



Crafting a clear compensation strategy for 2025

Today's presenters



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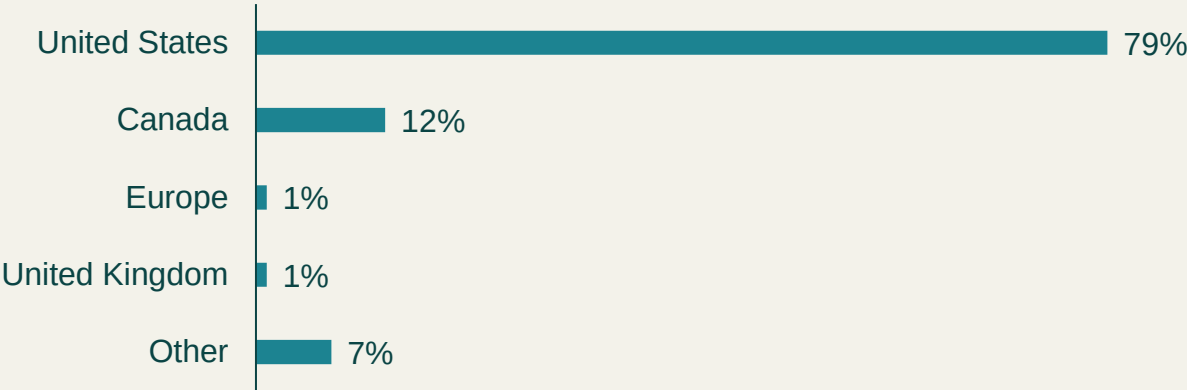
Agenda

1. Overview
2. Compensation strategy
3. Salary data and market pricing
4. Pay structures, levels, and geographic pay
5. Pay communications

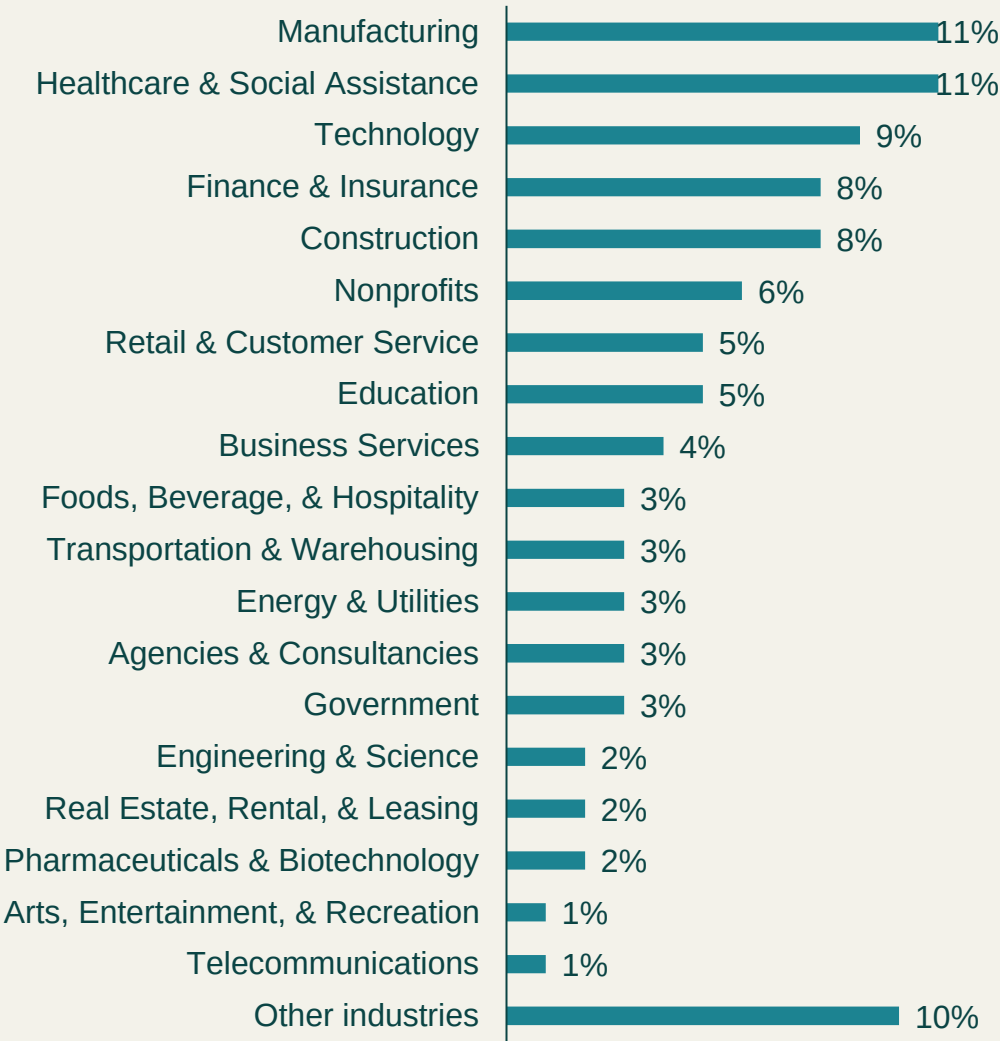
2025 CBPR

The 2025 Compensation Best Practices survey gathered 3,595 responses from November–December 2024 with a completion rate of 55%. A breakdown by organization size, industry, and other firmographics are available in the methodology at the end of the report.

Where is your organization headquartered?



What is your primary industry?

