FlemingMartin's Chief People Officer Lunch Series: Q1 2022 Notes

During March 2022, the Practice Leaders at FlemingMartin held virtual lunches with nearly 100 Life Sciences, Tech, FinTech, and Digital Health Chief People Officers (CPOs). We touched on a wide range of subjects, including compensation issues caused by present market conditions, return-to-office approaches, recent challenges and successes in recruitment/retention, strategies for enhancing employee well-being, recommended HR tools, and professional development resources for CPOs and HR teams. A summary and selected excerpts are below.

Compensation Concerns in 2022
Many CPOs are augmenting performance grants, merit increases, and ESPPs to retain talent in a turbulent market with high inflation. Trends include moving from Options to RSUs earlier, truncating vesting periods, and providing executive leadership with additional resources to retain high performers. CPOs are also identifying the need to better educate employees about their company's total rewards offerings.

Diverging Return-to-Office (RTO) Plans
Numerous CPOs are coaxing employees to return to the office on a full-time or hybrid basis. They are investing in catered lunches, happy hours, and other shared experiences to inspire teams to meet in person. A significant percentage of employees are pushing back on RTO expectations. Conversely, other CPOs are embracing a remote-first model of work -- touting cost savings and recruiting advantages (while also expressing concerns about culture). Some CPOs are leaving the decisions around RTO up to managers.

Heavy Focus on Recruiting and Retention
In a hot talent market, retention and recruitment are top-of-mind. There is a widespread feeling that remote work has created a 'free-agent' culture due to a lack of connection among colleagues, ineffective onboarding, and burnout. Many CPOs are witnessing an absence of professionalism from early-career jobseekers. CPOs are striving to combat such forces in myriad ways: personalizing recruitment, enhancing referral programs, leveraging executives to close more candidates, highlighting promotion velocity, doubling down on manager training, boosting intern and early grad programs, and tapping into past employees, recent retirees, former teachers, military veterans, and contractors to address talent needs.

Boosting Employee Well-Being
Employee burnout and mental health remain major concerns for CPOs. Many are instituting shutdowns or recharge days, increasing PTO, banning meetings during specific days or hours, and examining email etiquette. A smaller number of CPOs are implementing the 4-day workweek or are creating sabbatical programs. Promoting mental health offerings (e.g. Spring Health, Modern Health, Lyra Health, Ginger, Wellable) and investing in the financial health and education of all employees are key trends to watch.

Impactful HR Tools
A diverse range of people analytics tools are helping CPOs with engagement, real-time feedback, performance management, goal setting, coaching, compensation benchmarking, onboarding, continuous learning, onboarding, leave management, etc.

Professional Development for CPOs and HR Teams
CPOs are investing in executive coaches and advisors, private networks of CPO peers, continuing education programs, and attending highly regarded conferences to further their own professional growth. Mentorship programs, certification courses, and trainings tailored to provide broader business exposure are being leveraged by CPOs to upskill their HR teams.

Selected Quotes from CPOs

Addressing Compensation Issues in 2022

"We have given a new performance grant to all employees."

"We implemented a new grant, a mix of RSUs and Options, and adjusted salaries for 2022 to be in the 75th percentile for our peer group."

"For senior hires, we are not only committing to the initial equity grant but also to the first-year focal/refresher grant."

"We are adding a new LTI program for our HiPos."

"We changed our vesting schedule for RSUs from 4 years to 3 years. You now vest 25% after year one cliff, another 25% monthly during year two, and the remaining 50% monthly during year three. Our team has been thrilled with it."

"We gave an appreciation grant out in the form of RSUs. It is a special 2-year grant of RSUs. We are also changing our vesting for regular RSUs from 4 years to 3 years."

"We are getting pressured by our Millennials related to inflation. Someone posted: 'If you are not getting a 10% raise, you are getting a pay cut!'"

"We did a 3.5% pay increase, and employees came to us saying 'Why only 3.5% when inflation is 6%?'"

