

Aligning benefits and reward

With the introduction of the National Living Wage in April 2016 staff costs were set to increase significantly for employers across all sectors. With over 70,000 employees Marks & Spencer was no exception and during 2015 was prompted to carry out a review of their benefits and rewards in advance of the looming deadline.

The review identified significant variations of benefits across different groups and sites in areas such as Sunday working, overtime rates, location allowance, etc. In addition the defined benefit pension scheme had been closed to new joiners since 2002, with new starters since then joining the defined contribution scheme. This highlighted significant disparity of benefits across the workforce.

Two key objectives for the businesses ongoing success were identified - remaining competitive as an employer, and ensuring fair and consistent reward for all employees. As a result M&S embarked on a project to review and align all rewards and benefits by April 2017.

As existing corporate advisors, our actuarial team were able to assist on the pension elements of the change, whilst the Project Management team worked directly M&S team to strategically plan, and subsequently manage, the project.

The process

With such a large workforce in over 600 sites achieving alignment was not going to be a simple task. The exercise involved five months of strategic planning prior to consultation launch - establishing a project engagement strategy, forming a suitable project team, identifying work streams and objectives, and developing effective plans.

Identified workstreams covered all the key areas of the project: detailed structure analysis, feasibility and calculation; consultation; communication; ICT infrastructure and implementation; HR process and shared services; and operational engagement and reporting.

The project was fast paced and intensive and several challenges arose and were tackled along the way:

- National Living Wage is an emotive subject in the UK with much publicity surrounding it. M&S, being a leading retailer, was in the limelight and the project was raised at Prime Ministers Question Time. The detailed planning and early risk analysis allowed the team to react quickly to press interest and provide robust and sound responses as a result.
- The sheer complexity and scale of the operation threw up various curveballs as the minutiae of detail came to light (e.g. population sub-sets with historic variations) – effective contingency of timelines and adequate resource to handle these eventualities was key.
- Genuine consultation via the business recognised employee engagement group meant a need for flexibility of approach and analysis of any counter proposals presented was required in short timescales.
- Part way through the project other business change initiatives arose that also required separate communication with staff. Careful planning and engagement with other project leads was essential to avoid information overload and confusing the message.
- A need to seek formal agreement to the changes from a large percentage of the workforce needed precise and careful planning, handling responses, staff queries and accurately recording responses.

The outcome

As a result of the project M&S were able to align reward and implement an hourly rate of £8.50 across its customer assistant population in April 2017. This represented an increase of around 15% to existing rates and ensured M&S remained an employer of choice on the high street. The DB pension scheme was closed to future accrual, with existing DB members moving to the previously set up DC master trust.

This was the largest reward and benefits project in the company's history – and it represented an excellent example of working together across many areas of the business to achieve a common goal, with teams across several sites working together under the leadership of a dedicated Project Management office.

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This was a high profile and complex project for us and it was really important that our employees had confidence in us throughout this period of change; the professional approach, expertise and commitment you and the team gave throughout ensured this was the case. ”

Steve Rowe

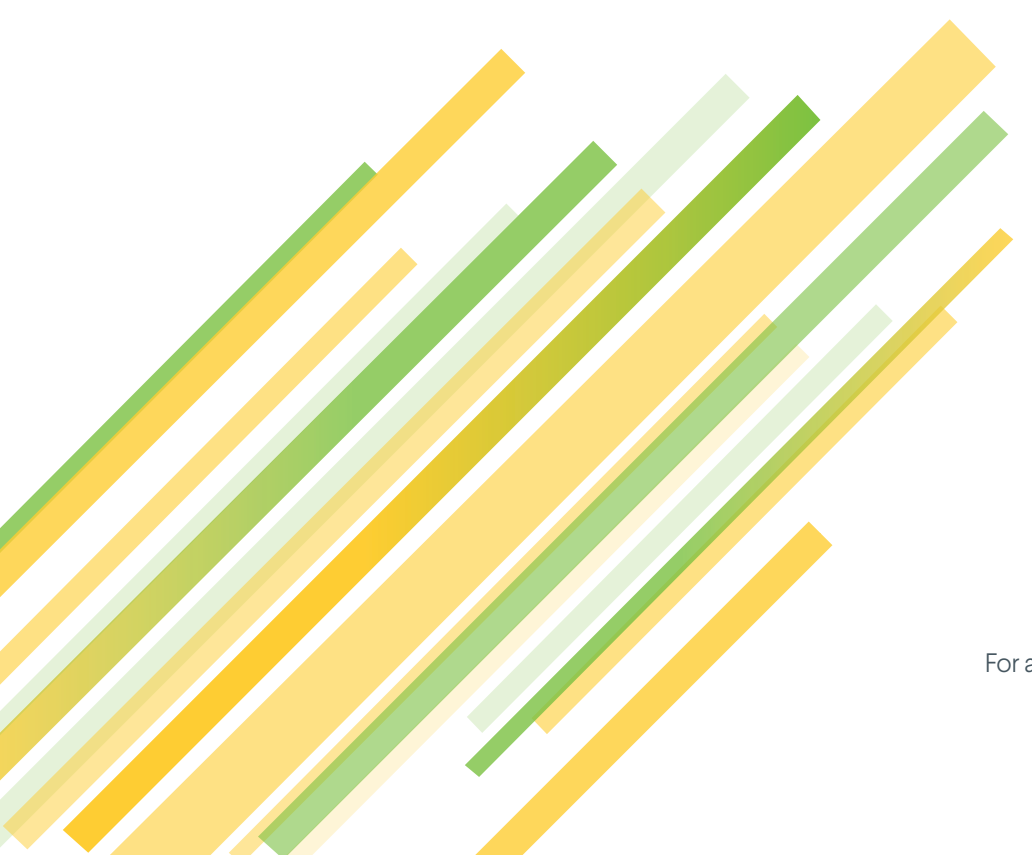
Chief Executive, Marks & Spencer plc

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The Hymans Robertson Project Manager played an absolutely pivotal role in programme managing an extremely complex project with a strong focus on delivery and achievement of the goals set. I know we wouldn't have delivered what did without the hard work and support from the whole team. ”

Deborah Warman,

Head of Performance & Reward, Marks & Spencer plc



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