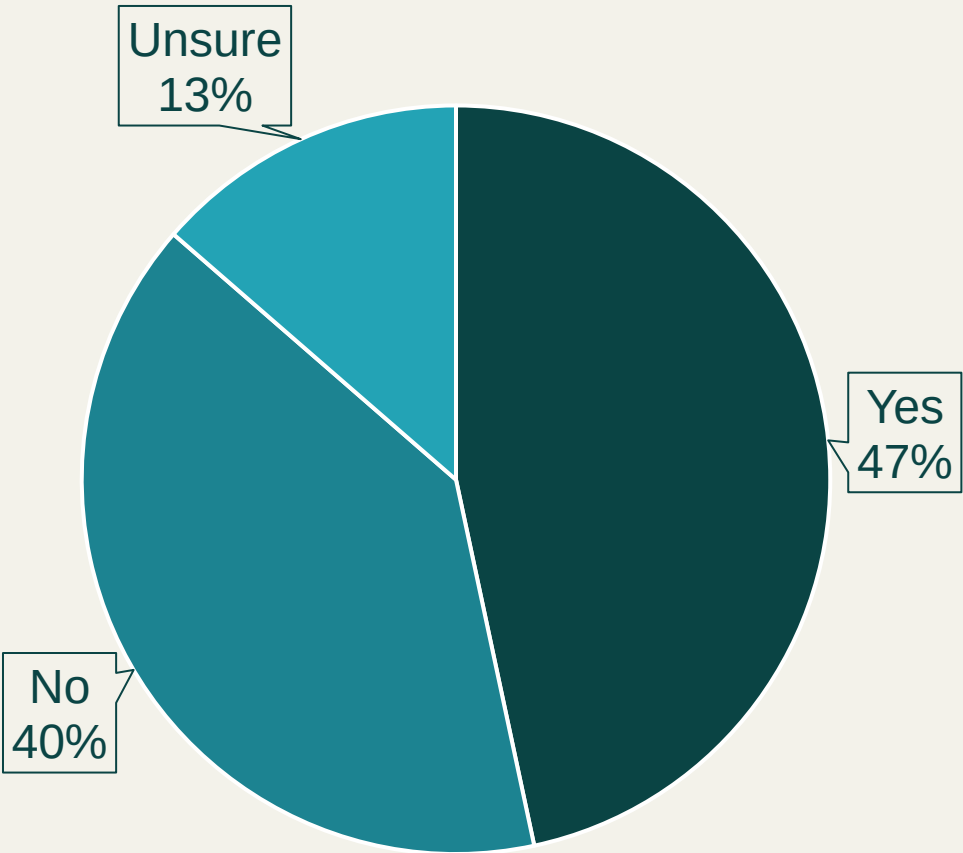


The challenge

About Stitch Fix

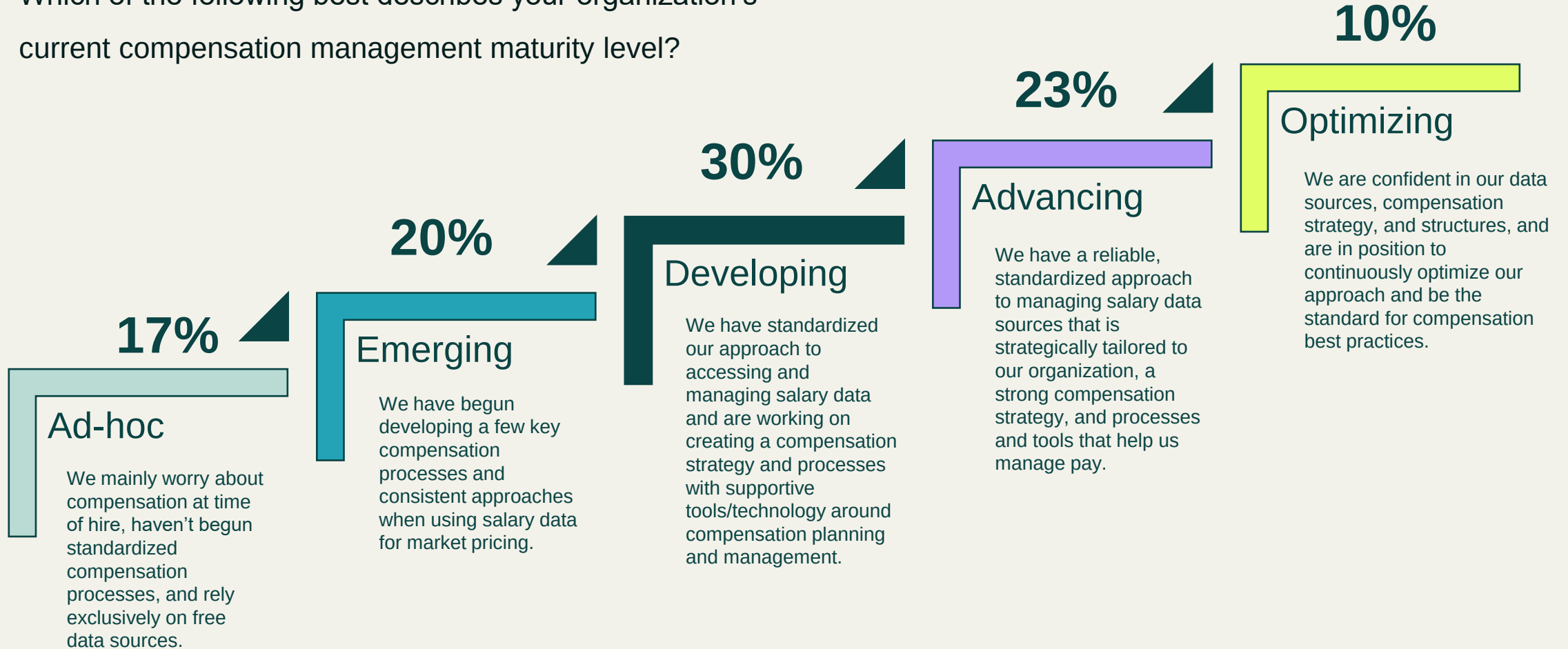
Industry	Retail and technology
Size	4000+
HQ	San Francisco
Workplace type	Corporate remote with fulfillment centers on site
Country	US-only
Comp team	Total Reward VP, Sr. Comp Manager, and three analysts as direct reports
Maturity level	Developing
Focus	Comp strategy, pay structures, leveling, rewards

Is your organization experiencing increased tension between ensuring fair pay for employees and optimizing spend on compensation in current market conditions?



