



WELCOME!

ASSESSING THE EFFECTIVENESS OF STAFF COMPENSATION PROGRAMS
NOVEMBER 7, 2017
3 P.M. EASTERN

STAR² CENTER

- www.chcworkforce.org | 844-ACU-HIRE
- Allison Abayasekara | aabayasekara@clinicians.org
 - 703-562-8820
- Mariah Blake | mblake@clinicians.org
 - 703-562-8819
- Suzanne Speer | sspeer@clinicians.org
 - 703-577-1260

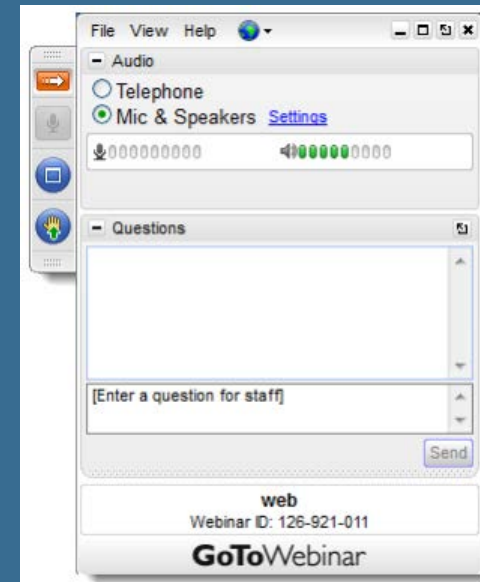
WEBINAR HOUSEKEEPING

We are
Recording

Ask
Questions

Have Fun

- Questions?
 - Raise your hand
 - Use the chat & questions boxes
 - Email mblake@clinicians.org



Association of Clinicians for the Underserved Assessing the Effectiveness of Staff Compensation Programs

Edmund B. Ura, JD
Merces Consulting Group, Inc.
Royal Oak, Michigan



***“Victorious warriors win first,
and then go to war, while
defeated warriors go to war
first and then seek to win.”***

-- Sun Tzu

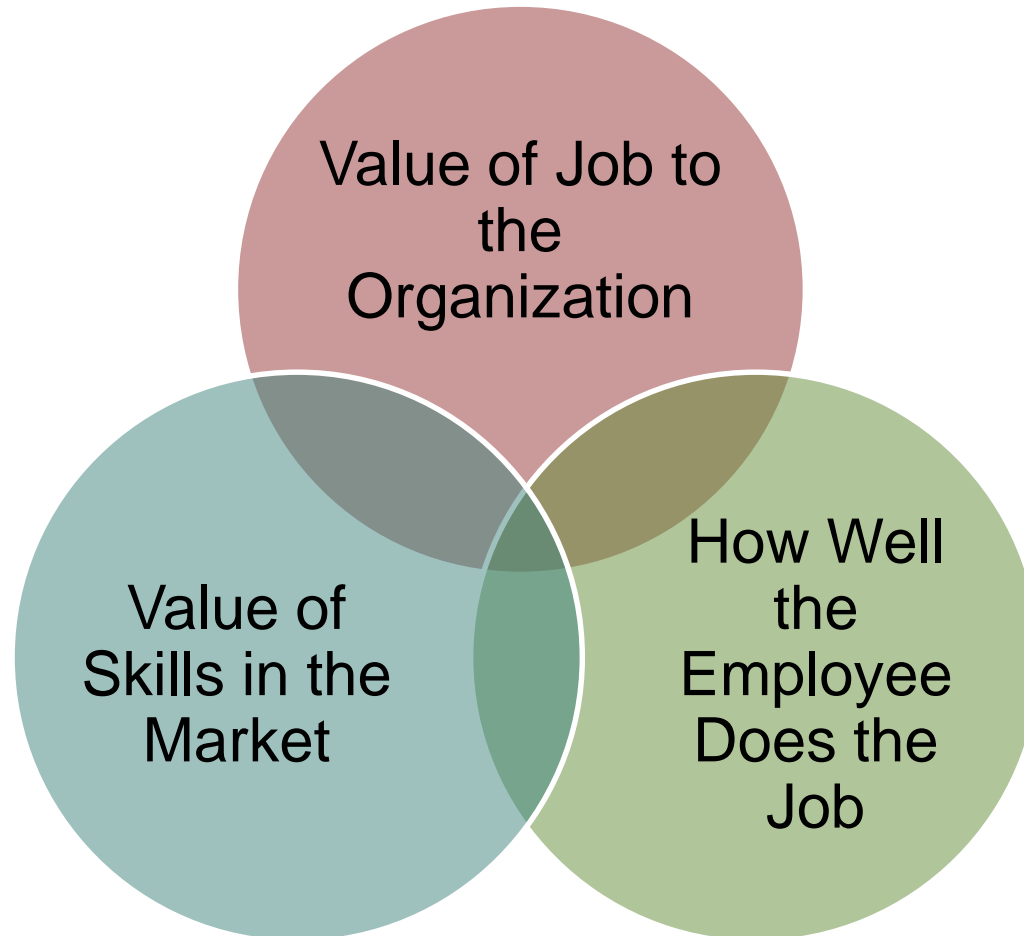
Challenges

- Ability to provide services is directly tied to the quality of the staff providing them
- Retention of clinicians (i.e., clinician satisfaction) is impacted by quality of support staff (see Rand Corp. study)
 - Skill sets and trust
 - Tenure and turnover
- Compensation programs often cause low skills and turnover

Major Areas to Assess

- Quality of job documentation
- Compensation philosophy and policy
- Use of internal equity models
- Validity of competitive data
- Methods for administering pay

