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Striking a Balance with Salary Structures: Internal Equity vs. External Competition

Speakers

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Agenda

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- What are structures?

- Why are they important?

- How do structures support organizational goals?

- Business Case Scenario

- Achievable goals

- How to implement structures

- Lessons Learned

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What are Salary Structures, Grades, and Ranges?
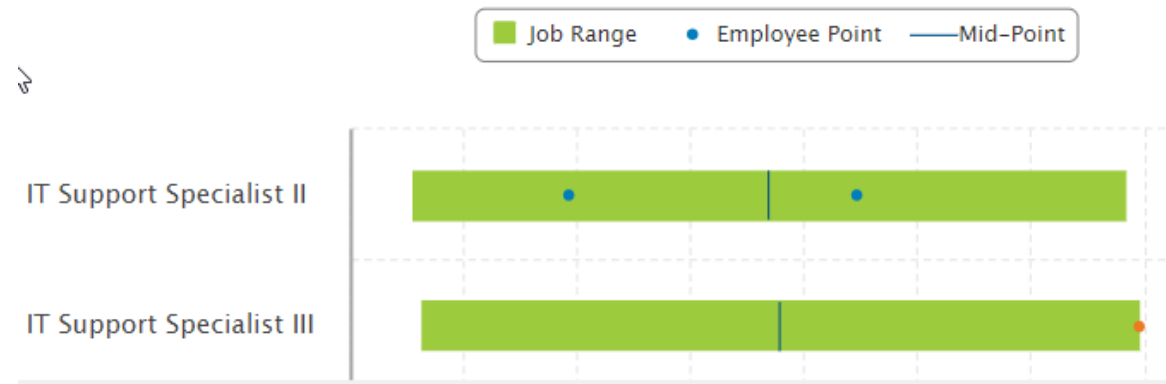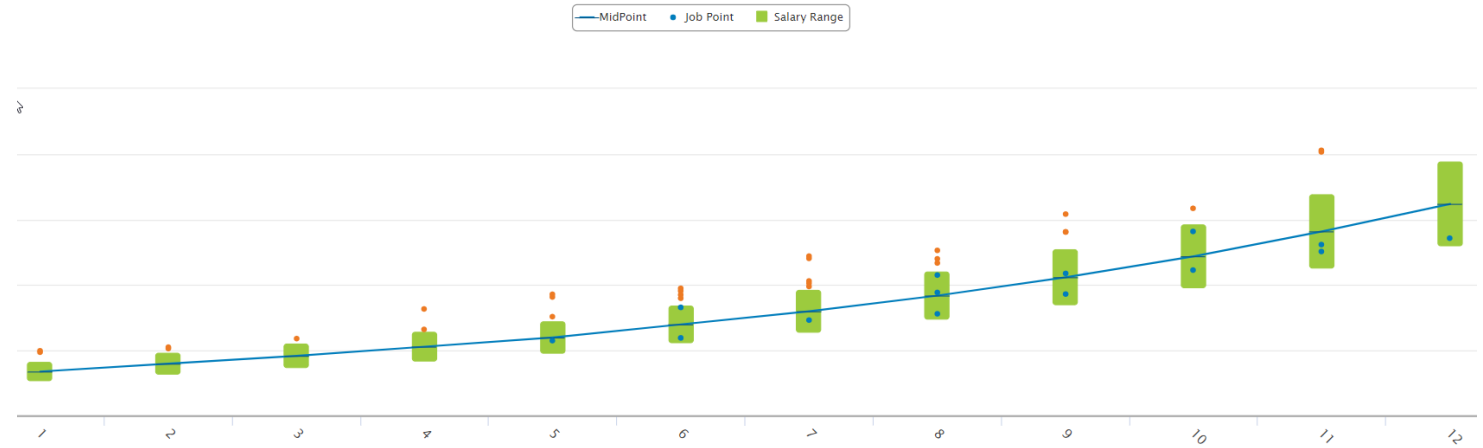
Salary Structure
An organized, hierarchical method to manage, understand and interpret pay data.

Salary Grade (Grade Range)
Jobs that add similar value to an organization are placed within the same salary grade. These grades are levels that make up a salary structure.

Salary Job Range
A range that organizations set for either one job (job-based ranges) or multiple similar jobs (grade-based ranges) to assist in pay decisions.

