



Human Resource Association  
of the National Capital Area

## *4th Annual Compensation and Benefits Summit*

# What are the Biggest Compensation Concerns in Today's World?

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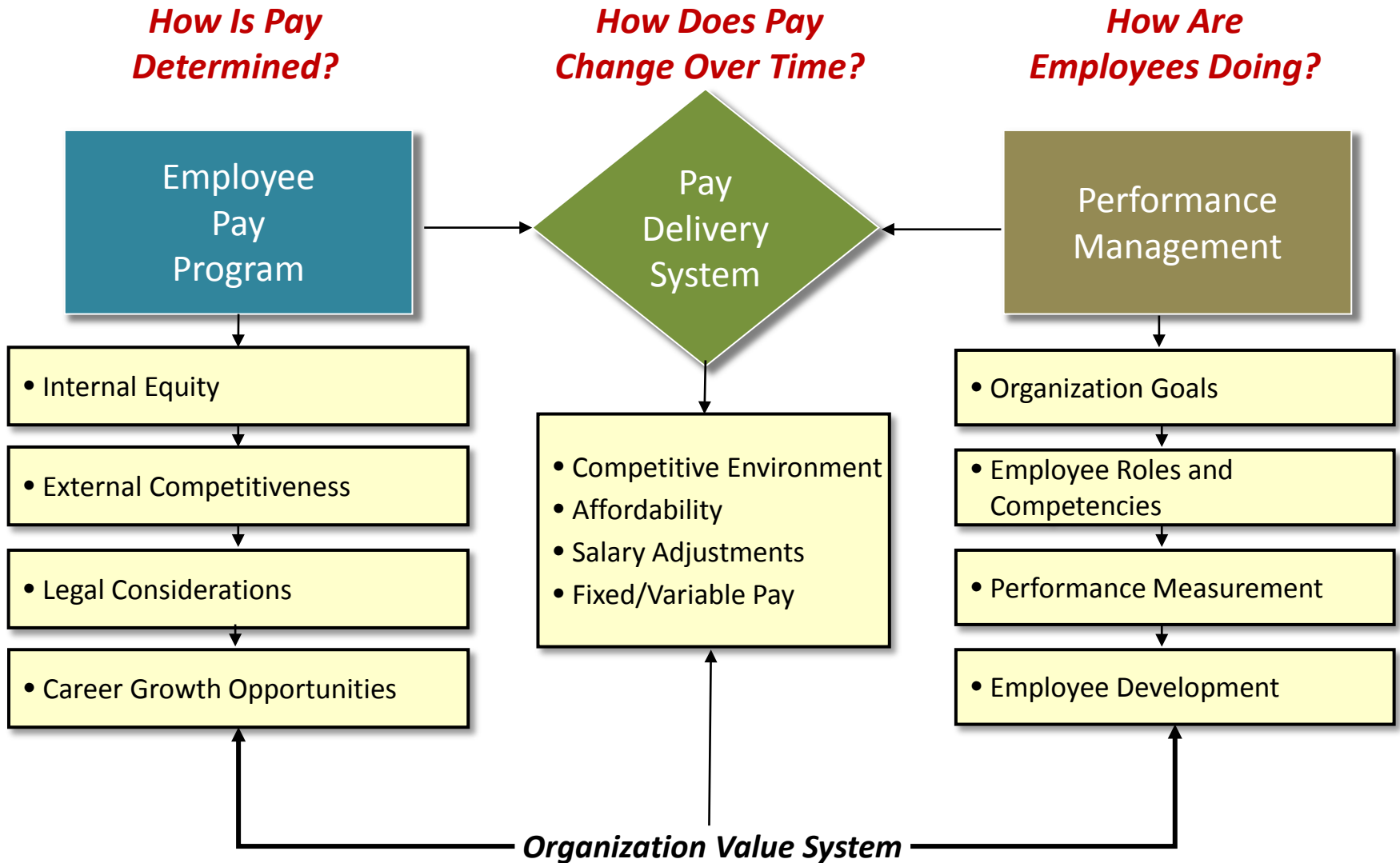
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# I. Session Objectives

- A. Increase participant **understanding** of employee pay
- B. Discuss anatomy of an employee **pay program's worth**
- C. Focus on **external competitiveness** versus **internal equity**
- D. Discuss **pay philosophy** and **strategies**

