Mid-year check in: Are you prepared to tackle compensation throughout the rest of the year?

Thursday, July 21st

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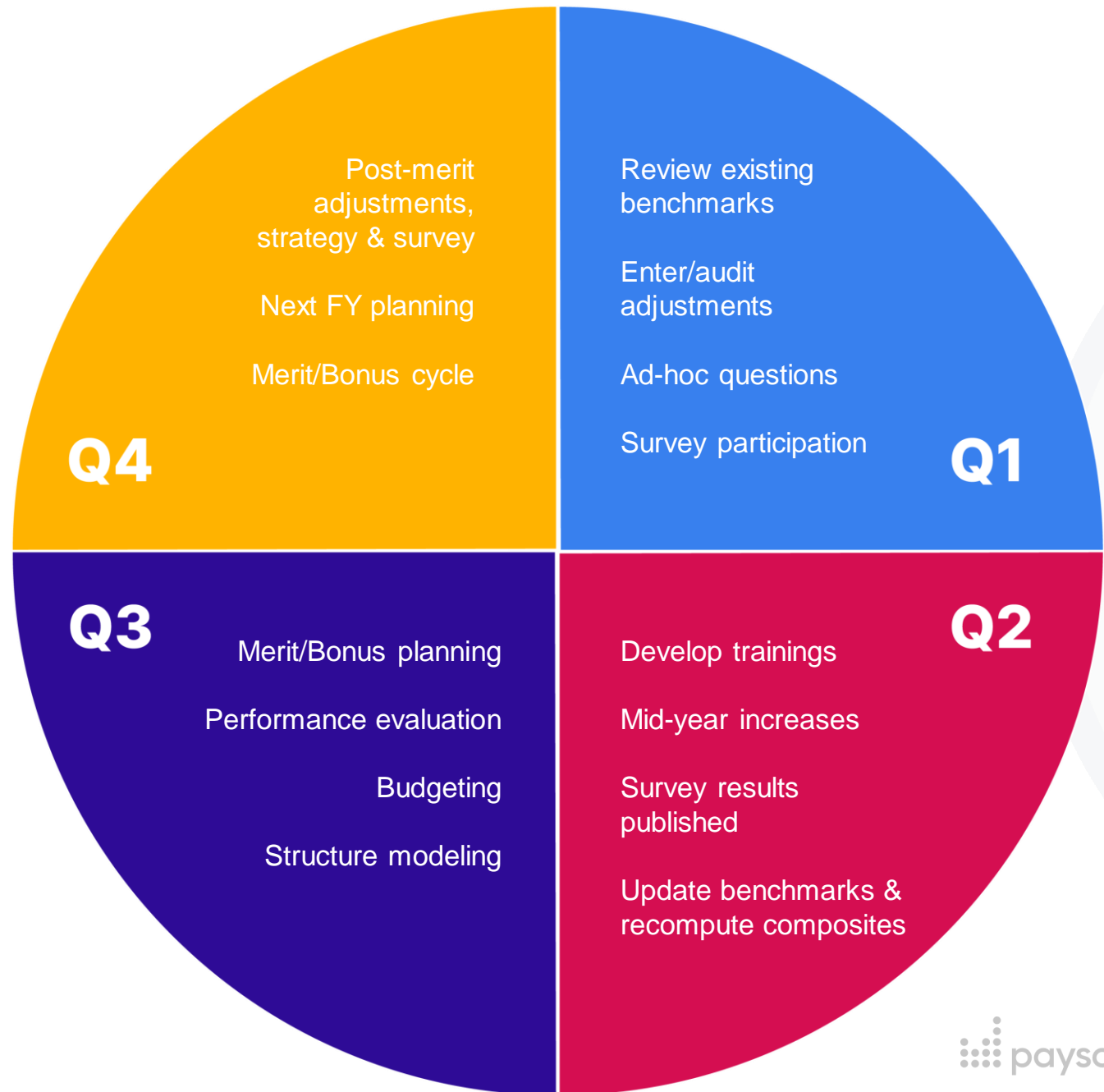
Today's Presenter:

