Compensation Best Practices Series: Pay Communication Practices

Thursday, June 2nd

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Today's Presenters

Amy Stewart

2022 Compensation Best
Practices Report Author

Lori Lansing
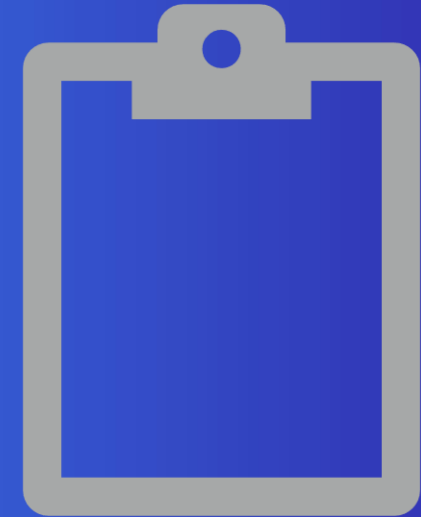
Senior Compensation
Analyst

Roberto Molina

Senior Compensation
Analyst

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Today's Agenda

- Compensation best practices report data

- Pay communications in practice

- Communicating in the current environment

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Compensation best practice report data

CBPR Overview

Payscale's 2022 Compensation Best Practices Report is a 60+ page analysis of compensation trends and charts taken from our survey of 5,578 respondents gathered responses from November 2021 to January 2022.

Cuts of the data include:

- Company Size (1-99, 100-749, 750-4,999, 5K-49,999, 50K+)

- Industries (15)

- Top Performers vs. Non-Top Performers

- Compensation Team vs. No Compensation Team

13th Year!

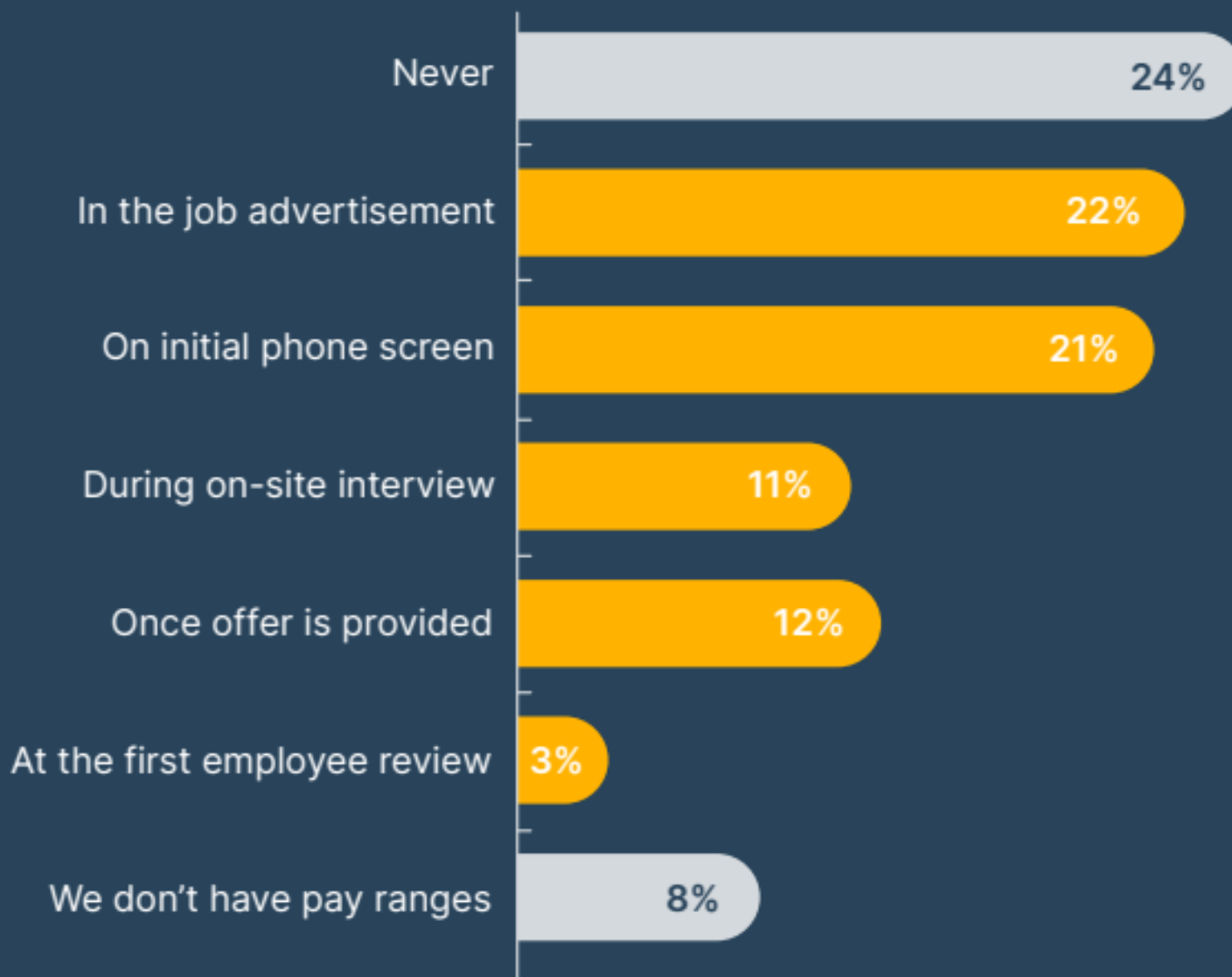"I love this report and can't wait to dig in."

