

# Welcome



## **Base Pay Administration and Pay for Performance**

# GR4

3.08.1

**WorldatWork.** 

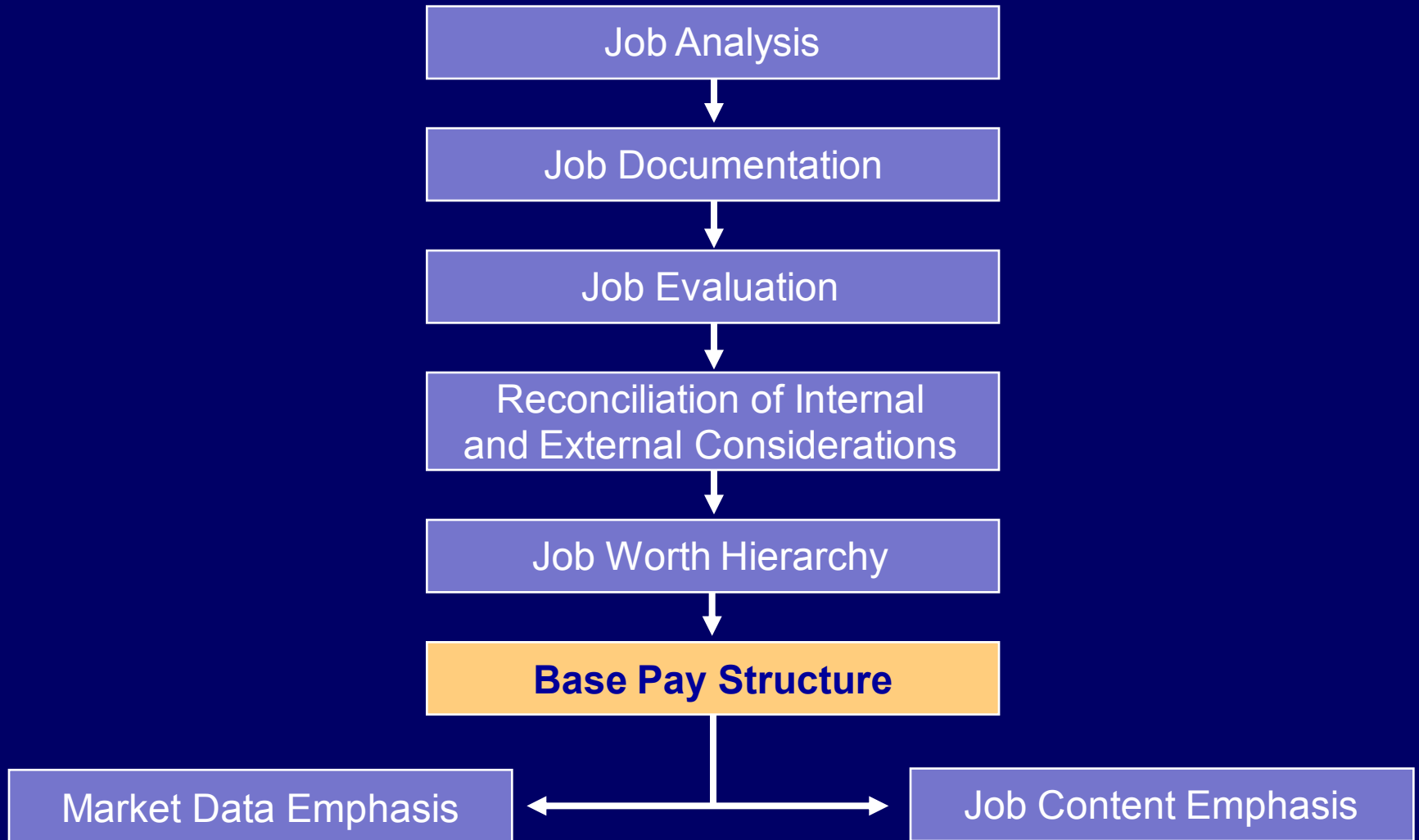
