

Academic Viewpoint: ROI

innovation in rewarding the
performance your organisation is
expecting - measuring, assessing,
matching outcomes for success
sharing



Prof Stephen J. Perkins DPhil (Oxon)



London Metropolitan University



“Academic viewpoint”

20 minutes...

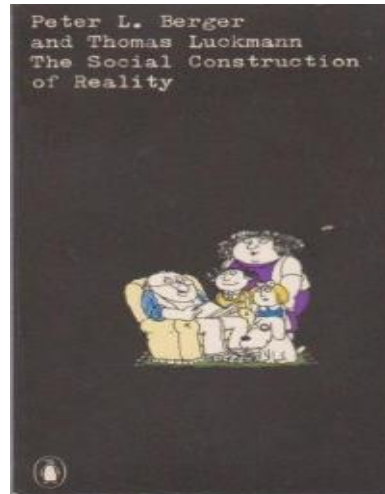
...before the lunch-break!



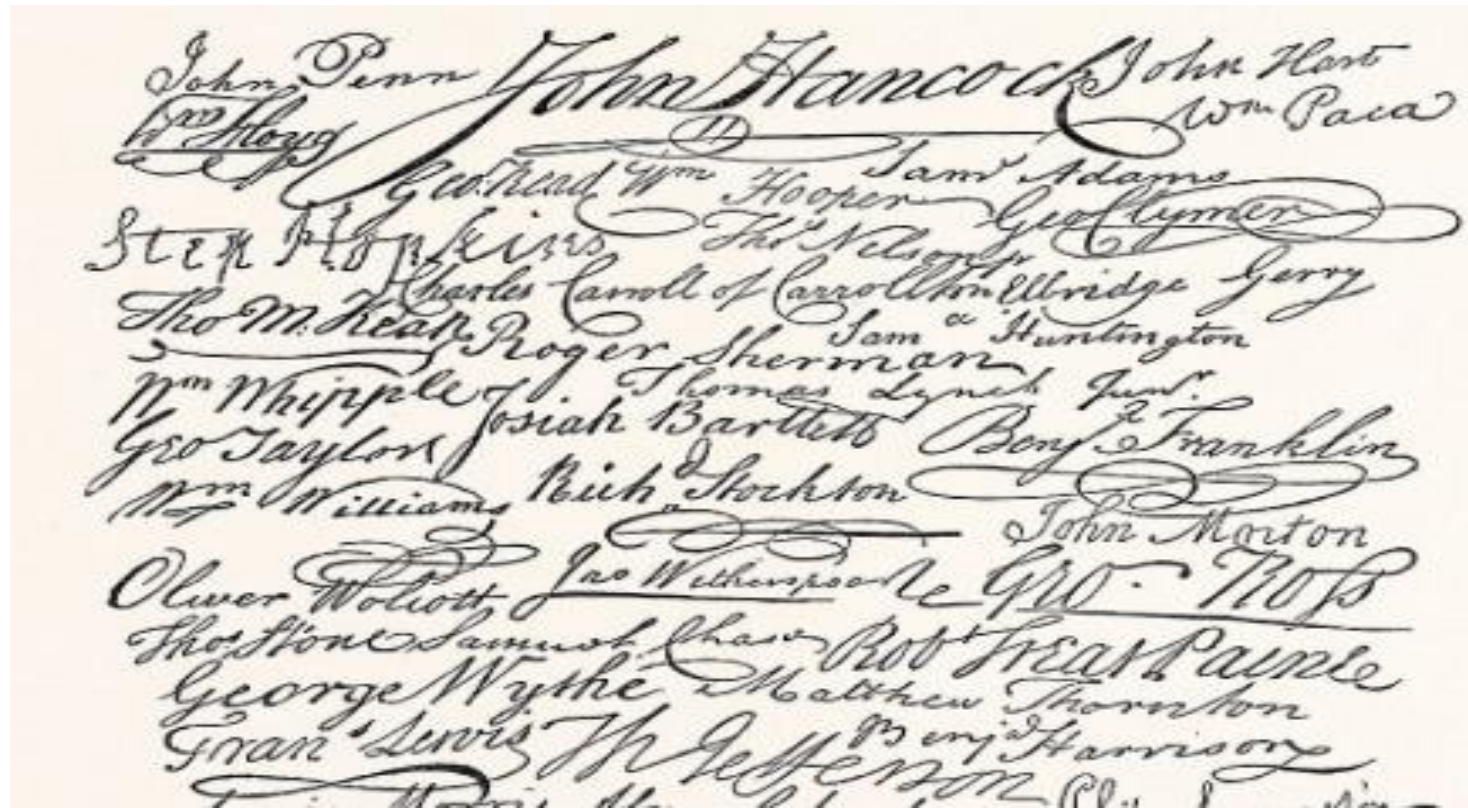
Ontology

Epistemology

But...



A world that is interpreted, relationships are indeterminate, and features unique 'signatures'... agency counts in constructing organisational outcomes



John Penn John Hancock John Hart
Wm. Paine
Geo. Read Wm. Hooper Saml. Adams
Step. Hopkins Thos. Nelson Geo. Lymer
Thos. M. Heath Charles Carroll of Carrollton Elbridge Gerry
Roger Sherman Saml. Huntington
Wm. Whipple Thomas Lynch Junr.
Geo. Taylor Josiah Bartlett Benj. Franklin
M^{rs}. Williams Ruth Stockton John Morton
Oliver Wolcott Jas. Witherspoon Le. Geo. Tappan
Thos. Stone Samuel Chase Robt. Treat Paine
George Wythe Matthew Thornton
Fran. Lewis Th. Jefferson Mary Harrison
Thos. M. Heath

The compensation “symbolic and
practical nexus” ...

*A meeting point for employer-
employee interests*

What’s your risk appetite?

Illustrative case

- Cash starved business reliant on dynamic teamwork
- While capital intensive the real value is in the people capacity
- Salary – concerns how holding down had inhibited ‘hygiene commitment’
- Trade off in what individuals value – in the hand versus deferred potential upside
- Salaries regularized
- Short term bonus – NPV on first commercial operation (win-win investor-team)
- Longer term (five then seven year) plan based on phantom IPO valuation
- Earlier payments ‘on account’ via NPV project completion plan offset
- Investment in valuing the business as though going public
- Parent PLC management listened and heard what individual ‘signatures’ said
- Action to regularize and then incentivize pay and performance – tangible as well as symbolic
- Organizational justice principles: distribution felt fair, process – with transparent information against simple, clear metrics – felt fair, interpersonal relations strained at first but with transatlantic diplomatic intermediation worked out
- The interpretative gap was closed, albeit with ‘devil in the detail’.

REFLECTIONS

- Innovation in *listening* and making a strategic investment to match aspiration: delivering intangible, intrinsic reward/talent recognition
- Less about the technology – merely a means to an end (strategy to performance): dealt with assessing value to employer of the team
- But then manage expectation short, medium and longer term to retain skills-focus
- ROI: company achieved its objective: low risk, medium profits north American subsidiary aligned with corporate strategy, NPV returns to PLC outweighed need for corporate board to accept contextually fitted incentive pay-out plan
- Paid attention to ‘security’ needs, short term simple focus and long term retention to secure long term going concern and profitable returns on \$130m transnational strategic investment
- Organizational justice: distributive, informational and processual, and interpersonal
- But requires patience and intermediation to manage expectations across corporate culture and business systems boundaries