

# Getting Serious About Your Nonprofit's Compensation Structure

Date: Tuesday, July 13, 2021

Time: 2 – 3:30 p.m. ET

# Presenters



**Lisa McKeown**  
Managing Director  
Total Rewards



**Tina Twyman**  
Senior Consultant  
Total Rewards

# Learning Objectives

In this session, you'll learn:

- Changing Landscape of Compensation
- Strategic Approach to Compensation
- Job Descriptions
- Compensation Program Components
- Pay Practices & Policies
- Questions

# Changing Landscape

- Compensation through the lens of equity
- Virtual workforce
- Competition for talent
- Access to misinformation about compensation (why organizations must be proactive about compensation)
- Transparency around compensation
- What's your organization's approach and philosophy to compensation



# Introduction to Compensation





# Developing Effective Job Descriptions



# Job Descriptions

- A management tool that is key in supporting talent management activities
- Compensation
- Performance Management
- Career Development & Growth
- Talent Acquisition



# Guiding Principles

- Defining the roles within your organizations—what are the business needs of the organization?
- Define roles based on the needs of the business, not for individuals
- Create through the lens of equity and compliance



# Job Titles

## Do

- Describe the level of work (Accountant, Senior Accountant)
- Make clear distinctions to differentiate jobs (Communications Advisor or Marketing Advisor, as opposed to just Advisor)
- Use consistent titling (i.e. Coordinator, Analyst, Specialist, etc.)

## Don't

- Inflate job titles—sets up unrealistic employee expectations and makes it difficult to align positions across the organization
- Add levels or “Senior” to a job to provide a perception of a promotion

# Job Summary

- Job summary (a paragraph providing a high-level summary of the role)
  - A brief paragraph that summarizes the major purpose of the role (why does this job need to exist)
  - Keep it very high-level
  - Define accountabilities and decision making

# Key Responsibilities/Job Outcomes

## Do not write a list of tasks

- Include responsibilities that account for at least 10% of their role
- Begin each outcome with an action verb (Manage, Develop, Create, Oversee, Monitor, Process)
- Don't use acronyms, or if you do—define them
- Put outcomes in order of importance

## Things to Think About

- Is there another role with the same outcome?
- What happens if the outcome is not performed?
- What does it mean for this outcome to be completed well?

# Examples of Key Responsibilities/Outcomes

## Head of Human Resources

### Bad example

- *Implements* all people operations to ensure a positive employee experience across the talent management lifecycle

### Good Example

- *Develops and oversees* implementation of the human resources vision, priorities, strategy and direction ensuring a positive employee experience across the talent management lifecycle

# Job Specifications

- Competencies: specific job-related skills needed or organizational skills needed and the level of competency (Basic, Advanced or Mastery level)
- Education (level of formal education required)\*
- Experience (how many years of experience required to perform the role, both for the function or any managerial experience required)
- Licenses and/or certifications (i.e. CPA)
- Working demands (i.e. travel required, weekend working time)
- Physical demands (lifting, excessive typing, outdoor vs. indoor working, exposure to hazardous conditions or materials)

***\*Don't overstate education required, when equivalent experience would suffice. You may discourage qualified candidates from applying for the role.***



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# Compensation Program Components

# Guiding Principles

- Ensure pay practices are externally competitive and internally equitable
- **Positions** are defined by the business needs and the expectations and experience required, this determines the salary range
- The experience, credentials and performance determines where within that salary range staff are paid

Before you begin the journey  
to define your organization's  
compensation philosophy,  
practices and policies.

You must know where your  
organization stands!



# Designing a Pay Structure



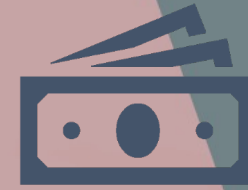
Is it time for a more formal salary structure?



Internal job evaluation, alignment, hierarchy and equity



How many grades are appropriate?



Determining salary range width

# Compensation Philosophy Pillars

Purpose



Parameters



Market  
Positioning



Pay  
Composition



# Compensation Philosophy & Strategy

- Purpose: The goal or reason for compensation
- Parameters: What guides your compensation decisions (donor requirements, equity, etc.)
- Market Position: Where does your organization want to be in the market
- Pay Components: What makes up your pay elements (base pay, benefits, etc.)



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# Pay Practices & Policies

# Salary Administration

- ✓ Create/maintain salary structure/pay grades and ranges
- ✓ Ensure staff are paid within the salary range for their position (exceptions can occur)
- ✓ Monitor employees' position in range
- ✓ *Administer pay policies and/practices consistently*
- ✓ Communicating about your salary program
- ✓ Training leaders to understand compensation
- ✓ Cost/budget considerations
- ✓ Ongoing evaluation to assess impact
- ✓ Ethical and legal compliance



# Salary Administration: Things to Think About

- Job Descriptions
  - How often will your organization review job descriptions?
  - What could trigger a job description review?
- Compensation Philosophy
  - Has your organization decided where they want to be in accordance with the external market?
  - How will your budget factor into decisions about salary?
  - What makes up your total rewards package?

# Salary Administration: Things to Think About

- New Hire Offers
  - What is your practice when hiring staff to determine salary?
  - Do you have a salary threshold?
  - Are there laws that govern salary in your state?
- Performance-Based Pay
- Market Analysis/Adjustments
  - How often will you review your salary ranges?
  - What circumstances could trigger a salary market review of a job description?

# Salary Administration: Things to Think About

- Promotional Increases
  - When can an employee be promoted?
  - What is your practice for determining a promotional increase?
  - How are you ensuring equitable promotion decisions?
- Lateral Transfer
- Position Downgrades
- Interim Pay
  - When would an employee get extra pay for assuming additional responsibilities?
  - Does interim pay get added to salary?



# Don't Let Pay Questions Catch You Off-Guard

- **Can you answer these questions:**
  - What salary sources did you use to create the salary range for my job?
  - Why is (fill in the name) making less/more money than me?
  - Why is my job in this salary grade?
  - How do I make more money/get a promotion?

\*\* You may have salary ranges or a compensation structure, but can you/people managers answer questions about compensation?

\*\* Having an answer that an employee may not like does happen and here's why!



# Questions?

**Lisa McKeown**

Managing Director,  
Total Rewards

[lmckeown@nonprofithr.com](mailto:lmckeown@nonprofithr.com)

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