# The Total Rewards Model



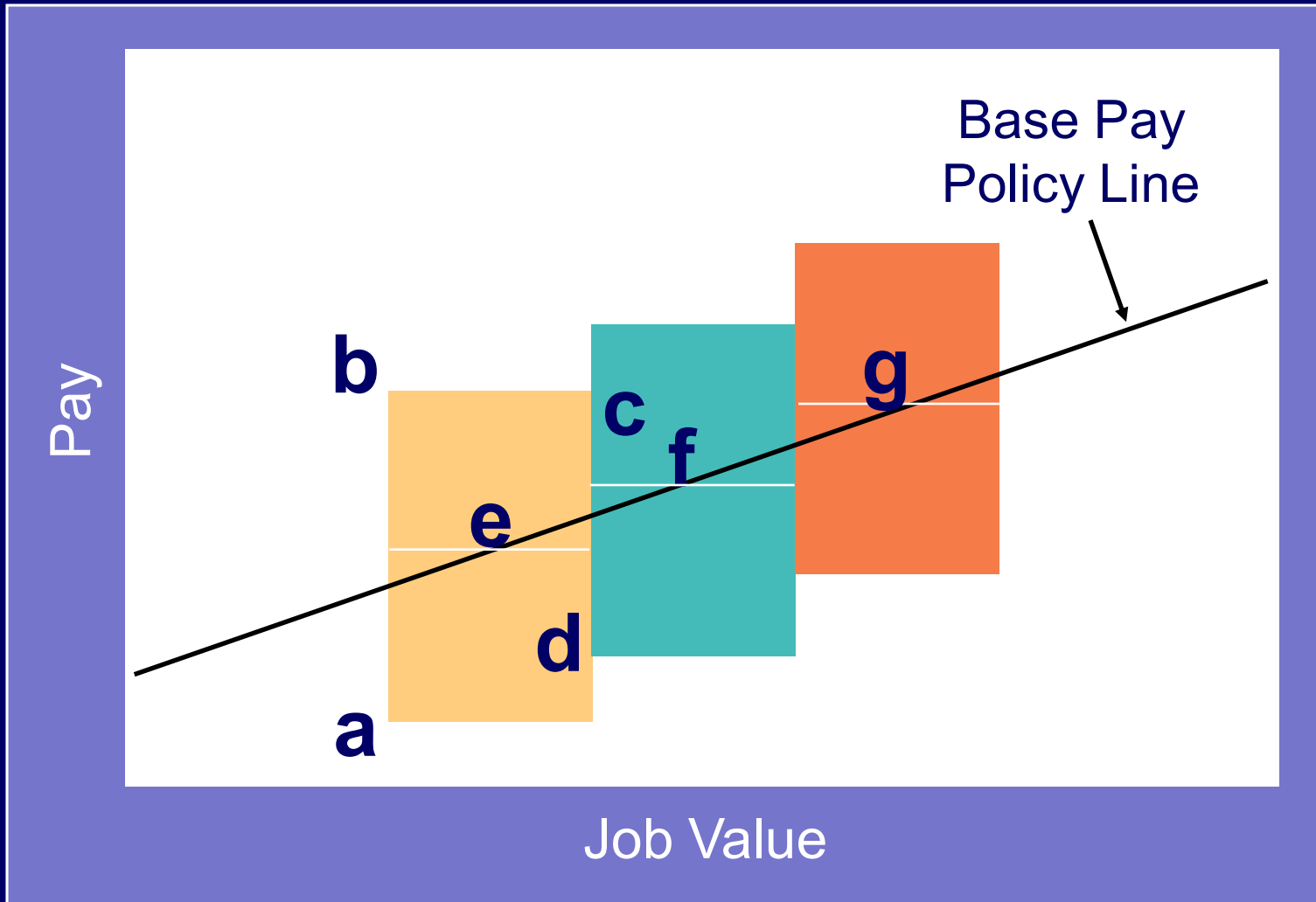
# Overview of Base Pay Structure Design



