Supported by Hay Group’s insights into industry trends and effective reward practices, Heineken UK has created a modern, brand-linked reward strategy designed to help the company attract and excite the very best people.

**A rewarding experience**

Market challenges had created a need to ensure that Heineken UK employees were fully engaged and passionate about the business. Creating a new and exciting approach to delivering and communicating the total reward package was seen as a key step in bringing the organisation’s market-leading brand experience in-house.

With the appointment of a new HR director, Heineken UK realised that it needed to refresh its approach to reward to ensure it delivered a modern and exciting package to its people to reflect its position in the marketplace.

The organisation’s long-standing reward practices were struggling to meet employee expectations and they were raising a number of concerns for managers. Challenging market conditions were putting an increased emphasis on performance and the reward framework was struggling to adapt. There was a view that it was no longer adding value or representing the brand appropriately.

To clarify the issues and identify the best way forward, Heineken UK invited Hay Group to review its current practices and analyse trends in its industry. The feedback and results gave the business clear insights into the direction its reward approach should take. Today, the company has developed a powerful reward strategy which links to brand and performance and is communicated throughout the organisation.

**Time for change**

The UK’s leading producer of beer and cider, Heineken UK was formed in 2008 when Heineken acquired the UK operations of Scottish & Newcastle PLC (S&N), integrating it with its own businesses. Today, Heineken UK produces iconic drinks brands (including Foster’s, Strongbow, Heineken, Bulmers and Kronenbourg 1664) and its hugely diverse 2,500 plus workforce is located at a number of sites across the country.

In 2010, Heineken UK realised that its approach to reward needed updating. Many of the legacy practices of the S&N business were still in use and they had not been updated or reviewed for effectiveness for some time. As a result, they reflected a different brand and way of working. Employees were showing signs of dissatisfaction with the current arrangements through the annual climate survey results. Line managers and business leaders were also frustrated with some of the restrictions imposed by the existing framework which were inhibiting their ability to manage and to motivate their employees effectively.

“Using Hay Group’s independent view together with their understanding of what works well in other organisations allowed us to move away from anecdotal evidence and entrenched views of our current approach...”

Robin Pring
HR Director
In addition and like many other businesses during the recession, external influences were putting further pressure on the business to ensure the reward spend and associated systems were delivering maximum value to the organisation. Sector wide challenges were also impacting as rising production costs were accompanied by increased competition. As a result the company was finding it more challenging to attract, retain and excite talent in key roles. Internally, a new HR Director and leadership team wanted to take a fresh look at reward to ensure that its arrangements reflected its consumer reputation and delivered a market leading employee experience.

**Gathering insight – an inclusive and comprehensive approach**

Heineken UK invited Hay Group to help review its existing practices and to shape a new approach. Together, we initiated a strategic review of the company’s pay and benefits. Hay Group utilised our Reward strategy review framework to develop a comprehensive, inclusive and thorough project process (see diagram below).

**Source: Hay Group’s Reward strategy review framework**

Senior leaders in the UK business were involved from the outset through a series of one-to-one conversations with a Hay Group consultant. The leaders shared their views on the direction and needs of the business, and their perspectives on the issues, challenges and opportunities they were facing. The information gathering process also gave a number of employees and line managers a chance to share their opinions through a series of focus groups which explored issues and ideas and tested opportunities. At the same time, Hay Group consultants worked alongside Heineken UK’s reward team to get an in-depth and detailed understanding of its current processes, policies and issues.

To put these perspectives into context, Hay Group went out to the market to gather information on how other brand-led businesses (within the beers, wines and spirits sector and beyond) approached reward. This insight helped shape and provide a reality check on ideas and concepts developed in the project’s latter stages.

Informed by this information and insight, Hay Group then conducted a strategic review and analysis of Heineken UK’s current reward arrangements. These were tested against employee expectations, business needs and market trends.
The analysis revealed some clear issues and opportunities. While the company’s brand and culture helped attract and retain people, pay and benefits were not seen as a big enough ‘pull’ and there was some confusion around grades and bonuses.

**A full glass approach**

The insights from the research and the opportunities for enhancement were documented and shared at a Heineken UK leadership team meeting. This provided the business leaders with the opportunity to understand and discuss the big picture on reward for the first time. Furthermore, it helped to challenge and shape their thinking on the opportunities that a well designed reward system could deliver to the business.

There had been a slight concern at first from the leadership team that Hay Group would present a series of pay charts and technical data. Instead they found themselves engaged in a lively discussion focussed on how Heineken UK could deliver their consumer brand and experience to their own employees. As a consequence of this meeting, the leadership team developed a shared understanding of the opportunities facing their organisation and gave the HR Director a mandate to develop a new reward strategy based on the insights and ideas that were discussed.

Hay Group’s Stuart Hyland, Head of reward in the UK, sees this project and the subsequent implementation work delivered in partnership with Heineken UK as a leading-edge example of a ‘total reward’ strategy: “Heineken UK has taken a modern, thoughtful and proactive approach to reward, linking it to brand, strategy and performance and investing a great deal of effort in communication. In Hay Group’s experience, these are all steps that enable reward to have the most positive impact on an organisation.”

For Heineken UK, Hay Group’s key contribution was their ability to hold a mirror up to the organisation and take a good look at what they needed to change, as Robin Pring, HR Director explained: “Using Hay Group’s independent view together with their understanding of what works well in other organisations allowed us to move away from anecdotal evidence and entrenched views of our current approach, and to take a fresh look at where we needed to focus our attention!”

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**About Hay Group**

Hay Group is a global management consulting firm that works with leaders to transform strategy into reality. We develop talent, organise people to be more effective and motivate them to perform at their best. Our focus is on making change happen and helping people and organisations realise their potential. For more information, visit www.haygroup.co.uk.