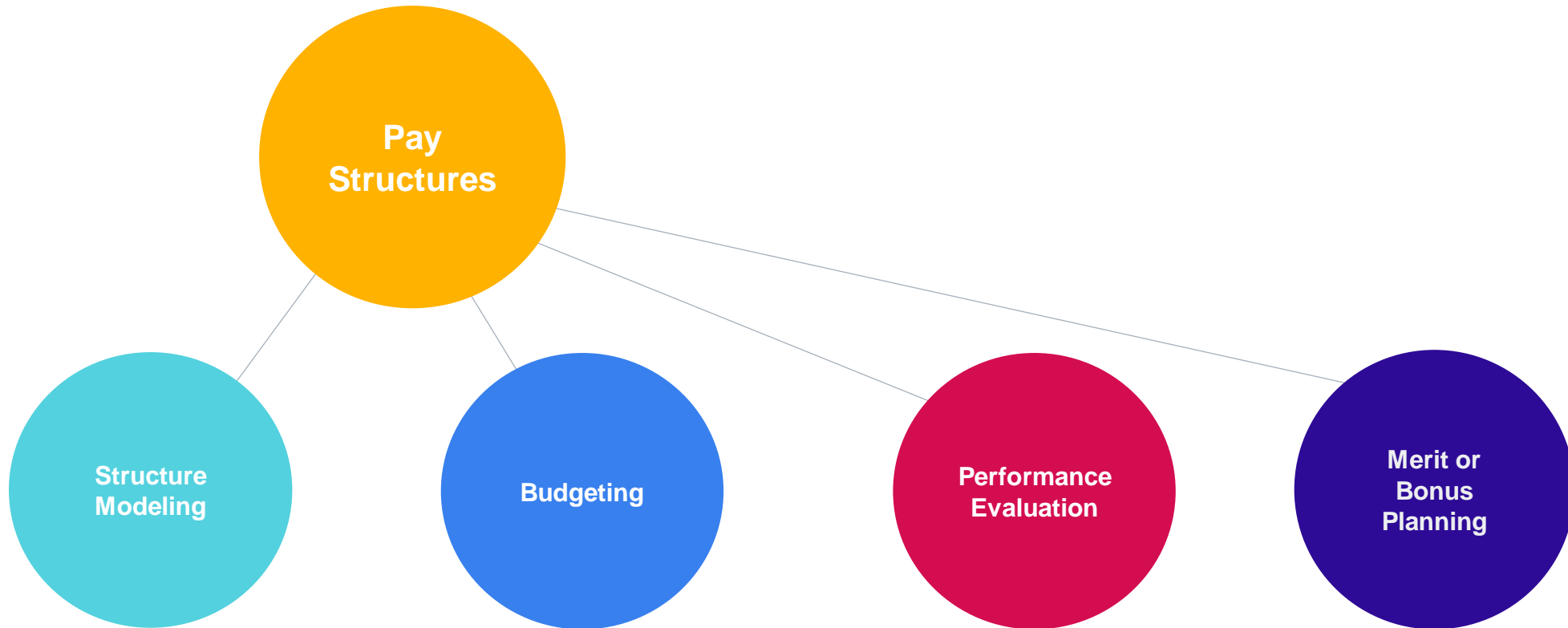## Sam Noble
Compensation Consultant

Today's Agenda

- The compensation cycle

- Pay structures at the heart of it all

- Other considerations and tips moving into the second half of the year

As we enter Q3...

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Compensation Calendar

Q1
- Review existing benchmarks
- Enter/audit adjustments
- Ad-hoc questions
- Survey participation

Q2
- Develop trainings
- Mid-year increases
- Survey results published
- Update benchmarks & recompute composites

Q3
- Merit/Bonus planning
- Performance evaluation
- Budgeting
- Structure modeling

Q4
- Post-merit adjustments, strategy & survey
- Next FY planning
- Merit/Bonus cycle

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It all comes back to your comp structures

Why is a pay structure so critical?

Business Alignment

Business **goals guide compensation** strategy decisions

Internal/External Equity

- Clarifies **market and internal value** for each job
- Provides a way to manage employee pay **effectively**
- Ensures pay equity

Communication

- Creates a **tool for managers** to talk with employees about development
- Provides room to **reward employees** based on performance, experience, etc.