# II. Employee Pay Program – Overview



## II. Employee Pay Program – Overview

*The typical program objectives include to:*

- Attract, engage and retain highly talented employees
- Provide competitive market pay opportunities relative to competitors
- Ensure internal equity and fairness among all employees
- Pay commensurate with employee roles and responsibilities
- Identify career progression opportunities
- Manage pay within financial limits

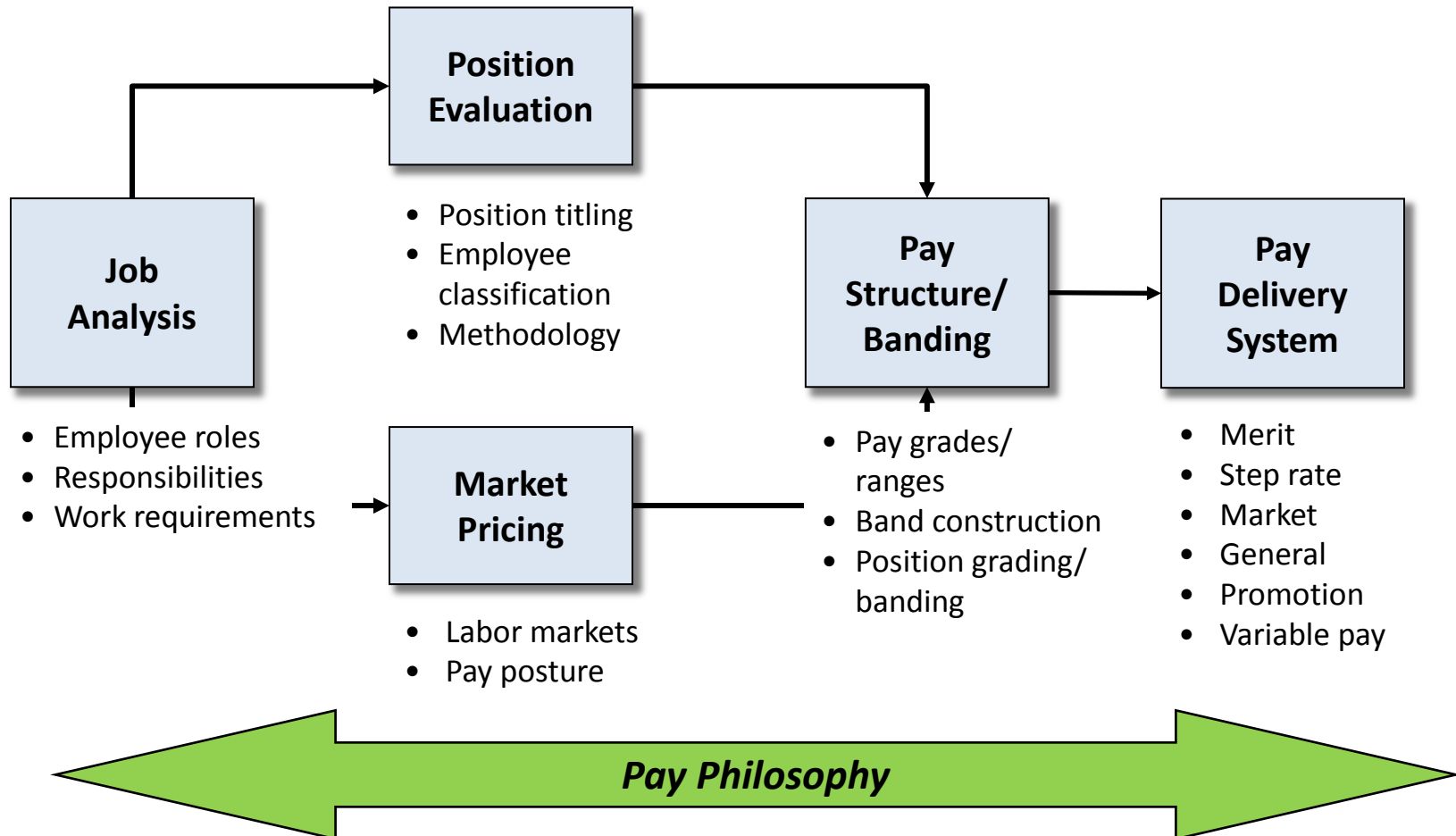
## II. Employee Pay Program – Overview

*Successful pay programs depend less on design approaches and more on:*

- **Well thought-out design processes**
  - Collaborative
  - Credible
  - Building of support
- **Effective design**
  - Supports strategies, objectives and culture/values
  - Fits with recruitment, retention needs and processes
  - Meets management needs for information and decision-making tools
  - Not an administrative burden
  - Viewed as fair by employees

