



Understanding Your Compensation Philosophy

	Culture	Responses should reveal:
	What is most important to our employees: base pay, benefits, or variable pay? What's most important to the management team?	Conflicting priorities & need
	How important is employee engagement and retention to the success of our organization?	Perceived employee value & productivity
	Are we a people first, product first, or bottom-line oriented organization?	Business priorities and orientation
	Do some earn hourly wages and others salary?	Compensation diversity
	Are benefits and variable compensation different for different employee segments?	Compensation diversity
	Are hours of work different for one group over another?	Nature of work diversity
	Are flex time, lieu time, and overtime options different for one group over another?	Work flexibility diversity
	Do we want to offer greater flexibility in work hours, shifts, and education support?	Importance to work/life balance and benefits
	What role do qualifications, experience and academic accreditation play in total compensation?	Determination for premium pay requirements
	Business Strategy	Responses should reveal:
	What do our values & mission/vision statement say? What keywords or concepts can we extract from them to focus on?	The value that is put on the importance of employees and their role as compared to the value of compensation.
	How competitive do we want to be, or need to be to hire and retain employees?	Consider the internal and external factors

<p>What roles and skills do we need to ensure we have that will have the biggest impact on our ability to execute on our strategy?</p> <p>Which of these skills is the most difficult to acquire?</p>	<p>Areas of focus and/or investment</p>
<p>Does compensation tie to performance</p>	<p>Importance of performance and the role of metrics and incentives</p>
<p>Has there been any compensation related issues that could have or has escalated to legal concerns?</p>	<p>Legal compliance</p>
<p>Do employees perceive problems with internal equity?</p>	<p>Communication/transparency gaps</p>
<p>For hourly paid jobs, do we want to just meet or exceed minimum wage to be more attractive to skilled applicants?</p>	<p>Consideration for exceeding basic legislative requirements</p>
<p>HR Strategy</p>	<p>Responses should reveal:</p>
<p>What trends are in play in the external environment which will affect our human resourcing objectives?</p> <p>What trends are in play in the internal environment which will affect our human resourcing objectives?</p>	<p>External & Internal threats and opportunities</p>
<p>What skills do we need that are industry-specific?</p> <p>What skills do we need that are more common/ general?</p>	<p>Commodity vs. specialized skills required</p>
<p>Are we competing with others in our industry or community for scarce skills, or over a small selection of available talent?</p>	<p>Skills scarcity or availability</p>
<p>Do we want to be considered an employer of choice in our industry?</p> <p>How do we want to distinguish ourselves from others in our industry?</p>	<p>Target EVP (Employee Value Proposition) This is done through enhanced culture, benefits, incentives, & compensation.</p>
<p>In general, what is our market position (i.e. do we strive to pay at, above, or below market)?</p>	<p>Competitive stance</p>



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	Culture	Your responses
	What is most important to our employees: base pay, benefits, or variable pay? What's most important to the management team?	
	How important is employee engagement and retention to the success of our organization?	
	Are we a people first, product first, or bottom-line oriented organization?	
	Do some earn hourly wages and others salary?	
	Are benefits and variable compensation different for different employee segments?	
	Are hours of work different for one group over another?	
	Are flex time, lieu time, and overtime options different for one group over another?	
	Do we want to offer greater flexibility in work hours, shifts, and education support?	
	What role do qualifications, experience and academic accreditation play in total compensation?	
	Business Strategy	Your responses
	What do our values & mission/vision statement say? What keywords or concepts can we extract from them to focus on?	
	How competitive do we want to be, or need to be to hire and retain employees?	

	<p>What roles and skills do we need to ensure we have that will have the biggest impact on our ability to execute on our strategy?</p> <p>Which of these skills is the most difficult to acquire?</p>	
	<p>Does compensation tie to performance</p>	
	<p>Has there been any compensation related issues that could have or has escalated to legal concerns?</p>	
	<p>Do employees perceive problems with internal equity?</p>	
	<p>For hourly paid jobs, do we want to just meet or exceed minimum wage to be more attractive to skilled applicants?</p>	
HR Strategy	Your Responses	
	<p>What trends are in play in the external environment which will affect our human resourcing objectives?</p> <p>What trends are in play in the internal environment which will affect our human resourcing objectives?</p>	
	<p>What skills do we need that are industry-specific?</p> <p>What skills do we need that are more common/ general?</p>	
	<p>Are we competing with others in our industry or community for scarce skills, or over a small selection of available talent?</p>	
	<p>Do we want to be considered an employer of choice in our industry?</p> <p>How do we want to distinguish ourselves from others in our industry?</p>	
	<p>In general, what is our market position (i.e. do we strive to pay at, above, or below market)?</p>	