Budget

Quantifies **compensation costs** and enables budget decisions

Requirements for building a pay structure

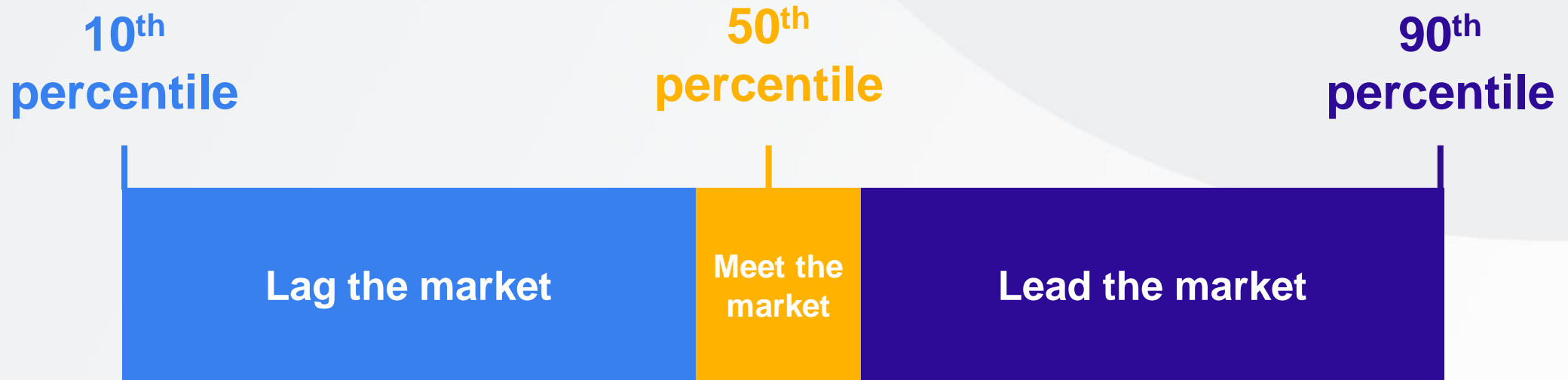**Compensation philosophy & strategy**

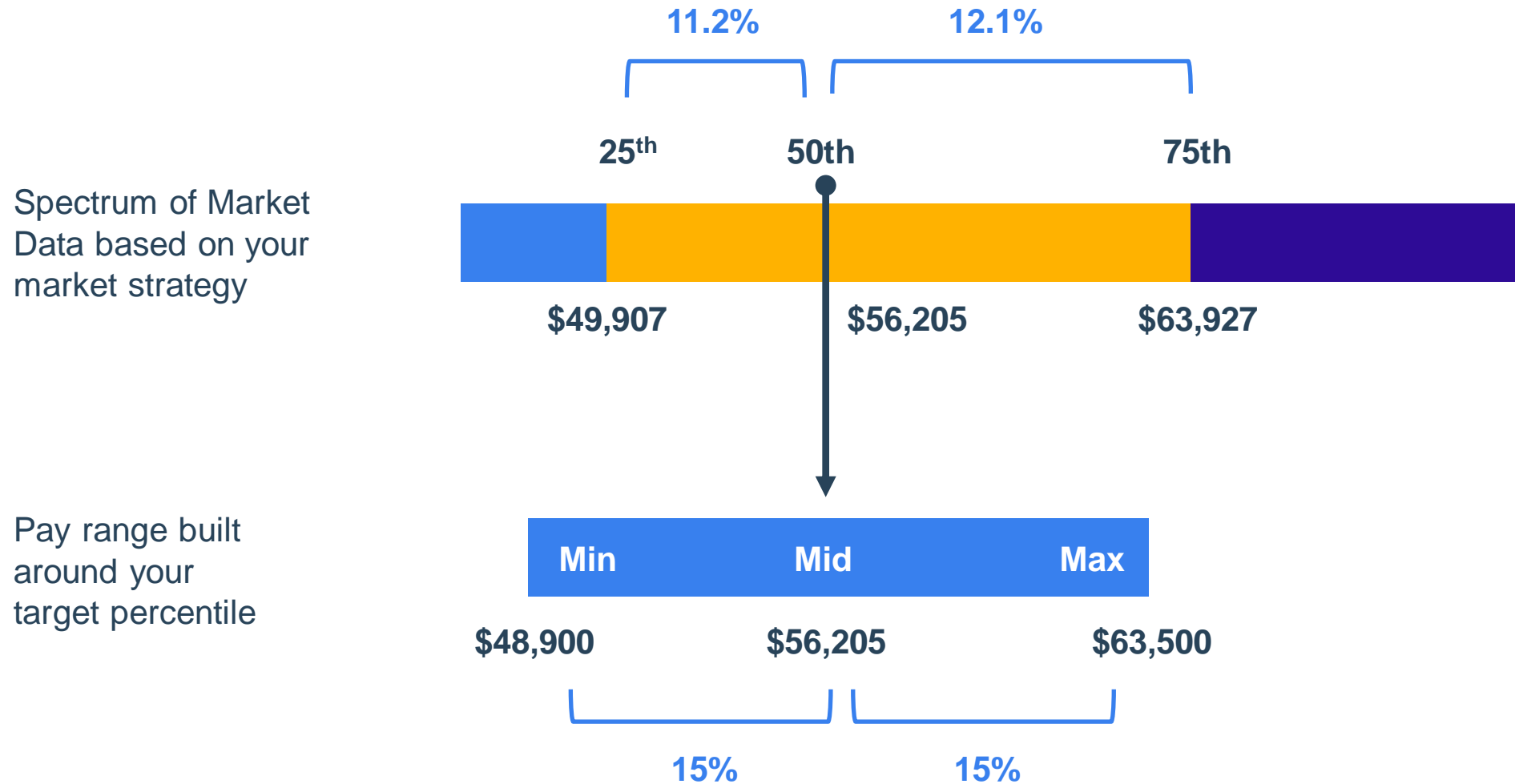**Accurate job descriptions and market data**

