



# A Guide to Laying the Foundation for your Compensation Strategy (and how to sell it to management)

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# Have you ever . . . .

Had an employee come to you with a ransom job offer from down the street?

Had a hiring manager who insists on paying a new hire \$10,000 above the market rate because “they *must have* this individual”?

Worried about the equity among your employee’s when it comes to compensation?



# The solution . . .

Create a formal  
compensation program



# Why should you have a formal compensation program?



- **Good business sense**
  - Compensation is one of your largest single costs of doing business
  - Attract, retain and engage the talent you already have within your organization
  - Supports the desired mission, strategy and culture of the organization.
- **Can ensure equity and fairness among employees**
  - Improves employee morale
  - Can reduce risk to the organization

# How can you gain support from management?



- **Focus on the business case**
  - Know what matters
  - Use data to support your case
- **Make it relevant**
  - Provide an example
  - Identify risk to the organization
- **Be prepared and well-rehearsed with your recommendation**
  - Have an outline of the plan
  - Be prepared with resource requests (financial, HR, etc)



# Where do I start?



- **Get the right people involved**
  - Buy-in from ALL key decision makers
  - Have a project champion
  - Identify the right decision-making process
  - Consider employee involvement
- **Agree on goals**
- **Set a project deadline**
- **Create a communication strategy**



# Communication Strategy



- **Communicate about the project**
  - What is the organization doing and why
  - What is the process
  - Choose the right messenger
- **Be transparent about the process**
  - Be realistic about the goal – no promises should be made
  - Don't give employees the opportunity to assume what the outcome will be
  - Let employees know what to expect in terms of additional communication regarding the project.

# Creating the Compensation Strategy



Start with:

## Where is the Organization Now?

- Growth cycle
- Demographics
- Culture/management style

Then:

## Where Do We Want To Be?

- Importance of attraction, motivation and retention
- Market competitiveness vs. internal equity
- Competitors and degree of competitiveness
- The right mix of compensation elements
- Salary administration and decision making

# Implement the Plan



- **Benchmark the organization**
- **Perform a gap analysis**
- **Create a proposal(s) for implementation**
- **Decide what to do with anomalies**
- **Get buy-in again**
- **Communicate with employees**
- **Assesses project effectiveness and next steps**



# Questions?



Thank you for attending!

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