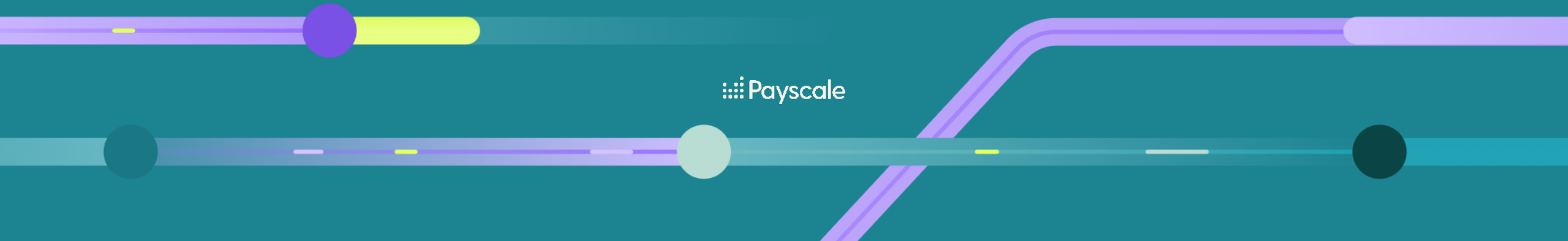
Compensation maturity model

Which of the following best describes your organization's current compensation management maturity level?



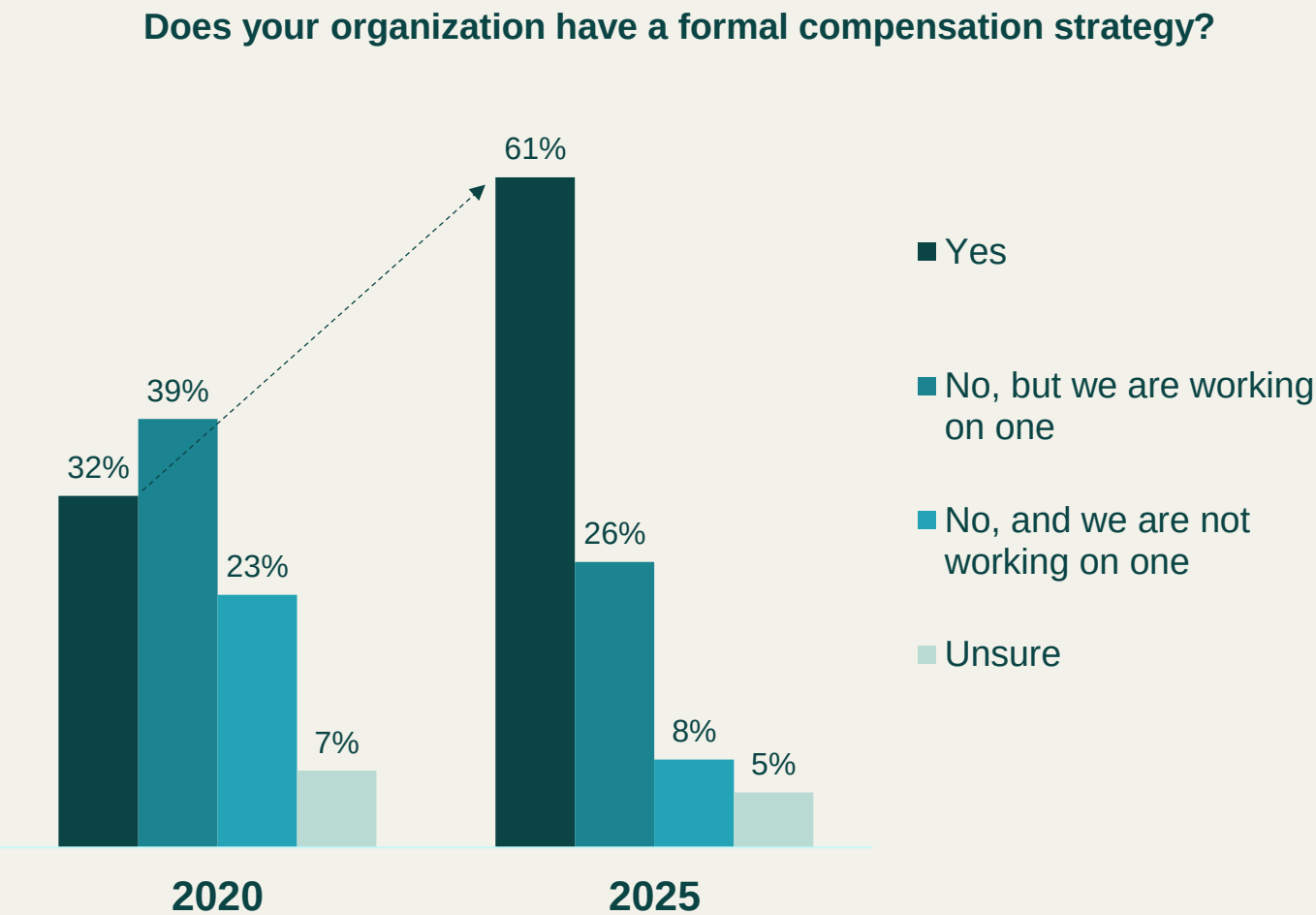
2025 Compensation Best Practices Report

Compensation Strategy



Compensation strategy

In 2024, the organization had a new team in place and began to assess their market competitiveness and how to **shift** from a **fixed-pay** structure to a **range-based** structure that rewards performance.



