

Leonardo Executive Learning Journey

NET ZERO INCENTIVE SYSTEMS

4 June 2021



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Net Zero Incentive Systems

Today's agenda

- Last week's reflections
- The strategic role of talent management – embedding sustainability in your approach
- Shifting stakeholder mindsets
- Introducing sustainability incentive systems
- Group work
- Q & A/ Reflection questions
- Suggested readings for the week

Last week's reflections:

- 1. What are the key opportunities for increasing efficiencies and reducing emissions in your business?**
2. What is the cost of the measures and the return on investment?
- 3. Can you set targets and monitor progress?**
4. How can you also benefit from communicating achievements to your clients and stakeholders?



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Strategic role of talent management

*“The ability to **see talent before others see it** (internally and externally), **unlock human potential**, and find not just the best employee for each role, but also the best role for each employee, is crucial to running a topnotch team. In short, **great managers are also great talent agents.**”*

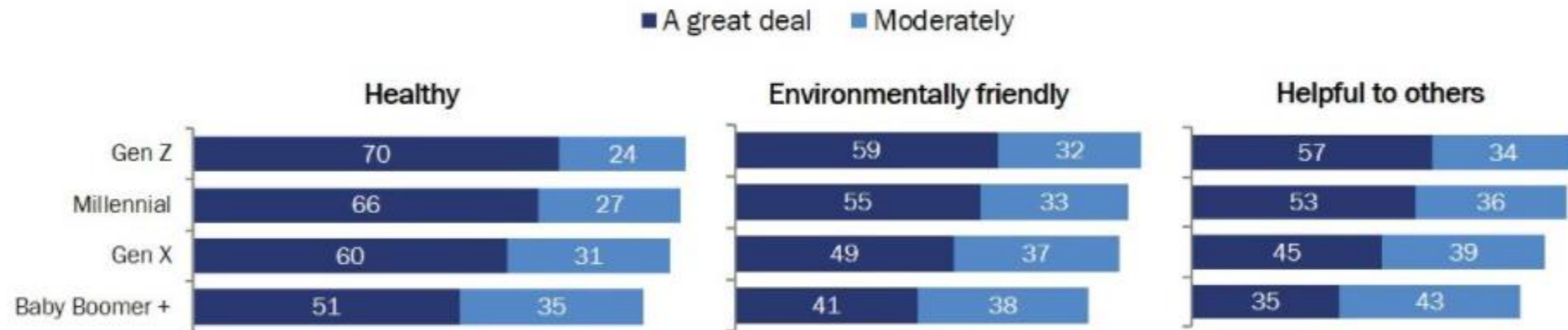
Harvard Business Review, January 2020

How does talent management and sustainability converge?

Desire to Change Lifestyle

Average of 27 Countries, by Generation, 2020

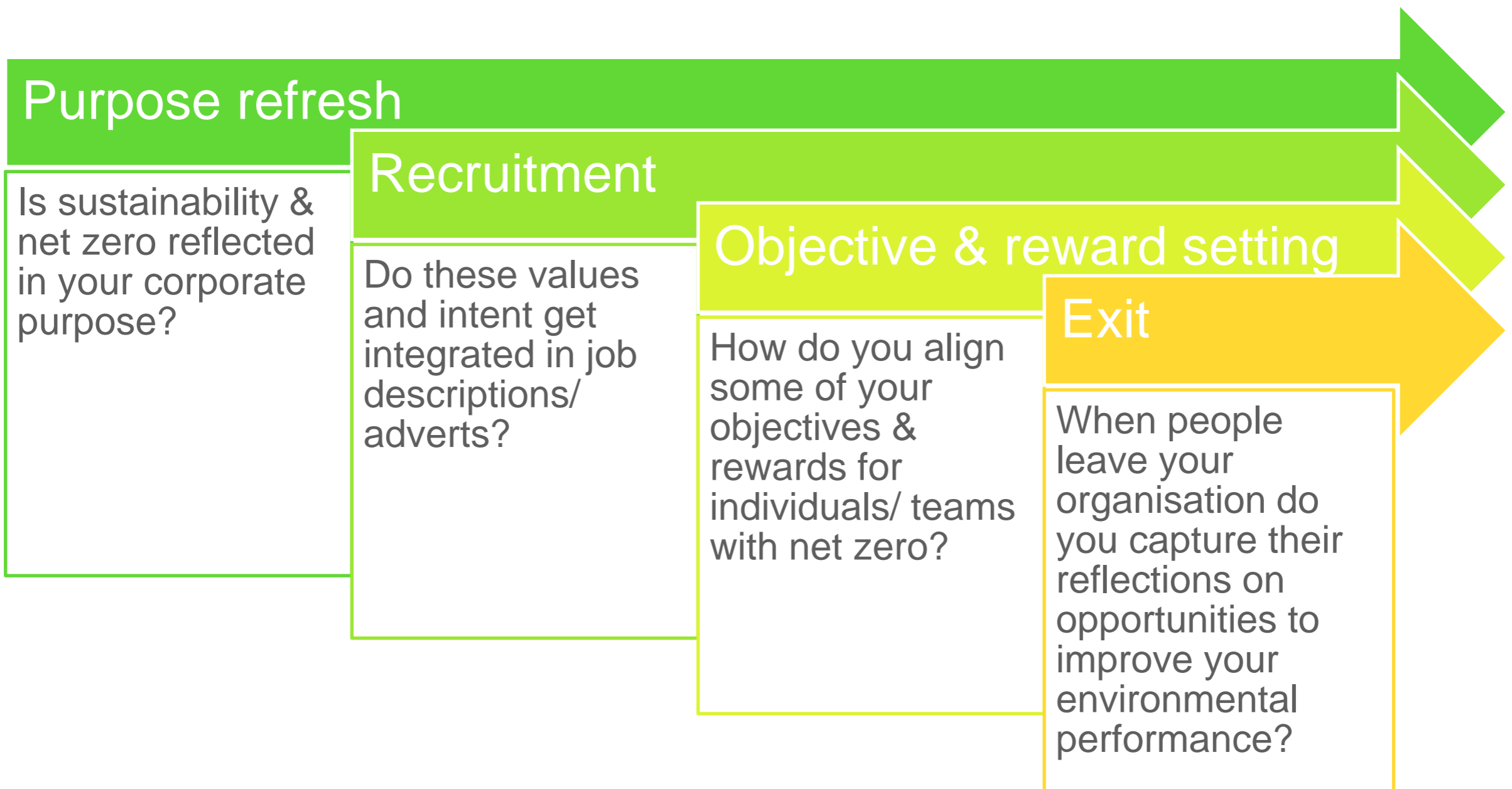
Desire to change lifestyle to be more...