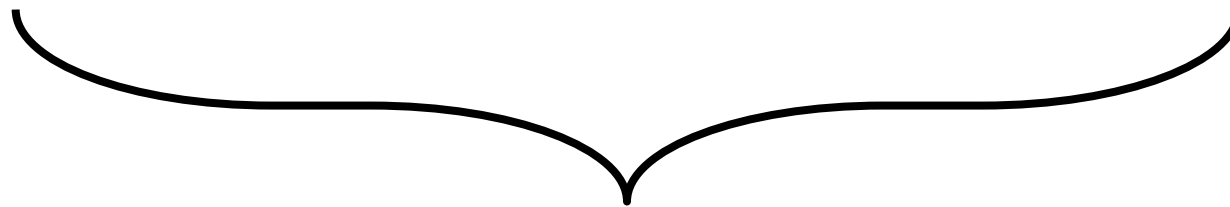
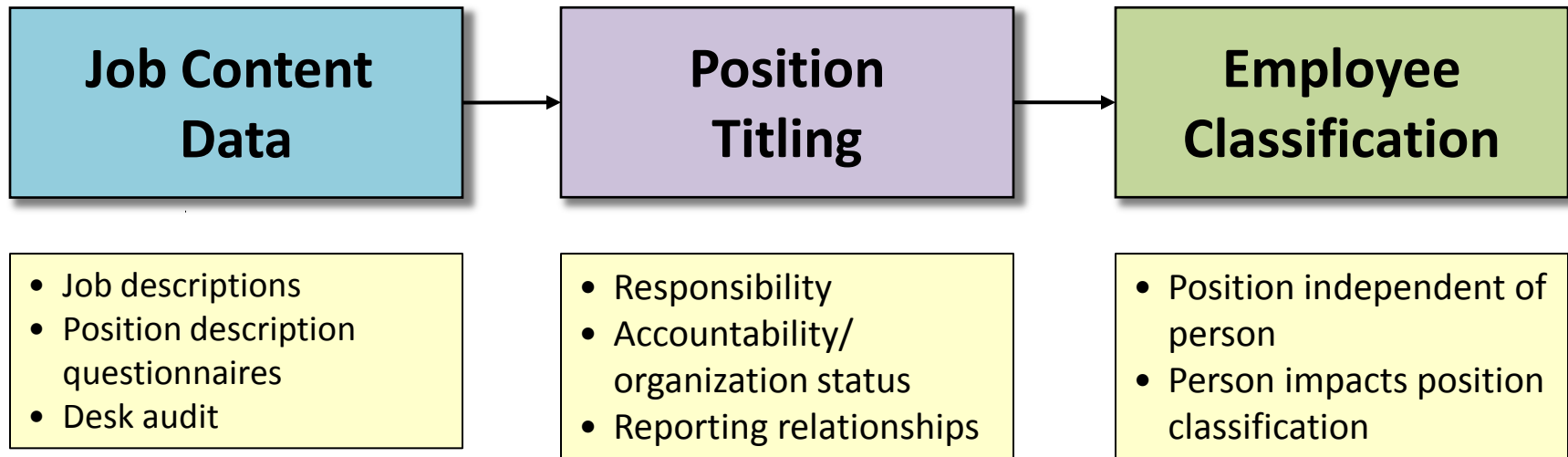
# III. Employee Pay Program – Design Elements