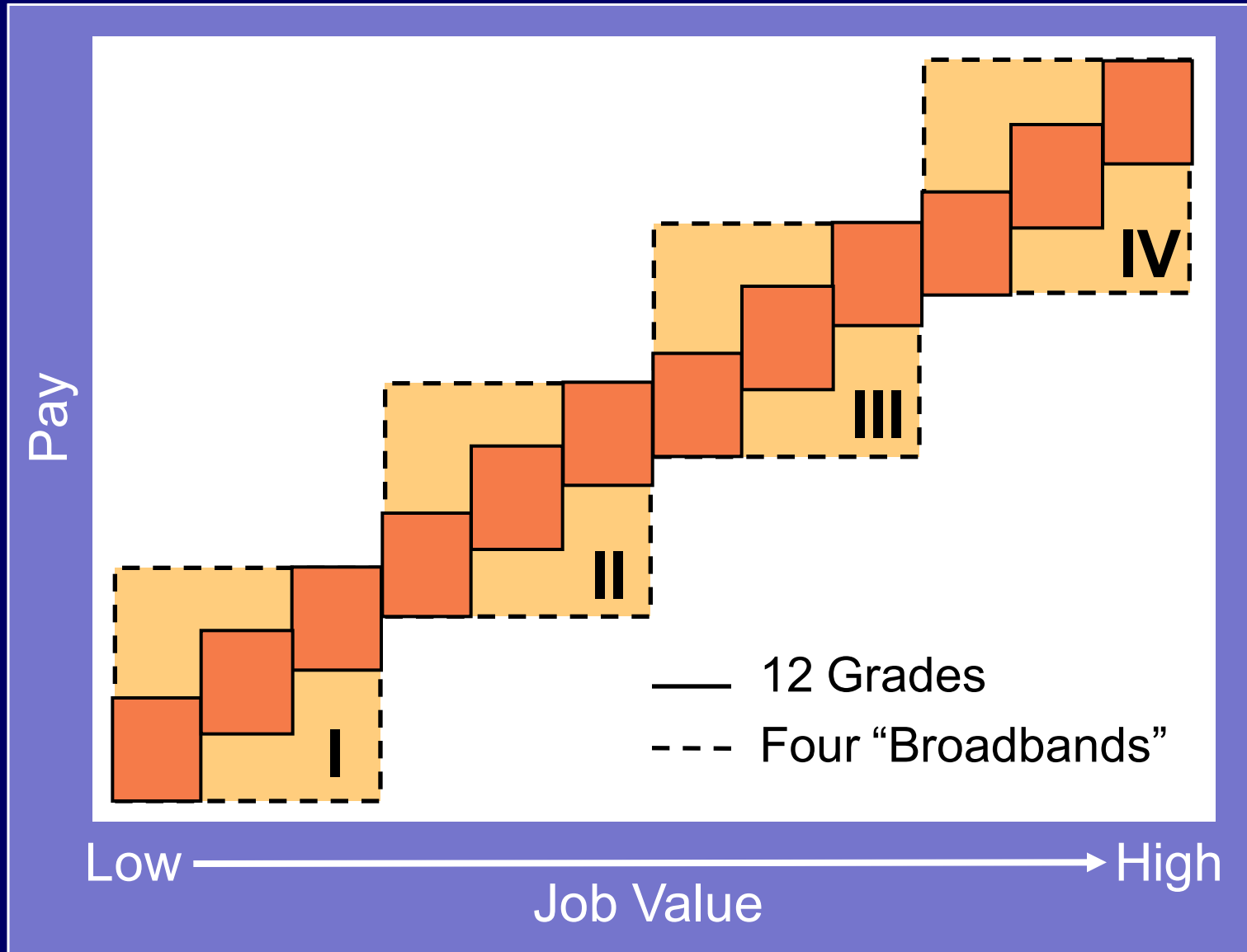
# Building a Base Pay Structure



# Components of a Base Pay Structure



# Broadbands





# Market-Pricing