“93 percent of corporate employees under 30 agree that the more socially and environmentally responsible their companies become, the more motivated and loyal they will be as employees”

Alleeya Hassim, [GlobeScan for GreenBiz.com](https://www.globescan.com), January 2021

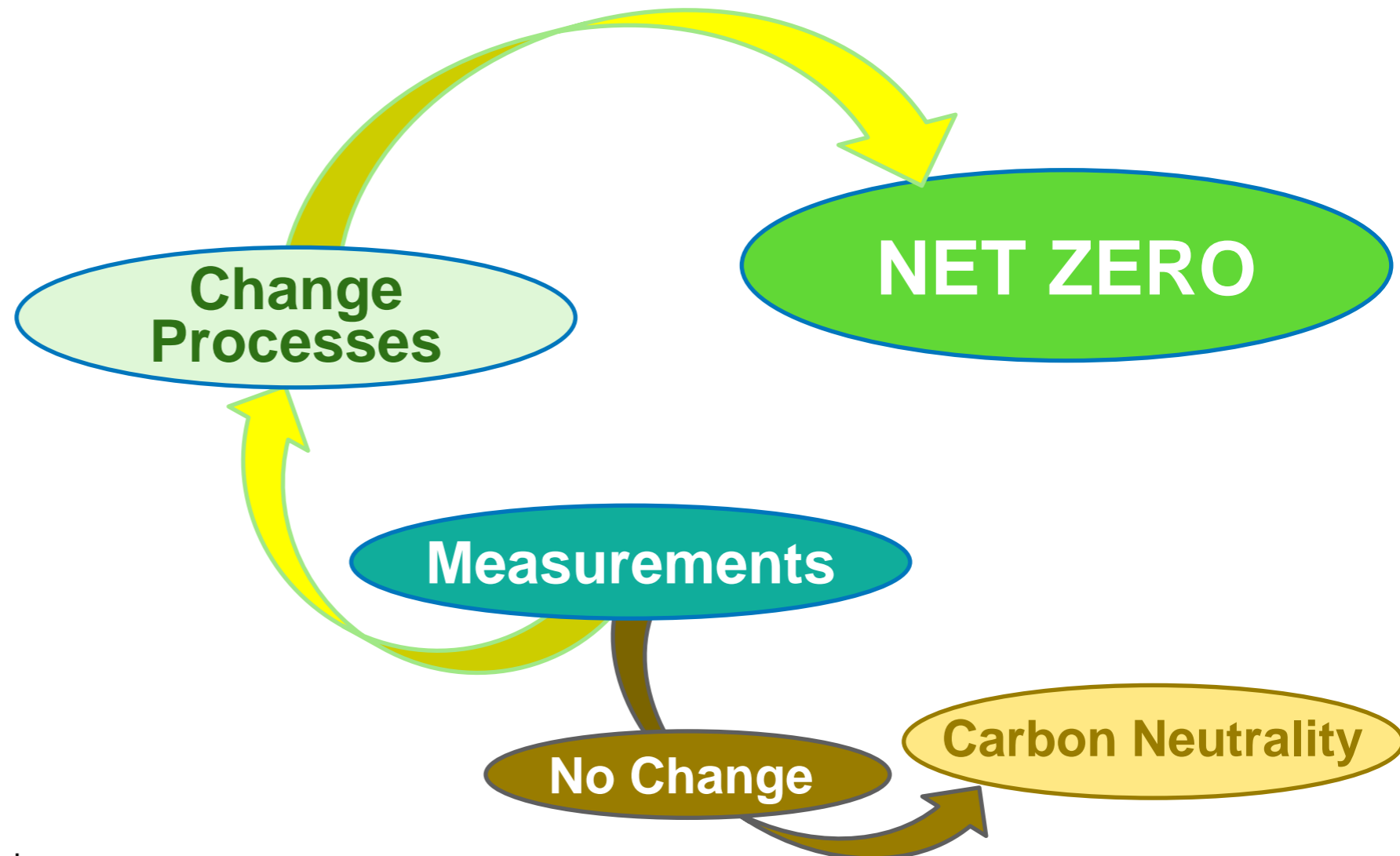
Opportunities for intervention



Preparing for Change

NET ZERO is a state in which we **ADD NO** (or as little as possible) incremental greenhouse gases to the atmosphere **AND** where the remaining emissions are offset by **REMOVING** at least an equal amount of carbon from the atmosphere.

Carbon Neutrality is an offsetting process in which however no carbon is removed from the atmosphere. Instead neutrality should be achieved by the purchase of carbon credits from carbon emission reduction processes.