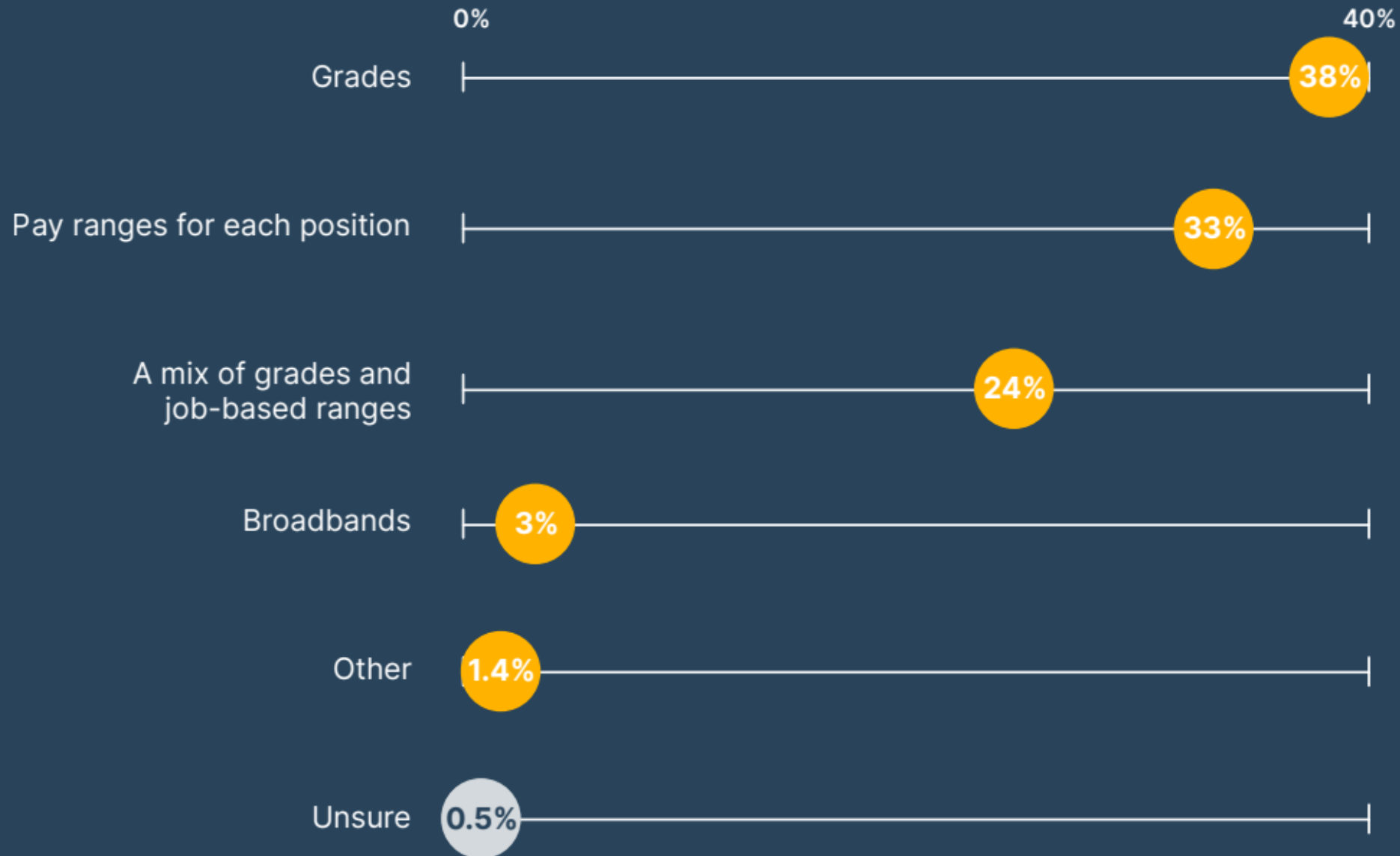**Market analysis**

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Your competitive positioning

10th
percentile

50th
percentile

90th
percentile

| Lag the market | Meet the market | Lead the market |

And at what level do you compete?

