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OUTLOOK ON COMPENSATION AND BENEFITS

David Jacoby

Rewards Make the Mentor

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A well-designed mentoring program that rewards its mentors can boost productivity and build loyalty.

Many HR managers and others who develop and manage training and development programs believe that mentoring relationships always provide positive, valuable experiences for both mentor and protege. Many companies have instituted structured mentoring programs—some of which tie rewards to successful mentoring—in the expectation that they will improve productivity and the quality of life at work. And this expectation is often met. The HR manager should be aware, however, that the value of any mentoring program depends in part on making middle and senior managers aware that it is part of their job to act as mentors. Just as they are expected to make and manage other long-term investments, they should be expected to make and maintain wise human investments.

Some companies have instituted structured mentoring programs which directly pair mentors and proteges. Many people, however, feel that productive mentor-protege pairs cannot be predetermined or prescribed. As an alternative, HR managers can create an incentive system which encourages mentoring.

Furthermore, managers' mentoring activities should be tracked and evaluated. Employees should be asked to evaluate and report on their supervisors' mentoring efforts, since the protege him- or herself has a unique knowledge of what the supervisor has done to develop the employee's talents and skills. In order to ensure a candid report, the protege's evaluation should not be made available to the mentoring supervisor; it should be given directly to the mentor's supervisor, who should keep it confidential.

The mentor should also be asked to track and evaluate his or her own mentoring efforts. The mentor's supervisor can then compare how the mentor and the protege rate the mentor's efforts.

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Exhibit 1 shows a sample mentoring evaluation form to be used (separately) by mentors and proteges.

Ideally, the horizontal scores on the completed evaluation forms should indicate that mentor-protege pairs are forming. Senior managers should not be rewarded for scattershot training efforts. If the manager shows no clear pattern of mentoring, then he or she should be coached and encouraged to focus developmental efforts on one individual.

The sample evaluation form in Exhibit 1 has been completed by a mentor named Frank. We can see that Frank has had the closest contact with junior employee Eddy. He has been fairly successful in giving Eddy project assignments and in giving him feedback on his work; he has been weaker on providing career guidance; and he has not entered into Eddy's life outside work at all. According to his evaluation, Frank has had sporadic contact with Scarlet, Holly, and Jill, but has not developed a close mentoring relationship with any of them.

Rewards for Mentoring

Because mentoring is a part of Frank's job, he should be rewarded in accordance with the extent and the quality of his mentoring activities. Frank has clearly made some efforts to provide professional guidance to Eddy; but he has not performed the role of a personal mentor. Thus Frank should receive only a small reward for his efforts so far, and he should be given an incentive to strengthen his relationship with Eddy.

The exact size of the bonus that is tied to the mentoring function should be fairly standardized within a company or division. It should also reflect the importance that the firm and the department place on mentoring. Ultimately, rewards for establishing and maintaining mentoring relationships should not vary much from rewards for successful initiation and maintenance of other long-term investments. In short, (1) the objectives should be set in advance, (2) there should be measurable criteria for evaluation, and (3) the rewards should be reasonable and consistent.

Several tools can be used to motivate managers to achieve objectives. These include base pay, bonus pay, perks and privileges, status (or responsibility), and promotion. Each of these rewards can be used to encourage mentoring. But each HR manager needs to determine how these motivators should be used in a particular company, and even in a particular department. The evaluation form in Exhibit 1 lists the major elements of the mentoring relationship. In designing the reward system, management should weigh the importance and difficulty of each element; the reward that is to be given for the performance of each element should be determined accordingly.

Rewards for establishing and maintaining mentoring relationships should not be unlike rewards for making and sustaining other long-term investments.

The Value of Mentoring

It is not always an easy task, however, to determine how important and valuable mentoring—or a given aspect of mentoring—is to a company or a department. But like all programs that management implements, the mentoring program should, of course, provide a "payback" to the company. Mentoring is expected to have a positive rate of return, and some of its returns are often surprisingly quantifiable.

In a consulting firm, for example, each employee has a billing rate and keeps track of the hours that he or she devotes to various projects. Returning once again to the evaluation form in Exhibit 1, we see that if Eddy works 40 hours on an aspect of a project which Frank would otherwise have been responsible for doing himself, the savings to the firm is 40 times the difference between the hourly billing rates of Eddy and Frank. Mentors should be allowed to "charge" time to mentoring activities; time that is thus charged is the cost of administering the mentoring program. The difference between the savings and the costs, divided by the costs, is the rate of return for the mentoring program.

Experts have done extensive study on the value of a mentoring program. In an article in the *Harvard Business Review* of January-February 1979, Gerard Roches reported that executives who had mentors have higher average salaries than those who do not. Based on consistent salary differentials, we may conclude that the longer an employee stays with the company, the more valuable are mentoring efforts that are devoted to that individual. This is because the incremental benefits of mentoring accrue over the individual's career with the firm. Moreover, the older an employee is when he or she is hired—up to the age of 40—the more quickly value accrues to mentoring. However, if the new employee is more than 40 years old, the returns from mentoring decline. The highest returns from mentoring result when an employee is hired by age 40, becomes a protege, and stays with the company through retirement.

