



Base Pay - An Overview

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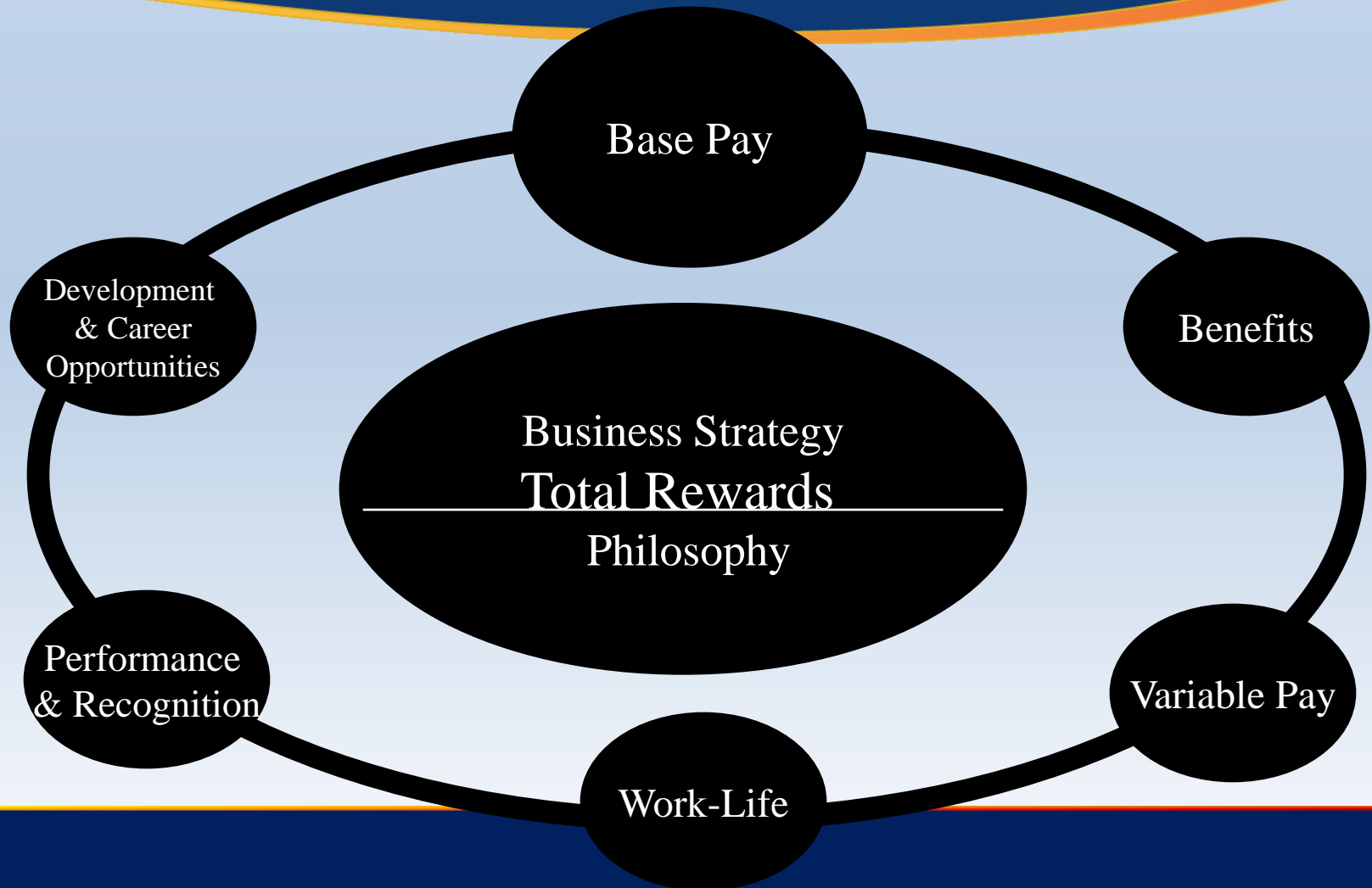


Objective

To provide you with an understanding of. . .

- the Total Rewards model and
- the Base Pay plan component

Total Rewards Model





Design Elements

- Business Strategy
- Total Rewards Philosophy
- Internal job evaluation
- External market pricing
- Grade and range structure development
- Implementation
- Administration

Where it begins . .

- Business Strategy
 - What are the vision/mission/values?
 - What are the key internal and external factors influencing your operation?
 - Are there any other factors unique to your organization that need to be considered?



