

# COMPENSATION



“When it comes to ... keeping talented people, money alone won’t do it. Talented people want to be part of something they can believe in, something that confers meaning in their work and in their lives.”

- Xerox PARC’s John Seely Brown

## SATISFACTION

Have you ever worked with someone who didn’t feel like they were getting paid enough, so they jumped ship for a higher paying job only to return within the year? You may be able to think of dozens from the late nineties alone. What did these people learn after they left that brought them back so quickly? The simple answer is that

there’s more to life than money. What should managers and organizations learn from this? That the perception of a low salary can make people unhappy, negatively impact job performance, and overall morale.

## A GOOD STORY TO TELL

If you walked around campus and talked with BYU personnel about their

salaries, do you think they would say their salaries were above, below or at market averages? Chances are that many would say they are paid below market value. The fact is that BYU has a good story to tell about compensation. Perceived inequity about compensation at BYU is the result of poor communication.

Below is a quick description of compensation at BYU that will help you talk to your people about salary issues. Also, the compensation department has a terrific presentation on compensation that they regularly present to groups like yours. Call them up and schedule a time.

**COMPENSATION AT BYU**

BYU's compensation practices are right in line with standard compensation practices from across the United States. They use two major criteria to ensure that the salary structure is fair and equitable: external equity and internal equity. Basically, BYU wants to be competitive in the marketplace and fair within the organization.

Every year BYU uses benchmarking data to make sure salaries on campus are comparable to salaries in like-sized universities and also like-sized businesses along the Wasatch Front. The lists below show some of the universities and businesses BYU uses in the benchmarking study. The truth is that 75% of all organizations try to fall right around their industry average. BYU is one of them. The other 25% are noticeably higher or lower than the industry average.



**BENCHMARKING**

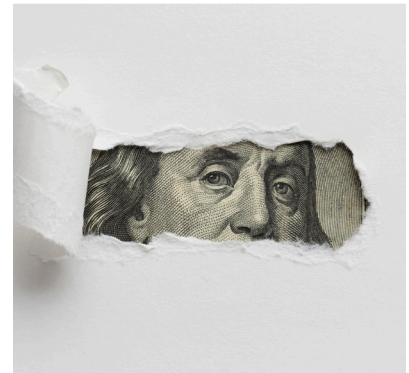
Higher Education	Wasatch Front
Cal. Berkley	Novell
Washington	GE Capital
Texas	IHC
Penn. State	American Express
Florida State	Franklin Covey
Arizona	Questar
Texas A&M	Chevron
Ohio State	Thiokol
LSU	Zions
Utah, etc.	Iomega, etc.

**ON THE INSIDE**

Internally, similar positions are paid similar salaries. Positions regularly undergo a detailed analysis. Similar positions are compared and grouped into levels. This level determines the salary range, or in other words the minimum and maximum salaries for all positions of a certain type. So, all jobs that fall within a particular range have common levels of skill, responsibility, supervision, etc. There are several factors like education and years of relevant work experience that influence where a person falls within a given range. Help your employees understand where they are in the range and why.

In organizations like BYU where salaries are generally not public information, suspicions of inequity can develop. Make a point of letting your people know how much effort goes into treating them fairly. If you don't tell them, who will?

If you do sense inequity, contact Compensation and ask them to do a job evaluation. If current duties do not match the job description, or you see other inconsistencies, a re-evaluation might be just the ticket.



**GET THE MOST BANG FOR YOUR BUCK**

Annually, salaries are reviewed and increases are awarded. The amount awarded is based on job performance and the amount of funds appropriated to the university for that purpose. The process looks something like this:

1. BYU is given an appropriation for annual increases
2. Each department is given a proportional amount of the university appropriation
3. Managers analyze the performance of their employees
4. Departments recommend salary increases for each person based on performance
5. Increases go into effect

Although formal performance reviews occur in January, the annual salary review provides you with a great opportunity to praise and reward strong performers as well as motivate others who have not reached their potential.

**SALARY RANGES**

Level 10

Min	Mid	Max
\$	\$\$	\$\$\$

## CREATE JOB SATISFACTION

In addition to understanding the compensation system, help your employees understand the other benefits of working at BYU. These are the things that create real job satisfaction, motivation and a sense of fulfillment – and it will keep them with us!

- Benefits package that exceeds industry and local averages BYU Manager's Toolbox
- Sense of purpose/mission at BYU
- Atmosphere/work environment
- Family friendly – less travel, reasonable work hours, less weekend work
- Stability of employment
- Tuition benefits for spouse and dependents

## TO DO LIST

- ✓ Ask someone from Compensation Department in Human Resource Services to make a compensation presentation to your group. They can answer questions with as much detail as you need.
- ✓ Explain compensation at BYU to all new employees within their first few days, including their position in the salary range. Don't leave your new people wondering about compensation and where they stand in the organization.

## THE BOTTOM LINE

Talk to your people about compensation at BYU. Don't assume that your people already know or that they don't care. Everybody wants to feel good about their compensation and valued by their organization.