"We are not going to radically adjust our compensation to inflation when it is the adjustment to market rates that matters more."

"We recently had an all-hands meeting and took inflation questions head on."

"Some people expect inflation spikes should be followed with merit adjustments. We are more cautious around spot changes that may not last... We increased the recent merit budget to account for (inflation), but it's near impossible to match inflation rates."

"Do not chase inflation: when it drops, we won't take money away, so we can't match inflation either."

"We gave equity to new execs when we were flying high and trading at $50. Now we're at $9. We introduced a new LTI and Deferred Comp Plan last summer. Everyone loved it, but even that was at $20. We almost need to throw everything away and reset. We're spending millions for options expenses that create no value!"

"Our employees seem to appreciate our ESPP (Employee Stock Purchase Plan). We recently extended lookback from 6 months to 24 months, and then we give the discount on top of that. That helps even out the risk and gives people more flexibility on the entry point."

"We have 90% participation in our ESPP. We have also just introduced RSUs -- younger employees are asking for that, even though it wasn't common in our industry for companies at our stage of maturity."

"I was skiing last month, and I sat down at a table with 6 younger people. I was a 'fly on the wall' listening to them talk about their equity packages. All were in tech or biotech, and it was fascinating. They were so confused about the differences between RSUs and Options and the pros and cons. It made me realize that we need to do an even better job of educating our employees around compensation…"

"We are investing much more time in educating our leadership on compensation now."

"The challenge of being at an early-stage company is that you need to define Total Rewards and educate leadership. They must be able to clearly explain the benefits of equity and how everyone should value it."

"Even though the survey data didn't necessarily support it, we carved out an extra few million dollars that our business unit leaders could use for special retention of our highest performers."

"We are focusing on long-term strategy instead of worrying about short-term fluctuations… A downturn in stock price is not necessarily a bad thing if your long-term prospects are still very good."

Return-to-Office Update

"My CEO wants everyone back in the office, but our surveys indicate that employees do not want to come back. So, we have a true disconnect. We have to create reasons for people to come in. It is not just our individual contributors either -- managers also do not want to come back."

"We have almost 250 people that used to work in San Francisco. It is optional for them to be in the office. The most we have seen coming into the office (in 2022) is 15 people!"

"Our office has been open since October, but getting 10% of the people in our office is a really big day..."

"We are getting pushback from many who enjoy being 100% remote and we realize that may lead to turnover. We are moving towards the 3-2 model – three days onsite, two days remote."

"We are going forward with the policy of 3-4 days per week in the office. If that's a problem for anyone, then we are having a discussion about fit. This may lead to higher turnover for people who want to be fully remote, but we are comfortable with that tradeoff for preserving our culture."

"We haven't seen a big jump in turnover or migration since we've had everyone come back to the office."

"We have reduced our San Francisco footprint by 80% and that savings will go to hosting events to build connectivity and generate more excitement when people come into the office."

"We felt like it was important for the mental health of our employees to get them out of the house… We also found that we needed to host periodic events to inspire people to come to the office … and, even when we do these events, we also need to provide a virtual option."

"People who are coming into the office are building deeper and different relationships. Additionally, we're doing more happy hours, lunch-and-learns, and making the in-person events better."

"We never really left (our site) in a sense since half of our workforce is involved in manufacturing and, from a research perspective, it's really hard to innovate while working on a solo basis. We wanted everyone back full-time (on-site) and we have promoted collaboration. To our knowledge, we have not had a single case of Covid transmission at our site over the course of the pandemic either."

"[Forkable](link) has been very popular with our teams. We have a policy now that everyone gets free lunch when they're in the office and that keeps our teams bonding and fosters cross-functional connections."

"People just love to be fed! When you come onsite, we see it as an opportunity to build a relationship and collaborate over a meal. Company-sponsored lunches build community."

"Our San Francisco office is our most dispersed. People still do not want the commute whereas people in London and NYC have better mass transit and live in smaller spaces and want to be back in the office."