*There are five basic design elements of an effective program:*



# III. Employee Pay Program – Design Elements

*Insufficient focus being placed on job analysis*

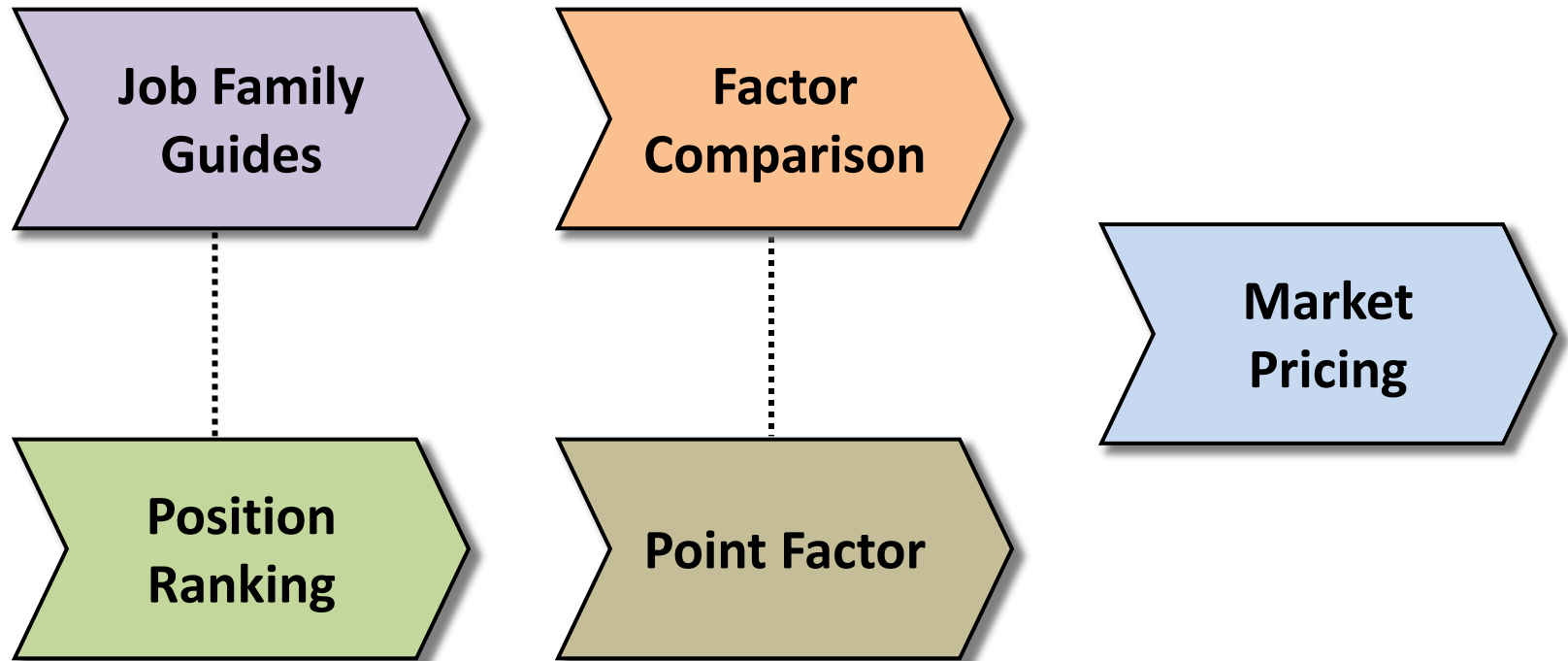


**Basis for position valuing**



# III. Employee Pay Program – Design Elements

*Too little attention is placed on position evaluation*



Whole Job → Job Dimensions → External Value

# III. Employee Pay Program – Design Elements

*Does your organization have a documented protocol for market pricing?*

## Comparator Labor Markets

- Survey peer group
- Published survey sources
- Tailored survey sources

## Survey Position Matching (Benchmarks)

- Industry
- Annual revenues
- Geography
- Position scope

## Desired Pay Posture

- Median/50<sup>th</sup> percentile
- Average
- Above average
- 75<sup>th</sup> percentile

# III. Employee Pay Program – Design Elements

*Selecting benchmark positions for market pricing*

Position Level	Types of Positions	
	Infrastructure	Business-Focused
Executive	Accounting	Engineering
Management	Human Resources	Operations
Supervisory	Legal	Manufacturing
Technical/ Individual Contributor	Procurement	Production
Semi-Technical	Facilities	Design
Administrative/Support	Information Technology	Research

