FlemingMartin's Chief People Officer Lunch Series: Q4 2022 Highlights

In December 2022, the Practice Leaders at FlemingMartin held virtual lunches with more than 100 Chief People Officers (CPOs) from leading software and life science companies. It was clear from our interactions that CPOs are feeling a bit burnt out. That said, we were impressed with the resilience of this group of executives. As a community, the vast majority of HR leaders have been role models for their executive teams and have collectively risen to the occasion under incredibly difficult circumstances (Covid-19, labor constraints, inflation, remote work, layoffs, new employment laws, etc.). We ended up discussing a wide range of subjects, including:

Heartburn with New California Pay Transparency Law?

Not all of our attendees have figured out their policies to address the new pay transparency laws. Many are looking to larger companies to see what disclosure language they will use. Many leaders expressed anxiety around potential employee frustration once pay ranges are revealed. Some companies are striving to become globally/nationally transparent in terms of sharing their overall pay ranges. We also heard a preference for narrower pay range disclosure. This topic was one of our most heavily discussed.

Major Merit Increases for 2023 in Light of Inflation?

Most of our tech participants are allocating in the range of 3-6% for merit increases while our life science participants are mostly in the 4-7% range. Many Chief People Officers are also encouraging managers to allocate merit more heavily to high potential employees. There are several companies that have repriced options—particularly in the life sciences sector. Attendees with employees in India noted that wage inflation is a major issue prompting merit increases as high as 20%.

Power Balance Shift Between Employees and Employer Reflected in Return to Office?

While some CEOs may think that the pendulum has swung towards the employer, our attendees still believe that employees have leverage—especially top performing employees. The desire for return to office (RTO) seems to be increasing amongst executive teams, but many employees are still resistant to the idea of returning to the office unless they perceive great value in doing so. Several of our CPOs' companies are "all in" on a remote model while many more are looking for creative ways to entice employees back 3-5 days per week.

Lack of Trust Between Reports & Managers?

Our attendees for the most part agreed that their companies could improve in gaining employee trust. Most HR leaders are emphasizing manager training to improve communications with their employees.

Holiday Party in December/January or Something Different?

Most companies are planning to host a party or buy a gift. Quite a few companies are hosting celebratory events in other months--instead of December. Companies that had done layoffs during the year are skipping holiday parties or hosting more subdued get togethers/individual team gatherings.

New Year's Resolutions?

Even with everything on their plate, Chief People Officers are continuous learners and in constant improvement mode. Responses included improving personal health, learning a new language, finding board opportunities, etc.

Selected Excerpts from Discussions (Q4 2022 CPO Lunch Series)

With the new California pay transparency law taking effect in January, what language do you plan to use in your job postings? What issues (if any) do you anticipate arising?

- *We plan to provide managers with everyone's pay levels and job families so that we're prepared. We have a defined peer set and we try to be in the 50th percentile. We want our postings and internal info to be the same—we are trying to decide how broad our ranges should be.*
- *We're putting together a communication plan and will roll out training to managers on how to have this conversation with employees. We are having some heartburn. Everyone's sort of struggling with what's the right range to share.*
- *We actually have been doing training both for managers and employees on our comp philosophy. We talk about how we set our pay ranges, what our resources are, etc. Probably in the first quarter of next year, we'll include pay transparency. We want to make sure everybody feels like they're being treated fairly.*
- *We are using a narrower range to be conservative. We recently went to each of our functional leads to do training and education. We hadn't really trained our managers on comp philosophy so we're being reactionary and we're trying to catch up for the new year.*
- *Our short term will be to share a broad range of 25%-75%.*
- *We're using national [Radford](#) data to display the 10th-75th percentile range. I'm fearful of losing employees in higher cost areas like California by posting the national average.*
- *We'll be transparent, but we'll show the min and not quite the max.*
- *We're keeping it tight: just posting a range 5% above and 5% below the 50th percentile.*
- *Our postings will probably be low to mid-range so that people don't start at the 75th percentile. I deviated from [Radford](#) to create narrower bands. I'm using [Radford](#) and [Carta Total Comp](#) data.*
- *I was proposing a narrower [salary posting] range but it's a point of conflict, the leadership team is pretty split on the right approach.*
- *We didn't want internal candidates leveraging and claiming discrimination once we exposed the transparency ranges on our job descriptions, so we posted the full range rather than cutting off the bottom and the top of the range.*
- *We will only post cash ranges, not equity, since that's the requirement. We have limited employees in CA, so our big decision is around how conservative to be. If it's an onsite CA job, we will post the range. If it's a WFH or work anywhere role, we will not post the range. We're taking a narrow stance (50th to 75th percentile). We're also creating ranges for internal people currently because they have a right to request a pay range -- that's our biggest concern: how we're communicating this internally.*
- *We're waiting until the second week of January to see what other companies are doing. We're also keeping an eye on what large companies, like Apple, are doing. That being said, we'll likely post the 15th-75th percentile.*
- *We are concerned that Google and Facebook may start sharing equity in their postings which is just another thing that recruiters will need to navigate.*
- *Worst-case scenario is that someone shows a pay range from a job posting from a large competitor and then complains about our ranges. We want to get ahead of that and explain the complete total rewards package.*