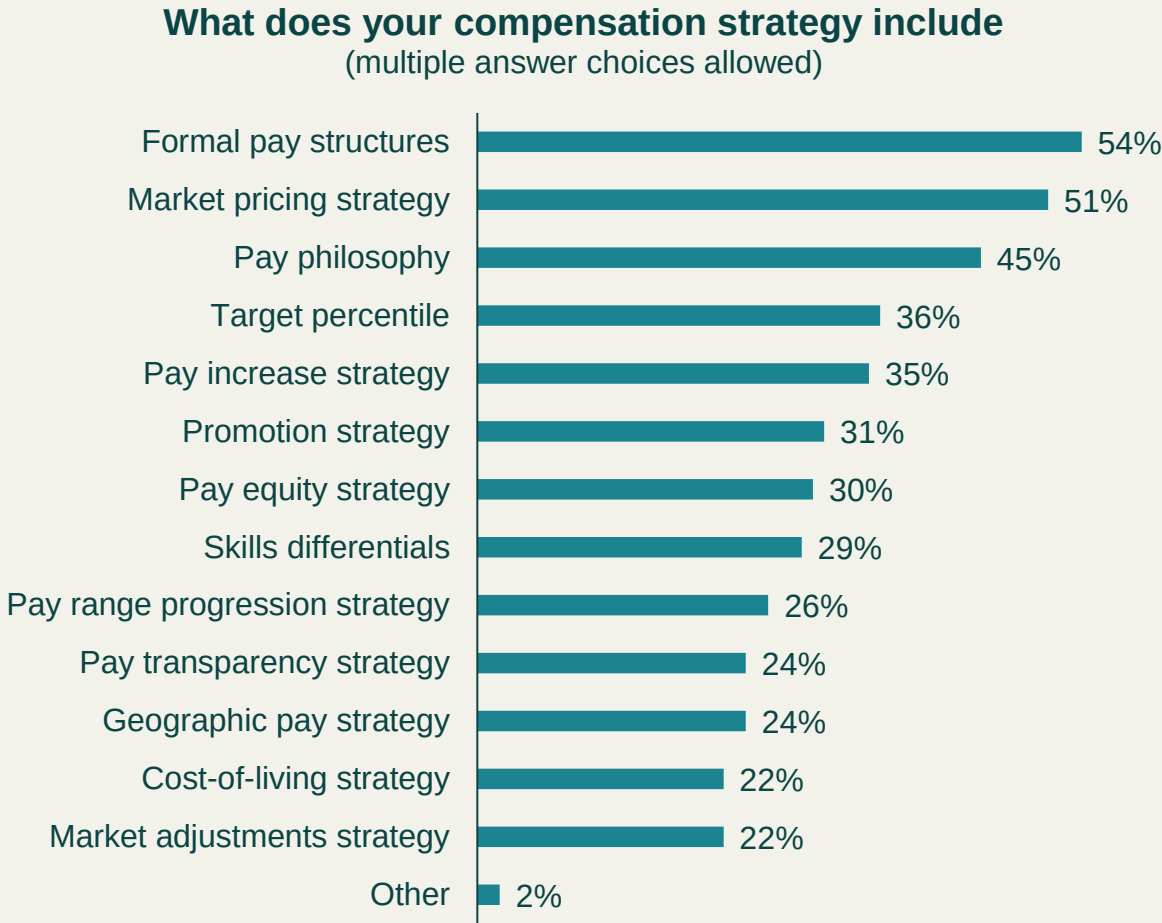
Poll: Does your organization have a formal compensation strategy?

- A. Yes
- B. No, but we are working on one
- C. No, and we are not working on one
- D. Unsure

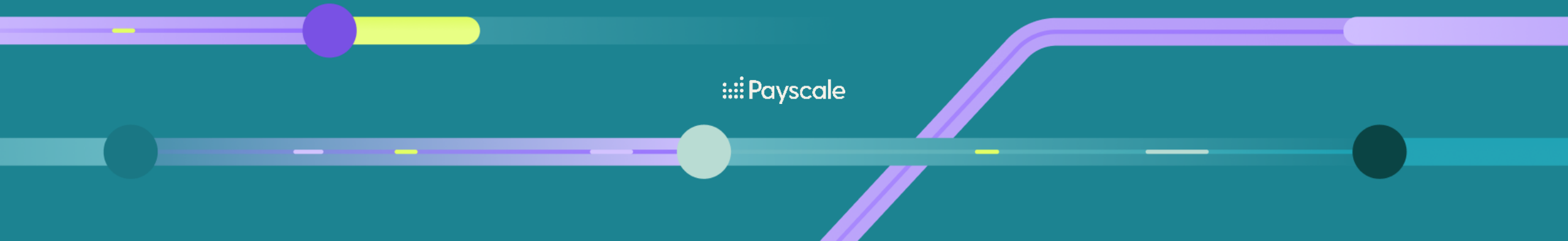
Components of a compensation strategy

Stitch Fix adopts the following components as part of their compensation strategy:

- Pay structures
- Market pricing
- Philosophy
- Percentiles
- Pay increases
- Promotions
- Pay equity
- Geo-based pay