**A representative cross-section of positions**

# III. Employee Pay Program – Design Elements

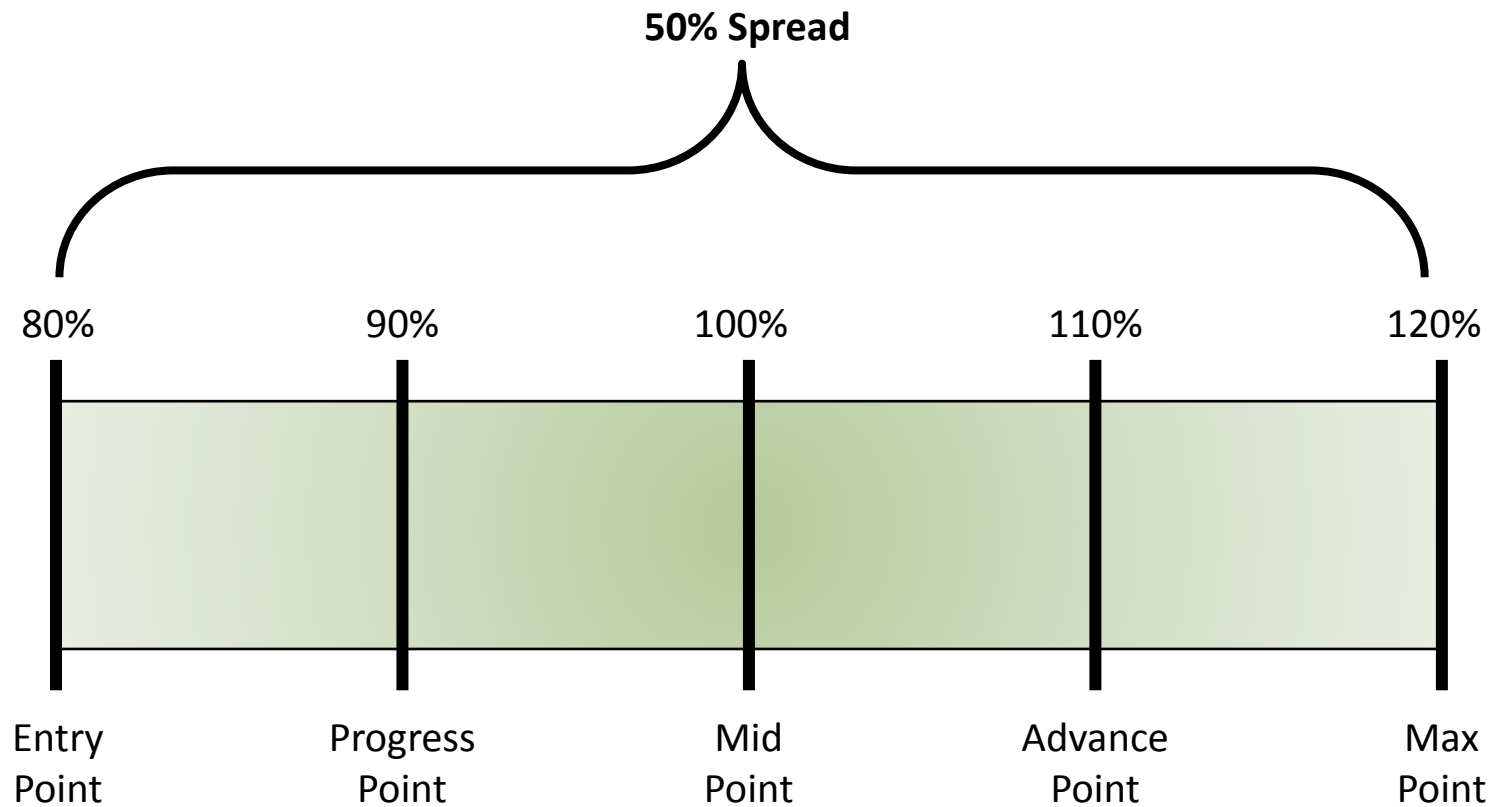
## *What are Criteria for Establishing a Market Pricing Protocol?*

Position Type	Labor Market	Geographic Scope	Survey Sources
<b>Vice Presidents and Above</b>	<ul style="list-style-type: none"><li>• Peer group</li><li>• Specific industry</li><li>• General industry</li></ul>	National	Big/boutique consulting Firms
<b>Directors</b>	<ul style="list-style-type: none"><li>• Peer group</li><li>• Specific industry</li><li>• General industry</li></ul>	National/regional	Big/boutique consulting Firms
<b>Managers, Supervisors and Technical Specialists</b>	<ul style="list-style-type: none"><li>• Specific industry</li><li>• General industry</li></ul>	Regional/local	HRA-NCA
<b>Semi-Technical and Administrative Support</b>	<ul style="list-style-type: none"><li>• General industry</li></ul>	Local	HRA-NCA