"The commute is a bigger issue than Covid safety at this stage. I think that safety is the 'cover story.'"

"We are letting people work off-hours and we're also okay with them only coming in for part of the day."

"It boils down to: how do you work in a hybrid world? Most people don't know how to be inclusive when half of the meeting participants are on zoom and the other half are in the room."

"Culture was always a draw for our company, so going fully remote was tough, but we were able to pivot successfully. In taking the pulse for Return to Office, we've landed at the fact that we'll have space where people want it. And if they want to come in, they can, but it's not mandatory."

"We went the other way and have gone fully virtual. We had been office-centric prior to the pandemic. We found that we've had more inclusion across our offices globally by going remote."

"We had 9,000 people in one location, and it became 100% distributed overnight. It forced us to revisit our guiding principles. Now, we have a 100% distributed mindset going forward. "

"Half of our executive team is now remote. So, we have embraced the model."

"We view remote as our third location. We have roughly a third of the company at our East Coast office, a third at our West Coast office, and a third are remote. We have a number of days annually where we are bringing everyone together in one location for key events."

"We are leaving the schedules for employees up to the managers. The expectation is that you need to be a positive contributor to the organizational community. That is part of how you are assessed."

"After people come back in for more events, they'll remember the value of in-person, human connections."

"There is probably a tipping point -- when 40-50% of people return, you will get a FOMO (Fear of Missing Out) effect that will result in many more people returning to the office."

Tactics for Recruiting or Retaining Top Talent

"I am obsessed with using short, 2-minute, personalized videos in recruiting. I use the [Photo Booth](#) app on my laptop to make short videos and send them to passive candidates that we are trying to recruit. I have had a lot of positive feedback on the personal approach. You can also use [Loom](#)."

"We were losing senior leaders and have put L&D programs in place to ensure that the new leadership is better prepared to manage their teams.

"We built a better employee referral program and doubled the bonuses paid for each hire."

"We are pushing 'sell conversations' from our senior leadership. We are getting senior leaders to do 1-2 conversations each week to help close on key hires."

"We are losing people to 30% better offers. We have decided to emphasize promotion velocity as a key differentiator. We have asked ourselves, 'Are we creating enough promotion velocity early on to keep younger employees satisfied?'"

"We're heavily leveraging our alumni -- both for selling into their companies as well as with re-hiring ([boomerangs](#))… We've found that many recent college grads left us to get more experience/perspective. But they soon appreciated us even more, and many have wanted to come back when we've reached out."

"We had a lot of fallout from our M&A with our sales team. The sales leadership team was changed out and that created a big retention issue. That was almost a year ago, so we have launched a 'Bring Back' campaign to test how much greener the grass was elsewhere."

"We spend a lot of time in our management training helping managers learn to walk a fine line between being an open and supportive manager but not breaching into being an armchair physician or psychologist for their teams. We (sell) the EQ of our managers and their understanding that mental health is health."

"We had several employees who wanted to pick up and move during the shutdown. I had slots that I needed to fill, so I tapped into recent or semi-retired employees on a part-time basis."

"We have leveraged contract-to-hire; some people wanted to try us for 6 months before committing."

"We've had success with our intern and early grad programs. This has especially helped with diversity."

"We are finding that former teachers are a great resource to become Sales Development Representatives (SDRs). They are smart, have persistence, strong presentation skills, and are professional."

"We have found success with hiring (military) veterans."

"We've turned down candidates who would have radically disrupted our internal compensation structure and equity. We've had some candidates take a pay cut to join us and we've held firm on our offers. If we

can't get a candidate ultimately that's our fault because we're not telling our story correctly. If you can get your story to resonate, the rest will take care of itself."

"Our Board does not want us to throw money at candidates. They have to truly want this opportunity. It's frustrating because we put so much time into the process, but in the long run, it's worth being patient."

Ways to Boost Employee Well-Being

"We have initiated companywide shut down dates because some employees felt that they could not step away personally if their counterparts were still working. This was especially an issue for our recruiters who never felt like they could fully unplug unless everyone else was off too."