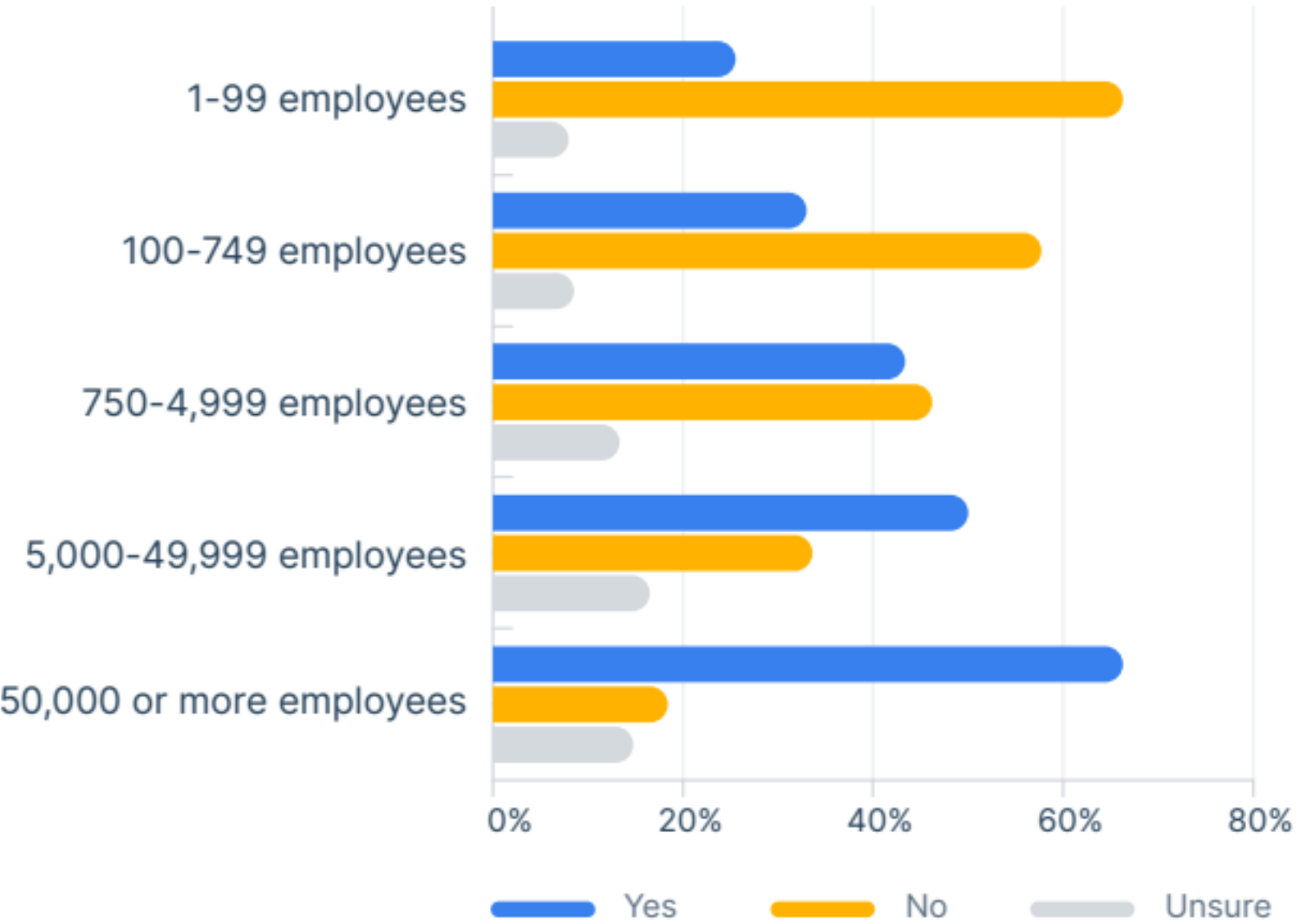-Teri Zipper,
Managing Partner,
Sapient Insights

