



FAIR
ACCOUNTABLE
CREDIBLE
TRANSPARENT
SYSTEMIC

WEST VIRGINIA HIGHER EDUCATION
COMPENSATION STUDY

COMPENSATION PROGRAM DEVELOPMENT

BACKGROUND, SCOPE OF WORK AND DESIRED OUTCOMES

SCOPE OF WORK AND DESIRED OUTCOMES

- A project plan as described in this document will provide the following to any higher education organization:
 - Compensation philosophy that outlines the guiding principles for setting and managing salaries
 - Competitive analysis of salary for benchmarking jobs, reflecting the appropriate markets (which will likely be national, regional and/or local, higher education and/or general industry, depending upon the job)
 - Salary ranges reflecting both market competitiveness and the internal roles, and that will accommodate a wide variety of levels of experience, from novice to expert
 - Salary administration guidelines to address common employment situations
 - Guidelines for maintaining and updating the program
 - An analysis of costs for making necessary salary adjustments to fit within the program

DEVELOPMENT OF A PROJECT PLAN

WORK PLAN OVERVIEW

The following phases describe the recommended program development process:

Phase 1: Discovery and Scope		Phase 2: Analysis and Design		Phase 3: Program Validation and Implementation	
A Gather Data and Project Planning <ul style="list-style-type: none">• Collect and review relevant University data, information and documentation.• Prepare and finalize project plan, including milestone dates, roles and responsibilities, deliverables, etc. and the role of the HR Project Team.• Conduct a kick-off planning meeting• Conduct interviews with University leaders and key stakeholders to understand perspectives, concerns and expectations for the program.	B Develop Comp. Philosophy and Prep for Analysis <ul style="list-style-type: none">• Summarize findings and implications.• Develop initial draft philosophy, including the proposed comparison markets. Review and modify, with finalization to occur prior to implementation.• Develop draft job framework to facilitate identification of benchmark jobs.• Draft and discuss desired methodology and approach for benchmarking jobs.	C Assess Market and Variance <ul style="list-style-type: none">• Identify key benchmark jobs.• Collect and analyze market salary, and incentive compensation (where applicable) data.• Conduct variance analysis comparing higher education organization pay with the market to determine degree of alignment.• Identify positioning of each element of pay vs. market, and positioning of total pay vs. market.	D Design Salary Structure <ul style="list-style-type: none">• Develop salary structure using results of market pricing.• Develop methodology for assigning jobs to grades.• Assign jobs to the salary structure, review and finalize.• Prepare materials for validating job assignments with able leadership.• Develop salary administration guidelines to ensure consistent approach to pay.	E Validate Program with Leadership <ul style="list-style-type: none">• Prepare overview of recommended philosophy, program, structure, and guidelines for review and endorsement by key stakeholders.• Present recommendations to higher education organization leaders and to key stakeholders for feedback, revising as necessary.• Finalize philosophy and program details based on stakeholder input.	F Analyze Impact and Start Program <ul style="list-style-type: none">• Develop 2-3 alternative implementation approaches, and provide cost estimates. Full implementation typically occurs over 1-2 years.• Finalize implementation plan.