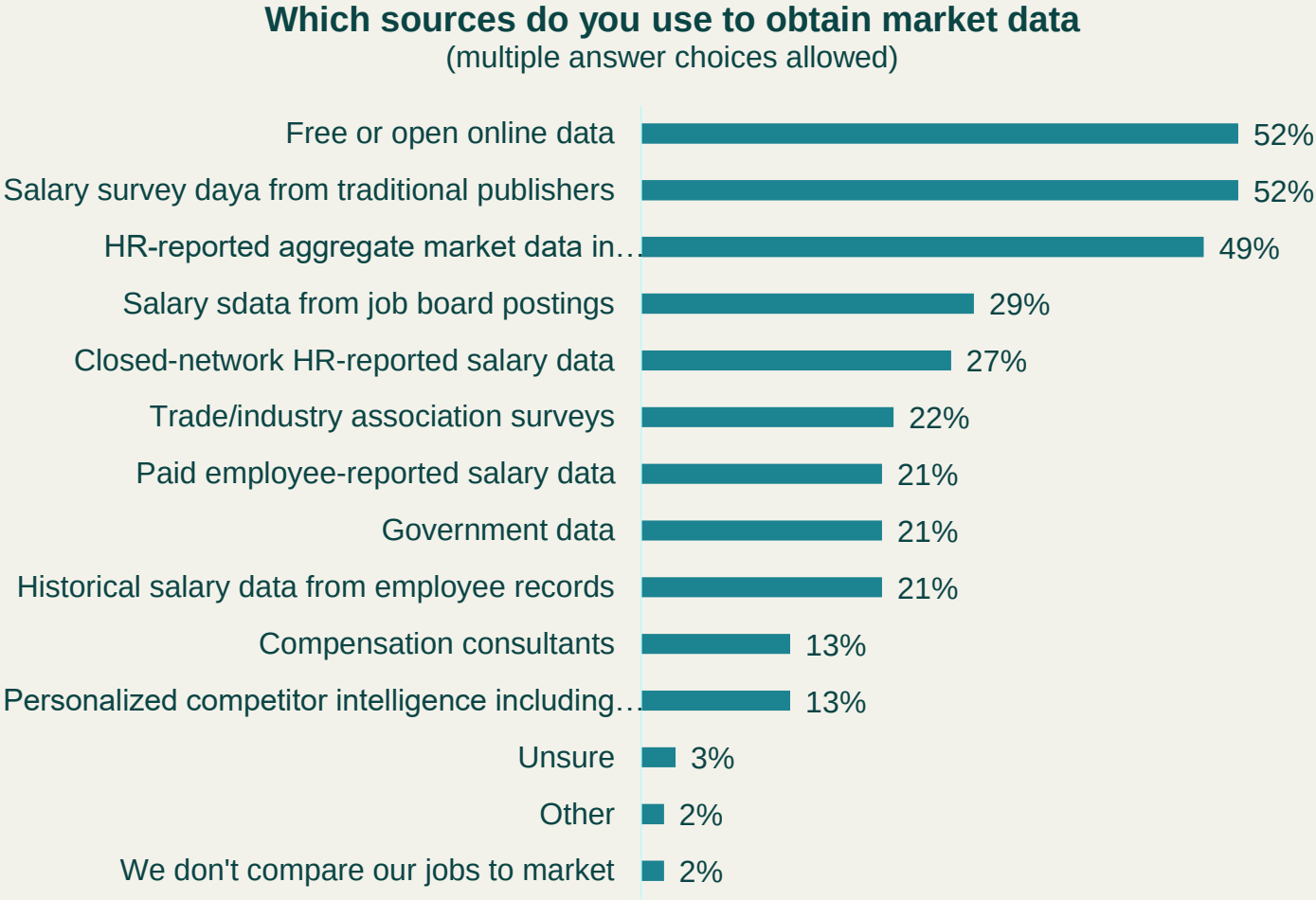
Salary data & market pricing



PayScale

Data sources

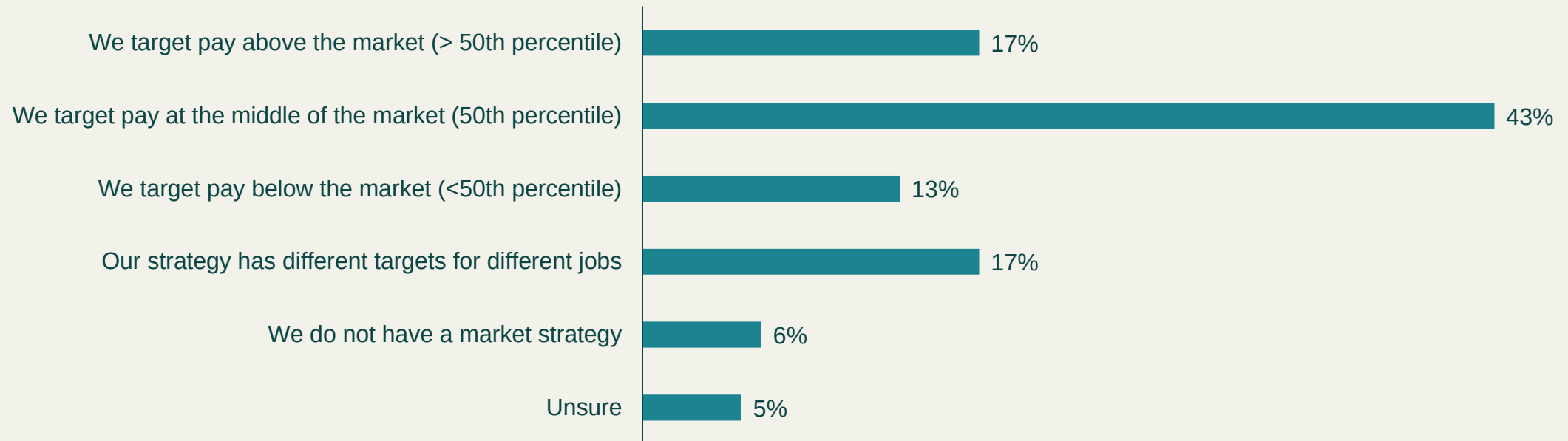
Stitch Fix uses traditional survey data from Radford and Empsight for market pricing.



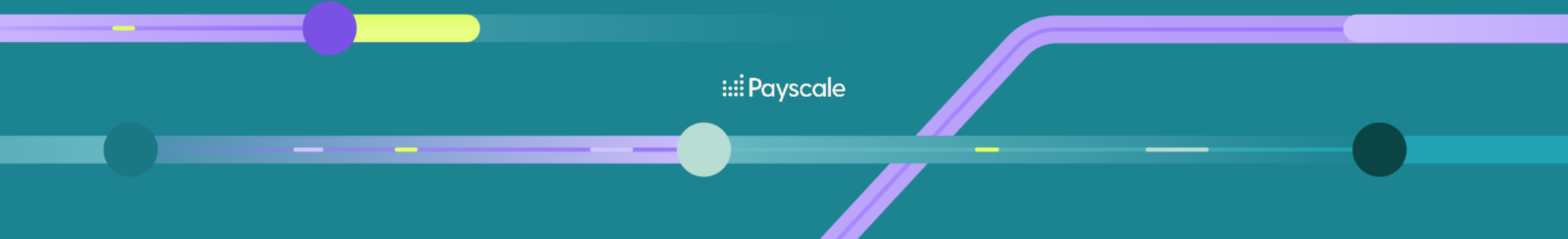
Market pricing

Stitch Fix rewards at the 50th percentile using fixed pay by job and levels benchmarked to Radford surveys.

Which of the following best describes your market strategy?