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Structure of the Report

Table of Contents

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When do you share pay ranges with prospective employees?

Category	Percentage
Never	24%
In the job advertisement	22%
On initial phone screen	21%
During on-site interview	11%
Once offer is provided	12%
At the first employee review	3%
We don't have pay ranges	8%

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Does your organization train managers on pay communications?

	Yes	No	Unsure

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Does your organization provide a total rewards statement to employees?

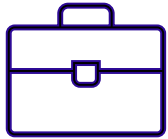5%

40%

55%

Yes

No

Unsure

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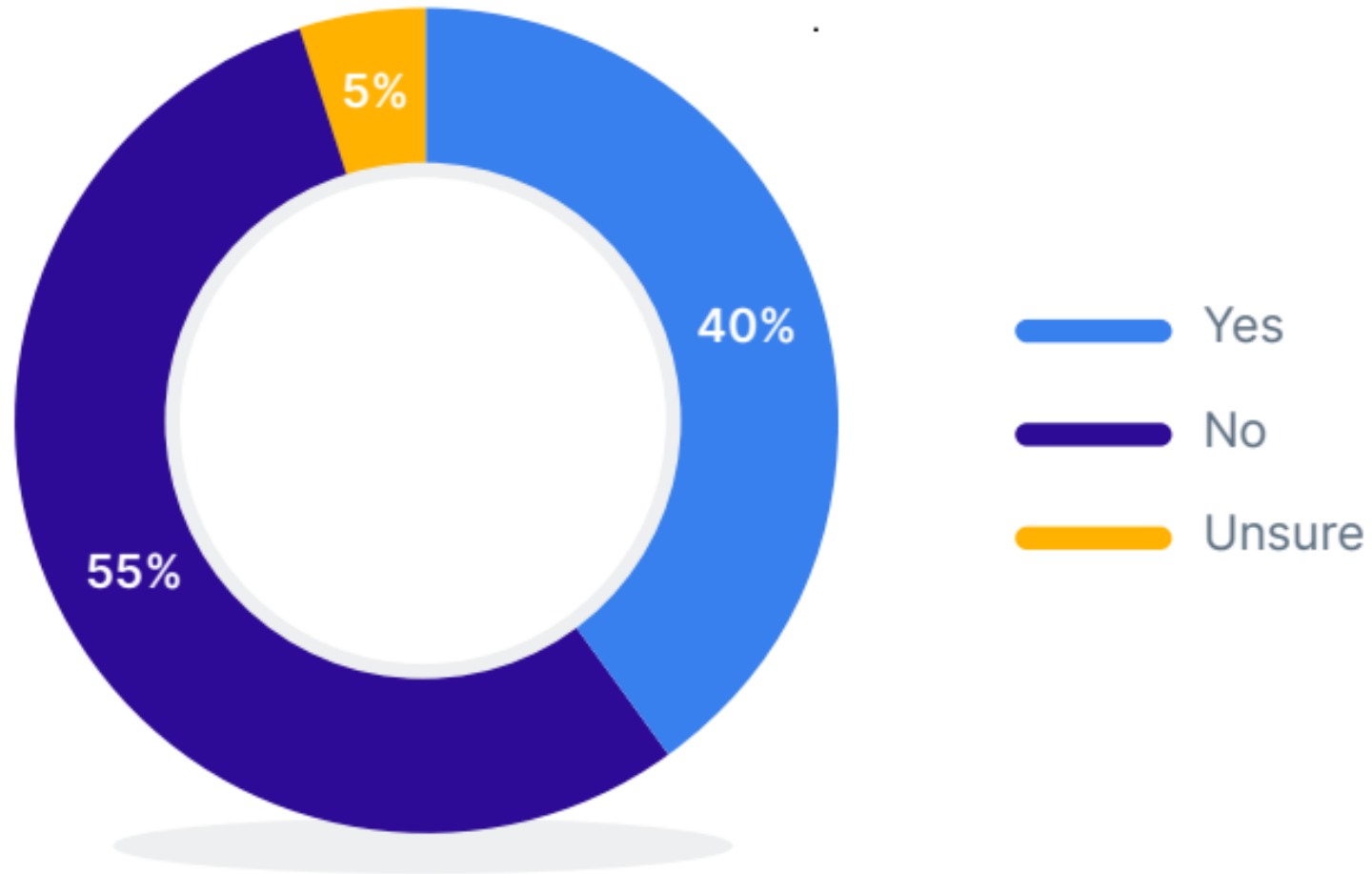
Pay communications in practice
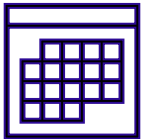
Who has a role in compensation planning and communications?