Link between Strategy and Philosophy

- Supports your business strategy
- Describes how you view your employees
- States your basic recruiting strategy
- Refers to your pay perspective
- Addresses base pay role in Total Rewards

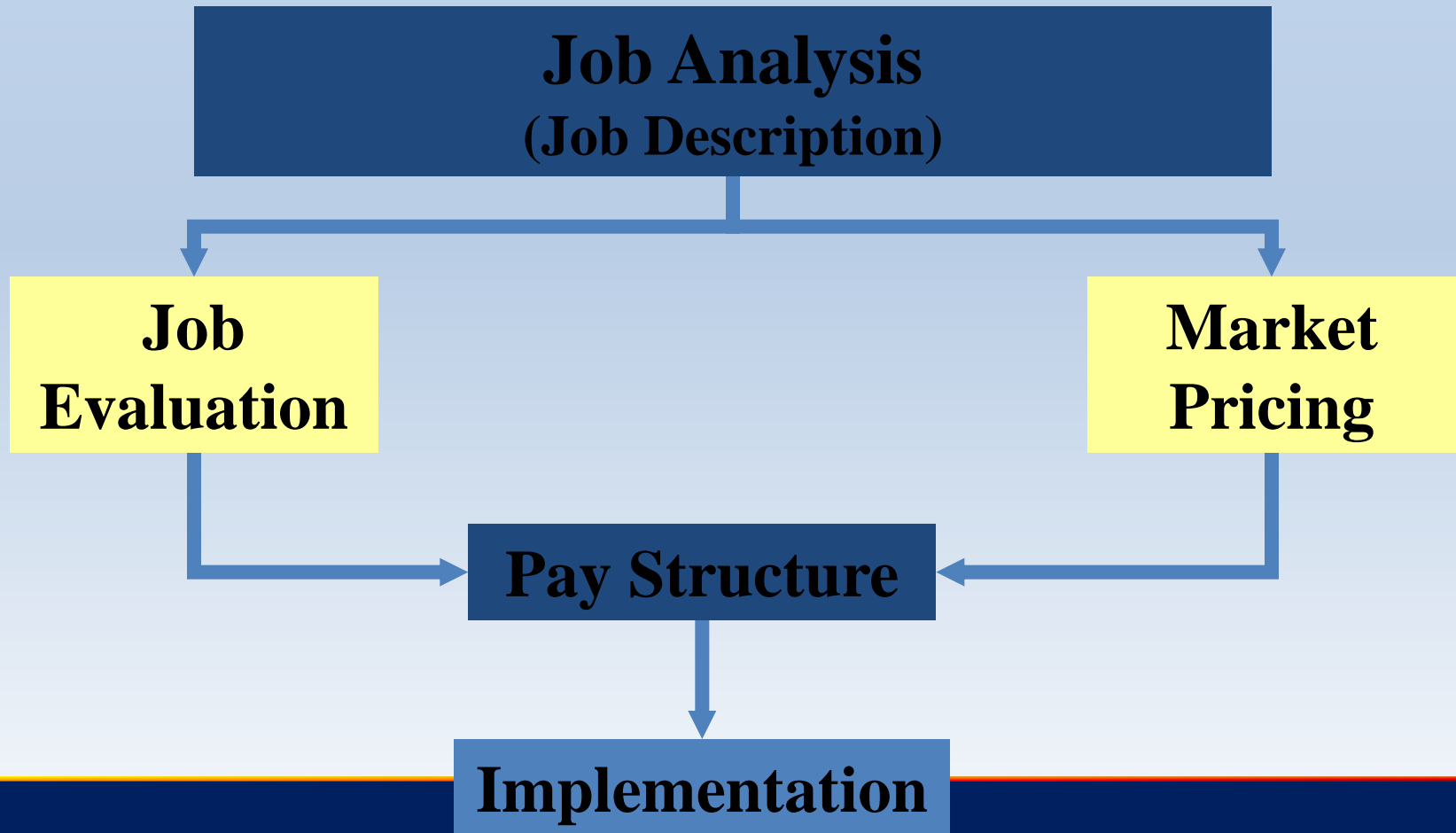


Other Considerations

- Leadership and Support
- Budget
- Communication Plan
- Administration and Maintenance
- Competition



Base Pay Plan Design



What is “Job Analysis”?