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Market data vs Pay ranges

11.2%   12.1%

25th   50th   75th

Spectrum of Market
Data based on your
market strategy

$49,907 $56,205 $63,927

Pay range built
around your
target percentile

Min   Mid   Max

$48,900 $56,205 $63,500

15%   15%

How does your organization structure pay?

0%   40%

Grades — 38%

Pay ranges for each position — 33%

A mix of grades and job-based ranges — 24%

Broadbands — 3%

Other — 1.4%

Unsure — 0.5%

Poll: How does your organization structure pay?

A. Grades

B. Pay ranges for each position

C. A mix of grades and job-based ranges

D. Broadbands

E. Other

F. Unsure

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Establishing pay ranges

Job	Market Data
Administrative Assistant	41,481
Payroll Assistant	47,592
Accountant	57,874

Job based ranges

Job	Min	Mid	Max
Administrative Assistant	35,303	41,841	47,659
Payroll Assistant	40,504	47,592	54,681
Accountant	49,255	57,874	66,494

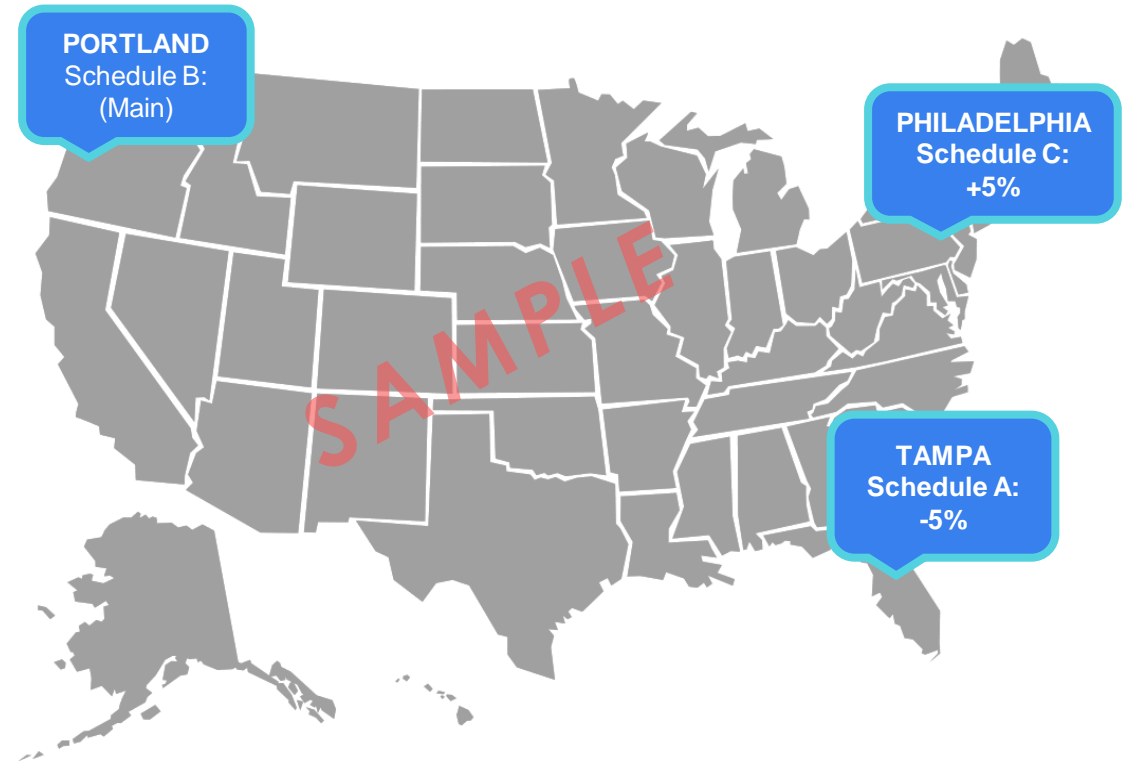**KEY POINT:** Ranges are built around the market value for the job at the target percentile.