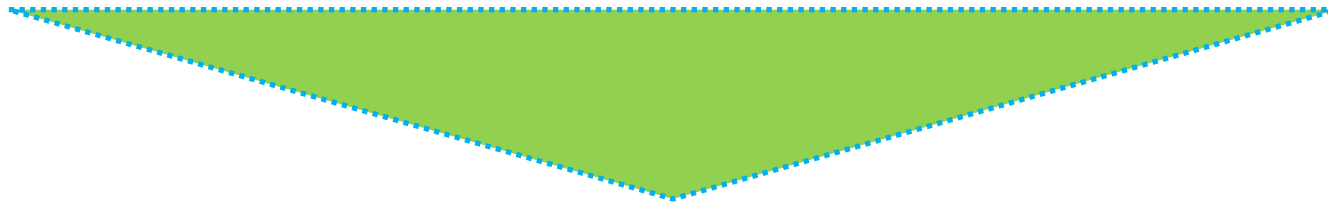
COMPONENTS OF A COMPENSATION PHILOSOPHY

INFLUENCING FACTORS

University
Strategy

Organizational
Structure &
Complexity

Talent Needs
and Market
Influences



PHILOSOPHY COMPONENTS

Program
Guiding
Principles

Market
References &
Pay Position

Program
Components &
Administration

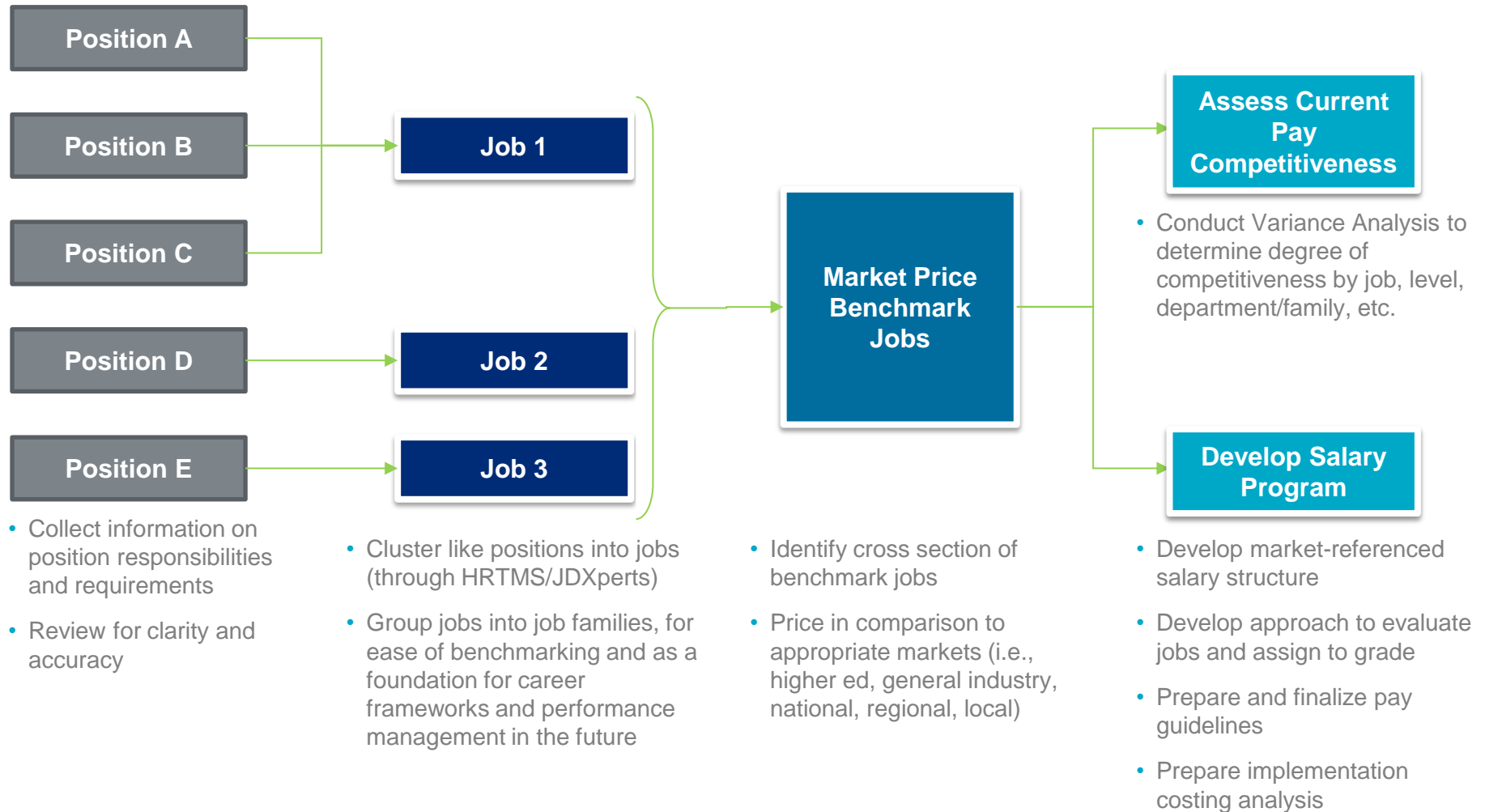
Governance &
Accountability

Communication
& Transparency

COMPONENTS OF A COMPENSATION PHILOSOPHY

Program Guiding Principles	<ul style="list-style-type: none"> • Specific components of reward programs (compensation, benefits, careers, work-life) and the relationship between salary, benefits and variable pay • Balance between external competitiveness and internal equity • The degree to which differences are recognized and incorporated into the program, whether the differences are due to market influences, criticality to the University, individual performance factors, higher education organization priorities, etc.
Market References & Pay Position	<ul style="list-style-type: none"> • Competitive talent market for benchmarking the administrative positions at higher education organization – by job family, industry, specialization, location, etc. • Target position of compensation vs. market (most commonly, the market median of the appropriate market).