"We've instituted quarterly recharge days. The first two days of each quarter, everyone has off. We've also done some employee appreciation days where managers buy gifts for people on their team."

"We are using [Spring Health](link) for mental health. They offer personalized counseling, and the offering has been well received. We have a high utilization which is a reflection of how much people are struggling. We are reminding managers to encourage employees to use this benefit when appropriate."

"[Modern Health](link) offers coaching as well as therapy. It's a key component of our EAP."

"[Lyra Health](link) has been good for us. Our people are using and enjoying that benefit."

"We are using [Ginger](link) for mental health and it's been well-received."

"[Wellable](link) has been received positively for our employee wellness."

"Our leadership is modeling 'Wellness Fridays' where people take time for themselves—not necessarily time off but more of a focus on strategy and/or personal development time."

"We also have unlimited PTO but there are certain times when you cannot take off – like when we have a meeting with the FDA. We start our daily meetings no earlier than 9am since we have a lot of employees with young children and need to do school and childcare drop-offs..."

"We are using the phrase 'Flexible Time Away' and not 'Unlimited PTO' since we feel it's a more accurate description of the spirit of the policy."

"We have 'No Meeting Fridays' and prohibit meetings before 10am on Mondays, so people get settled."

"I introduced one 'No Meeting Day' per month. My CEO initially said, 'That's fine for everyone else, but not for me!' I held firm that we must all adhere to it. Now, he says: 'It's the best thing ever!' We have a schedule that goes out in advance listing all the No Meeting Days for the calendar year. It's truly a catch-up day for most people -- on trainings and projects. It's <u>never</u> tacked onto time off (to provide an extended holiday)."

"We're really coaching our leaders not to send that email if it's during a holiday/company shutdown. Even if you just want to get an item off your plate, you're flicking it onto someone else's by sending the email."

"We are working hard to get out of the culture of back-to-back meetings. We are having to do trainings around the basics of email etiquette as well -- when to hit Reply All and when not to, et cetera. We are trying to dismantle those behaviors and bad habits."

"We've had to institute Minimum Time Off. When we told people to take time off as they needed it, they just didn't… We've now made it a practice of telling people we want them to take time off."

"Given our rapid headcount growth (100% growth in 7 months), and the fact that we're looking to double that this year, we want to hold managers accountable in helping their teams to recharge."

"My 5-year sabbatical was probably the only time in my career that I could really unplug. Even during PTO, you're contactable and working. With a sabbatical, employees truly come back refreshed."

"In the run-up to IPO, we invested in personal finance education for employees, with a lot about equity."

"We have been doing financial education seminars for our employees which have gone over very well. Carver Edison has enabled cashless participation in our ESPP…"

"Our company implemented a 4-day workweek. The research shows that people became more productive when their work time was compressed. It also forced us to reset our defaults."

"We are trying a 4-day workweek right now as part of a 16-week pilot program… During the pilot program, we are trying to evaluate our customer experience."

"I don't think it's realistic or pragmatic to have the expectation of a 4-day work week in a startup. It's more of a 7-day work week, especially when you're in leadership. It's scrappy, high risk, and high reward by nature. People can schedule work within their day to have freedom, but the work itself needs to get done!"

"When it comes to perks and benefits, what matters to individual employees is so broad and across the spectrum that you only know you're doing a good job when nobody is 100% happy!"

HR Technology Tools to Recommend

"We are using Energage for post-acquisition surveys to gauge the emotions of our people."

"We use Glint for talent engagement—they have a good retention index that helps predict the likelihood of attrition and identifies potential hot spots."

"We are integrating 5000 people from multiple acquisitions into our Workday platform. As part of the implementation, we are trying to improve the insights that we get from our analytics. We are using the Peakon tool that Workday recently acquired. We are also demo-ing Procare and Praisidio."