**Survey data aggregator makes it difficult to properly match positions (“apples to apples” comparison)**

# III. Employee Pay Program – Design Elements

## *Managing Employee Salary Expectations*



# III. Employee Pay Program – Design Elements

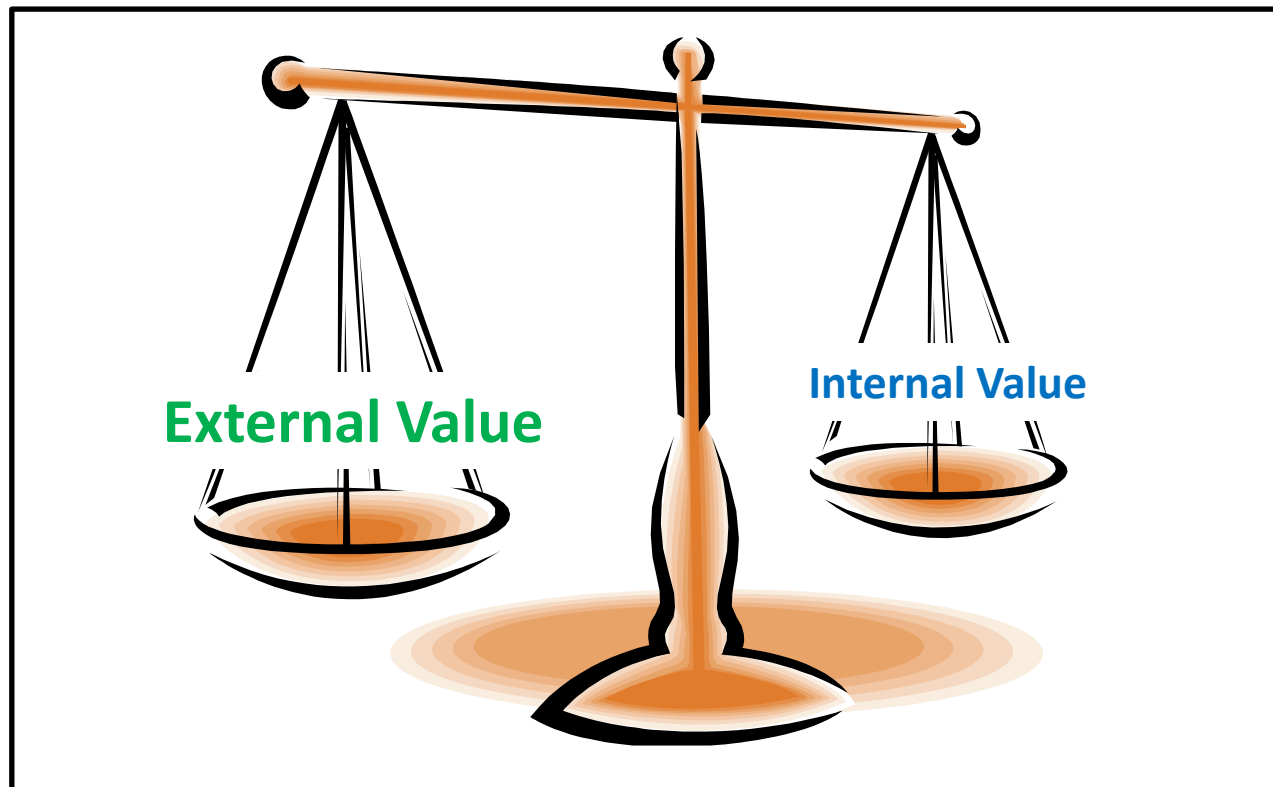
*The purpose of each salary structure component is as follows:*

<b>Entry Point</b>	The lowest rate paid an employee with <b>minimal</b> qualifications
<b>Progress Point</b>	The rate paid an employee with <b>more than the minimal</b> qualifications
<b>Midpoint</b>	The “going rate” paid an employee with <b>satisfactory</b> performance and who has <b>six to eight years</b> of experience in that position
<b>Advance Point</b>	The rate paid an employee with <b>more than satisfactory</b> performance
<b>Max Point</b>	The highest rate available for an employee with <b>consistently exceptional</b> performance or for those with <b>long service</b> in that position