Program Components & Administration	<ul style="list-style-type: none"> • Program framework to address career and compensation linkage, design of salary ranges and job evaluation approach • Balance between structure and flexibility in development and adherence to pay guidelines • Pay-performance alignment • Role of variable pay, if any
Governance & Accountability	<ul style="list-style-type: none"> • Decision-making structure; leaders, department and HR responsibility; centralized vs. decentralized approach • How success will be measured and monitored; how the program will drive value
Communication & Transparency	<ul style="list-style-type: none"> • Approach and vehicles for information sharing and employee/manager buy-in (i.e., commitment to clarity, visibility and transparency)

BASIC PROCESS FOR DEVELOPING A SALARY STRUCTURE



SAMPLE: BENCHMARK ANALYSIS

The benchmarking analysis will yield detailed findings as outlined below:

Accountant II - (1020)

Svy Abbrev.	Code	Job Title	Scope/Remarks	Wgt	Adj	Cos #	Inc #	Base Salary			Total Comp		
								25th %ile	50th %ile	75th %ile	25th %ile	50th %ile	75th %ile
ACCT-WYA-01	0300-2	Accountant-2	Revenue Size: \$2B - \$5B	1.00	1.00	46	157	37,558	41,086	45,443	38,181	41,916	46,273
BF-MER3-01	213	Accountant	National	1.00	1.00	711	6,180	38,183	42,484	47,414	38,708	43,113	48,463
CLER-DIE-01	39	Accountant	Consumer Products	1.00	1.00	62	213	37,490	42,652	48,072			
Composites:								37,700	42,100	47,000	38,400	42,500	47,400

3 plus sources per job

Assumptions clearly documented

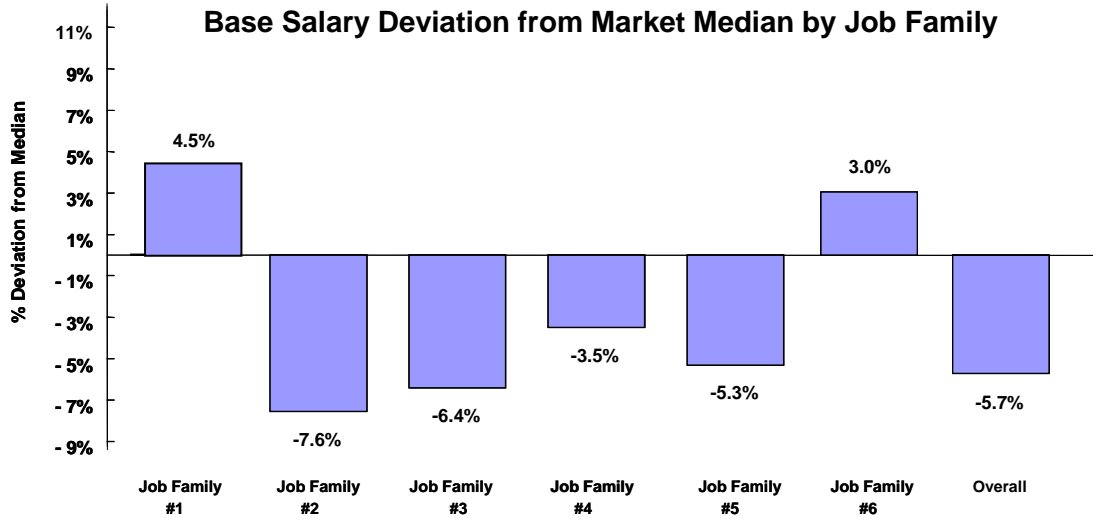
Survey Descriptions: Accountant II - (1020)

