

## **Questions to Frame a Company Compensation and Benefits Philosophy:**

1. Has the Leadership Team of the Company formalized its philosophy regarding: total compensation equity? ...total compensation levels relative to the "market rates"? ...pay confidentiality? ...employee participation (if any) in the pay determination process?
2. Is it important to the Company that the total compensation program is perceived as externally competitive?
  - o What other organizations do you review your jobs with to determine "external competitiveness"?
  - o How "competitive" should it be at each level in the Company? Should the Company be more generous and "competitive" as we approach the top of the organization?
  - o Can we be less than the mean with level entry positions?
  - o What is the Company's stated total compensation Philosophy at each level?
  - o What percent of total compensation should be incentive compensation and therefore always be at risk?
3. Is it important to the Company that the total compensation program is perceived as internally equitable?
4. How are your total compensation programs designed to attract the right people at the right time with the right competencies for the right jobs?
5. How is your current total compensation program designed to retain those employees you wish to retain and discourage those that you would just as soon not retain?
6. Has the Company Leadership Team articulated their commitment that all total compensation programs are in compliance with the many federal, state, and local legal regulations? If not, are you committed to compliance?
7. Does the Company want to create a rewarding and supportive working climate?
8. Does the Company total compensation program for all employees tie rewards to performance? If yes, how? Do you want it to? If yes, why?
9. Is it desirable for the Company to have job descriptions?
  - a. If the answer to the preceding question is affirmative, are they periodically reevaluated to ensure that they are current and non-discriminatory?
10. Is it desirable for Company to have a job analysis process that is unbiased, objective, and nondiscriminatory? Why?/Why not?

**11. Quantitative Data Review:**

- a. What percent of the Company's budgeted costs are total compensation costs?
  - b. What percent of each employee's total compensation does each of the following represent:
    - i. Base Pay?
    - ii. Incentive (or "at-risk") Pay?
    - iii. Insured Benefits?
    - iv. Non- insured Benefits (including paid time off)?
    - v. Non-monetary Rewards (including status symbols; social rewards; recognition)?
    - vi. Interesting work; Challenge of work; etc.?
- 12.** Are your total compensation programs linked to strategic business plans?
- 13.** Are there different pay and/or benefit policies and systems for different divisions and/or levels within the Company organization?
- 14.** Do you (as a Leadership Team) communicate total compensation programs and policies openly to employees? If no, why not? If yes, why? ...and how?
- a. Do employees understand how their wages are determined?
  - b. If the Leadership Team has formalized its philosophy regarding the above, have you articulated it and promulgated it to your employees?
  - c. Does the Company commit that at least once a year management will discuss the status of their total compensation with all employees?
  - d. Do you think that the Leadership Team feels that the total compensation program of the Company should be formalized, published, and effectively communicated to all members of the organization? If yes, why? ..and why haven't they done so up until now? If no, why not?
- 15.** Do you want your employees to be generally satisfied with their total compensation? What per cent of the Company employees should be "generally satisfied"?
- 16.** Has the Company set the accountabilities and procedures for administering the direct compensation program?
- a. Is it important to have established annual guidelines for salary reviews? Why/Why not?