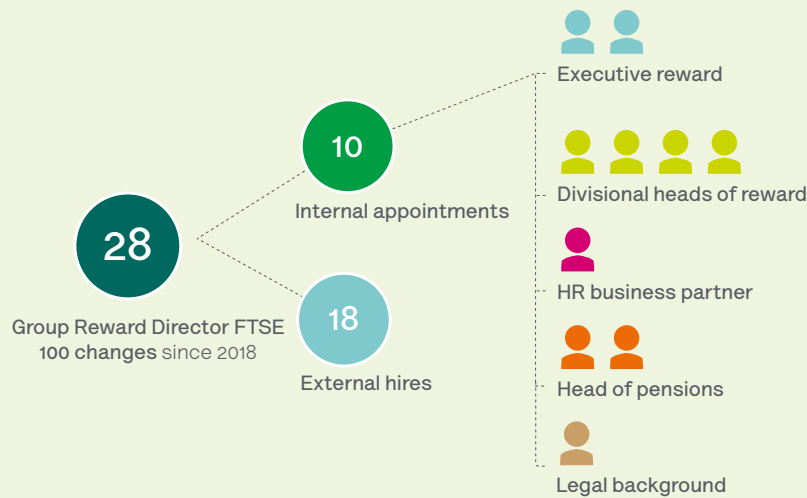


Group Reward Directors - a retiring generation ...and getting ahead of the succession challenge

Unprecedented demand for Group Reward Directors



» 2018/19 saw a peak in demand for Group Reward Directors (GRDs) with changes in the top role reaching levels that significantly exceed the previous five years. Since 2018 there have been 28 new GRDs appointed across the FTSE 100, a figure that's even more notable considering not every FTSE 100 business has a GRD.

» There is a perennial succession challenge for GRDs and it is not surprising to see that 18 of the 28 appointments were lateral hires from other businesses. Of the remaining 10 internal appointments, four came from non reward backgrounds, and interestingly, one from entirely outside of HR.

Why is succession planning a perennial challenge?

1

The challenge of finding a new GRD might just be about to get more difficult as a number of the most senior of them are retiring (or intending to retire) over the next three years. This has already led to two FTSE 100 searches in 2020 and there are more to follow.

With so many GRDs only recently appointed, the talent pool needs to be restocked as the best individuals will be in more demand than ever.

2

The retiring generation occurs at a time when the complexity of reward shows no sign of abating. Pay is still a big issue, in spite of a Government likely to be more friendly to business. Devising reward schemes which attract, retain and motivate employees is a critical element of delivering strategy and strong shareholder returns, the best GRDs add significantly to this.

3

With new pay transparency regulations in force, it is unlikely that media interest in executive pay will dissipate - the average FTSE 100 CEO earns 117 times more than the average employee according to the CIPD/ High Pay Centre. Increased public scrutiny will mean that companies need a GRD who can steer them effectively through potentially hostile waters, particularly if they want to avoid being the next headline.

With the talent pool not deep enough to support the upcoming demand, succession needs to be planned 12-18 months in advance.

The four shallow pools



External lateral moves

In the biggest roles, appointments are typically from the external market and are lateral (a number one moving to another number one role) rather than an internal candidate who steps up.



Consultants from Big Four/reward specialists

This can work, particularly if executive reward is the key focus, but it still needs **careful assessment** and an appropriate **talent and development plan** to aid transition. It's less easy at the top of the FTSE 100.



Step up from the executive reward seat

This requires planned succession – it is possible but entails **deliberate preparation** and an **assessment-led talent and development plan**.



Talent from other functions or elsewhere in HR

We've seen moves from the finance function and from legal. This requires **careful assessment** with a **talent and integration plan** to assist transition.



Hedley May is unique in the world of executive search. We specialise in senior functional roles for major corporates, financial institutions and professional services firms, operating globally from our offices in London and New York.

Our commitment to Diversity and Inclusion, a transparent process and collaborative culture stand us apart, ensuring every client gets the best of Hedley May's collective energy wherever they are in the world.

Hedley May Thinking is a series of insights that tests accepted wisdom to increase understanding of the senior functional market we service. Our aim is to challenge the status quo, develop the talent agenda and enhance inclusion across our client base.

As disruptive forces change how we live and work, HR leaders and their teams drive the continuous improvement that makes your business ever more agile, efficient and productive.

Whatever your need from a Chief Human Resources Officer or Group Head of Reward to a Global Head of Talent & Development, we apply our deep insight to find you genuine change-makers with the ability to thrive in your culture.

We know each of our clients has a unique definition of what HR success looks like. Whether you are an international corporate, financial services or a professional services partnership, we believe in our ability to bring you the most transformative HR talent.



Eleanor Sutton

t. +44 (0) 20 7858 9437

e. eleanor@hedleymay.com

Eleanor leads the Reward Practice at Hedley May. She advises public and private companies across a wide range of sectors including financial services and corporates. She has worked on numerous high-profile reward appointments from Group Heads of Reward to Heads of Executive Reward, as well as Global Heads of Mobility. She also partners with a range of clients to assess internal candidate options for succession, using a bespoke assessment approach.



Karen Frizzell

t. +44 (0) 20 7858 9455

e. karen@hedleymay.com

Karen leads the HR Practice at Hedley May. She is dedicated to finding the most transformative HR leaders with the skillset to outperform not just in the economy of today, but also meeting the demands of tomorrow. She brings unparalleled experience of identifying outstanding Chief HR Officers and their direct reports across all the key centers of excellence. Karen is recognised for her ability to make the most senior executive appointments spanning financial services, corporates and professional services.

She brings particular expertise in 'new world' areas such as Workforce Planning & Analytics, Employee Experience and Culture & Conduct.