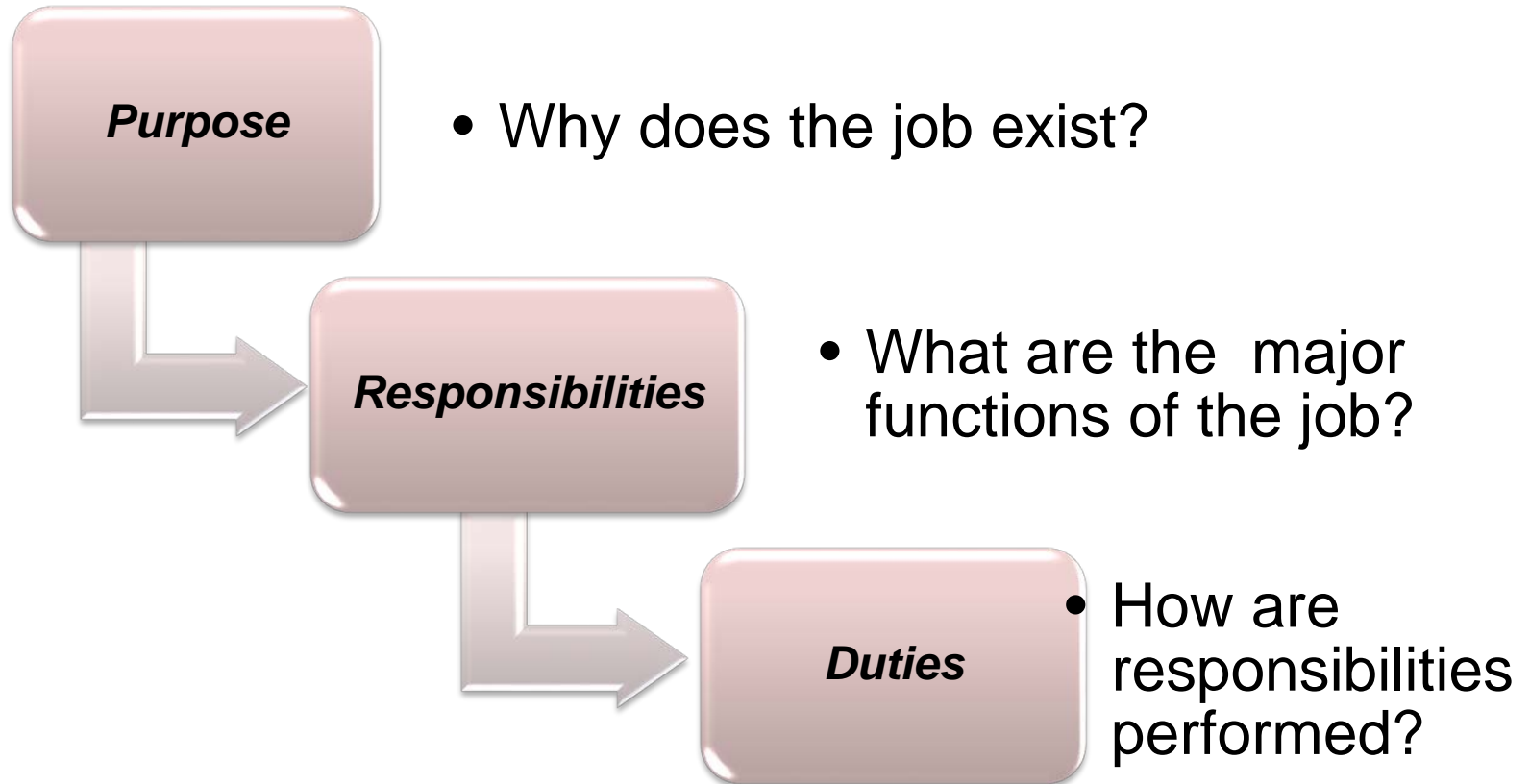
Objective: Determine Individual Value



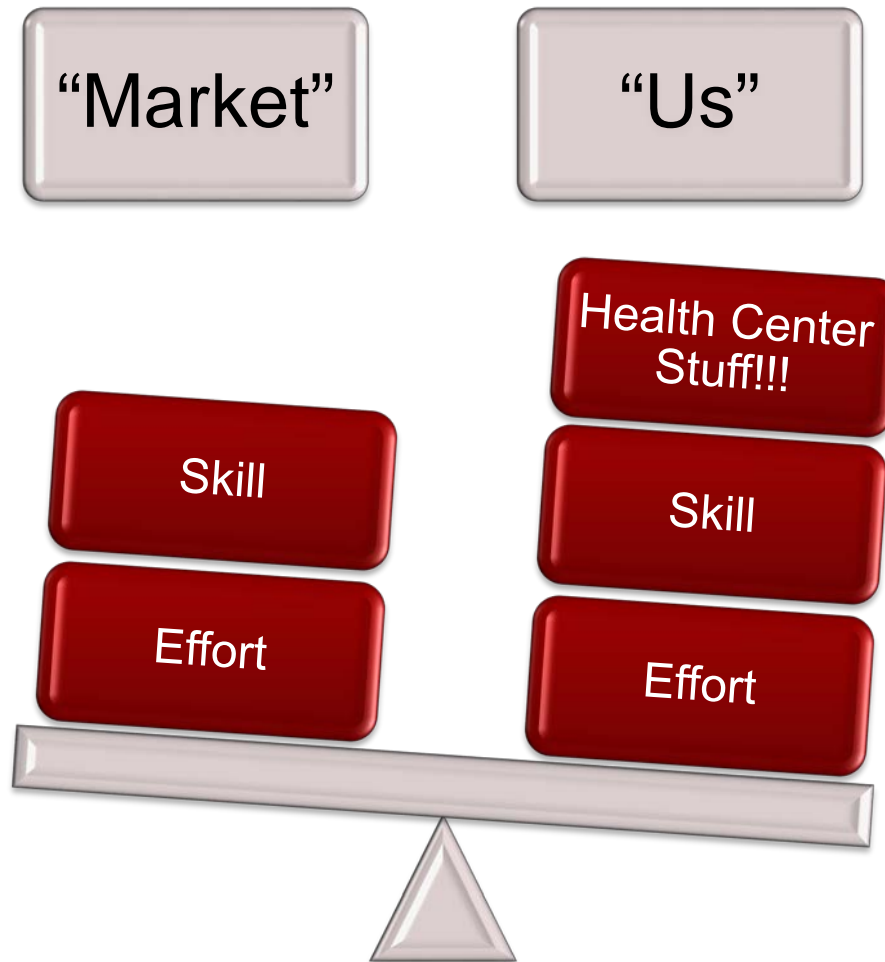
Objective: Measure Internal Value

Value of Job to
the
Organization

Job Descriptions



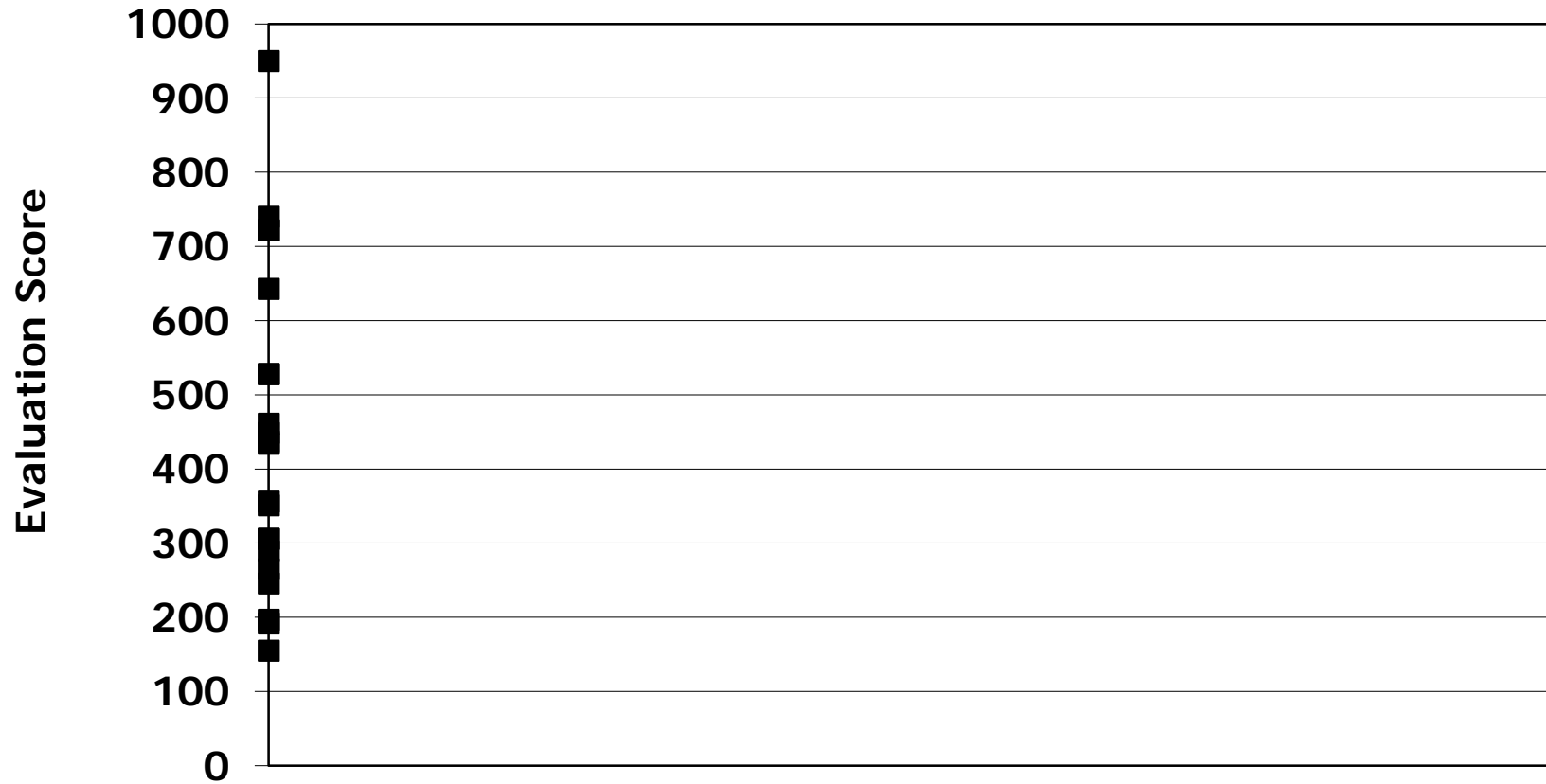
Our Jobs Require More



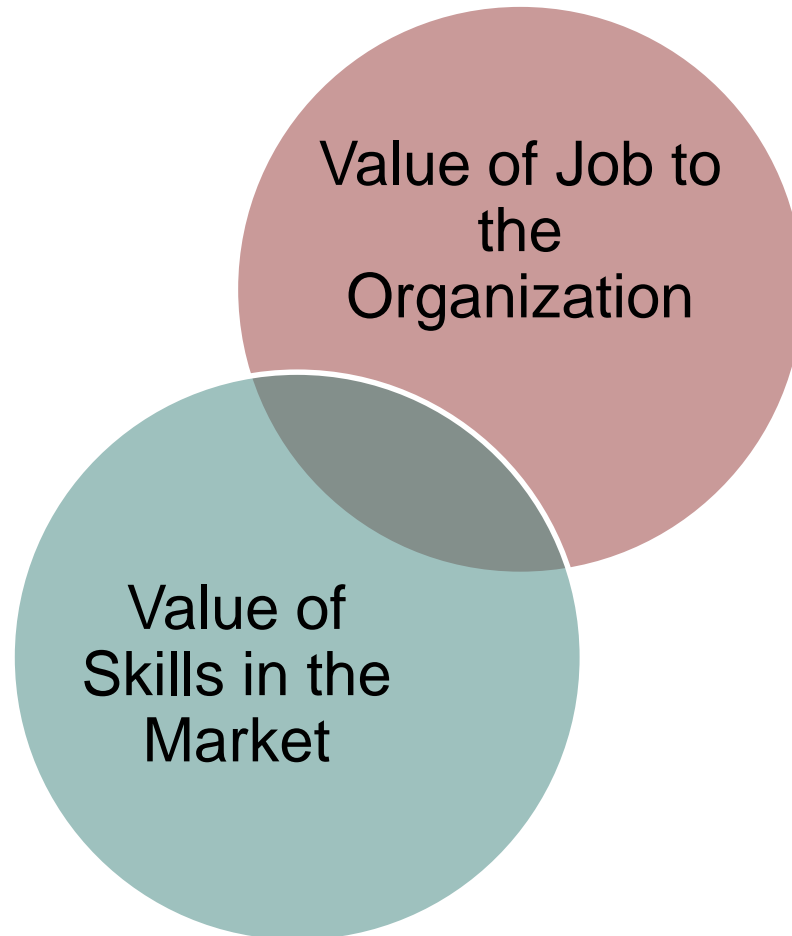
Measure Internal Value

- Why?
 - Our jobs are not like their jobs
 - Some jobs aren't in surveys
 - Combined functions or roles
 - Don't want to perpetuate market inequity
 - Risk management – avoid discrimination
- How?
 - Use a **formal job evaluation plan**
 - Measure jobs on objective criteria
 - Sum of criteria scores gives a total value
 - Jobs with similar value have same opportunity

