



Pay Bands, Total Comp, Oh My!

Go from Panic to Confidence in your Total Rewards Strategies

APMA Conference January 26, 2024

Presented by:

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KAREN TIMMINS

Western Growers Family of Companies Senior Vice President, Human Resources

Karen has been directly involved in strategic and tactical management effecting workplace performance and practices since 1990.

Since joining Western Growers in 2003, she has overall responsibility for recruiting/hiring, compensation management including the pay-for-performance-3A+ system, career development/succession planning, employee relations, health benefits including qualified and nonqualified retirement plans, safety, payroll processing, field office facilities, some training and development. Karen is the current chairperson of the Western Growers Retirement Security Plan Advisory Board overseeing the management of the Multiple Employer Plan, with over \$120 million plus in retirement plan assets.

Karen holds the most senior HR professional certifications from the Society for Human Resources Management (SHRM) and the HR Certification Institute (HRCI).

In 2007, Karen began teaching the Arbinger Institute's courses including Developing and Implementing an Outward Mindset, Outward Leadership and Outward Inclusion (WGFC DEI initiative). WG inculcates Arbinger's philosophy by operationalizing it in performance management, goal setting, conversations on difficult subjects and more.

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Accelerari

Consulting, LLC



DR. TINA HUFF

Accelerari Consulting, LLC, President/Principal Consultant

Dr. Tina Huff is on a mission to help people be successful at work! With over 30 years of experience as a former Chief People Officer/Vice President of Human Resources she has served across diverse industries, including agriculture, hospitality, manufacturing, grocery/retail, and contact centers.

As the President of Accelerari Consulting, Tina passionately collaborates with organizations, providing strategic guidance, training management teams, and facilitating employee engagement and HR systems.

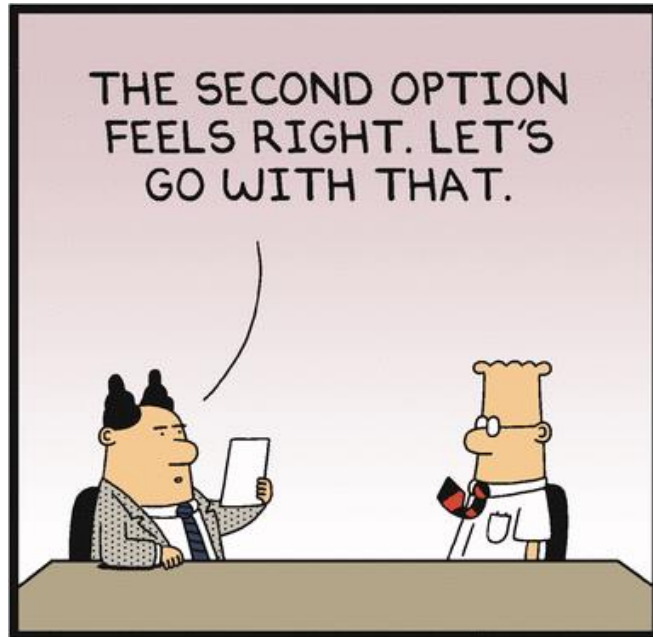
Tina is also a respected research presenter, covering topics from employee behavior to leadership, and offers a range of leadership and communication management training courses.

Holding a Ph.D. in Industrial/Organizational Psychology, an MBA, and a Bachelor's in Human Resources, Tina is SHRM-SCP certified and fully bilingual (English/Spanish). She is a Senior Certified Consultant for the Birkman Method and certified as a consultant for the Six Types of Working Genius model with the Table Group.

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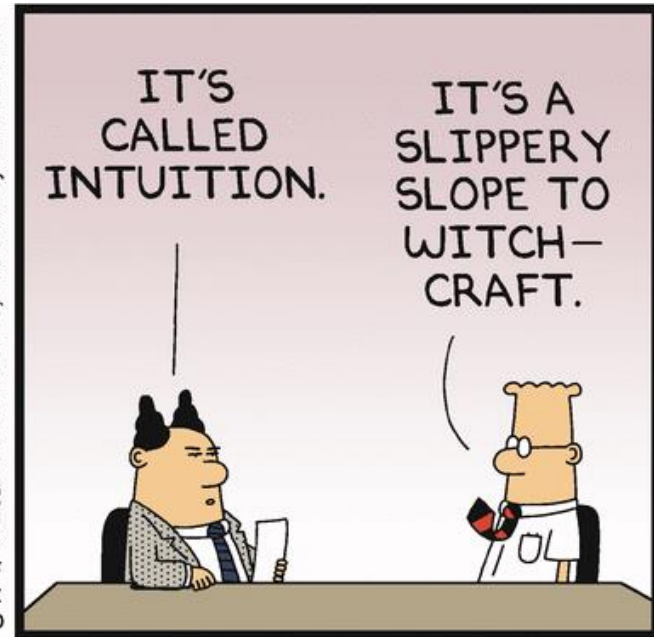
More Info!



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“ The goal is to turn data into information, and information into insight.
Carly Fiorina, former executive, president, and chair of Hewlett-Packard Co.



Our Goal Today

Open doors for career success



External
Pressure to
Manage
Compensation
Correctly

Our Agenda!

Total Rewards

- The Role
- The Reason
- The Results



Our Agenda!