- *Honestly, we haven't focused on this yet and we do not have our language drafted yet.*
- *It is not top of the mind for us. Maybe it should be, but it is not. Being a [Large Public Tech Company], when we started sharing the ranges with employees it was not as much of an issue as we had anticipated. We did not share equity though.*
- *We have not decided [our final approach] yet, we have been doing research. We have some open questions - do we just do this in CA or bite the bullet and do it throughout the US?*
- *We reached out to [Littler Mendelson](#) to work with us and share what's going on in the market in terms of standards. We're rolling out training. We've tried Comp 101, but people don't want to come to those Lunch & Learns. If we're going to be transparent to one part of the population, I think we owe it to our employees to be transparent across the board and across the United States. A lot of times, these laws start to just roll through the states, so it makes sense to try to have a plan for the whole United States, in my opinion.*
- *We likely won't post VP jobs or C-level jobs anymore but will leave that up to our search partners.*
- *The new law may limit candidates for us… they may not apply because of a salary range posted online rather than opening the door for discussion.*
- *We won't know who didn't apply because of the [posted] salary range. It'll be impossible to tell how this is impacting our recruiting efforts.*
- *I think savvy candidates will still look at the job description and say, "This is a great company and role, so I should talk to the recruiter about the opportunity and see if there is flexibility with the salary range."*
- *After the candidate is comfortable with the base salary range, the conversation will start to shift to other elements of total rewards. And discussing that entire package will become that much more important (as a differentiator).*
- *For us, we have given too much ownership to leaders in terms of determining pay. When I joined a year ago, I was surprised that decisions on offers were only being made by top leadership. We've now done a lot of work to make sure we're in a fair market range in terms of our pay.*
- *There is a Carta Presentation on [How to Keep Up With Upcoming Salary Transparency Laws.](#)*
- *There is a group called startup experts (https://www.startupexperts.us/) that has been a really great resource sharing forum for series A-D.*

Median pay increases are on an upward trend that began in 2022. Considering inflation, what are your merit increases going to be for 2023?

- *We're recommending a 5% increase. We'll do a 4/1 split (1 being promotions). I've spoken to other life science companies in my area, and they are all planning on adjustments of 4-5% all in (merit + COLA).*
- *Our comp consultant is showing in biotech about 4% merit and another 1-1.5% promotion. Also, we now use [CompXL](#) – a compensation planning tool which includes self-service for managers. It helped us automate the compensation statement process.*
- *3%. Mid-2022, we did retention awards and equity awards. So, we are not in a bad place right now and feel we are paying quite fairly. I am worried that at a 3% increase, employees might be disappointed given what they may hear about adjustments at other companies.*
- *I originally was going to do 6% and moved it back to 3.5%. We did a lot of promotions last year. We are hearing about layoffs and reductions in force in our area, so we are going to leave it at 3.5% for the year.*

