

# How to Train Managers to Have Successful Pay Conversations

# Today's Presenters

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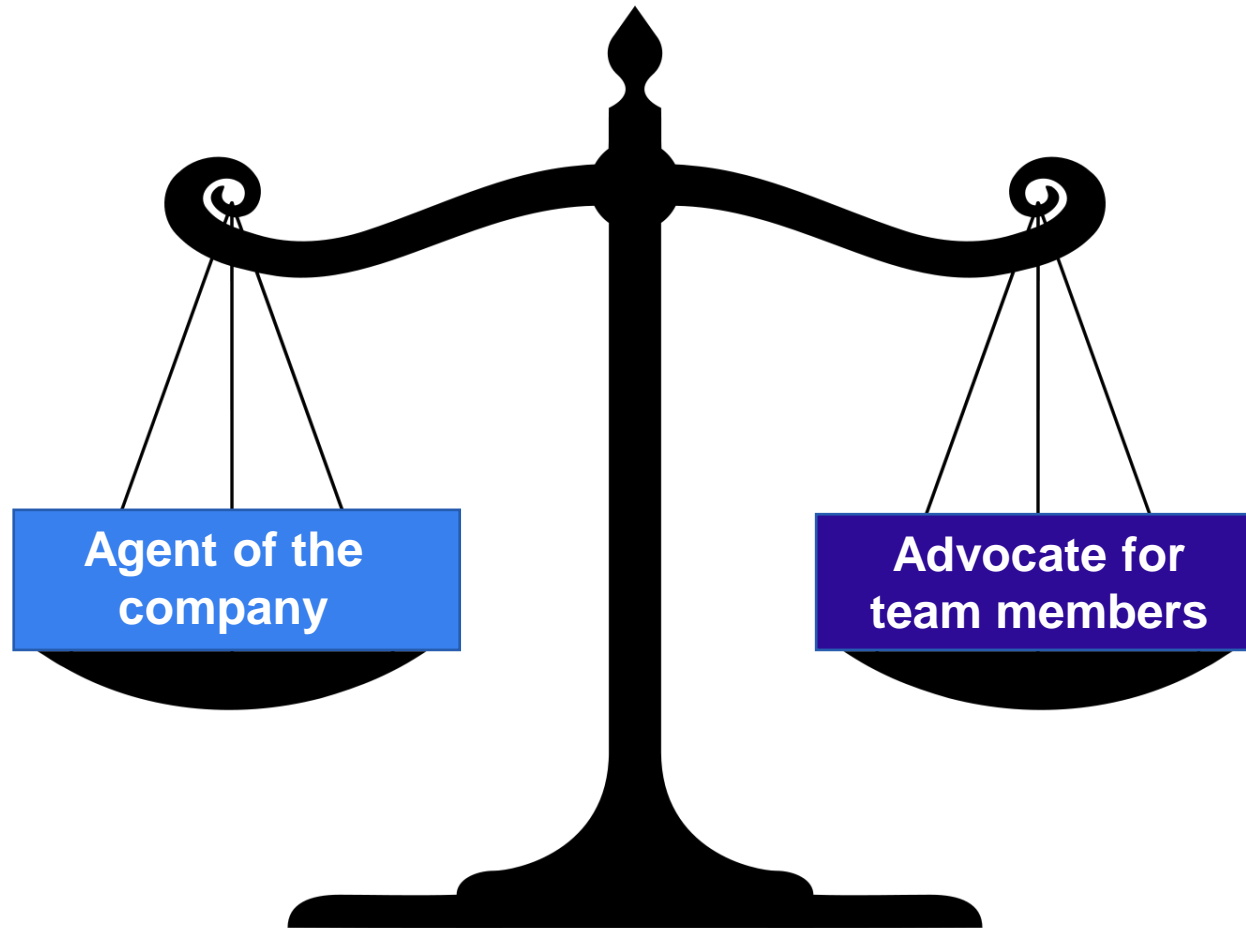
# Today's Agenda

- Pay communications in practice
- Pay transparency
- Pay conversations
- Communicating in the current environment