"We have started using Pavestep as a real-time feedback tool for practitioners on projects. Our managers can give their teams feedback and then that feedback can roll into their review process."

"We rolled out Lattice for performance management -- teams tested it, played with it, and got into it!"

"Lattice has been great for performance management and Culture Amp is wonderful for employee engagement. But Lattice is not as good with employee experience and Culture Amp is lacking in its performance management tool… These providers try to bundle multiple services together, but you need to stick to what each one does best. What are they the gold standard in?"

"We are excited about Small Improvements for our performance management."

"We are implementing Better Up for coaching."

"LinkedIn Learning has been tremendous for us. We have challenges like 'Learning for a Cause' where we'll donate money to a specific charity if we reach a certain number of Learning hours that month."

"We've paired LinkedIn Learning with Degreed for more of a customized experience for our employees."

"We are implementing 15five for our goal setting tool. It's been a great diagnostic – we can see how poorly some of our past goals had been written."

"We've been thrilled to move to Paylocity for payroll and as our HCM. We love our broker as well. The service is above and beyond anything we ever experienced."

"We use Pave as a compensation tool. I am not a fan of Workday's compensation module -- getting just-in-time compensation data has been incredibly difficult. We also put Donut in place for onboarding."

"We just spent $9,000.00 on OverDrive which is a virtual library that allows people to check out audiobooks, eBooks, and magazines, and it plays well with our continuous learning culture here."

"We're using Roots (an HR Management Platform) within Slack."

"We've been using Sparrow for our employee leave management and it's been really helpful."

"We added Knoetic (an all-in-one platform for CPOs) and I love it!"

Top Development Resource as a CPO

"I am a member of [Chief](#) (their HR track) and also a part of the [Forbes HR Council](#)."

"Gartner is expensive, but they do good research and have a nice [scorecard](#) for HR maturity."

"I am fortunate that my company pays to have a [Gartner Executive Advisor](#). You also get access to a lot of benchmarking data through this subscription."

"[Bersin Academy](#) is reasonably priced and they have some good community exchange on topics."

"I am doing continuing executive education on [People, Culture, and Performance at Stanford](#) and just took a People Analytics class."

"I recently received an [HR Analytics Certification from Cornell](#) (online), and they have a good [DEI Certification Program](#) too."

"I recommend UC Berkeley's ['Business Analytics for Leaders – from Data to Decisions'](#) course."

"The [Equilar Conference on Exec. Comp. and Corp. Governance](#) is something I recommend to everyone."

"I am wired like an operator and my biggest challenge is to stay strategic. So… I am working with an Exec Coach. I re-wrote my job description and refocused how I spend my time."

"I overtly asked two past bosses to take on a formal mentorship role -- to be my advisor whenever I need them. This has been very valuable especially as I've begun to work proactively with our Board Chairman."

"I share an executive coach with my CEO which has been really helpful. The coach knows what we're both struggling with at any given time and can be very helpful."

Recommendations for "Upskilling" HR Teams

"We have implemented broader mentorship programs across the company, and I am pushing to get my team partnered with mentors outside of HR."

"We have one person that is an expert on org design and helps the other BPs with their clients. We leverage these experts to train the rest of the team, so everyone builds out skills across competencies."

"We have a 2-year program to expose HR to finance, strategy, and other parts of the business and then encourage them to apply that learning practically. We definitely want our HR team to work broader."

"We look for our HRBPs to each have a sub-specialty and we tie them and their specialties to our COEs."

"We recently partnered with a consultant to help us with communication and feedback training. The training has been incredibly helpful—especially with everyone remote and engaging via video."

"We implemented a 4-hour skill-building sessions each month. We leverage our internal experts for the training so that everyone gets the chance to teach or learn."

"I recommend sending your people team to the [CA Chamber of Commerce's HR Bootcamp](#) – it's really helpful for staying current on employment law."

"We have been utilizing courses from the [Academy to Innovate HR](#)."

"I have been impressed by the [Human Capital Institute's Strategic HRBP Certification Program](#)."