

FOUR PILLARS OF A SOUND COMPENSATION STUDY

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About Cabot Dow Associates

- Independently owned human resources consulting firm since 1980 based in Bellevue, WA
- Specialize in public sector collective bargaining, human resource management, and compensation
- Clients primarily in Washington state
- Associates are former public sector human resources professionals

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Four Pillars of a Sound Compensation Study

01

Have a goal.

02

Comparable
agencies.

03

Accurate
job matches.

04

Commit to
the results.




1: HAVE A GOAL

Compensation Philosophies/Policies

Compensation Philosophies

- What are you going to do with the results?
- Have a compensation philosophy/policy:
 - Values: consistency, transparency, and fiscal responsibility
 - Nuts and bolts
 - Communication
- At a minimum, define your goal for where you want to be relative to the selected market, expressed as a percentage of the market value, ie median, maximum, percentile, etc., and the role of total compensation.



2: COMPARABLE AGENCIES

Objective Criteria for Identifying the Market

Define the Market

- Objective criteria based on established metrics, including:
 - Population
 - Assessed valuation
 - Similar services and scope of duties
 - FTEs
 - Historical comparables
 - Geographic proximity
- Consider the private sector in your local market.
- Turnover data
- Don't cherry-pick!



3: ACCURATE JOB MATCHES

Objective Criteria for Matching Jobs

Define the Positions

- Match jobs to similar job qualities, including:
 - Complexity of job duties
 - Budgetary or policy influence, customer impact
 - Independent judgment
 - Lead/supervisory responsibilities
 - Prior job experience required
 - Education/certification requirement
- Use org charts and job descriptions, not just job titles.
- What the job currently is, not what you think it should be.
- Approach as if it's an unfilled position.
- Don't cherry-pick!



4: COMMIT TO THE RESULTS

Not to Assumptions

The Results are In, and ...

- Trust the data, not your assumptions.
- Examine from an internal parity standpoint.
- Consider compression factors.
- Stick to your compensation philosophy and apply it to the results.
- Be thoughtful in implementation.
- Don't cherry-pick!



OTHER THINGS TO
KEEP IN MIND

Other Best Practices

- Plan early and often.
- Start with job descriptions and an org chart.
- Understand your salary/compensation structure and how it got that way
- In-house vs. consultant
 - Size and scope of the study
 - Staff capacity
 - Role of a neutral third party



CONCLUDING THOUGHTS

Where Compensation Studies Go Wrong

- No one knows where we're going.
- Comparable agencies selected based on preferences, anecdotes, or envy.
- Jobs matched based on simple titles or grand aspirations.
- Excising undesirable results.

MORAL OF THE STORY