Approach

## Four Steps to Market Pricing

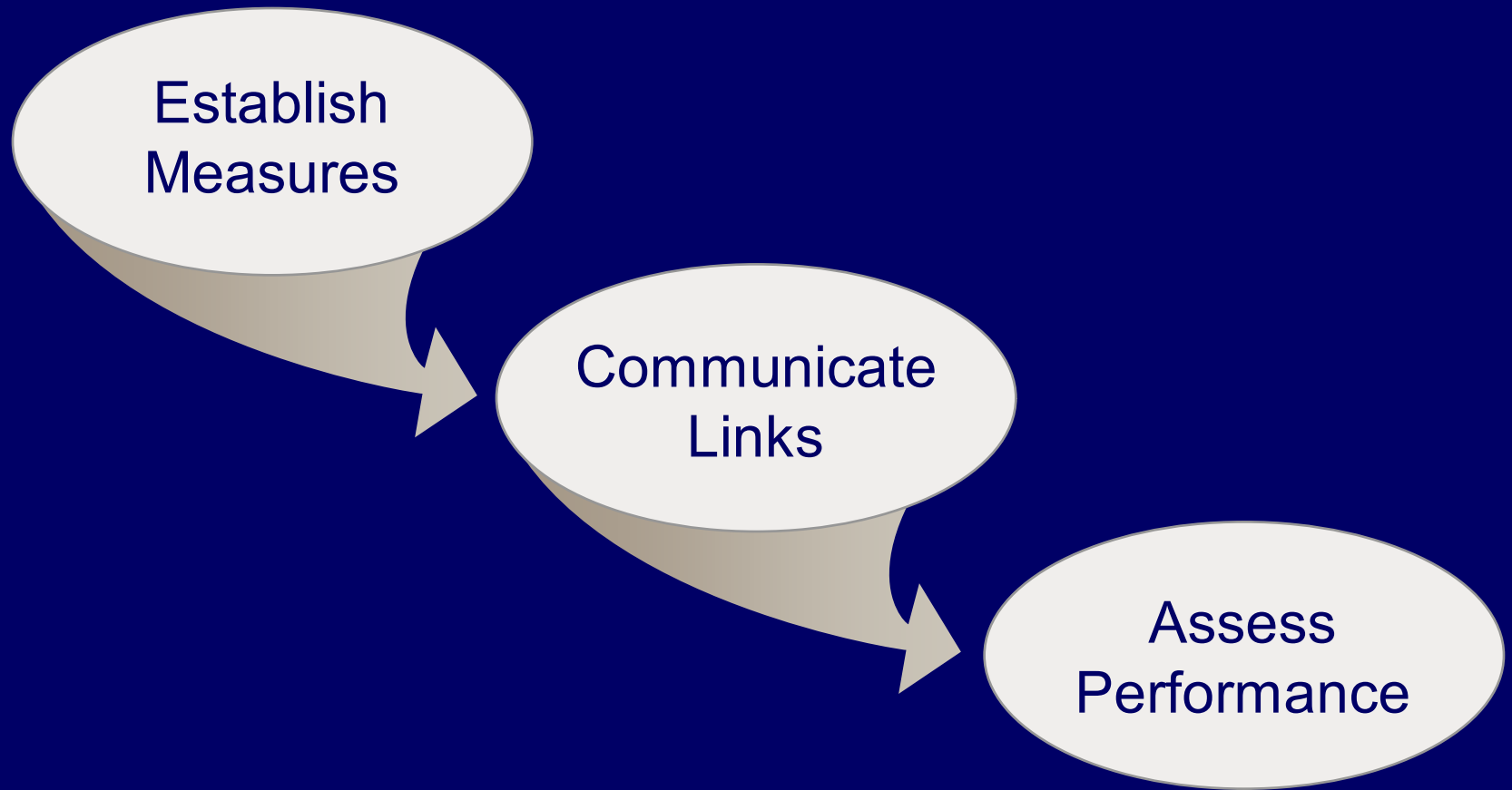
**Step 1** Complete a competitive market pricing analysis