- A process of collecting, analyzing and recording information on job activities



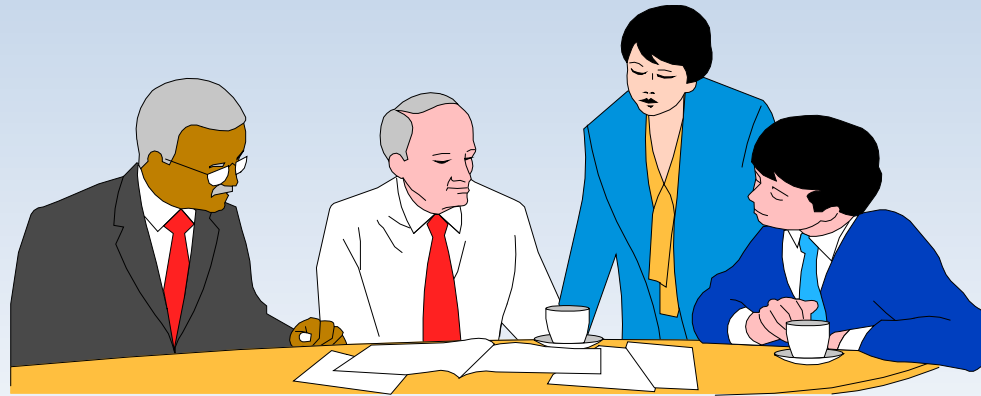
Job Description

- Written document which formally states the required duties, qualifications and responsibilities of the job holder (also known as KSAs - knowledge, skills and other abilities)

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Internal Job Evaluation

- A formal process used to determine the relative, **INTERNAL** value an organization places on a job





Job Evaluation Methods

Establish a hierarchy of jobs based upon their importance in the organization

- Non-Quantitative – Whole Job Ranking
- Quantitative – Point Factor

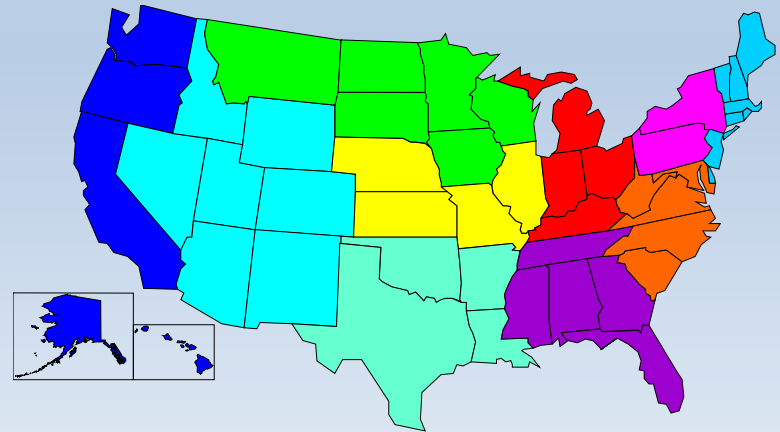


External Market Pricing

- Reviews what other organizations pay for similar jobs
- Used by almost all organizations
- Determines how well an organization is paying their employees in relation to other organizations

Determine your Market(s)

- Industry
- Public/Private
- Profit/Non-profit
- National/Local





Salary Survey Resources

- Professional and Industry Associations
- MSEC Geographic and Industry
- Bureau of Labor Statistics



Using Survey Data

- Methodology
- Timeliness of data
- Data breakdown
- Sample size



Develop Grades

- Based on job evaluation
- Based on market pricing
- Combination



Pay Ranges

- ▼ Minimum (hiring rate) – the lowest rate an organization pays for a job
- ▼ Midpoint (market value) – midway point between the minimum and maximum
- ▼ Maximum (cap) – the highest rate an organization pays for a job

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Design Decisions

- What is your midpoint?
- What is the distance between midpoints?
- How wide should your pay ranges be?



Checking the Structure & Resolving the Discrepancies

Internal Equity

External Equity

Individual Equity



Compensation Plan Worksheet

Job Title	Range Min	Range Mid	Range Max
Receptionist	\$23,763	\$27,957	\$32,151
Billing Clerk	\$26,490	\$31,164	\$35,838
Payroll Clerk CS Rep	\$30,759	\$36,188	\$41,616
Maintenance Supr	\$34,805	\$40,947	\$47,090



Individual Pay Review

- Rates below minimum
- Rates above maximum
- Rates relative to performance/seniority
- Hire rates, increases, and promotions

Analyzing the Pay Practice

- Compare preliminary range structure to:
 - Current pay practices
 - Total Rewards philosophy
 - Budgeting requirements





Administrative Guidelines

- Documentation of:
 - Hire-in rates
 - Shift differential rates
 - Rate adjustments
- Audit/maintenance
- Communication



Questions?