The Internal Dimension



Objective: Measure Market Value



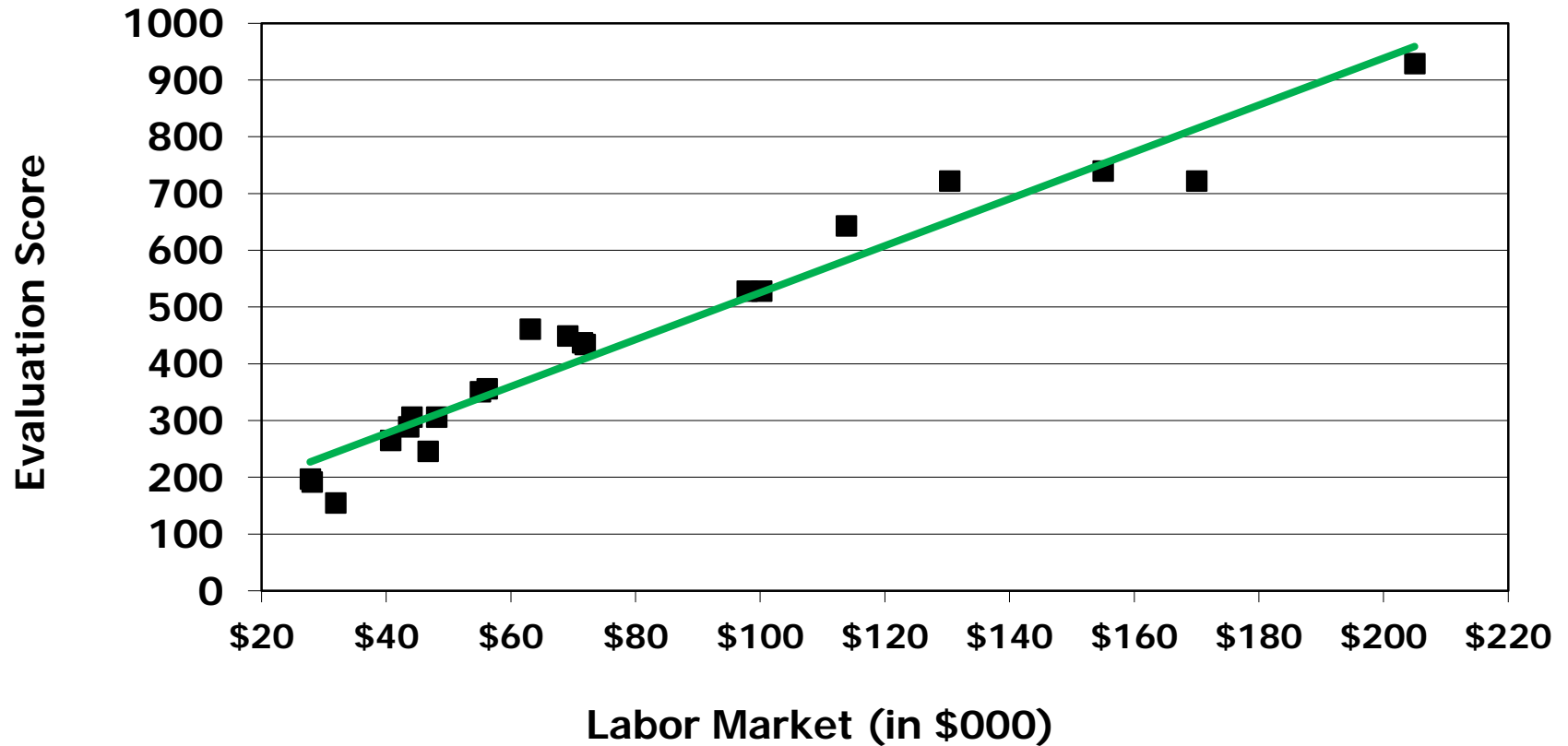
Compensation Philosophy

- Compensation should be consistent with health center industry practices
 - Similar business models
 - Should reflect the needs and mission of the organization
- Provides:
 - Continuity from one Board, and management, to another
 - Instructions for researchers
 - Better understanding for budgeting
- The philosophy of the organization is to compensate.....