Pay structures, levels, & geographic pay premiums



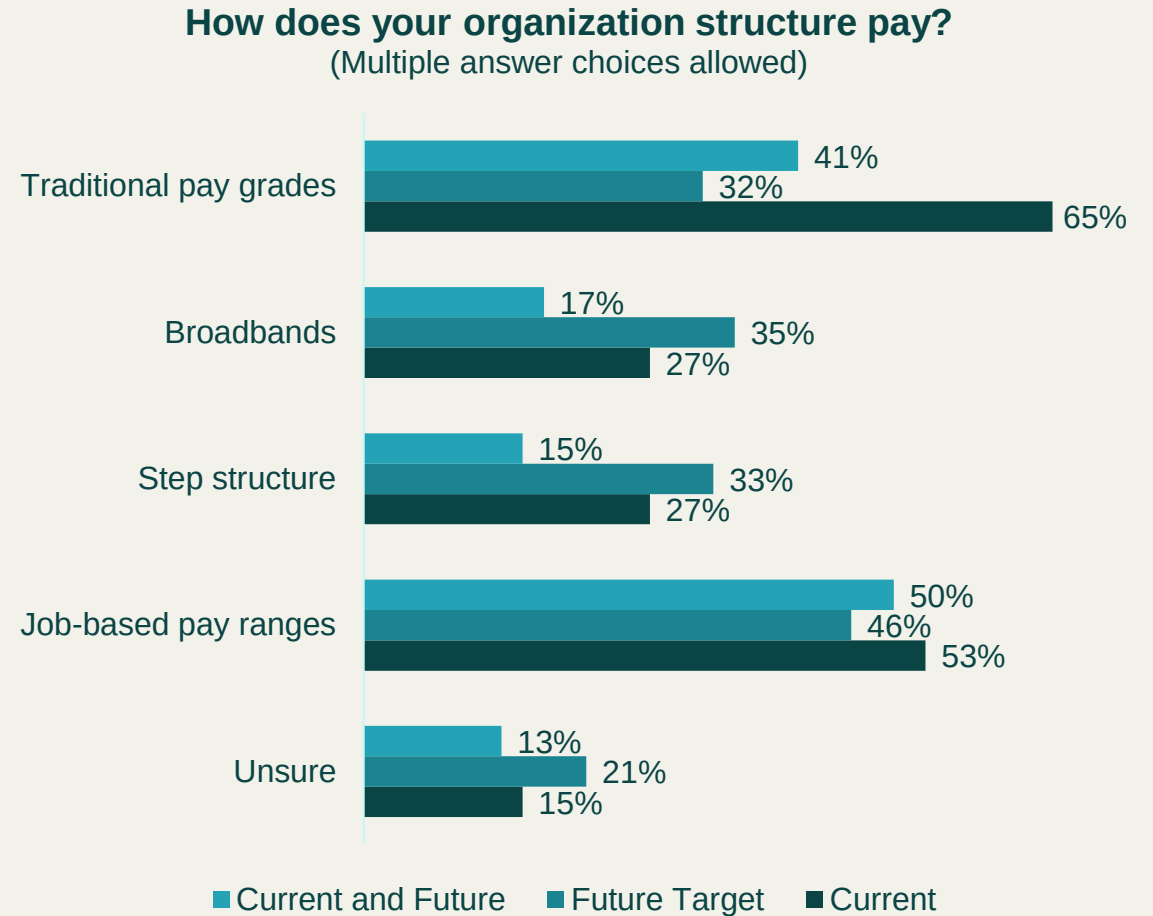
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Shifting structures

Stitch Fix manages pay for corporate workers and distribution centers, which have different structures.

- The corporate offices (700-800 EEs) were using a fixed pay structure where people in the same job and job level were paid the same.
- The distribution centers were utilizing a step structure with progression based on tenure.

The organization has changed the corporate pay structure to job-based pay ranges with progression along the pay range to reward tenure and create a high-performance culture to advance competitiveness.

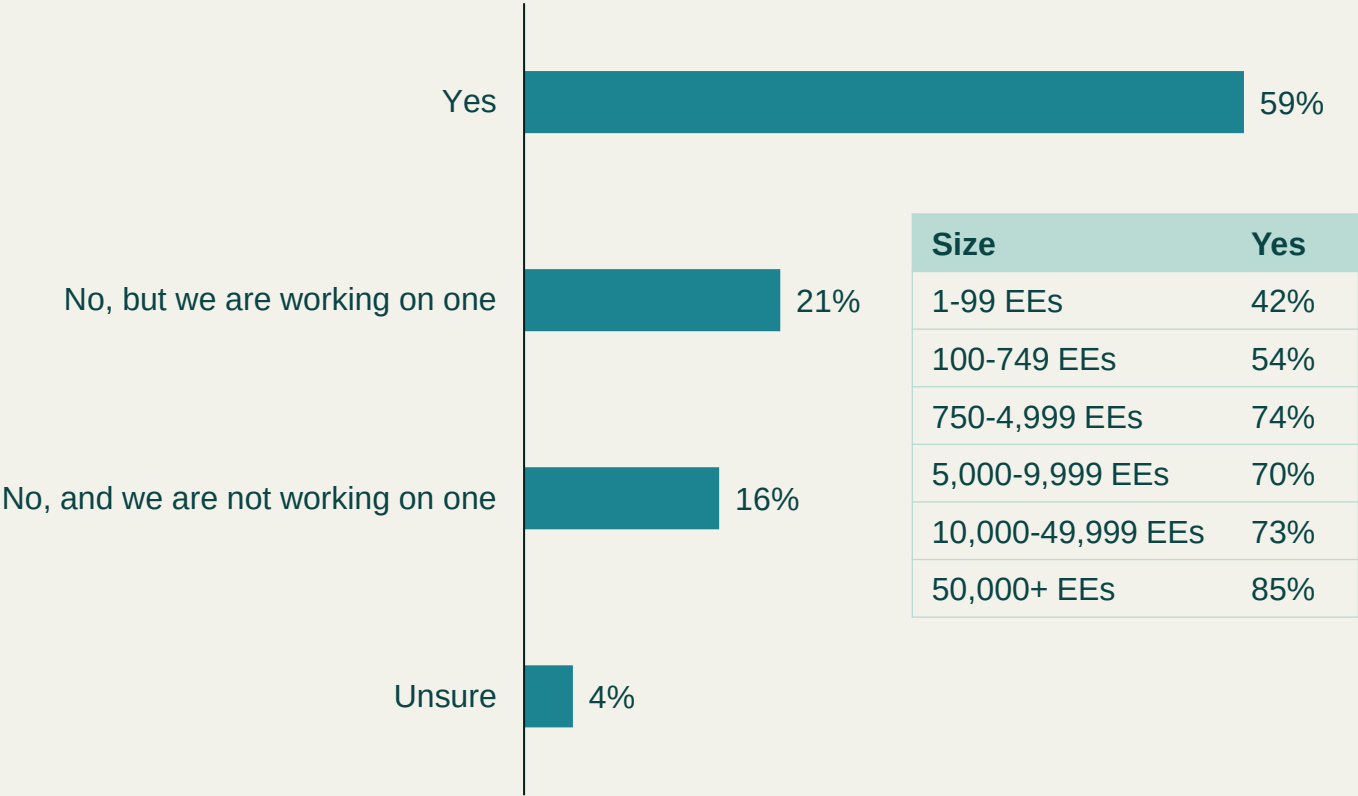


Job leveling

Stitch Fix has a job architecture with 17 levels for jobs.