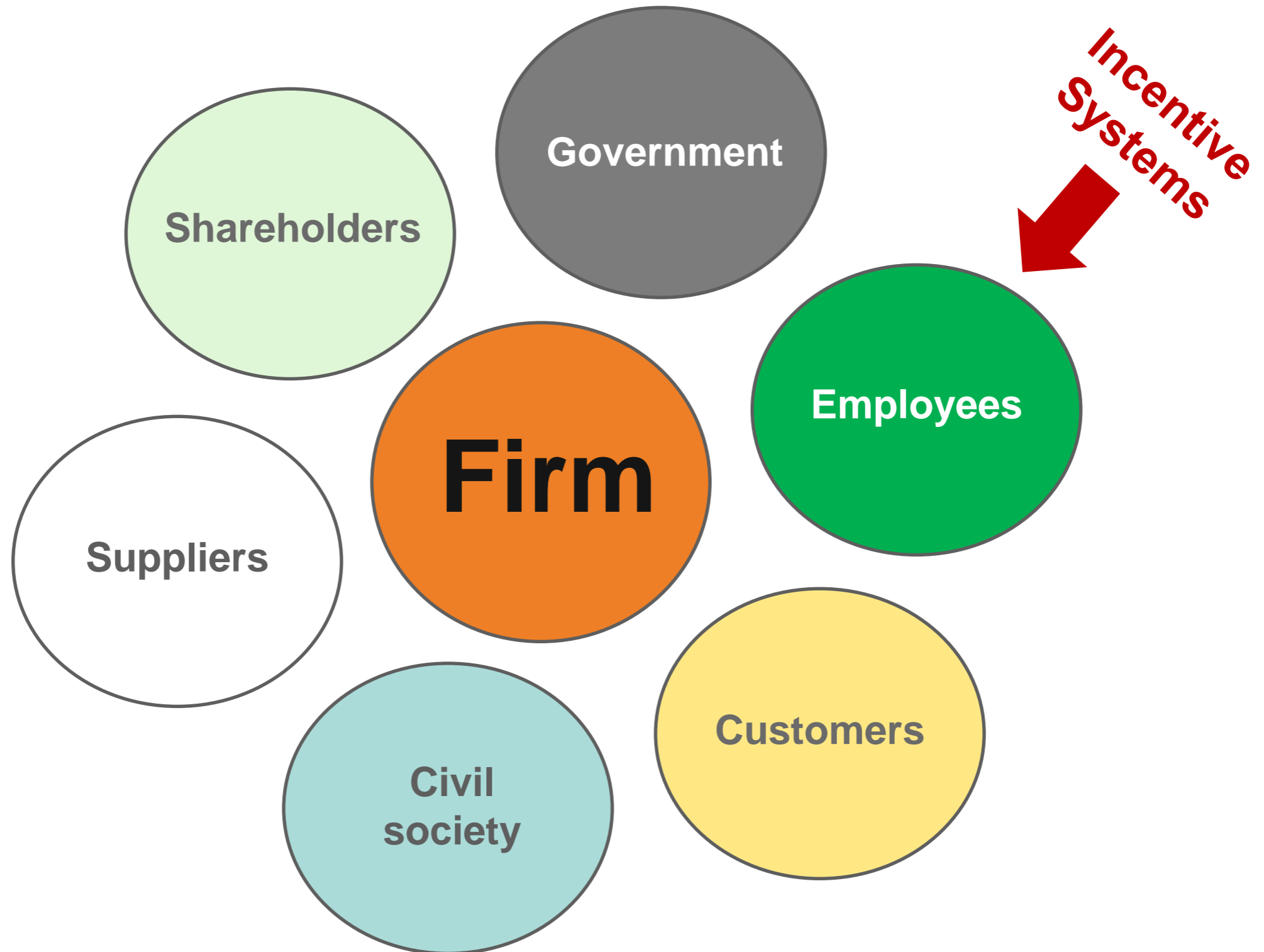


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Cooperate with your Stakeholders



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Setting-up Incentive Systems

1. OBJECTIVES ?

What overall sustainability objectives do you want to achieve as an organisation?

2. MEASUREMENTS ?

Which objectives can be quantified with reasonable efforts? Who can help?

3. TARGETS ?

What targets can realistically be achieved? What do you gain?

4. PEOPLE ?

Who can (substantially) influence the achievement of the goals?

5. RESOURCES ?

What resources are available? HR time, reward budget, measurement cost?

6. TIME HORIZON ?

Operationalise: In what timeframe can results realistically be expected?

7. CELEBRATION !

What would be the best way to celebrate the outcomes internally and externally? This is also the starting point to integrate new behaviour into the organizational culture.

Examples for incentive programmes

- **Waste** – e.g. XXX % reducing food waste by
- **CO2 emissions** – e.g. reaching 1st net zero milestone of by
- **Energy** – e.g. reducing energy consumption by XXX % by 12/2022.
- **Resource usage** – e.g. change of administrative procedures to reduce printing costs and papers usage by XXX % by
- **Green ideas** – e.g. XXX reward for the best 3 ideas to reduce CO2 emissions



Principles for Reward Systems

1. Keep it simple.

Clear target -> reward relation.

2. Make it accessible of everyone.

Make sure employees/teams feel personally addressed.

3. Align incentives with your objectives.

E.g. for to the net zero target.

4. Reward work consistently and frequently.

Seemingly unreachable targets may have negative effects.

5. Offer various reward options.

It does not have to be money!

6. Promote the program.

Make sure the communication on the programme reaches everyone.

7. Ask for feedback.

Listen to your employees



Types of Incentives?

Intrinsic



Extrinsic



Non-physical, intangible rewards for individual employee's sense of worth.

Examples: words of praise from seniors, working with a higher level of freedom and autonomy, personal achievement, receiving more challenging tasks.