Grade based ranges

Grade	Min	Mid	Max
1	35,700	41,000	46,300
2	40,600	47,200	53,700
3	46,300	54,200	62,100

KEY POINT: Jobs with similar market value, organizational value, and level of responsibility are grouped together in a grade range

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Structure Modeling/Refresh

1. **Recommend clients do a structure/grade refresh annually**

2. **Checking in on:**

   - Strategy

   - Growth

   - Pain points

3. **Determine the type of refresh**

   - Most common is just to: make sure folks are aligned to market, hot jobs

   - Sometimes you find you need to do a whole shift.

4. **PS is here to help**

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Now is the time to make sure/considerations...

Employees are correctly paid based on the market

You know if someone is under/overpaid

You know which employees are at risk of leaving, especially high performers

Looking at Q3

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Poll: What is your biggest priority as we move through Q3?

A. Structure modeling/refresh

B. Budgeting

C. Preparing for performance evaluations

D. Merit/bonus planning

E. Unsure

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Budgeting

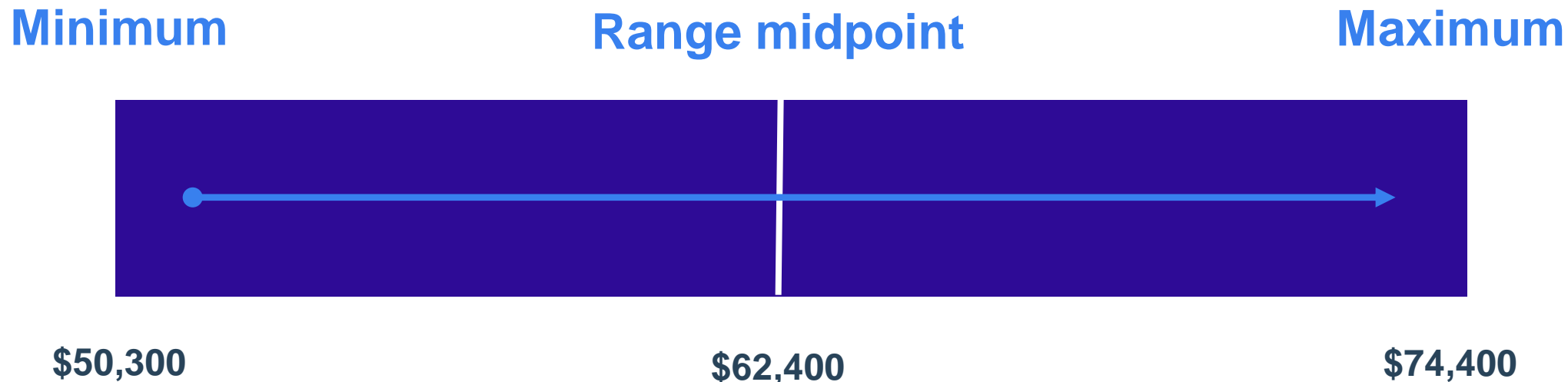**1** **Understand your budget approval process**

- How much input do you have?
- What is the timeline

2 **Desired outcome from the company and employee perspective**

3 **Competitors and how competitive you want to be**

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Using pay ranges

Minimum   **Range midpoint**   **Maximum**

$50,300 $62,400 $74,400

Range Minimum

- Employees new to the role
- Employees with lower performance or proficiency

Range Midpoint

- Employees proficient in their role
- Employees with good performance
- Aligns with the market

Range Maximum

- Employees with high performance
- Employees with demonstrated high proficiency and experience

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Preparing for Performance Evaluations

- **Review any performance notes**

- **Review current compensation and any room for movement**

- **Highlight accomplishments**

- **Identify areas of improvement**

- **Establish goals**

- **Be open to improvement**

Merit/Bonus Planning

1 Review reward and recognition strategy/programs

2 Assess company, leadership, and HR/Comp team readiness for implementing merit

3 Create and design a plan for merit implementation

4 Agree on a timeline

5 Communicate plans to managers and employees

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Timeline and tips for success

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Final tips and timeline

Week 1: Refresh & get back on track

Week 2-3: Finalize plans for the current quarter deliverables

Weeks 4-7: Focus on the internal deliverables and your most important priorities

Weeks 8-10: Deliverables to stakeholders

Weeks 11-12: Finalizing results & generating reports

Q&A

Feel free to ask any questions in the chat!

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