



# Communicating About Compensation with Leaders & Employees

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# Why is communication so important?

“Companies that improve the effectiveness of their internal communications experience a related increase in their market values.

According to a study conducted by the human resources consulting firm, Watson Wyatt Worldwide, organizations that communicated most effectively with employees experienced a return to shareholders of 26%,

Those organizations that communicated least effectively produced a -15% return. That’s a 41% swing in returns between companies that communicate well and those that don’t.”

**Straight Talk** *by Shel Holtz*

# Agenda

- ❑ Engage stakeholders in the process
- ❑ Gain confidence with your data/plan
- ❑ 3 steps to effective communication
  - ❑ Communicating with Leader
  - ❑ Preparing your Managers/Supervisors
  - ❑ Communicating with employees
- ❑ Anticipate challenges and weak spots
- ❑ Communication 911 – how to rescue a communication plan gone wrong



# Engage Stakeholders in the Process

## EXECUTIVES

- Be the project champion *with* your leadership team;
- Design a compensation philosophy with guidance from your Executive team;
- Educate your leadership team on the basics and seek feedback from the project.

## EMPLOYEES

- Involve employees in the process when appropriate;
- Train managers to deal with compensation conversations head on;
- Create and maintain a policy on the compensation program that is shared with employees.

## Gain Confidence with Your Data/Plan



- ❖ Fake it until you make it does not apply – confidence will resonate.
- ❖ If you don't find and correct the weak spots your employees will find them.
- ❖ Invest time and resources in getting it right.
- ❖ Do everything in the right order - once you are confident roll it out to your Executive team – once they are confident roll it out to your managers – once they are trained roll it out to your employees.

# 3 Steps to Effective Communication

Know your AUDIENCE

Know WHAT you want to communicate

Choose the right MESSENGER and DELIVERY method



# Communicating Effectively with Leaders

## Know your AUDIENCE

- Leaders can be distrustful of HR
- Leaders are decision makers
- Many leaders have access to current information
- Don't make leaders feel "dumb"

## Know WHAT you want to communicate

- Share the highlights (sample)
- Confirm the companies commitment to a philosophy
- Gain support for tools/resources used

## Messenger/Delivery Method

- Project champion/Overview
- Take-away
- Follow up



*Resistance usually comes from two places. First, I didn't know this was coming; Second, I didn't have a chance to participate.*

# The Role of the Manager

The only job a manager has is to drive performance from the team to achieve the organization's goals.

It's so simple and yet so complex.

“My main job was developing talent. I was a gardener providing water and other nourishment to our top 750 people. Of course, I had to pull out some weeds, too”.

~ Jack Welch



# Preparing Managers & Supervisors



“Employers often devote substantial resources to developing corporate policies on a wide variety of subjects, but fall short when it comes to communicating these policies to employees”

Communicating with Employees  
by Stacey Mark

## Why it's important

- Managers are agents of the company
- Two-way communication is necessary
- Liability

## Getting Managers Ready

- Review the results
- Message reinforced by senior leadership
- Engage the Managers
- Provide aides
  - Outline
  - FAQ's
  - Practice

# Communicating Effectively with Employees

## Know your AUDIENCE

- This is very emotional for employees
- Most employees believe they are underpaid
- In some organizations there is a distrust
- Employees have access to salary information

## Know WHAT you are communicating

- The right amount of detail
- The big picture
- The process
- What an employee can do to affect pay

## Messenger/Deliver Method

- Managers
- Concise & Consist



# Talking About Pay With the “I Found a Salary Report on the Internet” Employee

*In this particular difficult conversation you have an employee who is constantly wanting to discuss their pay, especially as it compares to the person down the hall or the employees down the street. This person has brought you every Internet report that exists on how much money they should make.*

- **First, start by acknowledging the person**

“Jenny, thank you for bringing this to my attention. I know that you’ve spent a lot of time doing research. I also know how important this is to you.”

- **Second, explain the company position**

“Jenny, you know that the company is experiencing difficult economic times. With the limited resources that we have available I have made the best decisions possible about increases based on performance and information that I have about market competitiveness.”

- **Third, explain the basics of the company’s compensation program**

“This company takes great care to ensure that we stay competitive with the market. We maintain a salary structure based on a bi-annual market study. Every effort is made to stay competitive with the market within the limits of our budget. I know the HR department takes great care to find market data that is representative of what is happening in our market.”

- **Deflect any discussions about other employees or employees down the street**

“Jenny, it would not be fair for me to have a conversation with you about how much Bill makes or the decisions that were made to arrive at his pay. What is important for you and I to discuss is your salary and performance.”

“Jenny, I don’t know the particulars of the salary structure at XYZ company. I also do not know the specifics of the position responsibilities there. I can tell you that our HR company does maintain our salary ranges with the market in mind.”

- **Find a positive way to end the conversation that focuses on the future**

“Jenny, now that you understand how my hands are tied regarding additional compensation, let’s talk a bit about your career goals over the next 3 years. If we can focus on the growth opportunities that exist and how you can prepare yourself then that might be the best way to get additional compensation.”

# Anticipate Challenges and Weak Spots

- Conflicting information
- The “independent study”
- Lack of information – where judgment was used
- Position Pricing vs. People Pricing



*“Despite the best efforts by the organization and HR leaders to persuade employees that they value represented by pay is the value of the position, not the value of the person, employees have a hard time believing that.”*

*Money Talks: Telling Employees About Compensation Changes Can Be Easier if You Frame the Message Properly.  
Lin Gensing-Pophal*

*HR Magazine, September 2004.*

## Communication 911 – Rescuing A Communication Tragedy

### Leaders – Lack of support and/or lost support.

- Reinforce what you thought the challenge was
- Ask for clarification on where you “missed the boat”
- Ask for guidance on how to get things back on track



### Employees – Chaos

- Acknowledge feelings
- Encourage employees to talk with their manager
- Show the big picture and impact on the organization
- Empower them

# Questions?

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