**Step 2** Develop a pay structure

**Step 3** Assign benchmark jobs to the pay structure

**Step 4** Assign nonbenchmark jobs to the pay structure

# Pay for Performance



# Establish Measures

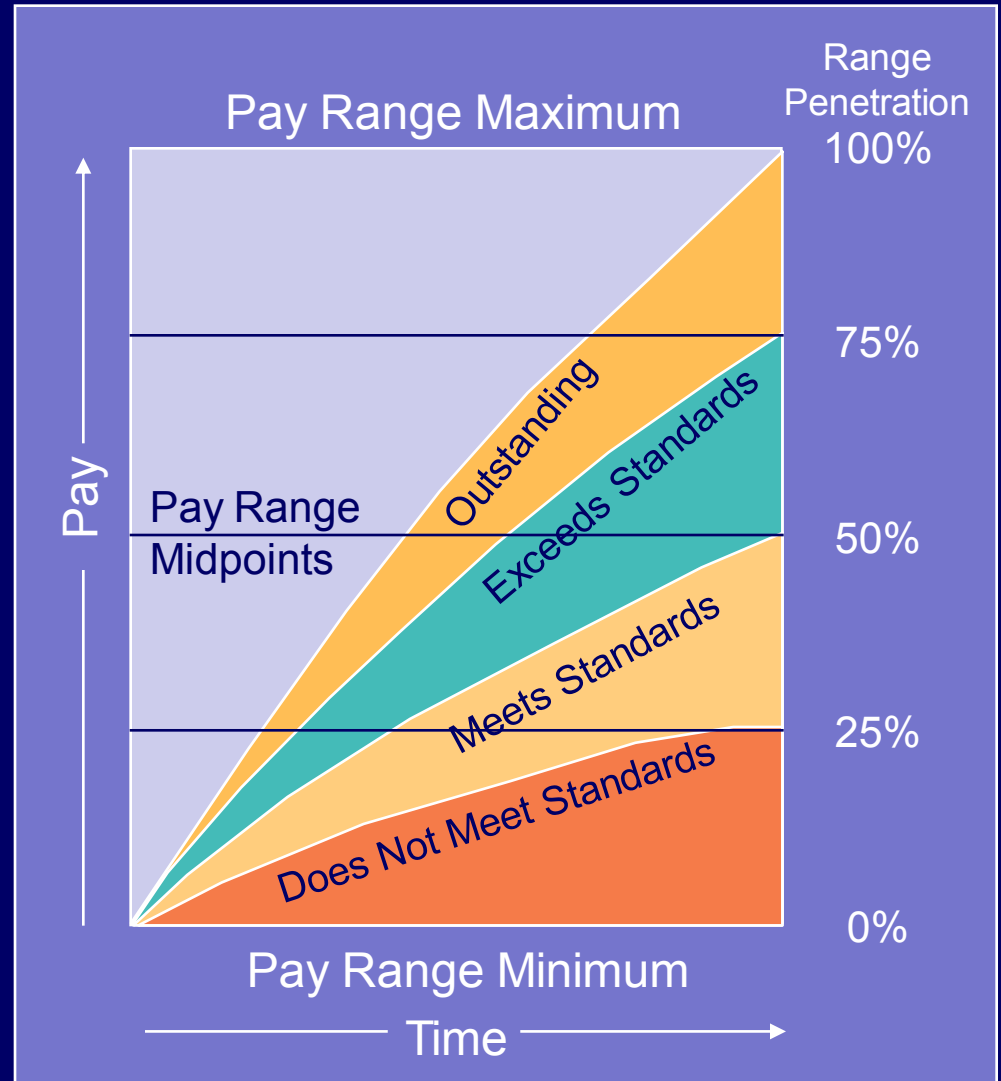
- Types of measurements
- Performance measurement systems
  - ◆ Balanced Scorecard
  - ◆ Business Excellence Model
  - ◆ Shareholder Value Added
  - ◆ Activity Based Costing
  - ◆ Cost of Quality
  - ◆ Competitive Benchmarking
- No one-size-fits-all approach

# Compensation Philosophy and Strategy

- Compensation strategy
- Compensation philosophy
  - ◆ Lag the market
  - ◆ Lead-lag
  - ◆ Lead the market

