HOW TO DETERMINE COMPENSATION

Determine company pay philosophy:

- lead average pay is above market average
- match average pay is at market average
- lag average pay is below market average

Conduct job analysis

 gather and document all job descriptions and compensation (including bonus, commission history etc.)

Group jobs into families

 for example administrative job family, technical job family, management job family, executive job family

Rank jobs - using an evaluation method such as a point system

 order jobs against others in the job family, based on content that demonstrates relative worth to the company, and level of responsibility Review marketplace data:

salary surveys, online data etc.

Using marketplace data, determine minimum, midpoint and maximum amounts for each position

Group positions with similar salary ranges together – this will compromise a Salary Grade

Using marketplace data, determine minimum, mid and maximum point of each Salary Grade – this is the Salary Range for the Grade

Using Salary Ranges:

- minimum point new hire, little experience
- midpoint proficient and will meet expectations
- maximum and above very experienced, may also consider tenure, performance, education or other organizational values

Important Note:

Carefully consider pay equity issues. If there are inequities, determine why – if there is a pattern of inequity between gender, race or other protected categories, you may be in violation of state and federal law.