**Should organizations communicate salary range midpoints???**

# III. Employee Pay Program – Design Elements

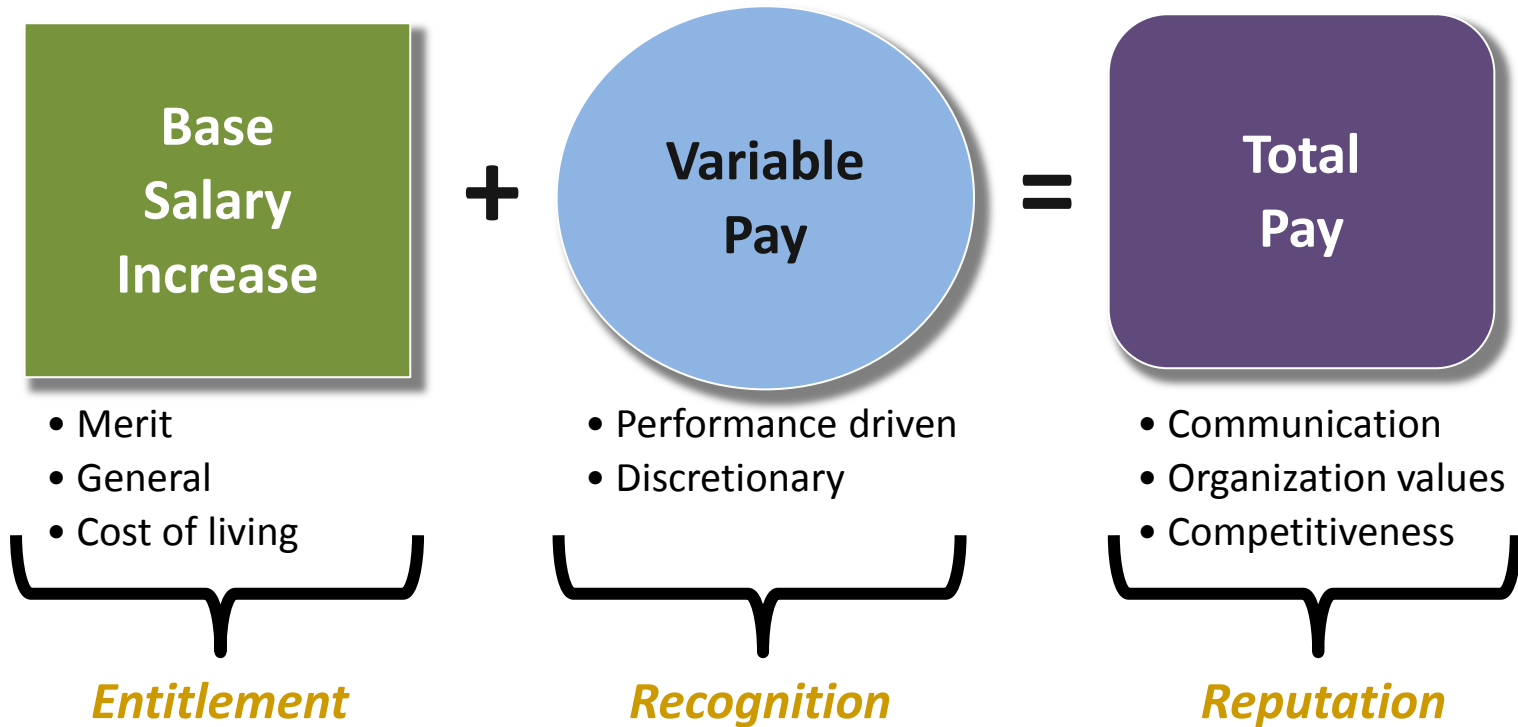
## *Blending of internal and external values*



**Have organizations placed too much emphasis on external market value?**

# IV. Total Pay Delivery System

## *Monetary Rewards and Recognition*

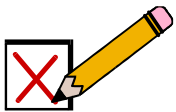


**What message is your organization sending to employees???**



# V. Checklist of a Healthy Employee Pay Program

*Does your organization . . .*



Have a **pay philosophy**?



**Communicate** the pay philosophy to its employees?



Have and maintain up-to-date **job descriptions**?



Annually **review** and if needed, **update** its salary structure/band?



Review whether its positions are **properly graded/valued** on an on-going basis?

# V. Checklist of a Healthy Employee Pay Program

*Does your organization . . .*



Periodically **audit** its employee pay program?



Track **market movement** each year?



Budget for **pay changes** each year?



**Train supervisors** on how to manage individual employee pay?



Communicate **pay ranges/opportunities** to employees?

# Questions and Answers

