Values-based compensation structures

Change for Good
Coaching and Consulting

While we wait to get started, please use chat to share one way your organization has operationalized it's values

Our time together

Purpose: To share a values-based approach to compensation

Outcomes:

1. Participants will have considered why walking our talk is important and how compensation structures can reflect values.

2. You will have a high-level understanding of a step-by-step approach to building a values-based compensation structure and take away a tool for grading or grouping jobs.

3. You will be aware of key decision points around setting up a values-based compensation structure.

Change for Good
Coaching and Consulting

Our work

- ✓ HR office hours

- ✓ Executive and mid-level leadership coaching

- ✓ Supervisor training and support

- ✓ Build values-based systems and practices

- ✓ Team development

Our values

- ✓ Collaborative, mutually respectful relationships

- ✓ Compassion for people wherever they are

- ✓ People are resourceful and wise

- ✓ More is possible

- ✓ We bring our whole selves to work

- ✓ Responsibility for leveraging privilege for justice
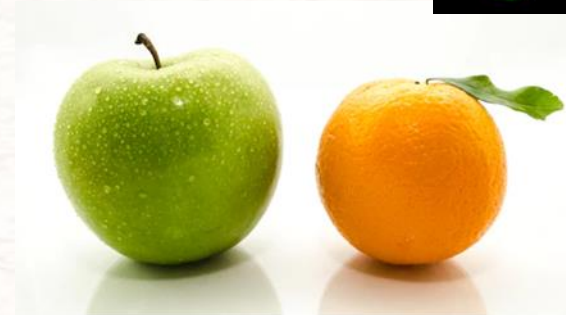
Living our values

Values-based compensation

Compensation structures

▸ Reflect organizational values

▸ Attend to INTERNAL equity (how people are paid in relationship to one another)

▸ Address EXTERNAL equity (market parity)

Building a values-based compensation structure

1. Identify key values

2. Collect market data

3. Analyze data

4. Leverage data to create salary scales

5. Plan for and implement individual adjustments

6. Address related policy issues

7. Communicate every step of the way!

1. Identify key values

How?

- Survey or focus group

- Document review

Use data to:

- Differentiate jobs

- Gain clarity about how compensation will reflect other values (ie: tenure, performance…)

Job grading tool

Title	Team leader	Supervisory responsibilities	Level of autonomy/responsibility around decision making	Risk associated with role	Budgetary responsibility	Fundraising or business develoment	Change management	Communication complexity	Develops others	Innovates	Lifts up marginalized voices	Externally facing	Degree of collaboration/relationship building	Pace and intensity of work	Bilingual skills required	Special degree or certification required	Previous relevant work experience required	score	notes

2. Collect market data

Sources

TSNE report and searchable database

NonProfit Times

Total Compensation Solutions

Economic Research Institute (ERI)

ADP or your payroll firm

Salary.com

GuideStar

Field specific reports (ie; Council on Foundations)

Collect your own

2. Collect market data (continued)

By:

- Organizational budget

- Field

- Geographic location

For:

25th, 50th, 75th, percentile

Minimum, maximum

Sometimes other data is also available (ie: 90th percentile)

3. Analyze data

1. Enter data for each job

2. Consider weighting sources

3. Calculate a weighted average for each position
   - Which positions pay/employees earn more than market data? Less than market data?
   - Look for trends by demographics, tenure

Title	Name	Start date	Current salary	50th percentile market data	percent paid over/under market 50th	75th percentile market data	percent paid over/under market 75th
Accountant	Mark Smith	10/2/2019	$51,000	$ 49,352	3.34%	$ 54,194	-6%
Bookkeeper	Manny Rodriguez	6/15/2018	$52,000	$ 45,752	13.66%	$ 51,923	0%
Office Manager	Patrick Thorndike	8/22/2018	$52,000	$ 49,352	5.37%	$ 54,194	-4%
Program Coordinator	Gwen Anderson	1/4/2019	$52,529	$ 49,352	6.44%	$ 54,194	-3%
Program Coordinator	Marcella Conte	4/13/2015	$55,000	$ 44,429	23.79%	$ 47,677	15%
Program Director	Damon Wirth	7/14/2020	$65,000	$ 65,859	-1.30%	$ 71,983	-10%

3. Analyze data (continued)

4. Group jobs together based on market data and current salary

Job Group and Title	Name	Current salary		50th percentile	75th percentile
GROUP A				$ 47,064	$ 52,401
Accounts Receivable & Salesforce Analyst	Smith	$52,000		$ 45,752	$ 51,923
Administration & HR Coordinator	Jones	$55,000		$ 44,429	$ 47,677
Program Coordinator	Walker	$55,000		$ 44,151	$ 52,223
Customer Service Rep	Anderson	$51,000		$ 49,352	$ 54,194
Customer Service Rep	Mitchell	$52,000		$ 49,352	$ 54,194
Customer Service Rep	Thomas	$52,529		$ 49,352	$ 54,194
GROUP B		Market averages		$ 60,841	$ 72,196
AP, Employee Expenses Mgr	Maple	$66,187		$ 57,565	$ 55,039
Communications Manager	Longwood	$66,950		$ 69,054	$ 77,085
Executive Assistant	Steel	$65,000		$ 63,076	$ 63,945
Manager, Customer Service	Plafker	$60,000		$ 65,859	$ 71,983
Phone Bank Manager	Shaffer	$61,800		$ 56,778	$ 79,107
Phone Bank Manager	Connor	$62,500		$ 56,778	$ 79,107
Phone Bank Manager	Wilkens	$65,000		$ 56,778	$ 79,107

5. Confirm or revise groups using job grading tool

6. Average the data for each job group

4. Leverage data to create salary scales

1. Art and science

2. Spread between minimum and maximum increases as job group increases

3. Pay attention to salary scales in relationship to market

JOB GROUP	min to max spread		Minimum	Over/under market 50th	midpoint	Maximum	Over/under market 75th
GROUP A		Market averages	$ 47,000		$ 49,750	$ 52,500	
	18%	Salary range	$ 55,000	17%	$ 60,000	$ 65,000	24%
GROUP B		Market averages	$ 60,841		$ 64,421	$ 68,000	
	24%	Salary range	$ 63,000	4%	$ 70,500	$ 78,000	15%
GROUP C		Market averages	$ 75,000		$ 83,500	$ 92,000	
	25%	Salary range	$ 76,000	1%	$ 85,500	$ 95,000	3%

JOB GROUP CurrentGrade	Minimum	midpoint	Maximum
GROUP A	$ 55,000	$ 60,000	$ 65,000
GROUP B	$ 63,000	$ 70,500	$ 78,000
GROUP C	$ 76,000	$ 85,500	$ 95,000

5. Plan for and implement individual adjustments

If you can't adjust all salaries at once, determine priorities based on values (ie: most underpaid, lowest compensated, demographic equity adjustments etc.)

6. Address policy issues

How are starting salaries set?

How are raises determined?

How are promotions granted?

What happens when an individual is at the top of their salary range?

Are bonuses issued based on performance? Bilingual or other highly valued skills?

What else?

Communicate!

Resources

- https://nonprofitaf.com/2018/06/when-you-base-pay-on-salary-history-a-unicorn-loses-its-horn/

- https://classism.org/programs/staffing-the-mission/

- https://showthesalary.wordpress.com/about/

- https://www.tsne.org/wage-equity-matters

Questions?

Change for Good Coaching and Consulting