# Position in Range

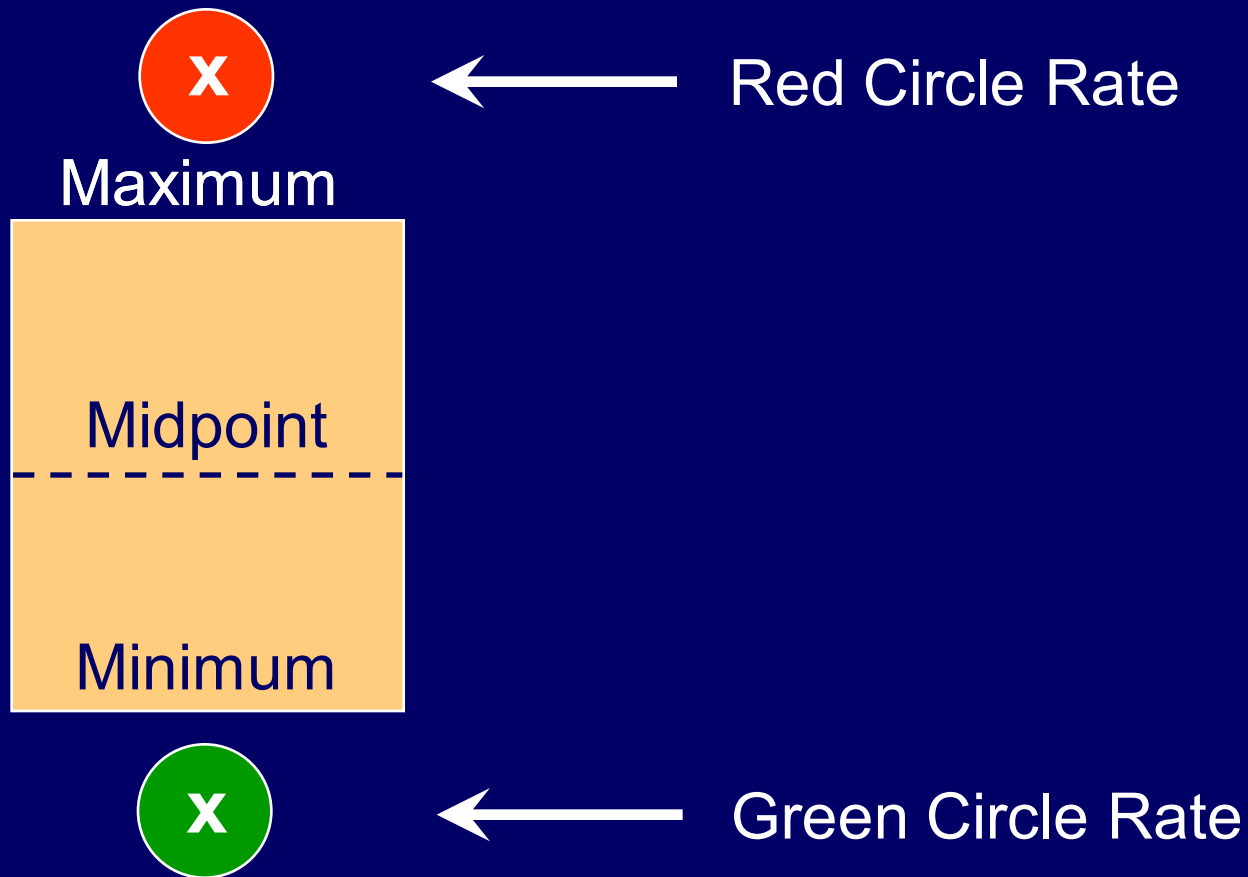
## Pay Progression Within Range



# Performance and Position in Range

	Fixed Increase Amount			
Performance Rating	1 <sup>st</sup> Quartile or Below	2 <sup>nd</sup> Quartile	3 <sup>rd</sup> Quartile	4 <sup>th</sup> Quartile
Outstanding	12%	9%	6%	3%
Consistently Exceeds Standards	8%	5%	3%	0–2%
Meets Standards	5%	3%	0–2%	0%
Does Not Fully Meet Standards	0–3%	0%	0%	0%

