

## Steps in Salary Analysis Process

### Realigning Position and Compensation Structure Using the TREC Salary Report

**Note:** This is a general outline of a series of steps you might need to take in order to analyze your current compensation system for the purpose of bringing your pay levels closer to market rate. All information associated with compensation is sensitive and should be deemed confidential. TREC's role is to educate and assess rather than make final decisions on important business factors. You are advised to seek appropriate legal guidance where needed.

#### Steps to analyze and realign compensation structure

1. **Collect all information about current structure**
  - Job positions as currently described, including any special circumstances or unusual situations
  - Pay rates for each position
  - Quantification of current benefits
2. **Clarify description of each job position**
  - What is this position responsible for?
  - What are the key tasks and outputs for each position?
  - What special skills or circumstances are applicable?
3. **Match current positions to accepted job families and positions in Salary Report**
  - Use standard job descriptions from survey to match each position in your organization, allowing an "apples to apples" comparison
4. **Do comparable pay review using TREC Salary Analysis chart**
  - Based on available data, determine what pay range is "market rate" for each job position
5. **Draft market-based pay ranges for each position**
  - Determine your "compensation philosophy"—do you want to lead, lag or match the job market?
  - Determine an appropriate pay "floor" and "ceiling" for each position
  - Complete spreadsheet of positions and suggested pay ranges
  - Determine bottom line effect of draft pay structure

## 6. Vet and approve proposed structure

- Determine decision making process for final structure
- Assess impact on each person and negotiation posture with them
- Approve final structure

## 7. Draft communication plan

- Initial message from ED on the reason for coming changes, process for getting there, principles we are working from, what people can expect
- Ongoing progress reports

## 8. Roll out

- Draft letter for each person with information about new position description and pay rate. Include value of benefits in calculation of “total compensation”
- Schedule one on one with each person and ED. Provide talking points and clarity on how much “wiggle room” is appropriate to each negotiation

## 9. Implement

- Convert final information into budget and payroll systems
- Track financial outcomes of changes
- Check in with each person after a month or so
- Evaluate overall organizational results by program. What if any change are you seeing?

## 10. Looking ahead to the next 3-5 years

- Review benefits offered and decide what, if anything, to adjust, and when
- Increase visibility and value of “intangible” benefits of working at your organization
- Build salary increase pool into future budget calculations
- Split this into cost of living adjustments (COLA) and merit increase
- Adjust performance review system to link results to rewards
- Review each position job description annually
- Adjust overall pay structure every 2-3 years