# Pay communications in practice

# The role of a manager





# Communication Roles

## Human Resources

- Prepare communication, consult, and inform executives.
- Train Managers

## Executives

- Communicate compensation program to organization at a high level

## Managers

- Communicate compensation details to employees

## Employees

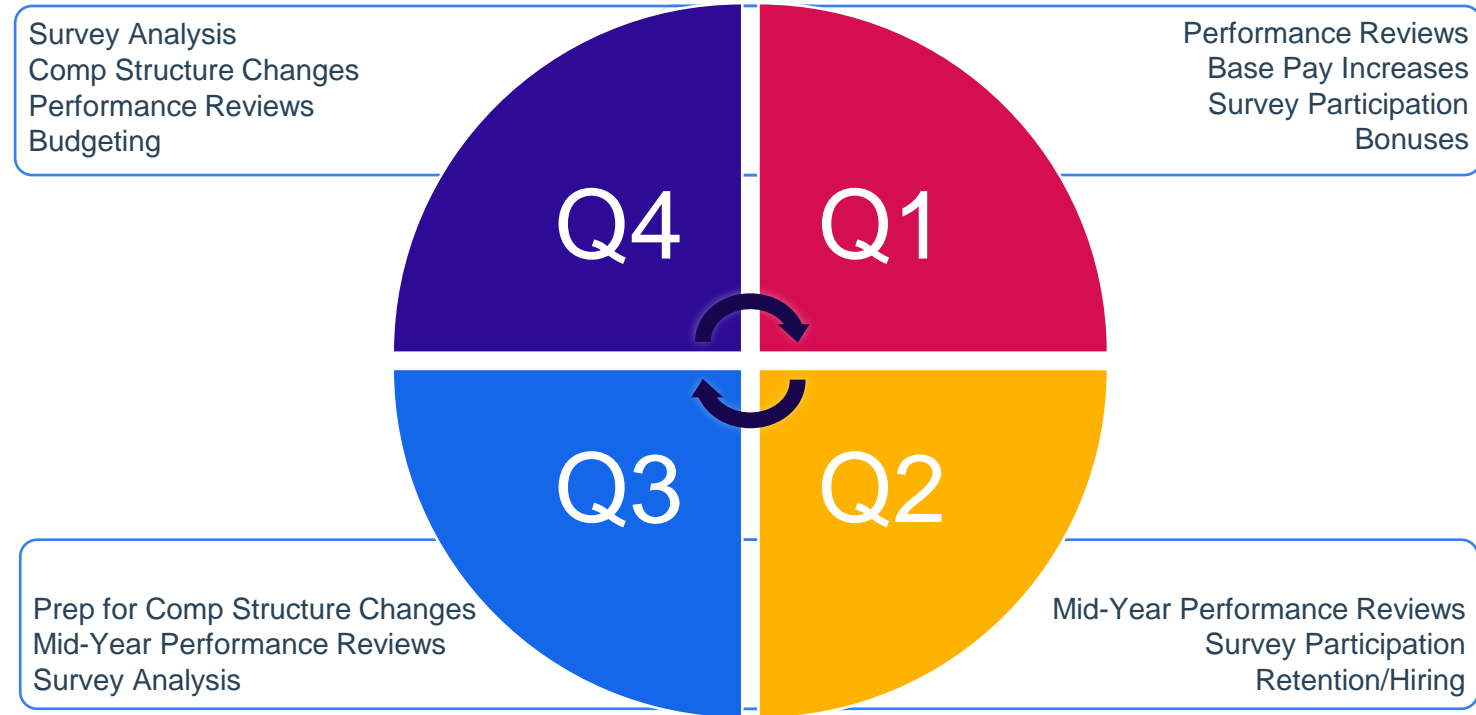
- Bring questions to manager or HR

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

- A. Employees
- B. Managers
- C. Executives
- D. Human Resources

# What is a Compensation Calendar?

## Comp Calendar Example



## A good comp calendar helps you...

- Set timelines and expectations
- Establish yearly objectives
- Deliver effective and timely communication