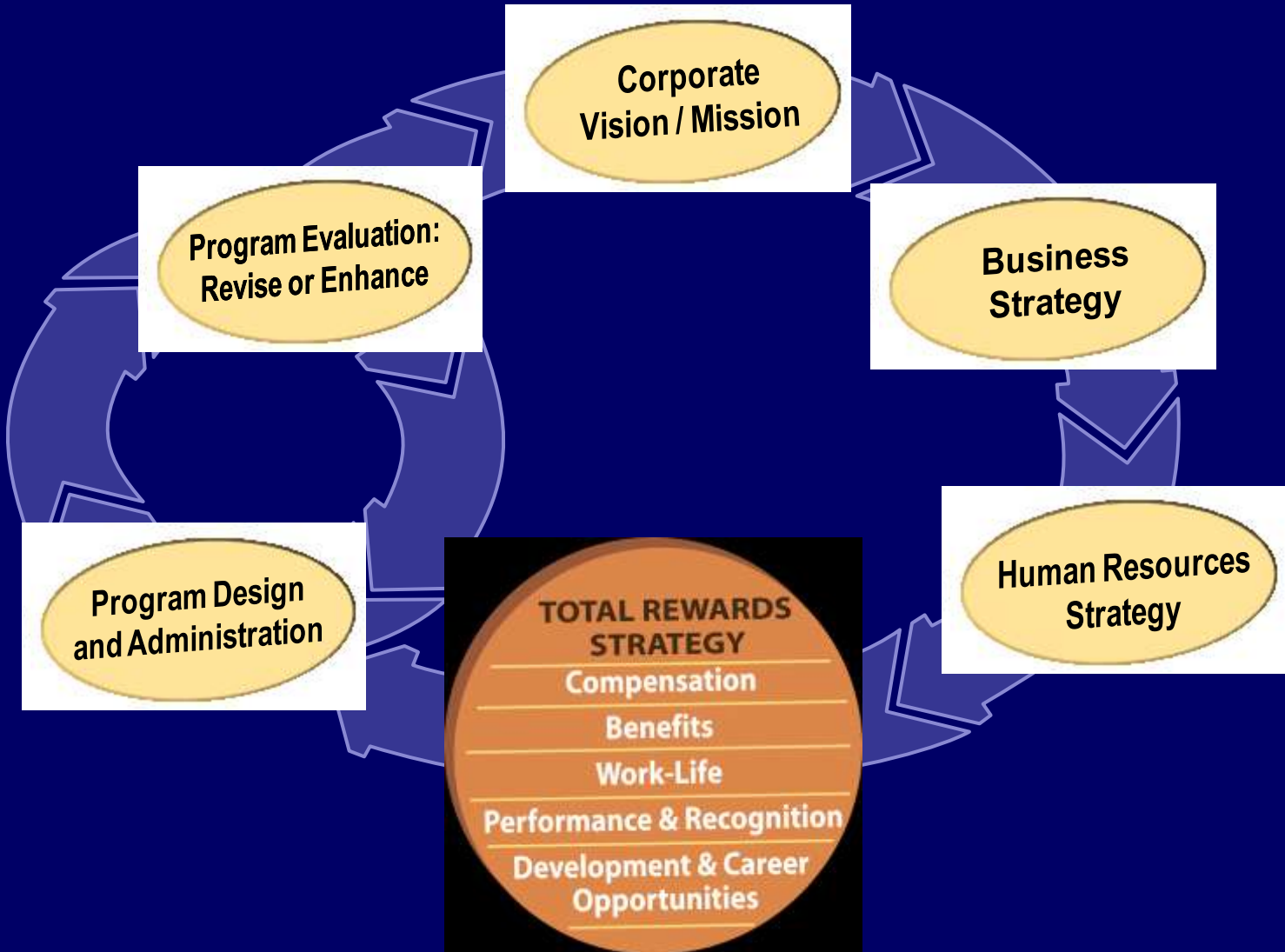
# Monitoring Pay Levels – Paying Outside Range or Band