- Leadership Team

- Compensation Team

- HR Business Partners

- Compensation Planners

- Managers

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Who within HR manages communications/is responsible?

Full time job? Part of responsibilities?

When do you do this? How frequently?
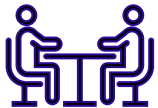
How do you get executive buy in? How do you work with leadership?

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Communication roles

HR

Prepare communication, consult and inform Executives, train Managers

Executives

• Communicate program to organization at a high level

Managers

• Communicate compensation details to employees

Employees

• Bring questions to manager or HR

Poll: Who do you have the most trouble communicating with?

Compensation Calendar

Q1
Review Existing Benchmarks
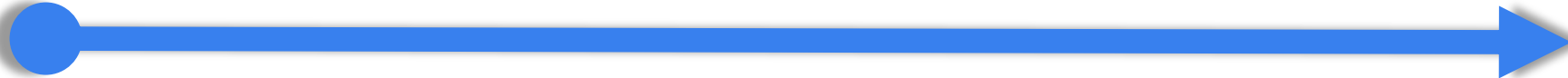Enter/audit adjustments
Ad-hoc questions
Survey Participation

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 planning
Next FY Planning
Merit/Bonus Cycle

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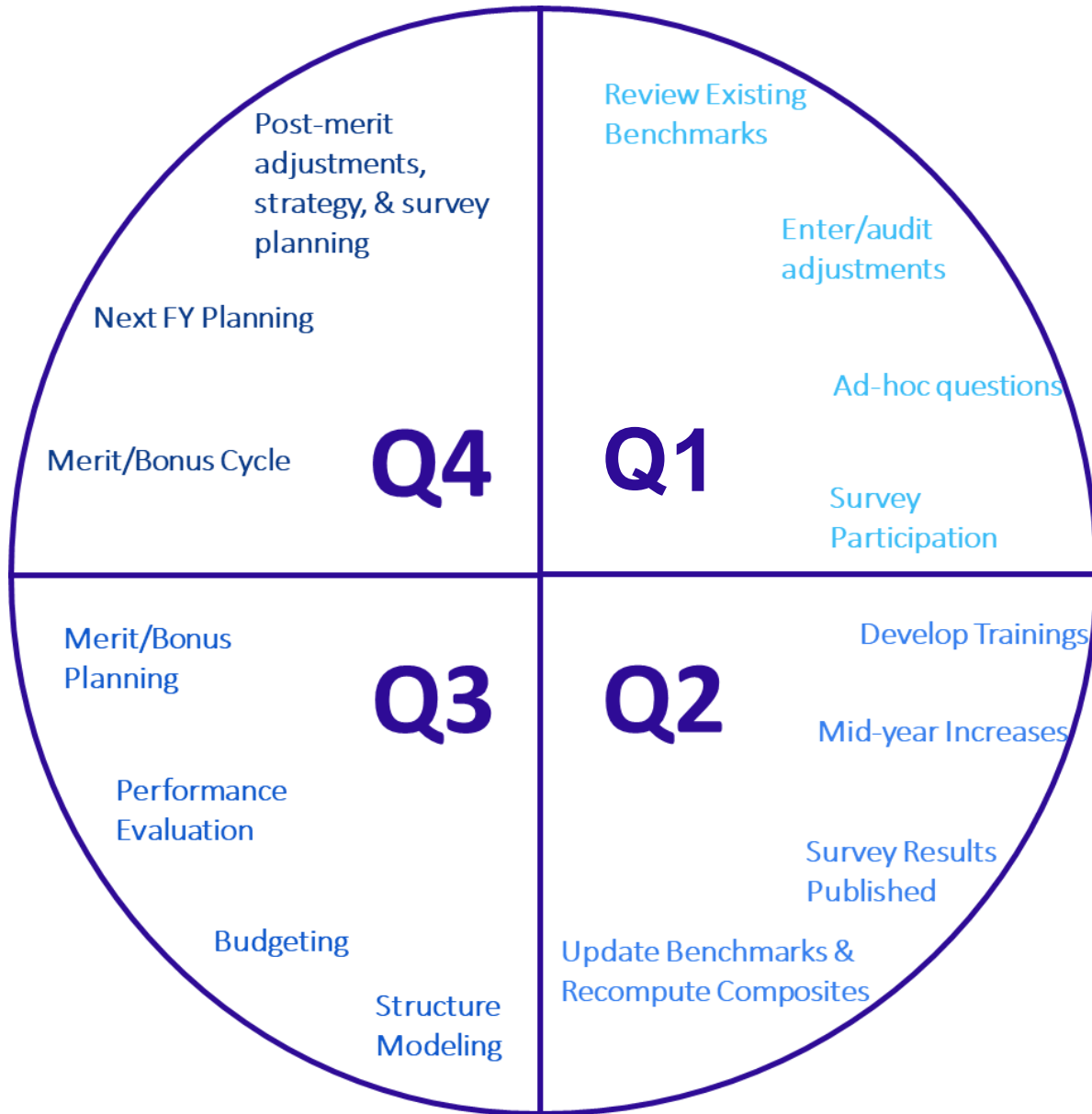
Ongoing performance and compensation management