- *We are not doing a standard increase but looking at people individually. We will see where they are relative to market with an idea of where we want them to be from a percentile perspective. We want to be in market range, and we have our own comp philosophy – going person by person.*
- *We only planned for 5% or 5.5%, and we are now actually thinking about cutting back on that and leaning on equity to conserve cash and see how '23 plays out.*
- *6% total, and we're really still emphasizing stock. We use Carta which provides instant updates data-wise, so we don't have to wait for survey data. Carta is great for private companies, but Radford is perhaps better for Public.*
- *I used to use Pave for available comp, and I loved not putting in data every quarter (like with Radford).*
- *We decided against Pave given their requirement to have access to our HRIS data (v. creating reports for them).*

Is the softening economy altering the power balance with your workforce? Will this shifting tide impact your company's return-to-office approach?

- *One thing I have noticed is that some companies have taken the opportunity to shift the power back to the company. I think we have kept a good balance and made the choice to keep steady with that balance.*
- *I think the balance has shifted depending on the segment. Many are grateful to have a job. The top 10-15% still feel they aren't affected.*
- *I am worried as leaders that we have a mindset that the employees are lucky to have a job, so we won't go above and beyond to inspire and engage them. Another is that the employees are here because they are afraid they can't get another job (quiet quitting) rather than wanting to be at the company.*
- *In general, I sense the hiring market and candidates' power may continue to shift over more toward the employer. But for us to get the people we want, those (high performers) will still have the vast majority of the power. Maybe we can shave down a sign-on bonus or not hit our 75th percentile of salary as often, but there will be no dramatic shifts. We're still hiring anywhere, even if the pendulum did shift back more to employer's side, that wouldn't change our stance on remote work.*
- *The power shift you mentioned is not impacting us from a return to office point of view. We don't have to index as much on off-cycle pay increases though. I'm feeling like the offers we are giving out are nearly as competitive as they were previously.*
- *I've noticed less voluntary attrition recently. It doesn't seem like people are quite as willing to jump ship.*
- *In Toronto, we're back in the office five days a week. I think 2023 will be the year for the shift (back to full-time in the office). We're definitely coming back to the office here (Toronto). But what are we willing to do if people say they're not coming in five days a week?*
- *We want to make sure that being onsite is really a part of the job. It's a regressive tax -- people who are on the lower end of the comp range are more likely to be the ones who have to be in the office every day and they may also live farther away from our San Francisco headquarters.*
- *We have 6000 employees globally, organized in hubs. Most of the executives are in the office. Most of our teams don't want to come in. Sometimes I feel like I'm old school but there is a benefit to coming together periodically. The employee clearly does not have that same interest. Our office is roughly 10% utilized on any given day.*

- *Production and Engineering are in here most of the time. These are the HR team's core customers and when my HRBP's are not here, the customers come to me. So, I said they (HRBP's) need to be here.*
- *You gain some productivity with remote first, but does innovation suffer long term? We're looking to invest in certain things for when we do bring people together because we're remote first, not remote only. We gain more being remote first than we lose.*
- [Article](#) *shared about in person vs remote/hybrid and impact on connectivity, productivity, innovation.*
- [Article](#) *shared about proximity bias being the flip side to RTO.*

A recent [HBR study](#) found that 47% of employees do not feel safe sharing their frustrations with (and confiding in) their manager. How are you working to establish greater trust between managers and reports, as well as between all employees and the HR Function?

