True brew: finding the right blend of reward for Heineken UK’s brand, business and people

A Hay Group case study

When Heineken UK asked for our help after a takeover, its employees didn’t understand, let alone trust, reward. Now, the world-famous brewer has a new approach that reflects its brand, supports its strategy and motivates its people – and we’re helping to roll it out across the UK business

As the leading cider and beer business in a mature market, Heineken UK is going places – and has ambitions to go even further.

Its people are passionate about brands and service, and base everything they do on three core values: passion for quality, respect and enjoyment of life. But after the company took over Scottish and Newcastle Breweries in 2008, some of that enjoyment got lost, and people were feeling under-valued – just when the company needed them to be motivated and engaged.

We used our Total Reward Framework to diagnose what was happening in reward, and worked with HR and the board to develop a reward philosophy that had tight links to the brand, HR and business strategy.

Three years on, the partnership continues: we’re helping to roll out the strategy – integrating total reward, as well as grading based on job families – and we’re improving the way the business talks about what it offers its people. All of which will help Heineken UK attract and engage the talent it needs to succeed.

Fresh eyes needed

When Robin Pring joined Heineken UK as HR director in 2010, she found reward policies and practices which, though they’d worked for Heineken UK and Scottish and Newcastle before, weren’t working any longer. And experience with Yahoo and BT told her that they weren’t going to suit the company’s future needs, either.

There were issues and concerns around grading, pay competitiveness, incentives, paying for performance and reward communication. More fundamentally, the reward strategy didn’t reflect the brand values of the business, or its HR and business strategies.

Robin recognized that she needed help from independent outsiders; people who could build trust and challenge established thinking, share expertise and help to align reward to the brand. So she got in touch with Hay Group.
Getting the full picture

We started by sharing our understanding of total reward and how it impacts on businesses, as well as our experience of developing reward strategies. Then we worked in partnership with Robin, Anthony McNulty (who joined Robin as head of reward in early 2011) and their teams to shape our approach.

To get a complete picture of what was happening, we explored not just the technical ‘what’, but the qualitative ‘how’ – often the reason why reward strategies succeed or fail. One-to-one interviews with the senior management team got us off to a great start: according to Anthony, the senior management team were forthright with our consultants “because they felt safe with them, and trusted Hay Group”.

We then took the debate to the floor, running workshops with managers and employees to get views on what they wanted to see more or less of. We worked alongside the internal reward team to see what was going on, and how consistently they were applying current policies. And together, we identified other major brand-led businesses, and compared Heineken UK’s practices and market position with theirs.

This thorough look gave Heineken UK what it needed to move forward. As Robin says: “Hay Group’s independent view, together with their understanding of what works well in other organizations, allowed us to move away from the anecdotal evidence and entrenched views of our current approach.”

Sharing the findings

The next stage was to share the mixed picture we found, first with HR and then with the board. Mistrust, based on misunderstandings of what people got for working there, as well as what the market would pay, came up often. And anonymous quotes – such as “the bonus creates barriers in the business”, “we don’t understand why roles are at a particular level” and “in the past we’ve lacked the courage to deal with poor performance” – helped to strengthen the management’s appetite for change.

Since then, we’ve developed a reward philosophy with the board, and worked with the HR team on a detailed strategy for what needs to change, and in what order. And over the last two years, we’ve supported them with the design and roll-out of a consistent grade and pay structure based on job families.

The business now has a better grip on organisation design, and is using better market evidence to decide base salary, benefits and variable pay. Finally, it’s developed its own employee portal, ‘My Heineken’, for its flexible reward choices, as well as a new recognition scheme that reflects corporate values.

Summing up our work together, Anthony says: “Hay Group challenge us and help us ask the right questions. They’re courageous, but sensitive and respectful of our organisation and our brand.”

Add to that clients who, according to Hay Group’s Stuart Hyland, are “a very capable group of reward professionals, but open to external ideas, thoughts and challenges” – and you’ve got a perfect brew.