# Who to Involve in Compensation Calendars?



**HR / Compensation /  
Total Rewards**



**People Leaders**



**Payroll / Finance**



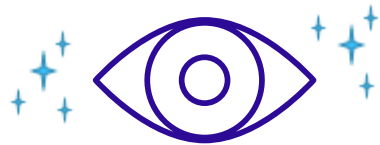
**Executive Leadership**

# Ongoing Performance & Compensation Management



# You can tackle the compensation communication problem from three different angles:

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**Increase Your  
Level of  
Transparency**



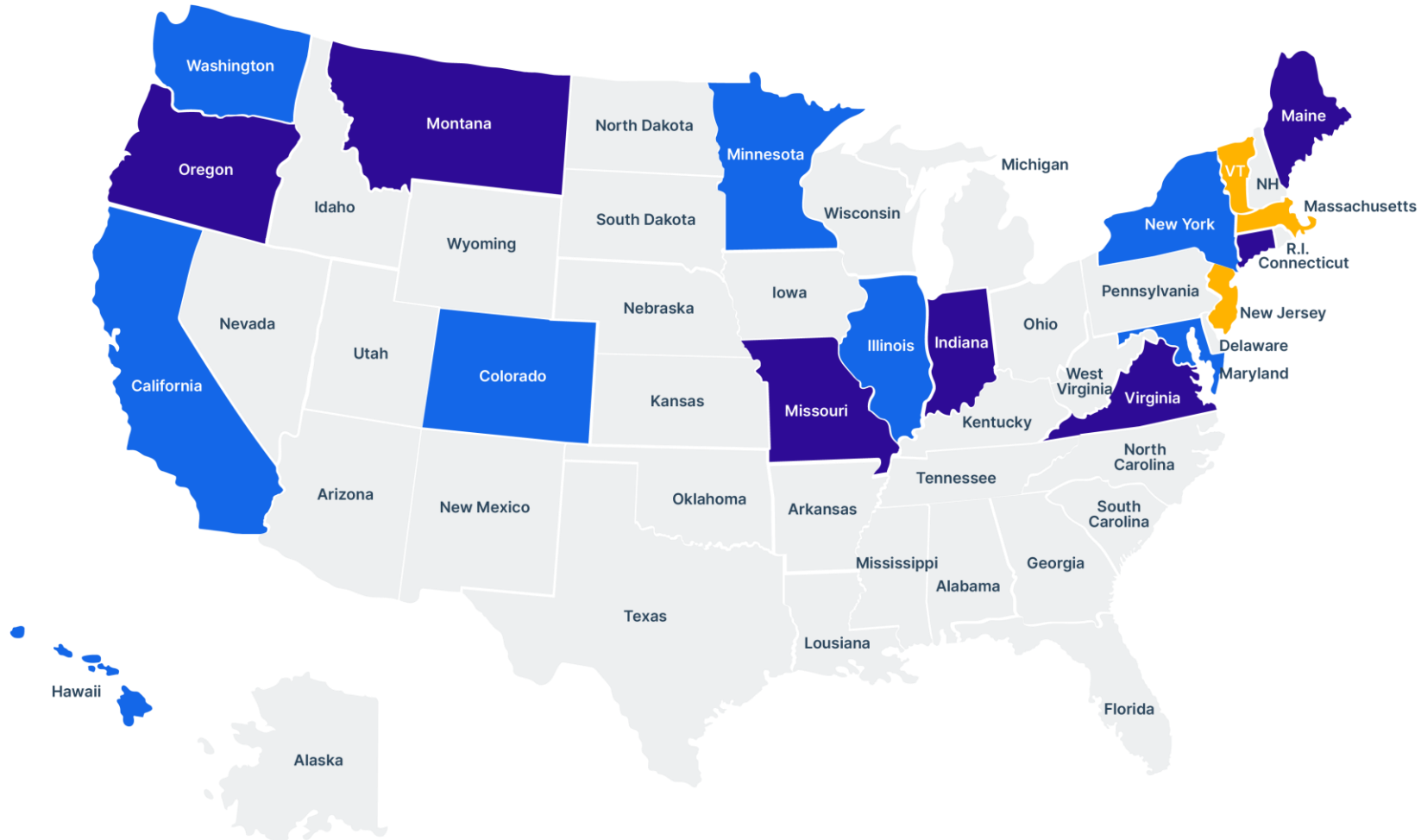
**Increase Your  
Frequency of  
Communication**