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How Do Salary Structures Support Organizational Goals?
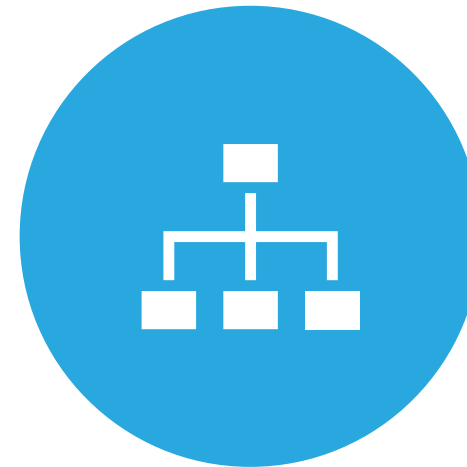
Enables companies to:

- Be externally competitive and attract new talent

- Pay fairly across their organization

- Comply with pay transparency legislation

- Regulate costs and internal spending
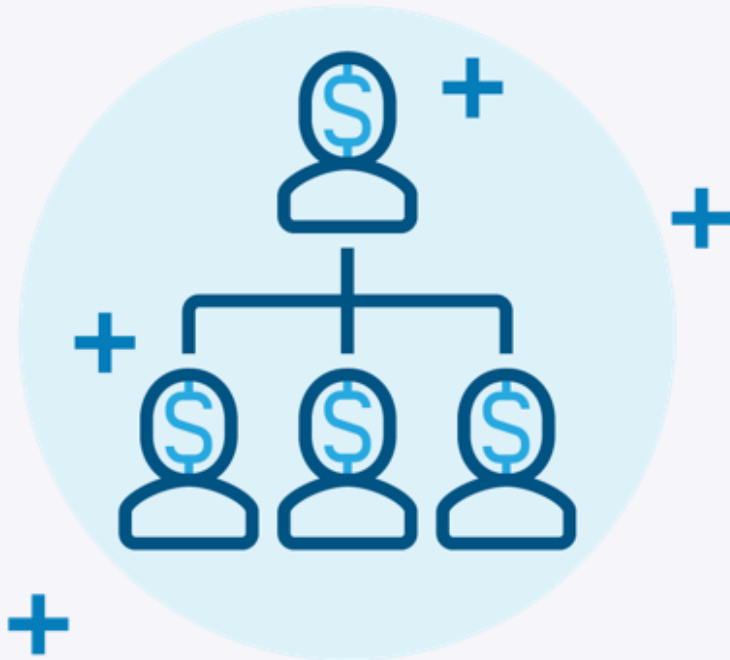
Designing the Structure that is Right for Your Company

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DO YOU HAVE DIVERSE LABOR MARKETS?

ARE SOME DEPARTMENTS/DIVISIONS OR JOB FAMILIES MUCH DIFFERENT THAN OTHERS?

Salary Structure: In a Challenging Labor Market

Foundational Considerations:

- Align to compensation philosophy

- Anchor to the market

- Easily model a market that's changing

- Balance reactive vs. being too reactive

Managing Implications of an Acquisition or Merger

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Market Review

- Harmonize combined compensation philosophy
- Compare the Job Catalogue of the new organization against existing Job Architecture

Change Management

- Compare and consolidate pay and incentive programs for similar job families
- Generate compression analysis to address proactively
- Compare "grade" and "career level" terminology to harmonize

Business Case Scenario

Business Conditions

- Pandemic
- Acquisition
- Economic concerns
- Outdated structures

Solution – 3 Unique Structures

- Hourly – Distribution and Contact Centers
- IT
- Corporate

Implementing Solutions

Structure Updates – Hourly

- Standardized but tailored
- Rooted in data
- Anchored to competitive starting rates
- Compression adjustments for time in job

Implementing Solutions

Structure Updates – IT

- Carved out from corporate
- Pay premiums for hot skills
- Wider pay bands
- Leadership commitment

Implementing Solutions

Structure Updates – Corporate

- Anchored to current market data
- Adjusted employees under minimum
- Obtained business and leadership support
- Data was key
- Effectively communicated how to use salary ranges

Achievable Goals

- Addressing compression

- Reducing turnover

- Increasing engagement

- Aligning with our values

- Attaining pay equity and transparency

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Define Structures

- Hourly
- IT
- Corporate

Generate Reporting Analysis

- Where do I have turnover risk?
- Where do I have compression issues?
- What's the cost of pay adjustments?

