How to Create a Pay Communications Plan

Having a standard process on how your organization has conversations about pay has many benefits. People managers are more confident when their employees ask about raises. Employees feel better about their jobs (even if they make less than the market average) from understanding what data went into their pay. Happier employees are more productive and more willing to stay. The benefits are many.

Your pay communications plan should accomplish the following goals:

- Ensure that employees fully understand all the components of their pay
- Improve employees’ perceptions of how their pay is determined
- Motivate employees to perform their jobs to the best of their abilities

Use this worksheet to get started on developing a pay communications strategy for your organization. You can also download *The Definitive Guide to Effective Pay Communications* to get more details on the value of creating a plan.
Pay Transparency Spectrum

Pay transparency and pay communications are related but they are not synonymous. Pay transparency is a spectrum whereas pay communications is a practice. Your pay communications strategy will depend on where your organization lies within the pay transparency spectrum.

1. Where is your organization on the spectrum currently?
2. Where would you like your organization to be?
3. What is preventing your organization to go from _____________ to ______________?
4. What benefits would your organization gain by moving up the transparency spectrum?

If you would like to learn more about the pay transparency spectrum, download The Pay Transparency Spectrum whitepaper.
Creating Your Pay Communications Plan

Whether this is your first pay communications plan or you’re refreshing an existing plan, pay communications can always be improved. The following recommendations are applicable to almost any organization that wants to create a pay communications plan.

Pay communications show employees exactly how much the organization values them. Employees will know what they are paid, where they fall within a salary band or pay range, and why.

Step 1: Get Buy-In
Whenever you’re considering undergoing a strategic initiative that will impact multiple facets of the organization, you first need to get support and approval from executive stakeholders.

Answer these questions to formulate your “why.”

1. What is the business case for taking a more strategic approach to compensation?

2. What is the problem that needs to be solved?

3. What examples and/or data do you have to support your needs?

Now that you know why you need a pay communications plan, it’s time to share your project with key stakeholders. This can be high level as the purpose at this stage is to show organization and ownership. Focus on getting feedback and approval to move forward.

Here’s a sample meeting agenda for your presentation:

- What you want to do
- Why you should do it
- How long it will take
- What you will need
Step 2: Establish Messaging
Once you have buy-in from stakeholders that pay communications are worth doing, you can get alignment on the messaging to staff. One thing you will have to establish is whether and when your organization will give pay increases — both merit-based increases and increases that are part of an annual compensation review cycle — as well as how to deliver this information and how much of the methodology you want to reveal to employees in the process.

Answer the following questions to help formulate your messaging framework.

1. How is pay determined?

2. How can employees grow within the organization?

Your pay communications plan should be able to answer these types of questions:

- How salaries are determined
- When or how often employees can expect to receive a raise
- How bonuses and incentive pay is determined
- What is the process for promotions
- The breakdown of the employee’s total rewards package

Step 3: Train Managers
What managers are empowered to say in pay communications — and when — will depend on the compensation maturity and level of pay transparency that the organization has adopted. You’ll have to decide what senior leadership knows, what HR knows, what managers know, and what employees know. However, even if your organization is fairly opaque, you should be able to provide some level of training to managers on pay communications.
Minimally, every manager should know:

- When to have pay conversations with employees
- What to cover as part of those conversations
- How much managers are allowed to say about how compensation is determined
- Which questions or scenarios to pass to HR to handle

Managers may need information from HR such as:

- Employee’s salary history
- Team’s salary history
- Employee’s job description
- Employee’s past performance reviews

Managers should be able to respond appropriately to the following questions and scenarios:

<table>
<thead>
<tr>
<th>Questions</th>
<th>How Would You Respond?</th>
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<tbody>
<tr>
<td>Why does so-and-so make more than me?</td>
<td></td>
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<tr>
<td>What is the salary range for my position?</td>
<td></td>
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<tr>
<td>How often can I expect a raise?</td>
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<tr>
<td>Where does our salary data come from?</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>How Would You Respond?</th>
</tr>
</thead>
<tbody>
<tr>
<td>When an employee is overpaid</td>
<td></td>
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<tr>
<td>When an employee isn’t eligible for a raise</td>
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<tr>
<td>When more money isn’t an option</td>
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<tr>
<td>When an employee reacts negatively to an increase</td>
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Download the Whitepaper!

You should now have a basic framework for creating and implementing a pay communications plan. Download *The Definitive Guide to Effective Pay Communications* whitepaper if you need detailed instructions.

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PayScale offers modern compensation software and the most precise, real-time data-driven insights for employees and employers alike. Thousands of organizations, from small businesses to Fortune 500 companies, use PayScale products to power pay decisions for millions of employees.

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