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## ***The Manager's Guide to Rewards***

**By Doug Jensen, Tom McMullen, and Mel Stark  
AMACOM, 2006**

**Recommended by Donald Atwater, PhD, Practitioner Faculty of Economics**

Have you ever read a book that you know is tactically correct but thinking about how to make it work in your company gives you a headache? Choosing the compensation elements important to the improved performance of your company may give you a headache but if you can do it well the results should be worth it.

In *The Manager's Guide* the authors make the case for the "total remuneration" model for guiding performance in companies. Total remuneration includes salaries, incentive compensation, performance pay, variable pay, benefits, recognition, and communications.

The book provides a practical explanation of each compensation piece in the total remuneration puzzle and the key reasons why each is important. According to Jensen, McMullen, and Stark, the primary compensation factor is salary level; without well-structured salary grades it is not possible to add the other elements and use them to improve performance and growth.

*The Manager's Guide* goes on to explore the association between incentives and variable pay, and team-building, meeting annual corporate performance goals, and creating leadership. The intangibles, especially recognition and communications, are the ultimate keys to achieving competitive advantages with total remuneration, according to the authors. The best salary structures, they write, are those built on "value of work" formulas that are clearly differentiated across jobs. Yet how many companies really have such job and salary structure?

*The Manager's Guide* is a useful reference for the wealth of compensation options it provides. The authors are careful in reminding readers that "one size never fits all," and taking a "cookie-cutter" approach is dangerous. A key question readers will come away with is, "What is really important versus what is potentially important?"

I must inject a small disclaimer, however: While there is much valuable information to take away from *The Manager's Guide*, it is important to note that the authors are all senior executives of the Hay Group, an international consulting firm, and much of the text focuses on their personal successes in the compensation space.

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