Putting it in Action – Set Up and Structure

Putting it in Action – Set Up and Structure

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Composite Report: Technical Project Manager III Workday (ITPJMP3) 1 of 1

STATUS
● Approved

Last edited 31 May 2023 by Demo 343

PAY MARKET
Boston - Boston

JOB DESCRIPTION
Manages and oversees all aspects of a technology project to ensure it is completed on-time and within budget. Has overall responsibility for managing scope, cost, schedule, internal staffing, vendors, and contractual deliverables. Develops detailed p... More...
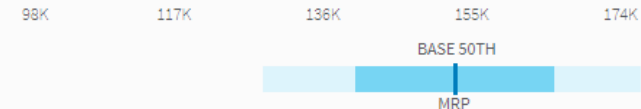
Market Composite MRP

BASE 50TH	TREND	MARKET INDEX
$150.9K	11.7% ↑	**70.6%**

04(Information Technology - Boston)

AVG EE PAY	TREND	COMPARATIO	#EES
$106.6K	-	**86.6%**	**1**

	98K	117K	136K	155K	174K

BASE 50TH

MRP

GRADE TARGET: MIN   MID   MAX

MID $123,000.00

▼ **Custom Fields**

PREMIUM SKILL(S)
Workday HCM
Certification

Structure: Information Technology
Salary Plan: Boston

HRBP/TA INPUT
160K-170K

Market Pricing   Job Description   Employees   Ranges   Career Progression   Trending Data

Market Composite, effective 1 Jan 2023 *

Effective Date: 1 Jan 2023 | Currency: US Dollars | Pay Type: Annual | Composite MRP: Base 50th | Premium/Discount: 6.000%

	10TH	25TH	50TH	75TH	90TH	AVG
Base Salary	127.3	138.6	150.9	163.1	173.8	150.8
Total Cash Compensation	126.5	142.6	160.4	177.7	193.5	160.5

Putting it in Action – Set Up and Structure
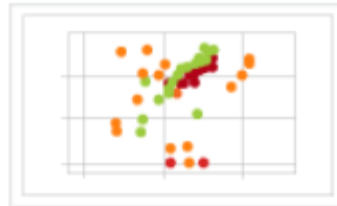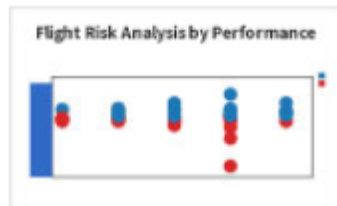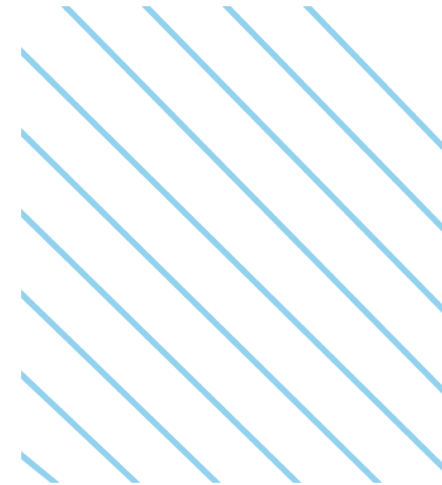
How to Make this Work at Your Company

- Buy-in from stakeholders

- Effective communication plan

- Budgets/Managing costs

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Foundation for Pay Equity Across the Organization

- Pay equity = equal pay for equal work

- Structures set similar work into groups

- Align to compensation philosophy

Lessons Learned

- The must have – reliable-HR reported compensation data with insights into real time market pricing for certain jobs

- Don't ignore market volatility. Embrace it as part of the process.

- Manage pay practices across any entity that influences pay: divisions, locations, departments, etc.

Check List for Monday

- Establish a pay philosophy and broadly communicate it.
- Be transparent about pay and why people are paid what they are paid.
- Train your managers on your pay structures.
- Establish consistent and updated job description database that managers and recruiters can access.
- Continuously update.

Where are you on your pay journey?

Market data	Pay philosophy	Defining jobs and similar work	Structures	Pay Equity

Q&A and Wrapping Up

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Scan to download whitepaper:

Navigating the Challenges of Creating Salary Structures