ACCT-WYA-01	Watson Wyatt Data Services: Geographic Report on Accounting and Finance Personnel Compensation
Accountant-2	Prepares income and balance sheet statements, consolidated statements, and various other accounting statements and reports. Analyzes financial reports and records, making studies or recommendations relative to the accounting of reserves, assets, and expenditures. Reviews and verifies the accuracy of journal entries and accounting classifications assigned to various records. Conducts special studies and develops or recommends accounting methods and procedures. Instructs or assigns work to bookkeepers, accounting clerks, and other employees engaged in general accounting activities. Coordinates accounting matters with other departments, locations and divisions. Utilizes computer to input, retrieve or display accounting information.
BF-MER3-01	Mercer: Finance, Accounting and Legal Compensation Survey
Accountant	Responsible for moderately complex accounting activities relating to the maintenance of a complete and accurate general ledger and the resulting managerial reports and financial statements. Typically has two to four years of significant experience. Normally reports to the general accounting supervisor or supervisor of a comparable function.
CLER-DIE-01	D. Dietrich Associates, Inc.: Support Services Salaries Survey
Accountant	Performs various specialized accounting functions of moderate complexity and ensures that procedures and practices are being followed in accordance with company policy, accounting principles, and contractual obligations. May supervise the activities of various accounting clerks and be responsible for preparing periodic reports for management. Normally requires a degree in accounting with at least two years of experience or equivalent training and experience.

Job descriptions provided for client review

SAMPLE: COMPETITIVE IMPACT ANALYSIS

ABC Co.
Base Salary Deviation from Market Median by Job Family



Base Salary and Total Cash Deviation from Market Median by Level

Organization Level	# of Emps	# of Jobs	Base to Mkt 50th Ratio	TCC to Mkt 50th Ratio
Senior Management	5	5	95%	85%
Director	8	8	98%	91%
Management	6	6	91%	86%
Professional	20	9	93%	87%
Hourly	36	6	86%	85%
Overall	75	34	94%	88%

Position	# of Incumbents	Current Base Salary	Market Consensus Base Salary		Current Base as a % of Market Consensus Base	
			50th Wile	75th Wile	50th Wile	75th Wile
Account Manager - Engineered Papers	3	\$68.0	\$79.0	\$98.0	86%	69%
Administrative Assistant	7	\$33.5	\$32.0	\$35.5	105%	94%
Associate Counsel	1	\$75.0	\$110.0	\$140.0	68%	54%
Boiler Machine Tender	10	\$38.0	\$36.5	\$43.0	159%	135%
Business Analyst	8	\$65.0	\$39.0	\$68.0	107%	93%
Business Support Director	3	\$91.0	\$81.0	\$93.0	112%	98%
Chemist/Engineer II	5	\$57.0	\$62.0	\$71.0	92%	80%
Computer Operations Manager	1	\$60.0	\$62.0	\$78.0	97%	77%
Corporate Buyer	1	\$52.0	\$54.0	\$62.0	96%	84%
Corporate Counsel	1	\$105.0	\$140.0	\$180.0	75%	58%
Corporate - Procurement Manager	1	\$67.0	\$73.0	\$86.0	92%	78%
Customer Support Representative	4	\$28.0	\$28.0	\$32.5	100%	86%
Director of Business Unit HR	1	\$73.0	\$77.0	\$91.0	95%	80%
Director of Mill HR	3	\$78.0	\$68.0	\$77.0	115%	101%
Director, Compensation & Benefits	1	\$82.0	\$84.0	\$96.0	99%	86%
Industrial Nurse	2	\$33.5	\$44.0	\$49.5	76%	68%
Maintenance Foreman	5	\$30.0	\$51.0	\$56.0	98%	89%
Manager of Digital Products	1	\$78.0	\$79.0	\$98.0	99%	80%
Mill Manager	3	\$120.0	\$84.0	\$98.0	143%	122%
Payroll Clerk	3	\$17.8	\$29.0	\$32.5	61%	55%
Product Assurance Manager	1	\$60.0	\$64.0	\$79.0	94%	76%
Regulatory Program Manager (Environ.)	2	\$75.0	\$73.0	\$80.0	103%	94%
Sales Representative Level III	2	\$38.0	\$47.0	\$39.0	103%	98%
Senior Project Engineer	10	\$65.0	\$39.0	\$66.0	110%	98%
Senior Sales Engineer (Eng. Products)	5	\$69.0	\$61.0	\$72.0	113%	96%
Senior Scheduling Engineer	3	\$40.0	\$40.5	\$48.0	99%	83%
Shift Manager	5	\$52.0	\$47.0	\$55.0	111%	95%
Solution Integrator	8	\$62.0	\$64.0	\$73.0	97%	85%
Supervisor, Rippling & Paper Machines	11	\$56.0	\$54.0	\$65.0	104%	86%
Transportation Coordinator	2	\$41.5	\$48.0	\$53.0	86%	78%
Overall ¹					99%	84%