**Train Managers to  
Talk Pay**

# Pay Transparency

# Pay Transparency Map



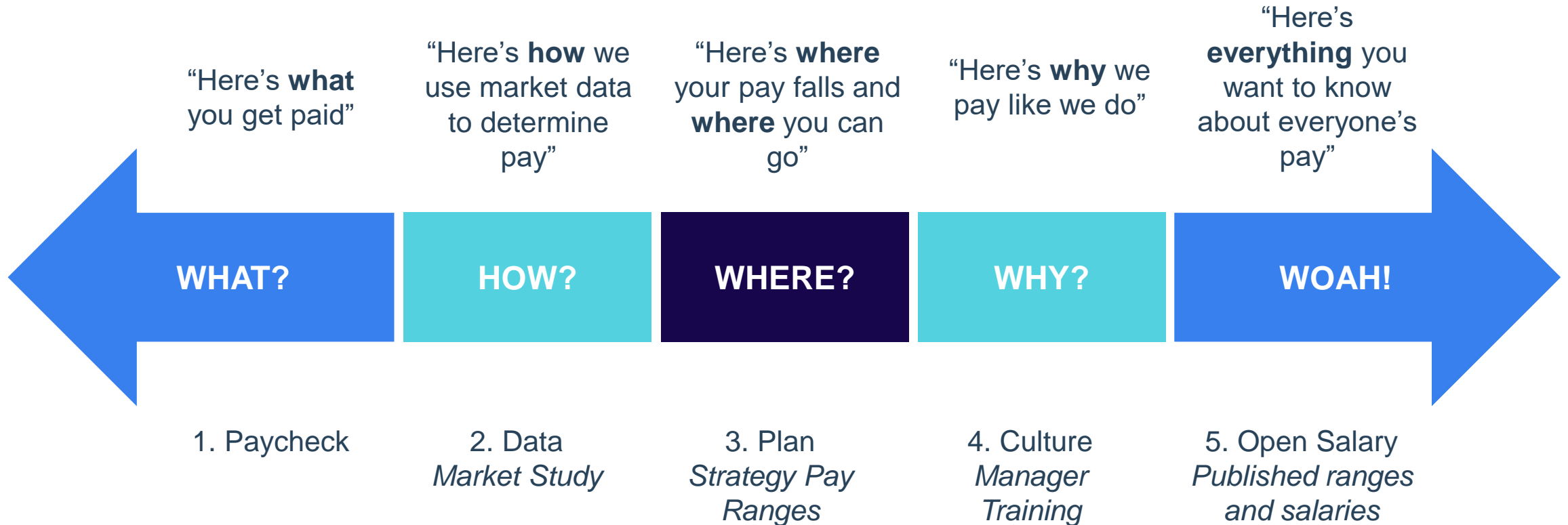
● Active pay transparency laws currently on the books

● Passed pay transparency laws but not yet active

● Proposed pay transparency laws that are working their way through legislation

Washington D.C. became effective on June 30, 2024

# Transparency Spectrum



# Compensation Best Practices Report

Describe your organization's current position and 2024 target on the pay range transparency spectrum.

	None Pay ranges are not shared	Required ...is shared with the employee only	Individual ...to be shared among workers on an interpersonal basis	Department ...openly shared and published within departments	Organization ...openly shared and published across the organization	Public ...openly shared and published publicly
Current	Individual pay	N/A	69%	14%	6%	5%
	Pay ranges	21%	27%	26%	9%	8%
2024 target	Individual pay	N/A	65%	16%	7%	6%
	Pay ranges	14%	24%	26%	12%	10%

# Poll: Where do you think your organization is on the transparency spectrum?

- A. What?
- B. Where?
- C. How?
- D. Why?
- E. Woah?



