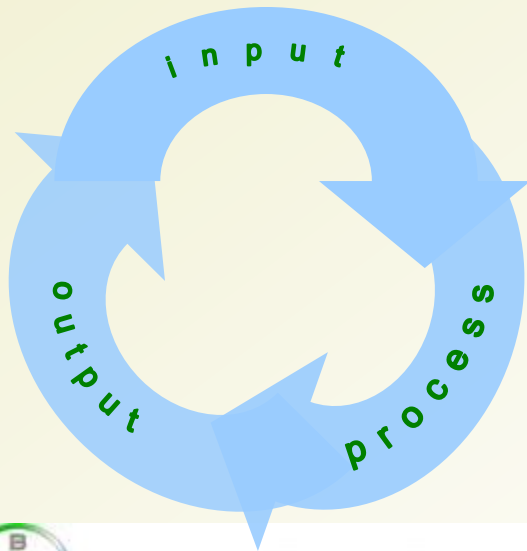
I. Know-How  
type & level

## Hay Methodology

II. Problem Solving  
thinking process

III. Accountability  
actions which impact the results

IV. Working Conditions  
Physical Environment/Effort



# Formal Incentive Programs

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Formal incentive programs can increase performance by:

- 44% among employee teams
- 24% among individuals

Additional key findings of the report:

- Incentive programs improve performance.
- Incentive programs engage and increase interest in work.
- Incentive programs attract quality employees.
- Longer-term programs outperform short-term programs.
- Executives and employees value incentive programs

- The International Society for Performance Improvement 2008

# Benchmarking Engagement

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# Benchmarking Rewards and Recognition

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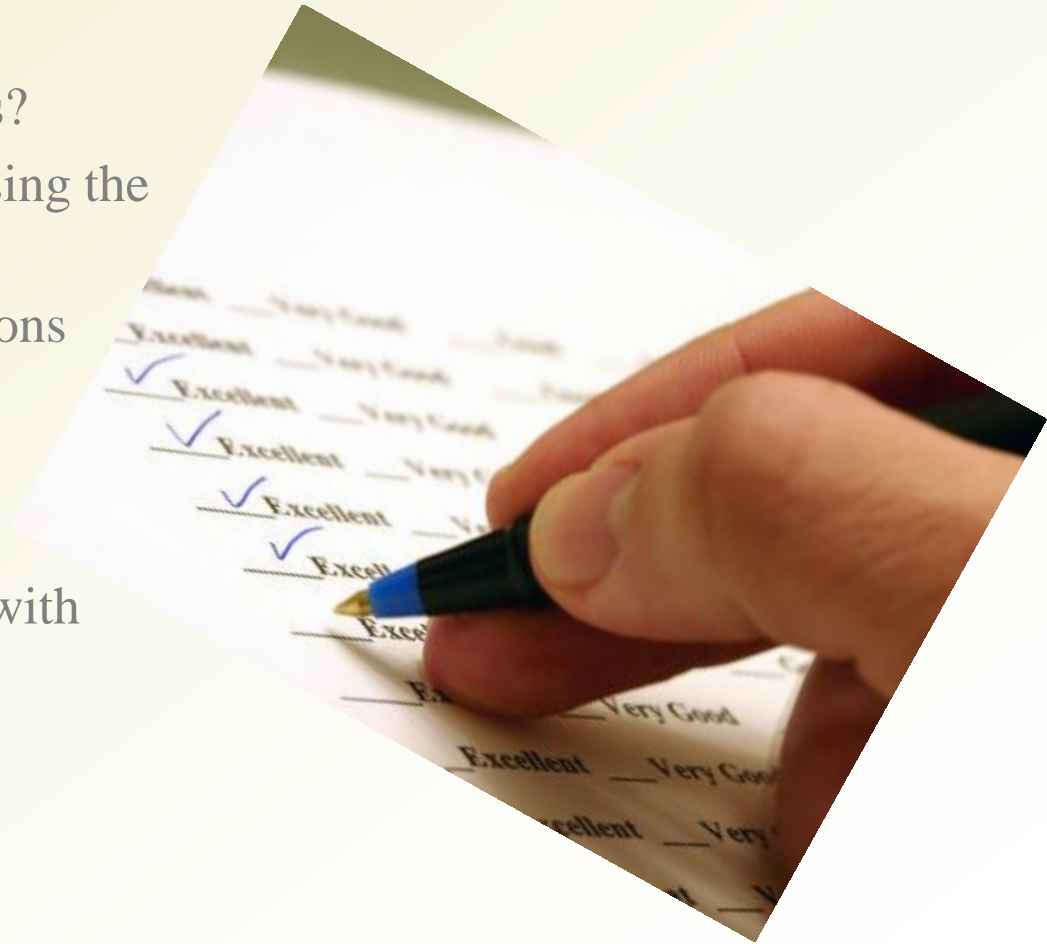
- Most Canadian companies benchmark between: \$250 - \$300/employee/year.
- Most highly recognized companies benchmark up to \$700/employee/year
- NA World at Work member companies plan for 3.8% of payroll

-World at Work 2008

# Evaluate and Measure

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- ✓ Do you conduct employee engagement/satisfaction surveys?
- ✓ Are employees and managers using the programs?
- ✓ What is the number of nominations received for formal recognition programs?
- ✓ What is your turnover?
- ✓ Are there productivity changes with new rewards and recognition programs?
- ✓ Is there a change in customer satisfaction or feedback?



# Summary

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- In the current economic environment the most successful companies have highly engaged employees.
- Reward and recognition programs will contribute to engagement levels when:
  - They balance the needs of the business and employees,
  - Are flexible, simple, fair and meaningful,
  - Rewards and recognition must enhance and reflect your culture,
  - Reward systems not delivering can be redesigned, or changed,
  - Total Rewards must be cohesive and focused on the end goal, should drive engagement; and
  - Success should be measured.

# Recognition is a Laughing Matter!!