Prepare for Performance Meeting

Administer Performance Review

Follow Up on Performance Review

Compensation Review Meeting

Ongoing Communications

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The role of a manager

Agent of the company

Advocate for team members

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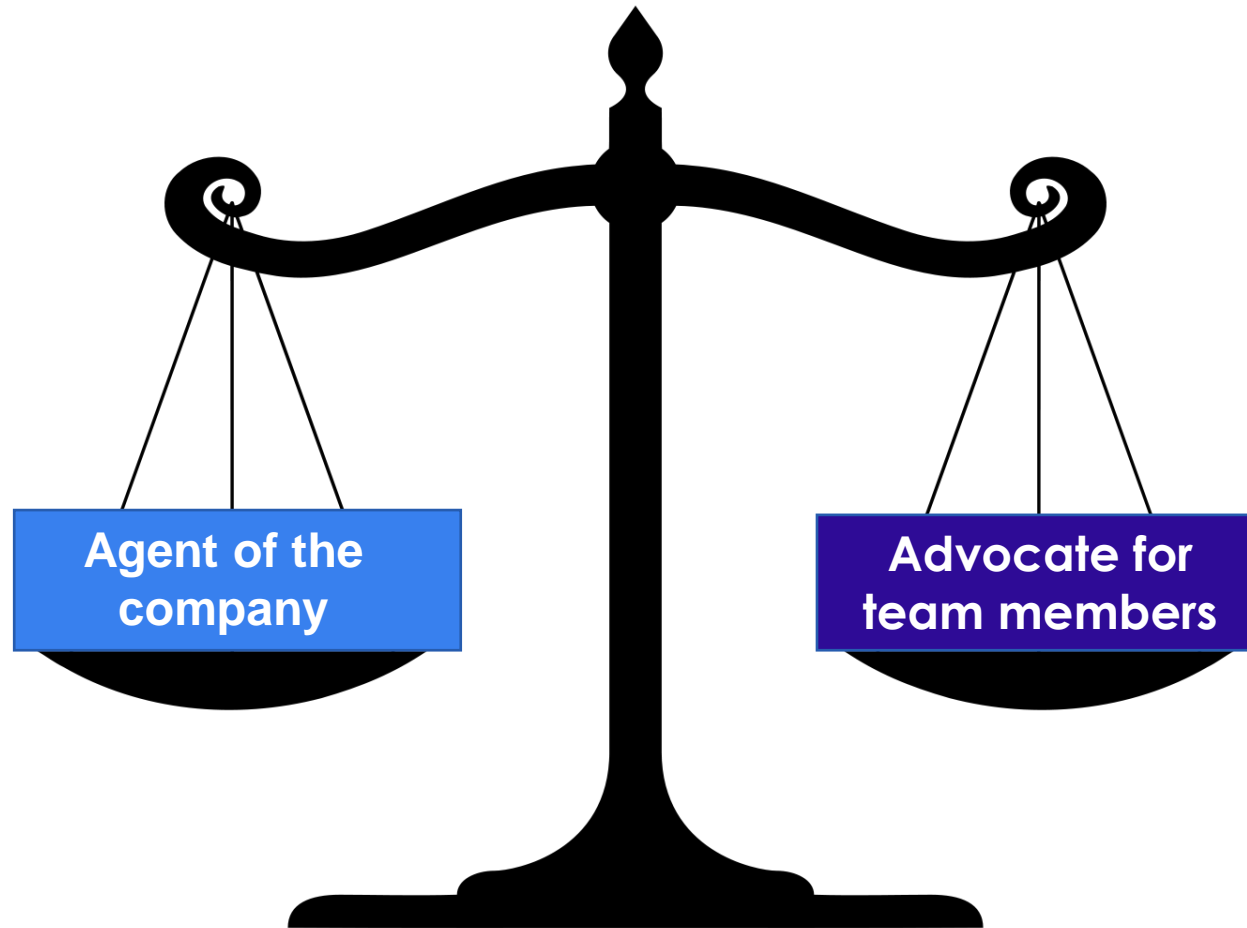
You can tackle the compensation communication problem from three different angles:
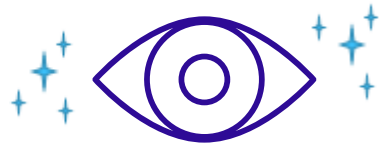
Increase Your Level of Transparency