- *Strengthening leadership is really what it's all about. Our front-line managers are often the first touch point for our teams. To make sure they are building trust with their teams, we spend every other week doing a four-hour training with managers.*
- *We're continuing to invest in tooling up our managers and holding them accountable to a more behavioral part of the job expectation that's set for them. People often leave companies because of their direct manager, so if we tool them up and hold them accountable, it will help with retention.*
- *We are putting more emphasis on management training with having tough conversations. We are also trying to implement an AI platform for employees to be able to engage on HR questions. It will suggest resources first and then will alert an HR person and then the manager.*
- *This [manager training] is something we are doing in 2023. We are building managerial skills in having tough conversations with employees. We are going to roll out a "Dare to Lead" program based on the [Dare to Lead](#) books by Brene Brown.*
- *We rewrote our values. Our first is: "Be human." If you're respectful and you share, that's what we want to model. People managers are dealing with people expressing frustrations that are professional and personal, and it's hard to equip them to manage both. The listening and coaching capabilities of people managers will have to improve in the future. It's not always that people don't trust HR or managers, it's that the conversations have shifted and managing a two-way conversation about life and work is hard, so we need to help people managers evolve with that.*
- *How we provide managers with context and how to communicate context to teams is a really big piece of the puzzle for us. Communicating context has to filter down from leadership to people managers. When people are really busy, if managers don't stop in to ask about how the Whole Person is doing, things won't go well. People really need that check-in first before diving into the work.*
- *The lack of civility in doing layoffs will really damage those firms in the long-term. Airbnb and Stripe have been the benchmarks for how to do layoffs well.*
- *We found that our HR team does not always feel safe with one another within HR.*
- *We are doing Stay Interviews - and we did Trust training for our leaders and employees this year.*
- *Sample "Stay" conversation questions:*
  - *What do you like most working here?*
  - *What might tempt you to leave?*
  - *How would you rate work-life balance and how could it be improved? (strong, neutral, weak)*

- What do you look forward to when you come to work each day? Why?
- How much does this influence your feelings about the team/company?
- How do you like to be recognized for your contributions?
- What's getting in the way of you bringing your best self, motivated self to work?
- As we move forward, is there anything about your job that you want to learn or a skill you would like to flex, but are not able to in your current role? What? Why?

- Connectivity has eroded over the past couple of years. We refreshed our values this year and one is "Start with Trust." We define behaviors and try to integrate those values. It's very basic but sometimes simple and basic can pay dividends.
- We're implementing Lattice here, adding in suggested scripts and talking points into 1-on-1s for the conversations that managers are having with direct reports. What we find is that employees have frustrations that bubble up whenever companywide stress is higher – approaching deadlines, other deliverables, etc. So, we're coaching managers around that and making sure we have celebrations of wins, events/parties, and are really intentional about keeping those recognitions alive.
- We just implemented Lattice as our performance management platform and were really surprised at the uptake of that. It's been phenomenal. We did it for coaching conversations where employees sit down with their managers. There's also a feature for one-on-one meetings and we intended to make that part optional, but 98% of our managers are using it. We've really been excited about how organically people have latched onto this. Having better one-on-one conversations will pay off. Before you can lead a team, you have to be able to have really effective one-on-ones with your team.
- There's more emphasis on productivity and engagement. We measure this through employee pulse surveys sent out through Lattice every two weeks. And we're looking at a tool called Performetry. That looks at attrition, quiet quitting indicators, etc.
- This is top of mind for us. Our new CEO couldn't be more different than the previous CEO – it's a totally different style, and a different feel. The company has changed directions, we had a RIF, and there is not a lot of trust. We do not have a good culture right now. There was not a lot of empowerment from our leaders in the past, so we're trying to foster direct, open, honest communication. We're opening a controversial Teams channel where people can make comments and ask questions so that issues don't fester. It's a bit like a virtual water cooler due to our need to create better trust…
- Our survey includes: My manager provides me with support to complete my work; my manager cares about me as a person; my manager communicates openly and honestly with me. We use Peakon which is owned by Workday.
- We'll be doing a Glint survey. It kind of gives you different modules to use like LinkedIn Learning. It'll point you in different directions like a video or book that you can get some tips from.
- We use GoCoach.

Which part of your business are you seeking to learn the most about right now?

- I'm talking with investors to better link our technology and our talent. We want the best and brightest individuals poised for growth. The people element is pivotal to that. That's my number one goal as we navigate this turning point in our company. I want to ensure that our people are acquired along with our technology.
- I've started to use the phrase "Business first, HR second." My team is junior, and they don't always think strategically about the business.

