

Global strategies vs local delivery

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This is Aker Solutions



Employees: **15,000**

Revenue: **31.9 bn**

EBITDA: **1.8 bn**

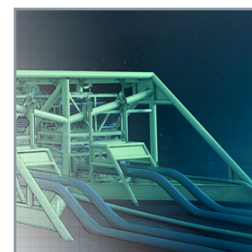
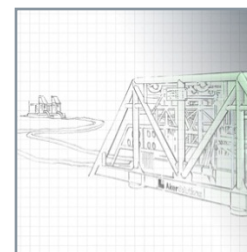
EBIT: **1.0 bn**

Market Cap: **6.8 bn**

Revenues and profits are in NOK and are based on the preliminary annual results for 2015.

Market capitalization as of February 15, 2016.

- Aker Solutions is a global provider of products, systems and services to the oil and gas industry
- Built on 175 years of industrial tradition
- Employs approximately 15,000 people in about 20 countries



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Why do some organizations struggle with Glocal Reward?

- Lack of understanding and clarity on the Global identity, organizational branding and strategic direction of the company.
- Lack of appreciation of the impact of Local tax, employment law and, in particular, culture and practices.
- No high level view on how Global mobility and resourcing can be properly managed between countries.

Glocal = global strategies + local delivery

Why is Glocal Reward moving up the Board agenda?

- Views of Stakeholders towards Reward changing.
- Global Reward is increasingly impacting the bottom line and more frequently.
- Individual countries can no longer exist in a vacuum.
- Delicate balance between Global synergy and Global dominance.
- The rise of Global Federal Republics.
- Increasing Global corporate transactions, such as mergers and acquisitions.
- Focus on return on investment, governance and compliance.

How do you go about developing a Glocal Strategy?

- Fully controlled project management environment.
- Full reporting during the project.
- Understand timing and dates around Global and Local pay process.
- Global and Local roles and responsibilities are clearly understood
- All parties are committed.
- Understand what the goals, deliverables and milestones are
- Articulate what benefits all stakeholders can expect from Glocal Reward.
- Choose a good “ring master”.
- Know exactly where you are in each of your locations.
- Know what is going to hit you next.

Discovery - what you need to know for your locations

Global / group company strategies and plans	Key Local company details
HR strategy and structures	Reward strategy and structures
Employee benefits	Communication strategy and perception
Reward administration, systems and processes	Employee basic demographics

How do you mix oil (Global) and water (Local)?

- Cater for Local differences but maintain a unified approach.
- Identify common themes, architecture, elements and processes early
- Also, where there will be large differences in Local practices.
- Look at common themes that can be easily blended into a Global policy (quick wins)
- Use a Glocal approach to align Local differences.
- Consider using Total Reward Philosophy to reconcile Local differences on a Global basis.
- Alternatively, break down each of the Reward elements and align them separately.

Align Reward elements separately

Basic pay - target individual roles at median, using upper and lower quartile to accommodate different experience and contribution.

Bonus - singular design with both Global and Local metrics and individual performance criteria. Local metrics being the only variable.

Benefits - convert into an equivalent benefits pot (ensuring no one is worse off), reduce core cover to minimum acceptable level for that country and then offer individual choice through flexible benefits.

Allowances – as per Local practice.

How do you communicate Glocal across the globe?

- Find out where individuals, groups, departments, divisions and Localities are in terms of their perceptions.
- Engage people in Glocal Reward based on moving people from the perception they have to where you want them to be.
- Manage expectations based on a clear understanding of each stakeholder's perception of the context and content of Reward.
- Establish a formal governance and communication structure with regular meetings and reporting.

Formal governance and communication structure



And finally

- The unpredictability that the Global economy brings, will force both employer and employee to prepare for the unknown.
- Globalization will not only be a major catalyst for change but, for many organizations, the main reason for change.
- Multi-national organizations with multi-cultural teams will increasingly rely on Global strategies with the ability to deliver Local variations.

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