Increase Your Frequency of Communication

Train Managers to Talk Pay

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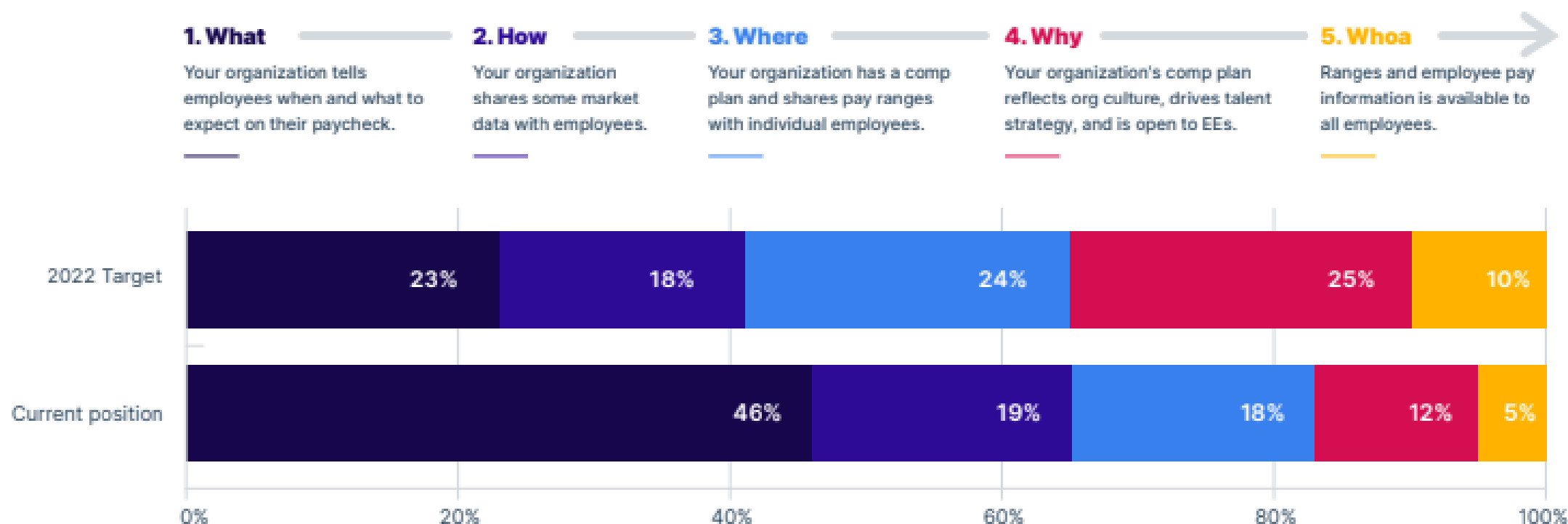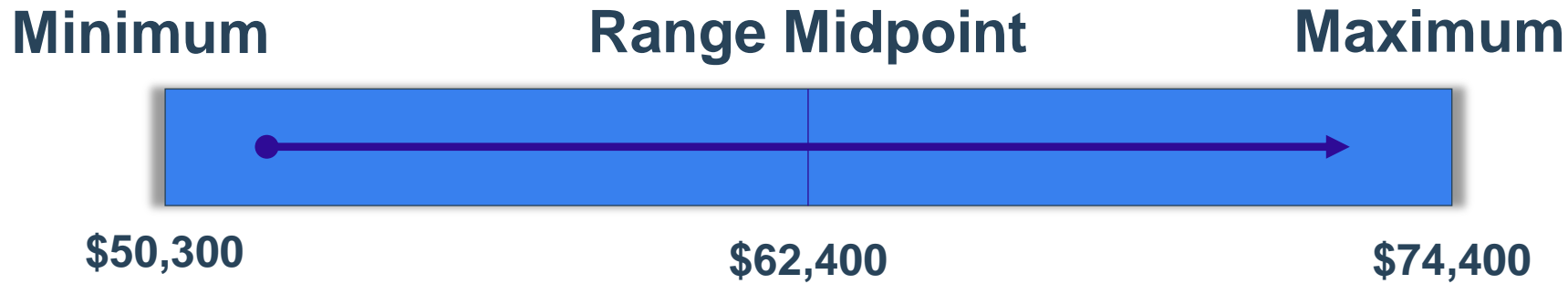
The pay transparency continuum