They are in process of reviewing the architecture in context of the new pay structures and pay range progression strategy to determine whether it needs to change.

Does your organization have a job architecture?



Size	Yes
1-99 EEs	42%
100-749 EEs	54%
750-4,999 EEs	74%
5,000-9,999 EEs	70%
10,000-49,999 EEs	73%
50,000+ EEs	85%

Poll: How many levels do you have?

- A. 1-5
- B. 6-10
- C. 11-15
- D. 16-20
- E. 21-25
- F. 25+
- G. Unsure
- H. We don't use levels

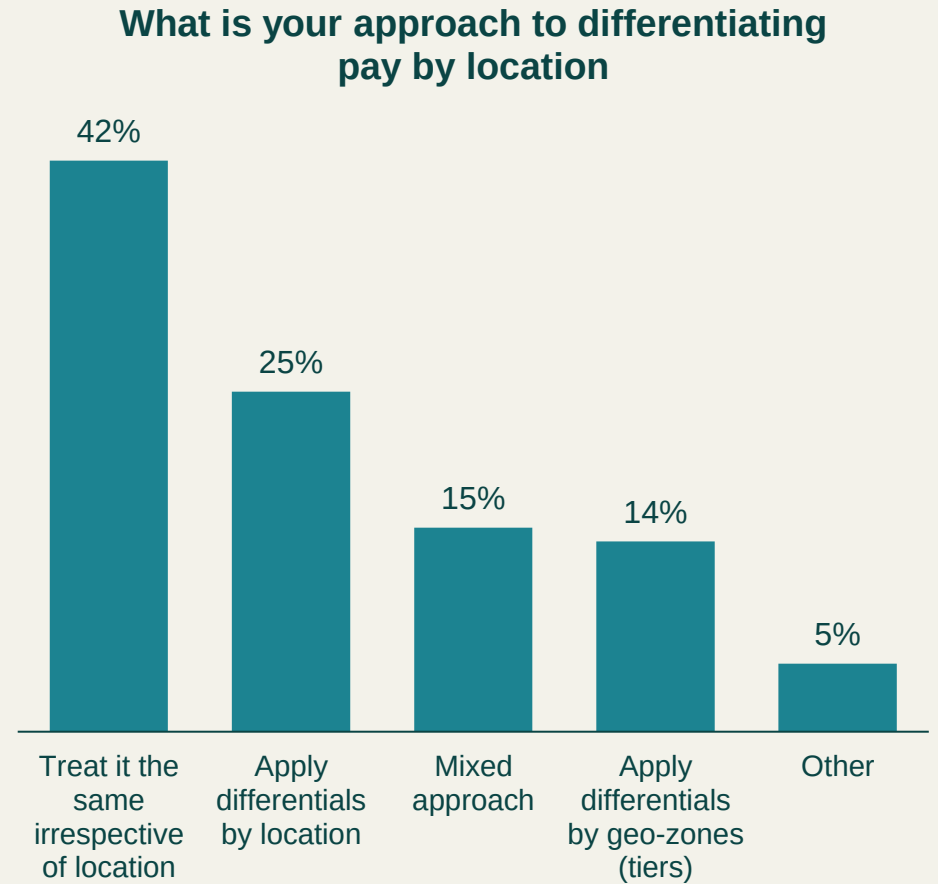
Pay by location

Stitch Fix is a remote organization headquartered in San Francisco with employees throughout the U.S. Geo tiers are used to pay by location, which adds/subtracts a differential:

- Geo A: Top-tier metros (e.g. San Francisco, NYC)
- Geo B: Mid-tier metros (e.g. Los Angeles)
- Geo C: Low-tier metros (e.g. Oklahoma City)

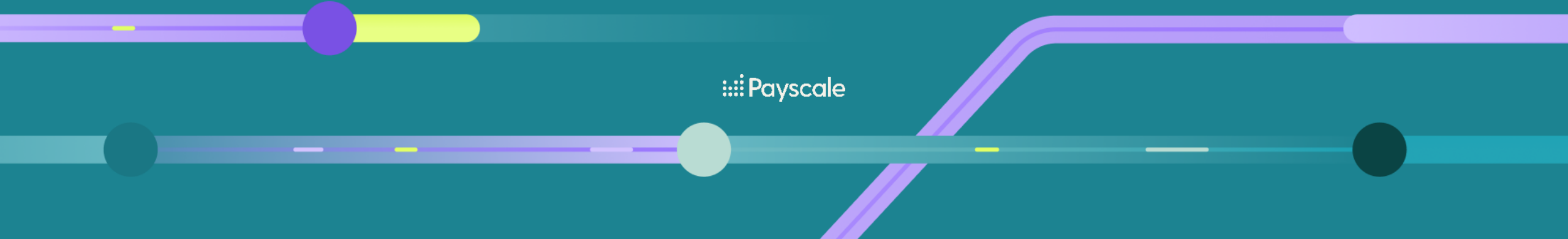
Example: An employee in *Geo A* in the job of *Business Analyst / CX System Lead* at *Level 7* is paid \$150K/year.

Under the new structure, \$150K is the midpoint in a \$130K – 180K pay range to reward EEs for tenure and performance.