- *I had the HR business partners present a deck to the rest of the HR team on the business they work with -- not from an HR lens but starting with business-first conversations.*
- *We are getting lean as an organization which requires hyper-focus. We are operationalizing everything.*
- *Sales compensation.*
- *Our tech roadmap.*
- *Financing – macro and micro economic climate and its impact on financing – how investors are looking at companies—I want to be ready from a workforce planning perspective.*

Which discipline within your HR function do you plan to strengthen the most next year? Or what are you planning to unveil next year that has you most excited?

- *We realized that we have an aging population (median age is 45) and we're trying to get leaders to bring in "earlier in career" candidates. We're trying to better prepare for the future. Boomers are retiring at an alarming rate, and if Gen Z is going to be the largest working population, then we have to adjust appropriately to build up the talent earlier in career to backfill.*
- *We have headcount for a Director of Communications & Community Connection. Communications, culture, and DE&I are all important needs. I needed to make some difficult choices here. Connectivity has eroded because we're remote first. So, I made that my top priority.*
- *We are looking at things that are of little or no cost (e.g., more career development and access to senior executives).*
- *We did a very significant reduction and people want to hire everyone back. But it's not just about holding (the status quo) until the economy gets better. We've got to do things differently. People are fatigued and burnt out. Trying to give the business energy is a challenge. I am trying to give my team renewed energy so that they can energize the business to approach our current reality differently.*
- *Recruiting and staffing. In 2023, we'll be focusing on a combination of in-house recruiting and contract recruiting with contingent firms.*
- *We had our first L&D manager join. We are really excited about building out a more robust L&D program with 400+ employees now and starting talent reviews as well.*
- *We are refocusing from the COVID environment and shifting the lens to making sure everyone is making an impact rather than focusing on how many days they are in the office. Is the way we are working working? Or are there things we need to shift?*
- *I've been in HR for nearly 40 years, and it feels that maintaining compliance is harder than it's ever been. I'm thinking of bringing someone in to handle compliance completely.*
- *(In response to comment above…) [Gig Talent](#) has high quality consultants for compliance.*
- *We're using [Kazoo/WorkTango](#). Our less tenured, more junior employees increasingly want more recognition. Cash is king so we'll have a points-based system to earn cash rewards.*
- *Our new HRIS will be [HiBob](#) given its flexibility and agility and feasibility of use.*

What is the most creative action your HR team rolled out in 2022?

- *To create an equity opportunity for everyone, including our field salespeople, was unique to say the least, and it was highly effective.*
- *Partnering with marketing on using social media to communicate our employee experience in many different ways.*
- *We had a layoff in May and are proud of our retention and engagement initiatives since then. We did an equity element and doubled down on engagement activities, volunteering, and social*

events. Plus, we implemented a commuter bonus. We have interesting onsite health initiatives that seemed to go over very well and were very much appreciated. We're on a shoestring budget in our HR function, but we're proud that attrition has gone down post-RIF and that all the key people are staying.

- *We introduced an Executive Women in Development program in partnership with Stanford for our high potentials which has been phenomenal. It's a yearlong program. There are 22 individuals in the program. It has really resonated throughout the org and had a tremendous impact (6000 person org).*
- *No layoffs.*
- *We have a rough culture, and it was a difficult year. We had a simple goal in HR to make at least one colleague's life better every day. It has helped with retention.*
- *We just hired someone to focus on philanthropic work for the company. Very exciting!*
- *Our employees want more time to personally develop. We partnered with [Degreed](#) and have [My Academy](#) which is linked to online courses. Once a month, our employees have four hours to spend time on personal learning, company learning, etc. In February, we'll launch our first innovation day session where we'll work together on innovation for the company.*
- *We had an in-person leadership summit for three days. We took top performers and focused on [DiSC](#) and [Five Behaviors of Effective Teams](#). The CEO gave a one-hour keynote. We're driving for connectivity, depth of content, and any new expectations of what the role of leaders is and should be. It was amazing.*
- *We did something similar, but it was a six-month program. We took director and senior director level people that were nominated, and they had to apply. They wrote an essay on why they wanted to do the training and what they wanted to get out of it.*

Are you hosting a company holiday party this year? If not, what are you doing instead for your employees?