 - How?
 - Why?
 - With what elements?
 - Compared to whom?
 - At what level.....?

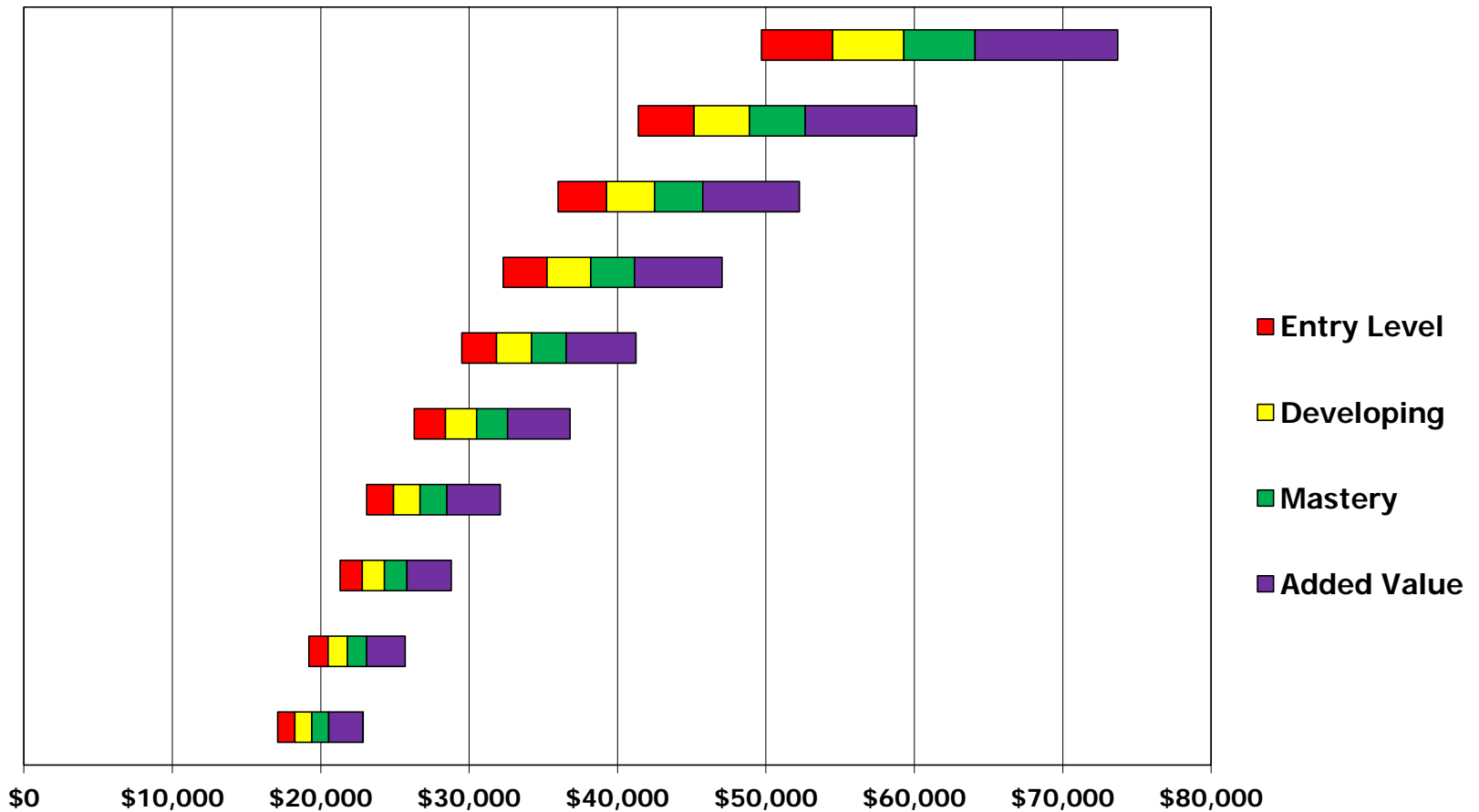
Measure External Value

- Use the “right” data
 - Only use reputable published surveys.
 - Use multiple, and varied, sources.
 - Carefully consider data for each job in light of:
 - geographic area
 - industry
 - organization size and resources.
- Watch out for trends!
 - Labor market “movement” is not always intuitive
 - Blind dependence on data leads to mistakes