¹ Standard Market Data - see Market Pricing Detail

² Only includes positions for which both incumbent and market data are available

SALARY ADMINISTRATION GUIDELINES

The salary structure provides the framework for the program, and pay guidelines outline how the program will be managed.

Examples of guidelines to be developed include:

Using a salary range appropriately	Part-time compensation
Starting salaries	Temporary assignments
Impact of performance on compensation	Taking on permanent additional duties
Promotions, transfers, demotions	Salary increase guidelines/matrix
Titling standards	Program maintenance, including: <ul style="list-style-type: none">➤ Benchmarking methodology➤ Monitoring market changes➤ Updating the salary structure

LEVERAGING TECHNOLOGY

- As part of the compensation work, each higher education institution will have access to two tools to assist in its work:
 - **Mercer ePrism** is an online system of record for compensation information. It enables higher education organizations to store market information on all jobs at the University, access updated market pricing on both new and existing jobs, create analytics on competitive pay position and develop reports to communicate with all levels of the University, meeting many reporting requirements
 - **HRTMS/JDXpert** is an online job description management software. Updated and accurate job descriptions are essential to price jobs and build salary structures. JDXpert is available to higher education organizations to manage job descriptions. It can be integrated with the University's HRIS software and ePrism.

MERCER WIN | EPRISM THE VALUE



VALUE TO HR

- One system of record to automate the compensation processes and store your information
- Greater precision in compensation analysis and decision making
- Communication tools to reinforce compensation philosophy



VALUE TO LEADERSHIP

- Streamlined process, enabling more time for review, analysis and strategy implementation
- Robust analytics and reporting to support more informed decisions
- View competitive position, pay, spend and performance graphically



VALUE TO ORGANIZATION

- More knowledgeable managers executing more efficient processes
- Compensation programs are better aligned to institution and people strategies
- Easily pull reports rolling up all organizational levels

ROBUST ALL-IN-ONE FUNCTIONALITY DELIVERING PRODUCTIVITY



MARKET PRICING

Manage your multi-vendor survey library

- Create and manage benchmark positions and evaluation results
- Easily participate in any compensation survey



PAY STRUCTURES

Manage an unlimited number of structures

- Evaluate philosophies against practices
- Assess impact of current and proposed structures
- Unlimited structure development



COMPENSATION PLANNING

Model salary increase scenarios

- Model budget changes and rapidly respond to marketplace movement
- Segment and analyze employees by level, geography or business
- Unlimited regression “what if” scenarios