The Pay Transparency Spectrum

1. What
Your organization tells employees when and what to expect on their paycheck.

2. How
Your organization shares some market data with employees.

3. Where
Your organization has a comp plan and shares pay ranges with individual employees.

4. Why
Your organization's comp plan reflects org culture, drives talent strategy, and is open to EEs.

5. Whoa
Ranges and employee pay information is available to all employees.

	1. What	2. How	3. Where	4. Why	5. Whoa
2022 Target	23%	18%	24%	25%	10%
Current position	46%	19%	18%	12%	5%

0%   20%   40%   60%   80%   100%

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What is preventing your organization from reaching your pay transparency target?

Nothing – We're satisfied with our level of pay transparency	35%
Leadership is unconvinced in the merits of pay transparency	29%
We don't have organized pay structures (e.g. job based ranges)	26%
We are not confident in our pay strategy or structures	16%
We lack confidence in the accuracy of our salary data	15%
We are concerned that we have pay inequity issues	14%
Other	12%

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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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Prepping for the Conversation

Consider:

- What message do you need to convey?

- What support do you need for your message?

- Your team member's communication style

- Prepare documentation

- Always be ready

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Scenarios

Team Member Pay is Low:

- Should it be?

- Are they in right job?

- Candidate for Market Adjustment?

Performance = No Increase:

- How can they improve?

- What future potential is there?

Unfavorable View of Increase:

- How will they perceive their increase?

- Be prepared to provide context

- How to shape increase in a positive way

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Scenarios

"I found this salary report online…"

- Conflicting information

- Pricing the job vs. pricing the person

"Well, XYZ Company pays…"

- Different market strategies for different companies

- Base pay is just one consideration

Team Member Pay is High:

- Consider pay history

- Are they in the right job? Are we paying for a premium skill?

- Is there opportunity for promotion?

- Are we willing to continue to increase pay, or are they a candidate for Lump Sum Bonus?

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1. Start with appreciation

2. Provide organizational context

3. Provide individual context

4. Explain tier position

5. Mention market movement (if applicable)

6. Provide a way forward

Talking Points

Communicating in the current environment

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Prepare before you pitch: communicating your proposal

Prepare:

- Get the framing right

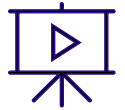- Understand your organization's tolerance for change

- Gather best practices

Communicate:

- Tailor your pitch

- Know the organizational norms

- Get the timing right

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Tactics for remote work environments and distributed teams

Reimagining manager trainings:

- Videos
- Virtual trainings
- On demand/evergreen content

Communication Best Practices

- Know your audience

- Watch the jargon

- Provide a way forward

- Have a plan and timeline

- Prepare, prepare, prepare

- Be direct and empathetic

- Communicate early and often

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Q&A

Thank you!

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