

CHECKLIST

Employee Compensation Checklist

Is Your Compensation Truly Competitive?



Offering a competitive compensation package is a core need in today's tight job market. Being offered higher compensation elsewhere is the reason cited by 68 percentⁱ of employees who leave voluntarily. More than 66 percentⁱⁱ of organizations say retention is a major concern, and 75 percentⁱⁱⁱ of top-performing companies use pay increases to keep their best talent.

Many employers believe they are offering competitive compensation plans. But without a detailed analysis, it's difficult to be sure in a quickly changing market.

Do you have a gender pay gap? Are you under- or overcompensating? Are you confident your longer-term employees are being paid equally to new hires? Do you have a reputation for not paying well?

Understanding where your compensation rates stand in comparison to the marketplace and working to ensure equitable pay for all employees is essential for recruiting and retention, as well as accurate budgeting and financial planning. If you are not sure your compensation is on target, here are some questions to consider:

1 Do you attract the best candidates?

Your company culture, values, mission and benefits may all be great, but if you are not offering truly competitive compensation and rewards, the best candidates will choose the company that is. If you struggle to hire or retain top talent, compensation may be an underlying factor.

Yes No

2 Do employees complain about their pay?

If you have workers complaining or suggesting that their pay is not on par with other companies, you have a problem. You may not be paying competitively, or employees may not fully understand the value of their entire compensation package. Companies that have the data to back up their positions are able to provide employees with the knowledge and facts to support their compensation.

Yes No



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Jenn has more than 25 years of outsourced accounting and finance and outsourced HR experience, with a particular expertise in startups and the advertising and creative production industries. She is passionate about seeing companies utilize the latest HR processes and technologies to maximize their efficiency, productivity, and ultimately, success.

3 Are you confident you offer competitive rates?

Again, there is no room for guesswork in this. Without data and analysis, you will not know for sure if you are truly competing from the strongest position possible.

Yes No

4 Do you have a hidden gender pay gap?

A gender pay disparity is easy to miss if you don't specifically evaluate compensation plans for it and work toward bridging the gap. Offering equal compensation regardless of gender makes it easier to attract and retain the best talent.

Yes No

5 Are your new hires making more than your long-term talent?

Salary compression is an issue that slips under the radar at many organizations. But you can be sure that longer-term employees will find out if newer hires are being paid more. This frequently happens when companies have not kept pace with competitive market pay increases over time. New employees expect competitive pay at today's rates; longer-term workers may discover their pay has not caught up and become new employees elsewhere.

Yes No

6 Do you have a standard annual raise?

If you typically just raise everyone's salaries by a set percentage each year, you are likely over- or underpaying some employees.

Yes No

7 When was the last time you reviewed employee salary information?

Top-performing companies regularly review salary information to ensure they are paying competitively, that their job titles are in the correct pay scales, and that they have the data to defend their compensation positions. In a hot job market, a regular compensation review is a best practice to ensure you can adequately attract, hire and retain the talent you need.

Yes No

8 Is a strong compensation strategy part of your financial planning?

Your organization's financial planning must include a robust and quantifiable compensation strategy that supports the human resource needs of the company today and in the near future. With many changes coming to the workplace, being sure you compete at every level that matters to employees is part of a strong financial plan for success.

Yes No

Want help?

Reach out to the Armanino Human Resources team to learn more about how a Compensation Analysis can help you determine the true status of your compensation packages. Our experts are here to research your compensation levels, analyze the results, and advise you on next steps so you can position your company as an employer of choice.

i ibid
ii 2019 Compensation Best Practices, Payscale.com
iii ibid