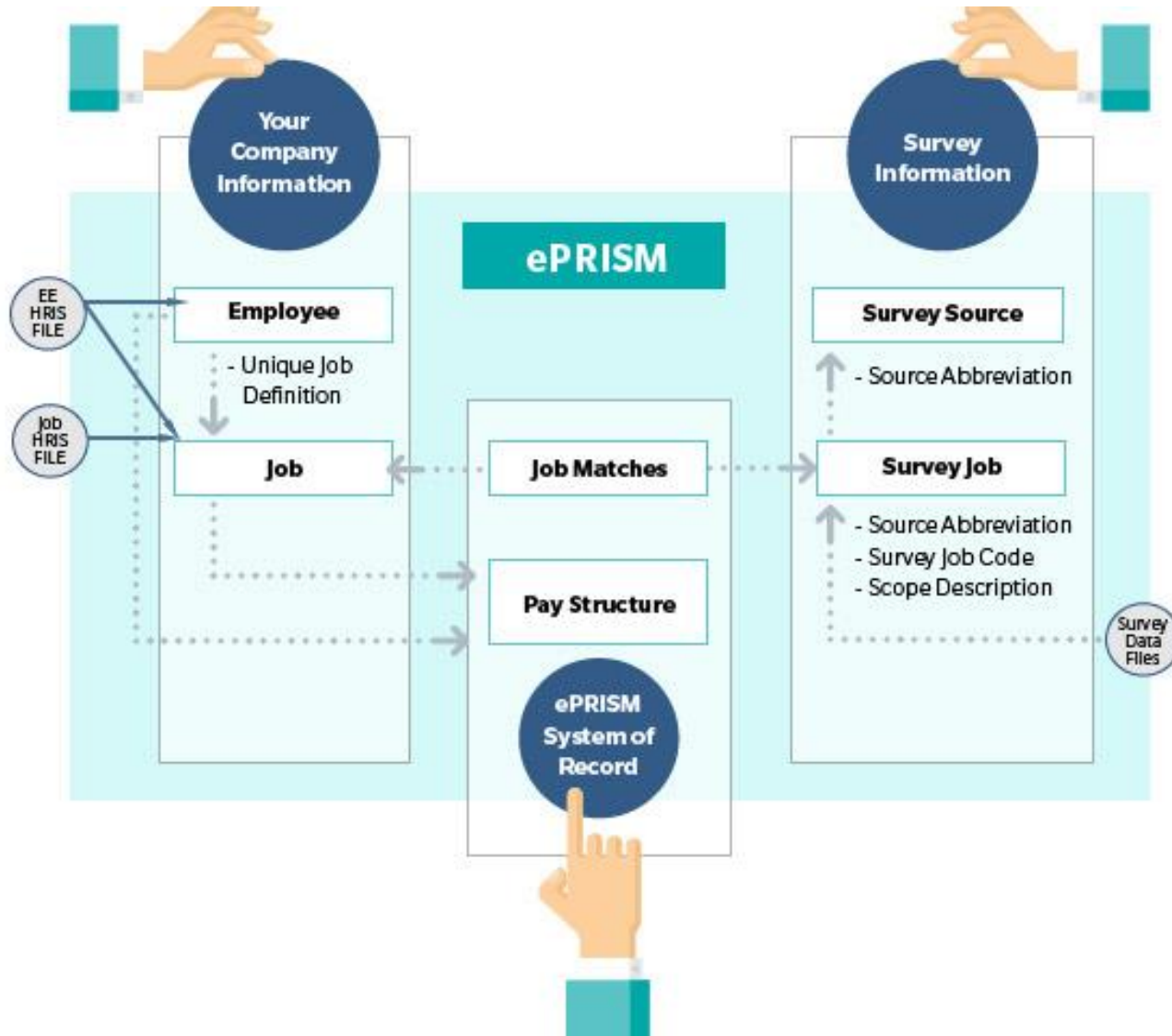


REPORTING

Easily create and share information

- Export data to use with internal report tools
- Generate quality reports through integrated report wizard
- Establish governance and pay equity and compliance system of record

EPRISM TABLE LAYOUT



HRTMS/JDXPERT MANAGING JOB DESCRIPTIONS