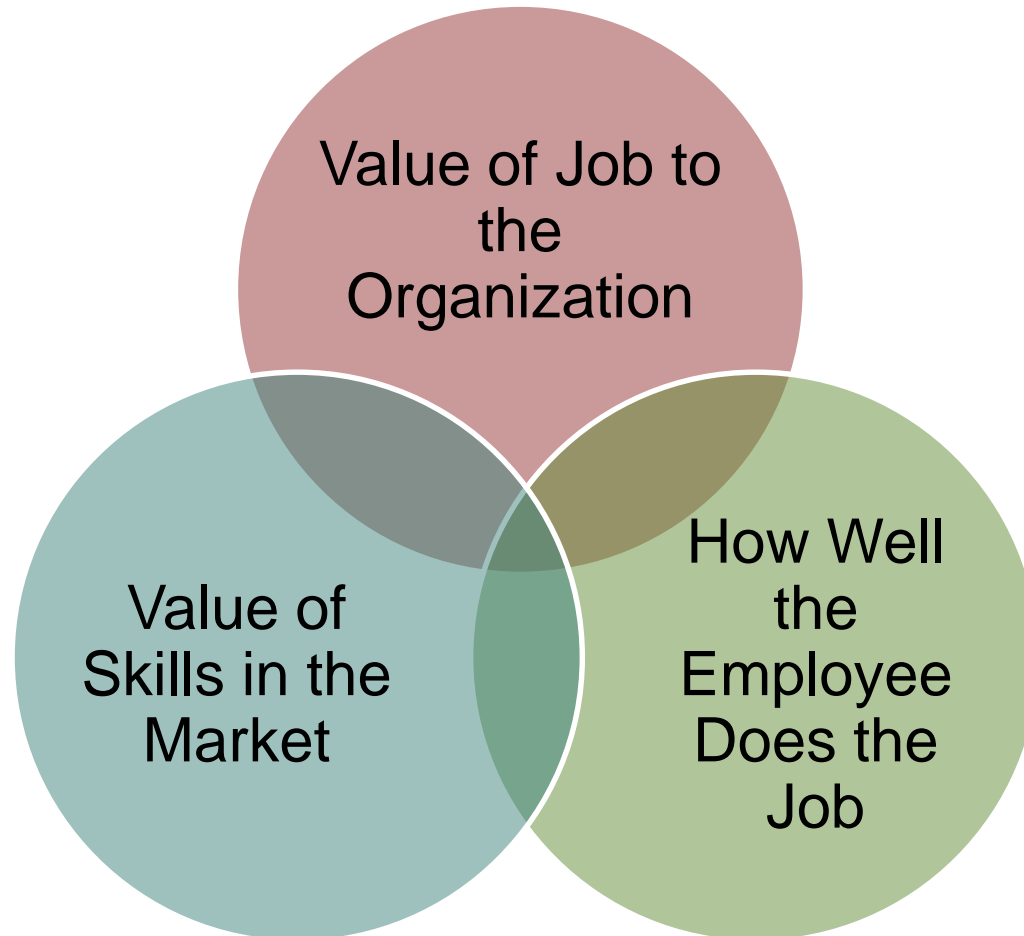
Internal & External Values Combined



Pay Structure Built Around The Line



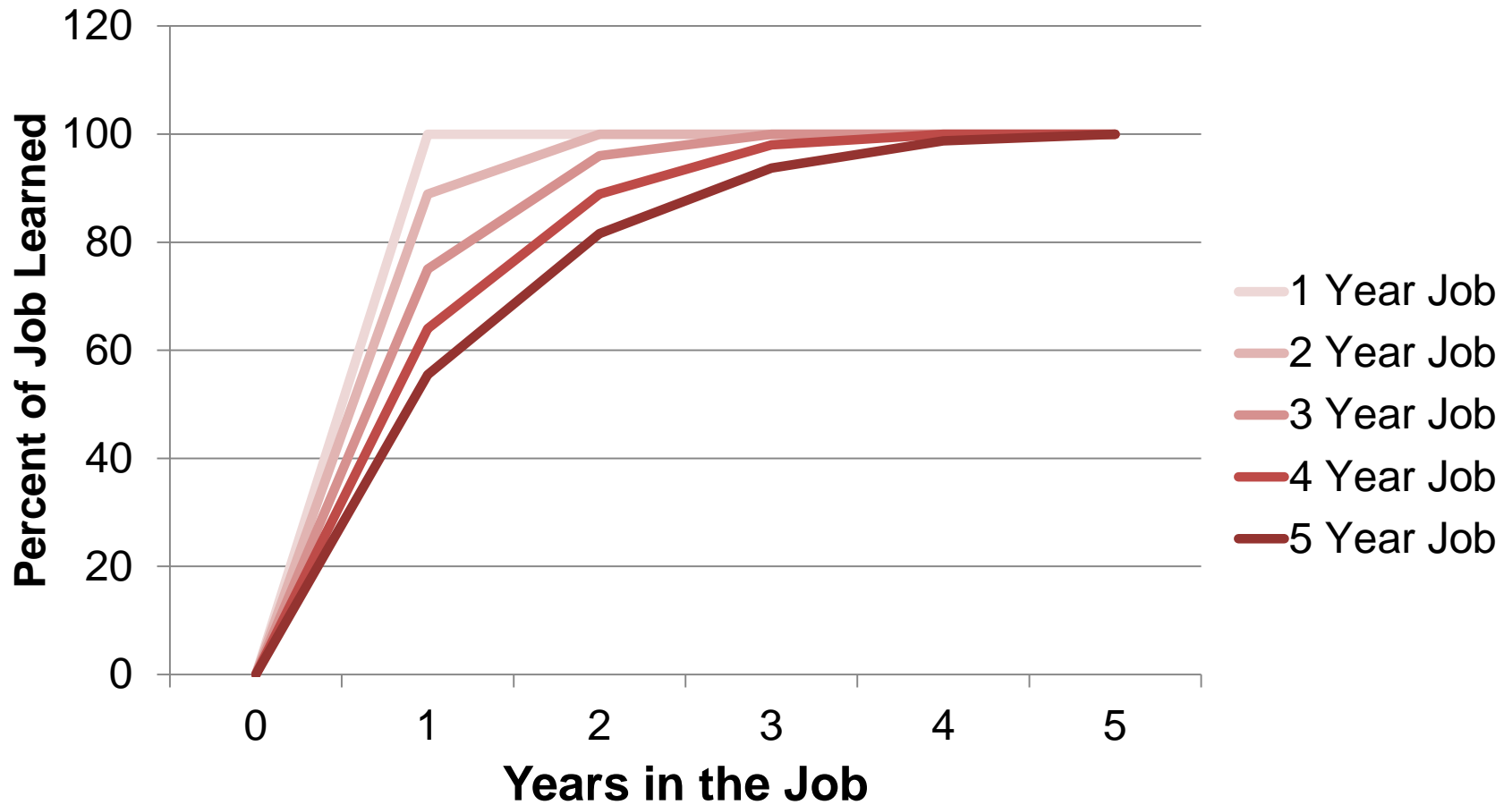
Objective: Determine Individual Value



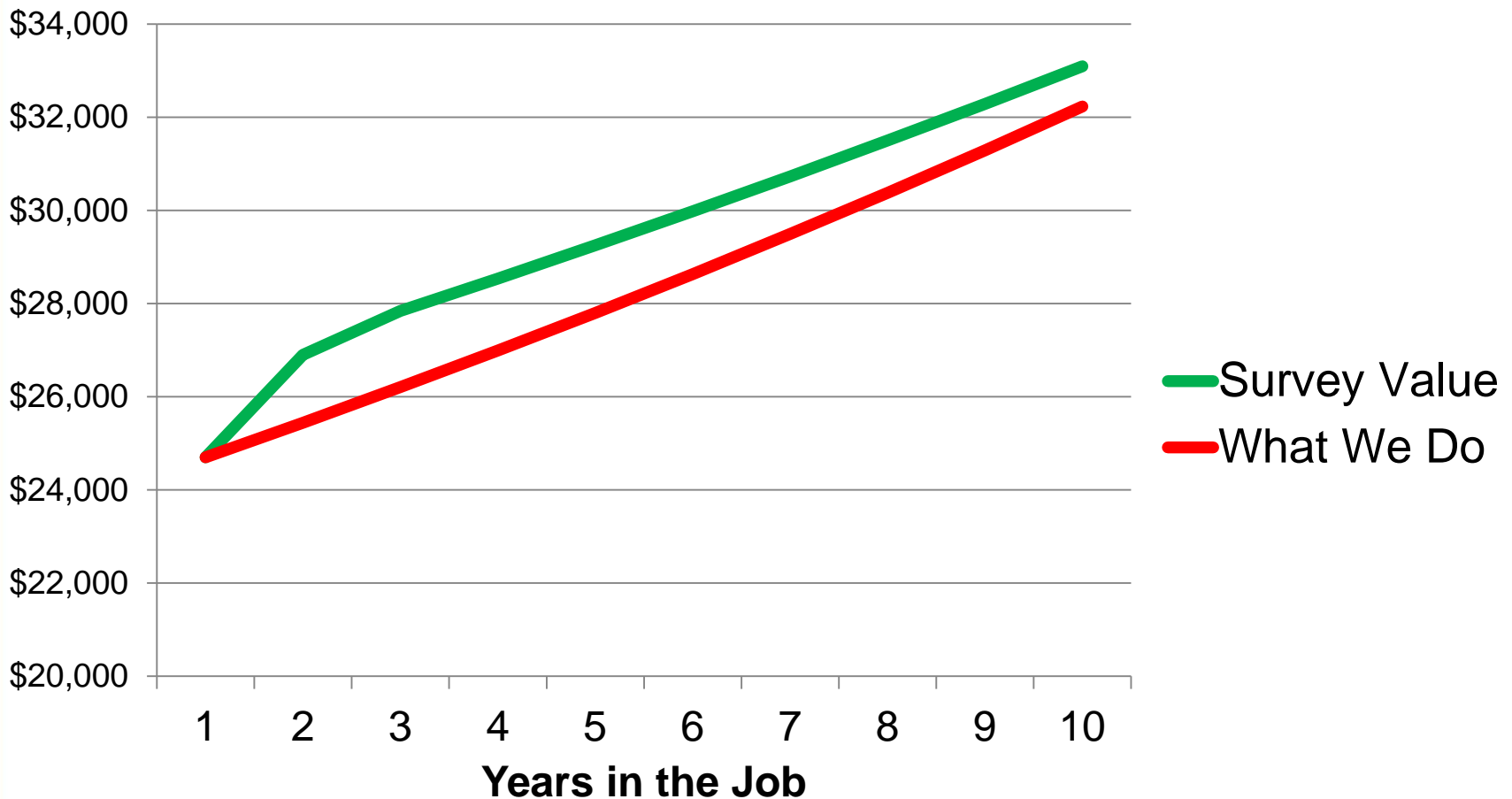
Program Design Problem - Administration

- “General increases” don’t recognize growth
- “Merit budgets” are used for general increases, not leaving enough to recognize growth – all they are for is distributing scarce resources
- Arbitrary policies don’t allow pay growth