Measuring Value

Obviously, however, there will be distortions in any accounting method that is chosen to evaluate the success of a mentoring program. Not all savings and costs are quantifiable. A plethora of other factors influence the company's overall success. And it is nearly impossible to separate the influence of one strategic program from numerous other events. Most firms do not have billing rates for each employee and do not track employees' time as closely as do consulting firms. Furthermore, a mentoring program may be slow to show results, but may provide a good payback in the long run. Finally, there is always the risk that individuals will leave the firm after having absorbed substantial mentoring costs.

These problems in measuring value, however, do not present insurmountable obstacles to the HR manager who is involved in the development and implementation of an evaluation and reward system for a strategic mentoring program. The results of most strategic programs are difficult to measure until after the program has been in place, and successful, for some time. John Diebold pointed out in his article "Criteria for Information Technology Investment" (*International Journal of Technology Management*, Summer 1987) that almost none of the automated information systems which have become pillars of major companies' strategies today would have made sense by traditional accounting methods. The nature of strategic programs is that their principal goal is competitive advantage, not financial return; thus they should not be evaluated solely by using traditional financial indicators.

Finally, some benefits to the firm, such as an increase in loyalty among those in the mentoring program, are difficult to calculate. But these benefits, as well as more easily measurable financial savings, should be taken into consideration in designing a reward system for mentors. The mentor who helps a protege to feel happy and confident at the firm is contributing to the firm's success—and he or she should be rewarded for doing so.

Implementation Problems

The HR manager who is responsible for implementing the mentoring program is likely to meet with a certain amount of resistance. Almost inevitably, some members of the organization will be unwilling to accept the program. Opposition is most likely to come from senior managers and mid-level managers who will be involved in the program.

Managers may object strongly, particularly if the mentoring role is inconsistent with their usual work style and interpersonal skills. They may also object if the program's objectives will be difficult to achieve; or if they will have to change the design of work in order to achieve them. Moreover, the corporate or business unit culture might currently reward only bottom-line results, and therefore be incompatible with the new program.

Some senior and middle managers may become resentful if they do not receive the same reward as do others whose mentoring efforts are more successful. They may feel that they should not be paid—or denied compensation—according to the development of what are largely personal relationships.

As difficult as it may sometimes be to implement a mentoring program, it is

EXHIBIT 1
Mentoring Evaluation Form

NAME: FRANK
DATE: December 1989

Directions:

1. Senior and Middle Managers: Rank your achievements over the past six months with respect to each junior staff member on a scale of 1-10 (where applicable).
2. Junior Staff Members: Rank the achievements of each middle and senior manager over the last six months in contributing to your career development in the following ways (where applicable).

	Project Assignments	Technical Skills Shared	Feedback on Work Performed	Long-Term Career Guidance	Internal Career Guidance	Non-Work Personal Activity
SENIOR						
John						
Frank						
MIDDLE						
Shirley						
Jim						
JUNIOR						
Scarlet	6	3	6			
Holly					2	
Eddy	8	7	7	3	5	
Jack						
Jill	5	4			3	
David						

clear that individuals who become mentors add more value to the firm than do those who do not. They should be rewarded accordingly.

Not for Everyone

Most organizations have some managers and employees who are performing marginally or below par. Should the mentoring program be employed in an effort to improve their performance, or should the program focus on the most promising individuals? It must be remembered that the mentoring program has long-term goals and involves the forging of enduring, long-standing relationships.

Certain managers are simply not ready or able to take on a protege. Professional or personal difficulties may be absorbing the positive energy that they would need in order to be good mentors. Such managers cannot be expected to become mentors—and they should not be penalized for failing to do so. By the same token, of course, they should not earn the same rewards as those who participate in the program.

Younger employees are usually willing to engage in mentoring relationships, as long as they realize that doing so may benefit their careers. Young employees who have trouble in developing a reasonably close relationship with a supervisor should be encouraged to do so. Most companies do not reward the protege for his or her involvement in the program, since it is usually the mentor who makes a significant contribution of time and effort to the relationship. Managers should point out to the proteges, however, that the rewards of learning about the company, and having an advisor and friend in a higher position, can be more valuable than financial compensation.