2025 Compensation Best Practices Report

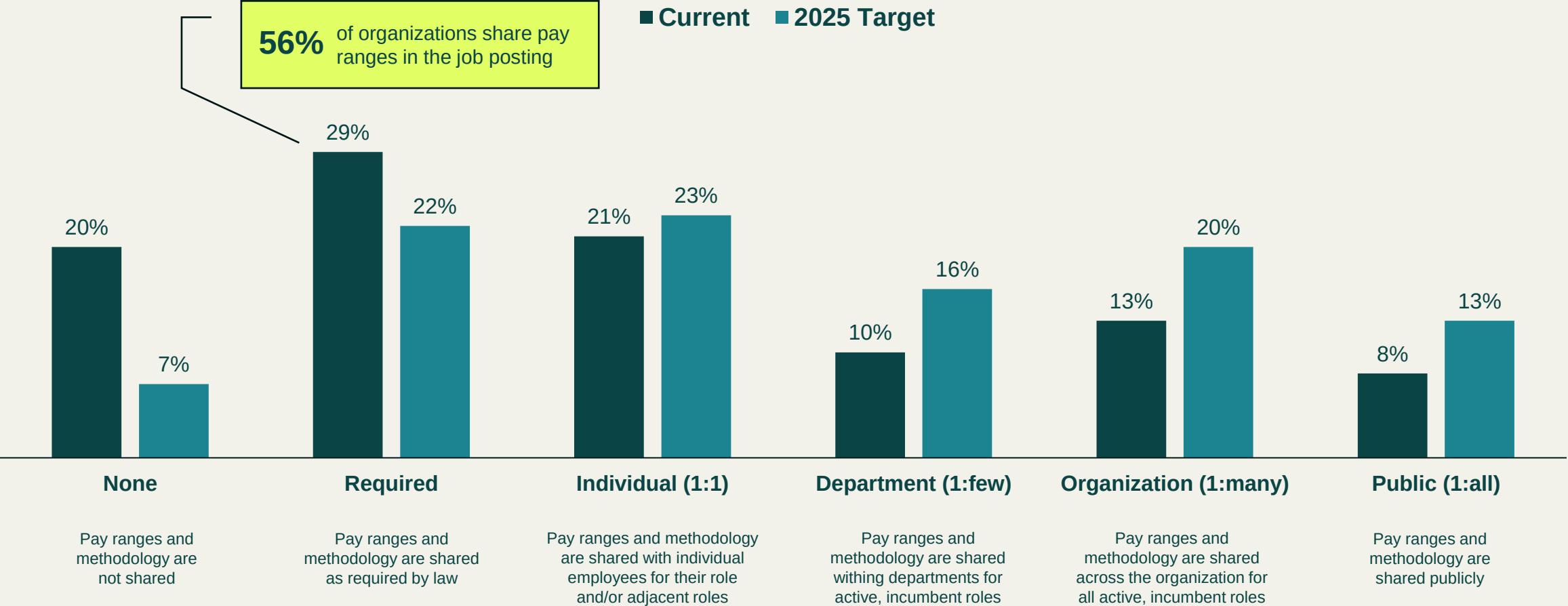
Pay communications



Paycom

Pay transparency

Describe your organization's current position and 2025 target on the pay transparency spectrum



Poll: Are you confident in your organization's level of transparency?

- A. Yes
- B. Mostly
- C. No
- D. Unsure

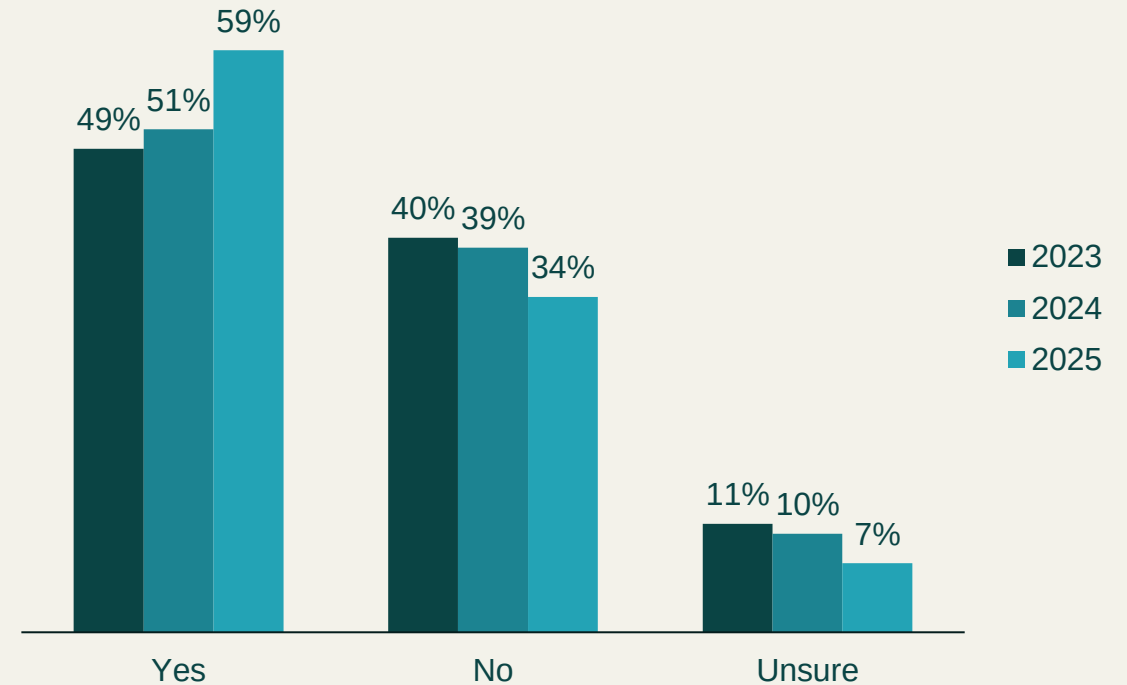
Pay communications

Stitch Fix conducts pay communications training in the following ways:

- Annual manager training
- Annual employee training
- Change management training
- Recordings and comp resources on the intranet
- Pulse engagement surveys

Outcome: *Employees are more motivated and engaged and merit increases have the potential to be more exciting than in years past when pay was fixed.*

Does your organization train managers on how to pay conversations with employees?





Q&A

Feel free to ask any questions in the Q&A section of your dashboard!

**Interested in a demo of
Payscale's compensation
management solutions and data?**

Let us know in the poll currently
open in the polling tab and the team
will be in touch!