- *We're giving corporate gifts again (branded jacket or backpack).*
- *Yes, we are doing in-person parties for hubs and remote employees get a $50 gift.*
- *We hosted our company party last week. It was the first time in two years we've pulled people together and it was great. We had an ugly sweater contest and gave gifts.*
- *At our all-hands, we had a big company gathering for the Bay Area, which included a scavenger hunt at the [Exploratorium](#).*
- *We are having a holiday event in January. We are flying employees and plus-ones in. It is a two-day event. Friday evening is the event, and it will be at the Exploratorium. On Thursday, they will be able to spend time with their teams.*
- *We're doing an SF Bay cruise.*
- *We're an alcohol-free company and different groups did team building events. But tomorrow, we have a really beautiful holiday brunch. It's catered and plated. There's a string quartet playing as well. It's really nice, people appreciate it, and it's cost effective.*
- *We had our holiday party, an evening out in SF. It was more challenging to make sure people got home safely than in past years due to excessive drinking.*
- *We have a tradition of doing a white elephant exchange at our holiday event. It's pretty funny and emceed by someone who's actually a standup comedian. Our main event will be at the [Cal Academy of Sciences](#) in February which is our company anniversary.*

- *We are doing a gala in January in the Bay Area and in our North Carolina office too. It's more formal, but we are also going to have an informal get together with an ugly sweater party, an employee trivia contest, and holiday desserts/hot chocolate.*
- *Since we had layoffs earlier this year, we didn't feel comfortable calling our gathering a "holiday party" but we got people together. It was on a team-by-team basis because we are heavily remote. We also rented some space near us and hired a bunch of food trucks. It was outside, people got food truck tickets, and wrist bands for drinks. It was about 10 minutes from the office and very well received.*
- *We have a holiday party in the city tomorrow night. We invited employees and their plus-one. We have about 400 people coming. We did not do one last year, so we are excited.*
- *We are not doing anything in December, but we did an event in November. It was for employees only and I regret not allowing them to invite their significant others.*
- *We both dread the parties and miss them! The last 5 years we have taken the opportunity to give gift baskets and give money to a local non-profit organization rather than give our employees gifts.*
- *I had to have a serious discussion with the executive team about the holiday party… when we're laying off a large part of the company, a party may not be the best way to go. So, we're keeping our get together virtual and low key. It's completely voluntary.*
- *Last year we combined our national sales conference with our holiday party…. This year we have zero budget. I'm not sure what we are going to do because the difference is drastic. Right now, we're slated to just hand out holiday cupcakes to our employees!*
- *We switched to a spring party rather than an end-of-year party.*
- *We are having a cocktail party, but we're doing it early in the day – an open house to celebrate the opening of new office. No real evening dinners anymore -- those are rare. Leadership wants afternoon events.*
- *We are hosting a holiday team cooking event…We have a vendor set up: Hands-on Gourmet (in the Dogpatch area of SF).*
- *Gingerbread Wars is an awesome team building event we did for our virtual teams!*
- *We are not having a party. We are trying to avoid layoffs and have framed it as prioritizing retaining everyone over a holiday party.*
- *In the US, we have three offices and will do in person there. We've identified five other hubs where there's a concentration of employees and will do in person parties there too. People are crying out for in-person connections – remote (camaraderie) is just not the same.*
- *We cancelled our party. We use Awardco – a recognition platform. We're going to give everyone in the company worldwide a certain number of points on the platform for swag, gift cards, etc.*

Do you make a habit of writing down New Year's Resolutions? What is your number one   personal goal for 2023?

- *Reconnecting and appreciating people in my life. We all went into isolation.*
- *Professionally, I want to network more and do some kind of panel or speaker event. My personal goal is focusing more on my health. I've been feeling like I've let it go.*
- *I took on data and business operations to develop beyond a CPO and to be able to be more operational. I want an operating role so I can start transitioning into getting some board seats.*
- *The top new year's resolution on my list is to survive pay transparency!*