**What are we  
being  
transparent  
about?**

Pay Philosophy & Strategy

Market Study

Pay Ranges

# Our Transparency: Philosophy & Strategy

## Employees know...

- Our compensation philosophy
- What we want to reward with our compensation plan
- How we define the competition
- How we've segmented our workforce and market strategy (if applicable)
- How competitive we wish to pay – Meet or Exceed Market
- How competitive we wish to pay – our specific target percentile

## Managers also know...

- Our compensation philosophy
- What we want to reward with our compensation plan
- How we define the competition
- How we've segmented our workforce and market strategy (if applicable)
- How competitive we wish to pay – Meet or Exceed Market
- How competitive we wish to pay – our specific target percentile

# Our Transparency: Market Study

## Employees know...

- We've partnered with a third party to evaluate our pay practices
- We've partnered with Payscale to evaluate our pay practices
- How the organization pays to market
- How each department pays to market
- How their job is matched
- How they are paid to market

## Managers also know...

- We've partnered with a third party to evaluate our pay practices
- We've partnered with PayScale to evaluate our pay practices
- How the organization pays to market
- How each department pays to market
- How the jobs that report to them are matched
- How their job is matched
- How their direct reports are paid to market
- How they are paid to market

# Our Transparency: Pay Ranges

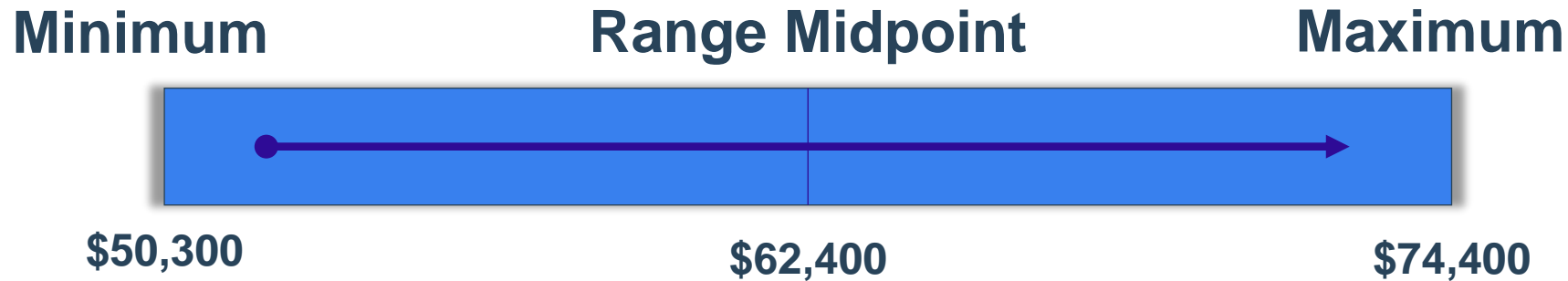
## Employees know...

- Their own pay rate
- How increases are determined
- Their pay range
- Grades for jobs up to a certain level
- Grades for all jobs
- Grades & Ranges for jobs up to a certain level
- Grades & Ranges for all jobs
- How locations correlate to Pay Schedules
- Everyone's pay

## Managers also know...

- Pay for their direct reports
- Pay for all employees on their team
- Grades & Ranges of their direct reports
- Grades & Ranges of all employees on their team
- Grades for jobs up to a certain level
- Grades for all jobs
- Grades & Ranges for jobs up to a certain level
- Grades & Ranges for all jobs
- How locations correlate to Pay Schedules
- Everyone's pay

# Using pay ranges



## 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

# Pay Conversations

# 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

# Scenarios

## Performance = No Increase:

- How can they improve?
- What future potential is there?

