

Payscale Answers Your Top Compensation Planning Questions



Are you ready for compensation planning season?

As organizations begin planning and kickstarting their end of year merit increase cycle, there is a big opportunity to pause and make sure you are prepared to take on this massive undertaking in the best way possible for your organization. In a recent webinar, Payscale's Chief People Officer and Senior Director of Product Marketing shared key insights and tips for ensuring a smooth year end compensation planning process. Here are the top questions customers raised around compensation planning.

1

Is the 3% merit increase that is generally talked about inclusive of cost-of-living adjustments, or in addition to it?

Generally, when we think about how HR leaders are talking about the traditional 3% increase, they're not always thinking about cost-of-living or market adjustments. Sometimes they're thought of separate from that process. Not based on our own research, but we have seen companies combine those and it depends on the type of population. For example, Payscale is a heavy sales and tech population that makes up the bulk of our workforce. That may differ if we had a manufacturing environment with a workforce with non-exempt type roles. It will depend on the organization population makeup in general. We have found that those who refer to the 3% is usually merit-based only and then they'll add on things like COLA or market adjustment separately or in addition to as it differs depending on methodology and company.

2

How can Payscale support the education of our managers? Do you offer sessions focused on team members?

One big way we support our Payscale customers is through our consulting team. We have a team of service professionals that have a variety of different project-based services available. One of the services that are provided to our customers is a manager training program where essentially we will work with you to develop a curriculum that supports your compensation philosophy and your compensation strategy. Then, we will deliver that to your managers, as well as work with you to make sure that you're providing good conversations for them.

3

Could you give some examples on how to link and align reward effectiveness to business performance?

In thinking about overall business performance, there's things that are on the more traditional front like sales roles and kinds of commission, where their commission is built off performance and attainment. In thinking about non commission-based roles, there's a couple different levers you can pull. In terms of the 9-box, we actually differentiate our performance both within our bonus payout and our merit. We create a merit matrix that is based off that 9-box and layers in consideration for compa-ratio. That allows our recommendation coming from the people-team to be a little bit larger for higher performers and smaller where we've got folks that might be struggling, then managers can differentiate for that performance which ultimately ties back to those business goals. There's places where you can incentivize with spot bonuses, retention bonuses, and SPIFFs if you're in the sales world, basing off of performance and making sure that performance is the measure by attainment to business goals.

4

How do you discuss market data? We can't go head-to-head on every match for every single job.

We don't go head-to-head on every match for every job unless necessary for one-off conversations. What we share are the datasets that we're using. We share the percentile that we're targeting within the market. Payscale made a remote-based strategy shift in the U.S. We had a nationally-based range with moving to a remote-first environment and shifted to national only and shared that with our employees. We are at a good place for sharing that market data and ranges with folks on where they sit in terms of compa-ratio, and the mechanics and factors behind those decisions. If you're not at a transparent place yet and you don't quite know where to start, often employees just want to know what process you're following and what factors you're layering into that process. That can be a really powerful first conversation or first step along that journey.

In case you missed it...

Learn more on what to consider as you prepare to take on compensation planning season with tips and recommendations to set your organization up for success.

[Watch now](#)



About Payscale

As the industry leader in compensation management, Payscale is on a mission to help job seekers, employees and businesses get pay right, and makes sustainable fair pay a reality. Empowering 10,000 organizations, including 53% of the Fortune 500, in 198 countries, Payscale provides a combination of data-driven insights, best-in-class services, and innovative software to enable organizations such as Angel City Football Club, Perry Ellis International, United Healthcare, Vista and The Washington Post and to make fair and appropriate pay decisions. Pay is powerful. To learn more, visit www.payscale.com.