

Preparing for success: your readiness checklist for compensation planning

With evolving market dynamics and increasing competitive pressures, ensuring a robust compensation strategy is more critical than ever. A well-planned approach not only aligns compensation with business goals but also addresses key factors such as market competitiveness, internal equity, and employee retention. If you're looking to kickstart your compensation planning season but aren't sure where to begin, you're in the right place.



Kickstarting compensation planning season

As organizations strive to attract and retain top talent, aligning compensation plans with business goals has become a priority for HR teams and stakeholders. While many organizations understand the importance of effective compensation planning, figuring out where to start and how to prioritize tasks can be challenging.

We've created this quick worksheet to help HR and comp professionals prepare for compensation planning season and identify key considerations and information needed.

Reasons to prioritize compensation planning include a desire to:

- ✓ **Align** with organizational goals
- ✓ **Promote** fairness and equity
- ✓ **Strengthen** employee trust and engagement
- ✓ **Enhance** talent acquisition and retention
- ✓ **Motivate** productivity and performance

Compensation planning readiness checklist

Review organizational goals and strategy alignment

- ☐ Have there been any changes in the organization's strategic goals since the last cycle?
- ☐ If yes, does the current compensation strategy still align with these updated goals?
- ☐ Are there new business units or roles that need specific compensation adjustments?

Assess market competitiveness

- ☐ Have there been significant changes in the market rates for similar positions in our industry?
- ☐ Are we still competitive with our peers in terms of salary, benefits, and other compensation components?
- ☐ Should we use additional or updated sources of market data for benchmarking?

Evaluate internal pay equity

- ☐ Are there any new pay disparities that have emerged since the last cycle?
- ☐ Have we maintained fairness and equity in our compensation practices?
- ☐ Are there new legal or regulatory requirements that need to be addressed?

Refine compensation structure and policies

- ☐ Do our current pay grades and salary ranges still align with the market and our organization's needs?
- ☐ Are the criteria for pay progression within each grade or range still relevant and fair?
- ☐ Do we need to update our policies for bonuses, incentives, or other variable pay components?

Update budget and forecasting

- ☐ What is the updated total compensation budget for the upcoming period?
- ☐ How will we allocate the updated budget across different departments and roles?
- ☐ Are there any anticipated changes in staffing levels or other factors that could impact the budget?

Communicate compensation plans

- ☐ How will we communicate any changes in our compensation strategy and structure to employees?
- ☐ What methods will we use to ensure ongoing transparency and understanding?
- ☐ How will we address any new employee questions or concerns regarding compensation changes?

Monitor and adjust

- ☐ How frequently will we review and adjust our compensation plans during the upcoming cycle?
- ☐ What specific metrics will we track to measure the effectiveness of our updated compensation strategy?
- ☐ How will we stay informed about ongoing market changes and adjust our compensation plans accordingly?

Talk to a Payscale expert today to learn how our compensation management solutions can help you plan for compensation that drives positive business outcomes.

Get a demo



About Payscale

As the industry leader in compensation management, Payscale is on a mission to help job seekers, employees, and businesses get pay right and to make sustainable fair pay a reality. Empowering more than 65% of the Fortune 500, Payscale provides a combination of diverse and dynamic data sources, experienced compensation services, and scalable software to enable organizations such as Panasonic, ZoomInfo, Chipotle, AccentCare, University of Washington, American Airlines, and PetSmart to make fair and appropriate pay decisions.

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