## “Well, XYZ Company pays...”

- Different market strategies for different companies
- Base pay is just one consideration

## Unfavorable View of Increase:

- How will they perceive their increase?
- Be prepared to provide context
- How to shape increase in a positive way





# No Increase Due to Performance

## Talking points: No PIP & No increase

- **Start with appreciation**  
*"You've done a great job with X, Y, and Z projects this past year"*
- **Provide the context**  
*"That said, as we've been discussing, your performance isn't quite where I'd want to see it for your position."*  
*"As we've been discussing" implies you've already been communicating with them*
- **Share the compensation news**  
*"At this point, I'm not going to give you an increase."*
- **Open the door**  
*"Let's talk specifically about the areas where your performance should improve and set some goals. If I see significant improvement, we may be able to talk about a pay increase at that time\*. Let's get a meeting set up today and plan to follow up in another couple weeks."*

\*Before making this suggestion to the employee, make sure that it's consistent with your organization's compensation policies.

Is employee on a performance improvement plan?

YES

Remind employee of the terms of the plan

NO

Clarify expectations

How can they work towards an increase?

When will you follow up?



# “Why didn’t I get a larger increase?”

## Talking points

- **Reiterate accomplishments**  
*“I appreciate the work you’ve done with X, Y, and Z projects.”*
- **Re-focus on individual objectives**  
*“If you remember, we talked about your goals during your last review. Your increase is directly related to your accomplishment of those goals.”*
- **Remind of market value**  
*“Your pay is also set by the market value for your job, which has been holding steady for the past few years.”*
- **Discuss why their pay is fair**  
*“You are in the middle third of your range, which is fair based on your accomplishments, skillsets, and experience.”*
- **Open the conversation**  
*“So, what else is going on? I’ve found that compensation conversations are sometimes about pay, but sometimes about much more. Tell me a little bit about what parts of your job you really like...”*
- **End with appreciation**  
*“Thank you for sharing your feedback with me. I want you know that I’m listening to you.”*





# “Well, XYZ Company Pays...”

## Talking points

- **Remind them of your commitment to your employees**  
*“We are committed to paying fairly to the market. We invest time/money each year to benchmarking our pay practices to market.”*
- **Similar titles don’t mean similar roles**  
*“Fred is now doing a different job with different complexities and responsibilities that are not required of our employees.”*
- **Market and pay strategies vary**  
*“Even if Fred’s job is the same, XYZ company may have a different market strategy when determinizing the base pay for its employees.”*
- **Base pay is only a part of the total rewards package**  
*“There is more to compensation than what you see in your paycheck. Here are the reasons why it is great to work for our company:...”*

Bring up of any variable pay opportunities that exist for their job, talk about the benefits package, and don’t forget the intangibles like work/life balance.



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

# Prepare before you pitch: communicating your proposal

## Prepare:

- Get the framing right
- Understand your organization's tolerance for change
- Gather best practices

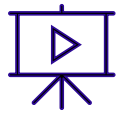


## Communicate:

- Tailor your pitch
- Know the organizational norms
- Get the timing right

# Tactics for remote work environments and distributed teams

## Reimagining manager trainings:



Videos



Virtual trainings



On demand/evergreen content

## Compensation



Created by Charlotte Fletcher

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### Covered on this page

- Key Principles and Compensation Program Elements
- Training Materials
  - PayScale Videos
  - Quartile Guide
  - Compensation Planning Tool Resources
- Global Job Leveling Framework
  - Job Groups
  - Job Scope Factors
  - Key Terms
- Reward & Recognition Spot Bonus Program
  - Eligibility
  - Program Design
  - Process for Nominating a Team Member for a Spot Bonus
  - Spot Bonus Award Payment
- Ensuring Competitiveness
- Annual Compensation Planning Cycle ("Annual Cycle")
- Summary of FY21 Compensation Actions
- Promotions and Market Adjustments
- Pay Zones

# Communication Best Practices



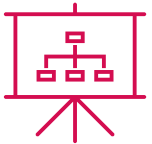
**Know your audience**



**Watch the jargon**



**Provide a way forward**



**Have a plan & timeline**



**Prepare, prepare, prepare**



**Be direct and also empathetic**



**Communicate early & often**



# Q&A

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

**Interested in a demo of how Payscale can help elevate your pay communication practices?**

Let us know in the polling tab of your dashboard!