# Base Pay Program Review and Audit – Considerations

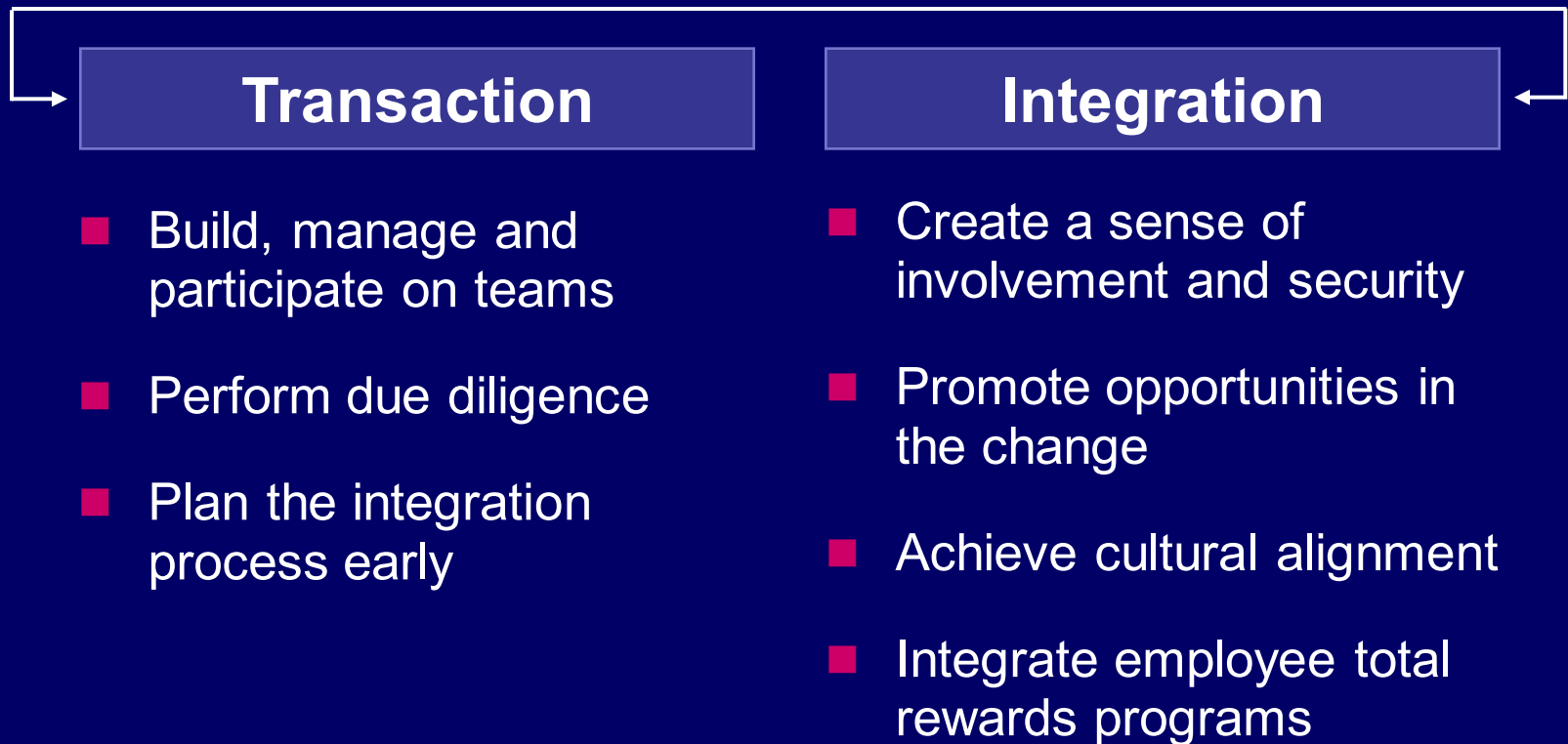
- External/internal equity
- Job information/job descriptions
- Salary ranges and broadbands
- Pay policies

# Program Management Cycle



# Key Priorities for HR in the Process

Ensure effective communications



# HR Participation on Teams

- Transaction team
- Integration team



# Compensation Issues

## Individual

Downsizing

Pay Range Structure

Severance

Compression Issues

Base Pay

Incentives

Job Grades

Competitive Labor Markets

Others