How People Grow



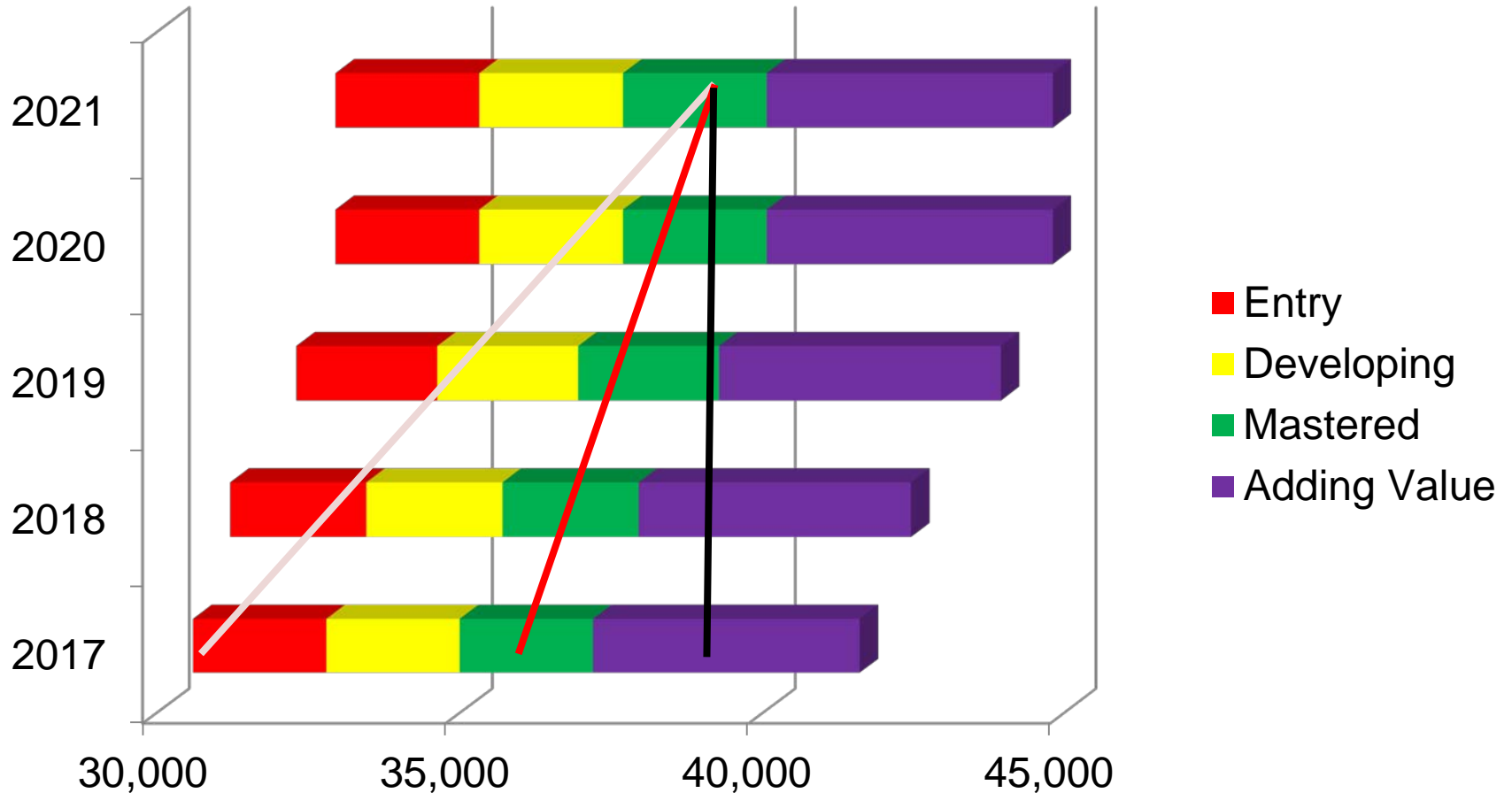
How We Let Staff (and Ourselves) Down



Measure “Value” vs. “Performance”

- Determine value against the purpose of the job
 - Measure mastery against the job description
 - Measure what we can see (actual behaviors)
 - Measure things that are objective (doesn't require supervisor “opinion”)
- Every part of the job is important – no averaging to avoid weaknesses
 - The job is mastered when the entire job is mastered

Programs Must Manage Pay to Growth



A Quick Test

- Assess each staff member's current performance on a 0 to 120% scale, where "100%" = "does the job the way it is supposed to."
 - If your programs don't let you do this, you have trouble.
- Create a "target" pay rate for each staff member based on the performance score and your pay program.
 - If your programs don't let you do this, you have trouble.
- Compare "target" to "actual" pay.
 - Each person that is "off" is either a flight risk or payment above value.
 - Pay systems must be designed to eliminate variance.

How is Budgeting Done?

- Budget should be the number of employees x target pay for each position:
 - If not, staff is either not sustainable, or will not reach target performance
 - Because of turnover and development, expenses will typically not reach budget
- Changes in budget should be based on cost of services/performance desired
 - Setting “percentage” budget before assessing performance is backwards
 - Setting budgets by what others do is irrelevant

In Summary

- Compensation must be managed by “programs,” not “decisions”
 - Jobs cannot be valued without being understood
 - Programs cannot be developed without a philosophy
- To be effective, staff compensation programs must include:
 - A model for determining the internal value of jobs
 - A model for determining the external value of jobs
 - A method for ensuring each staff member is paid according to their contribution to the organization.

Questions & Contact Info

- Edmund B. Ura, JD
 - Merces Consulting Group, Inc.
 - 306 S. Washington Ave., Suite 300
 - Royal Oak, MI 48067
- Phone: 248-507-4670
- Email: ebura@mercesconsulting.com
- Website: www.mercesconsulting.com
- Blog: www.merceschcconsulting.com



THANK YOU!