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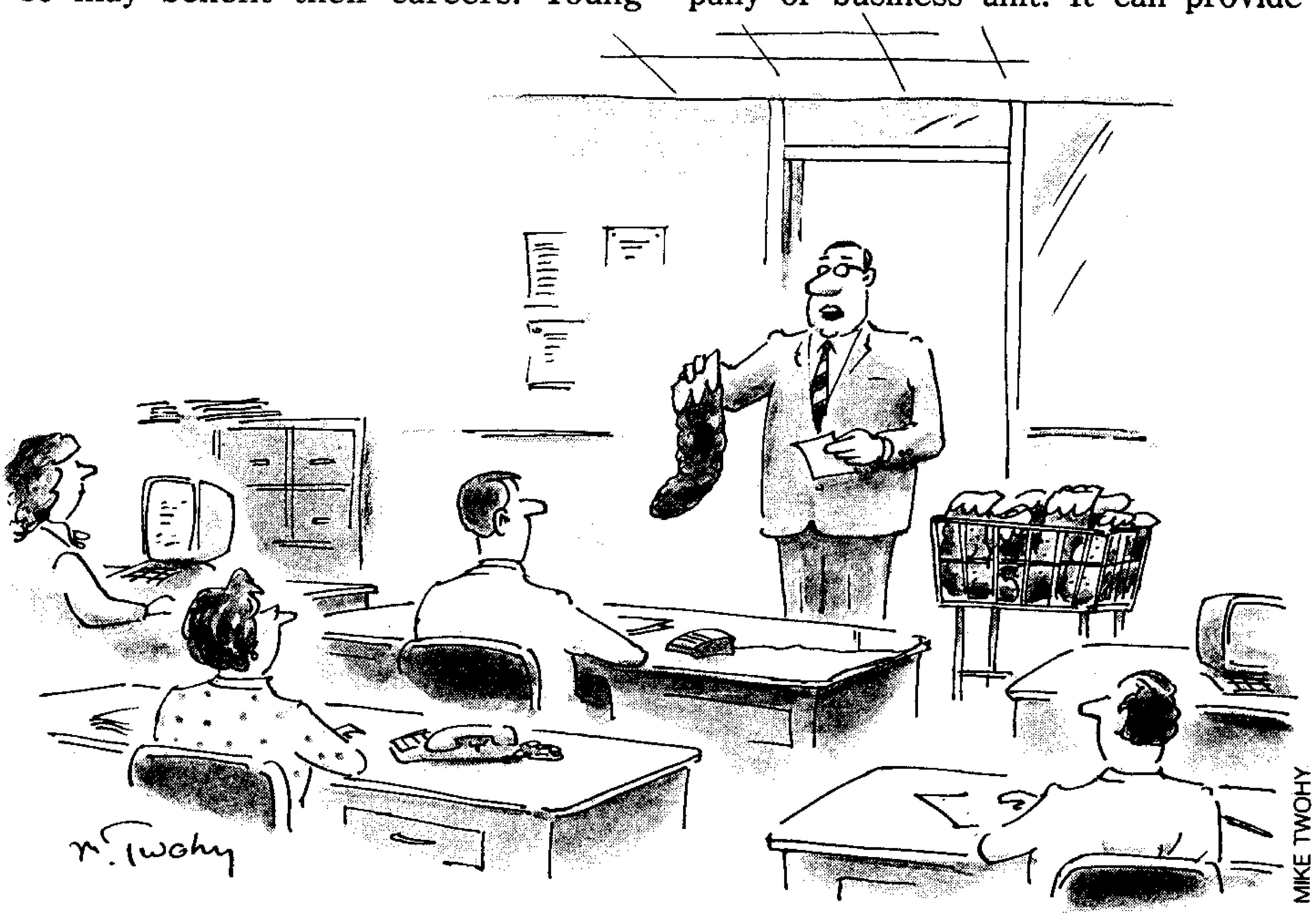
Marketing the Program

A well-designed mentoring program, supported by a fair evaluation and reward process, can add value to the company or business unit. It can provide leadership development, expand the employees' knowledge through education and coaching, allow faster deployment of talent, and increase the firm's ability to draw talent from outside sources through its attractive work environment. Mentoring can also reduce costs by encouraging recruitment of talent from within rather than from outside, lowering turnover, and eliciting a greater contribution from each employee.

All of these results—and the program that produced them—should be publicized both internally and externally. The mentoring program should be marketed to potential recruits as a strong advantage of jobs in the firm. It should be marketed to senior and middle managers as a way to build management skills and leadership. And it should be marketed to the board of directors as an example of efficient management through decentralization of responsibility.

The mentoring program, like any differentiating human resources policy, can give the firm a competitive advantage. IBM's "lifetime-employment" policy is known in all business circles and attracted potential recruits for many years. NCR's stakeholder management concept clearly enhances the company's public image, as well as its competitive position. Why not make an outstanding mentoring program the feature that sets your organization apart, and makes it a model for others to emulate? With some careful planning and a commitment from management, the HR manager can use a mentoring program to make the company a recognized success. ◆

David Jacoby *holds a B.S. and an M.A. from the University of Pennsylvania, an M.B.A. from the University's Wharton School of Business, and a diploma from the University's Lauder Institute of Management and International Studies. Jacoby was a marketing assistant for NCR France and has done research and consulting for organizations in the United States and abroad. He is an associate in the International Development Program at A.T. Kearney, Inc., an international management consulting firm in New York City.*



"Instead of a Christmas bonus this year, you will each receive a stocking overflowing with nuts and tangerines."