Tangible, physical rewards that may be in monetary form or as other forms of benefits.

Examples: company e-car, discounted or free health insurance, cycle to work scheme, better office facilities, flexible working, onsite childcare, concert tickets, restaurant vouchers etc.

Do Rewards need to be expensive?



Blog

65 Creative Employee Reward Ideas (2021 Update)

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Services

55. House cleaning

You don't always need to give employees time away from the office to give them the gift of time. Personally, my living space is always a disaster when I have a big project going on at work, and it stresses me out even more! 🏠

By rewarding hard-working employees with a one-time or ongoing house cleaning service, you're eliminating a big chore and time-suck from their lives.

56. Laundry service

DEMO

Source: <https://blog.bonus.ly/creative-employee-reward-ideas>

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Group Work

1. OBJECTIVES ?

2. MEASUREMENTS ?

3. TARGETS ?

4. PEOPLE ?

5. RESOURCES ?

6. TIME HORIZON ?

7. CELEBRATION ?

Work in Industry Groups:

Support each other in developing an idea for an incentive/reward system for YOUR company.

What barriers/challenges do you see?

Start to work on a rough draft of an incentive system along the lines of the 7 design points.

(Don't worry if you can't cover all the points yet)

Q_s & A_s ?

Reflection questions



- 1. Finalise the draft for an incentive system.** Potentially run it by a trusted colleague for initial feedback.
- 2. Business Canvas.** In preparation for next week, watch the slides and videos on the business canvas by Erkkö Autio and develop your own business canvas accordingly.

It will be put into the context of sustainability next Friday.

Suggested reading for the week



- 1) [*How the Best Managers Identify and Develop Talent*](#), HBR, January 2020
- 2) [*Designing and Managing Incentive Compensation Programs*](#)
SHRM, January 2018
- 2) [*9 ways that HR and People teams can drive sustainability*](#) – Jessica Fuhr, Sage, April 2018
- 3) Energy management practices in SME – case study of a bakery in Germany – R. Kannan, W. Boie