



GATHER DATA TO SUPPORT AND STRENGTHEN YOUR PAY PLANS

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Every employer needs to make pay decisions when adjusting salaries. How these decisions are made has a direct impact on an organization's ability to:

- Attract and keep effective employees,
- Avoid costly and damaging litigation,
- Motivate employees to produce outstanding results, and
- Spend its payroll dollars cost-effectively.

Human Resources professionals often face the fact that their organizational pay structures are no longer effective and that organizational goals are no longer being fully met. Because of the large budgets allocated for compensation, it is crucial to manage this resource effectively. And, without effective guidelines, employers are at risk of overspending and/or underspending this significant budget item. Most employers do some of both, thinking things will average out, when the true result is that mediocre employees are overpaid and retained, and outstanding performers are underpaid and gone.

It can be difficult to convince senior management of the need to review, revamp or recreate such structures. But the cost to the organization of ineffective pay structures can be measured and presented to management, and such data can make a powerful argument for updated pay plans.

An external labor comparison based on your job descriptions will reveal where your pay structure stands in comparison to the market and your competitors. A sample of our client data reveals that approximately 35% of employees are underpaid by 10% or more. The cost of turnover when losing disgruntled, underpaid employees is very high, especially if you consider that the average expenditure to retrain is the equivalent of six months of pay.

Even more interesting is the fact that our data also show that 12% of employees are 10% *or more* overpaid. The costs of overpaying are obvious.

Surveys, such as the CompAnalysis Greater San Francisco Bay Area survey, provide data that will help you assess whether your employees are overpaid or underpaid. CompAnalysis can also assist you by performing a review and update of your compensation plan.