Total Rewards

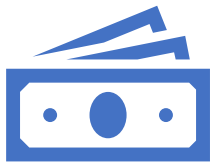
- **The Role**
- The Reason
- The Results



Role for Rewards – build a plan
based on your COMPANY'S
STRATEGIES and connected to REAL
DATA.



What Is A Total Rewards Package?



Compensation

- Salary
- Bonus/Commissions
- Incentives
- \$\$ Saving Perks (Auto, phone, etc.)
- Salary Increases



Wellness Benefits

- Health Care Benefits
- Vacation/PTO/Sick
- Flexibility
- Work Environment/Culture
- Leadership



Compensation Protection

- Retirement Offerings
- Disability Benefits
- Life Insurance
- Education Benefits
- Advancement Opportunities

Build A Compensation Strategy

Questions we must answer

- What to pay *new* employees?
- What to pay *current* employees?
- How does this fit within our operating budget/strategies?

What is your Compensation Strategy?

- Market leader
- Market matcher
- Market saver



Define your Culture and Live It



Who are You as
a Company?



What are Your
Values?



What is Your
Purpose?



Who do You
Serve?

Recommended books:

- *Traction*, by Gino Wickman
- *The Advantage*, by Patrick Lencioni



Why Total Rewards Matter



- ➔ Competitive hiring environment
- ➔ Employees more likely to leave their job than at any point in the past 10 years
- ➔ Attract and retain employees
- ➔ Great employees lead to great companies
- ➔ Employee turnover is expensive

What Total Rewards Tools Might be a Part of the Strategic Plan?

Planning

- Succession and High Potential (HIPO) Plan
- Strategic workforce plan for current and future needs
- Compensation plan for growth

Development

- Hands-On Training (HOT) Plans
- Leadership/Management Skills Development
- Technical Standards

Accountability

- Company-Wide Strategic Initiatives
- Incentivized Goals
- Performance Reviews / Development Plans

Our Agenda!

Total Rewards

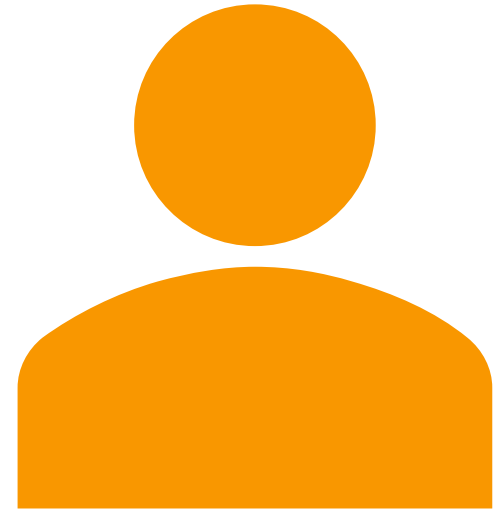
- The Role
- **The Reason**
- The Results



Reason for Rewards - job and pay structure provide a CLEAR DIRECTION for how career growth is rewarded

Job Structure

Gives every employee an
opportunity for job success



Which do you think should be top priorities for your organization in 2023?

EMPLOYEES' RANK		HR PROFESSIONALS' RANK
→ 1	Performing fair and competitive compensation evaluations and adjustments	6 ←
2	Retaining top talent	2
3	Maintaining employee morale and engagement	1
→ 4	Providing good health care coverage	14 ←
5	Finding and recruiting talent with the necessary skills	3

SHRM State Of The Workplace Report 2022-2023



What Tools Help Ensure Every Employee Is Rewarded?

Pay

Feel Fairly Treated

- Pay Structure/Grades
- Regular Pay Equity Review

Support

Feel Secure

- Given a role to contribute – company and community involvement
- Provided security – benefits, retirement savings
- Opportunity – to learn, grow, make mistakes

Tips – Pay Structure/Grades

Identify pay categories by job duties, such as:

- General Labor
- Skilled General Labor
- Technicians
- Operators
- Clerks

Establish a tier system

- 1 = In Training
- 2 = Trained on primary tasks
- 3 = Expert at multiple tasks, works independently
- 4 = Trainer/Lead

Sample – Pay Grades

Worker Category	General Labor	Skilled General Labor	General Labor 3	Technician 1
Responsibility Description	Complete entry-level tasks that require minimum training.	Complete entry-level tasks that require a special skill that is developed over time, such as speed, coordination, lifting, etc.	Uses basic equipment to accomplish tasks (simple/small tractors, hand carts, etc)	Applies basic scientific principles to complete entry-level technical tasks.
Pay Grade	1	2	3	4

Operator 1 Technician 2	Operator 2	Clerk 1 Operator 3 Technician 3	Clerk 1b Operator 4 Technician 3b	Clerk 2 Technician 4
Requires certification to operate equipment such as tractors, forklifts. Under regular supervision for operating responsibilities (May be in training).	Operates simple tractors and equipment regularly, fully trained, requires minimal supervision.	Operates multiple/complex tractors and equipment regularly and/or completes basic clerical tasks, requires minimal supervision.	Master operator of tractors and equipment, trains others, may be in training for skilled tasks.	Responsible for skilled technical or operational clerical duties, leads team in absence of crew leader, in training for advanced skilled tasks.
5	6	7	8	9



Compensation Tips

Pay Grades

- Set narrow (10-20%) to wide (40-70%)
- Bridge between tiers
- Average external market = midpoint

Annual Pay Plan

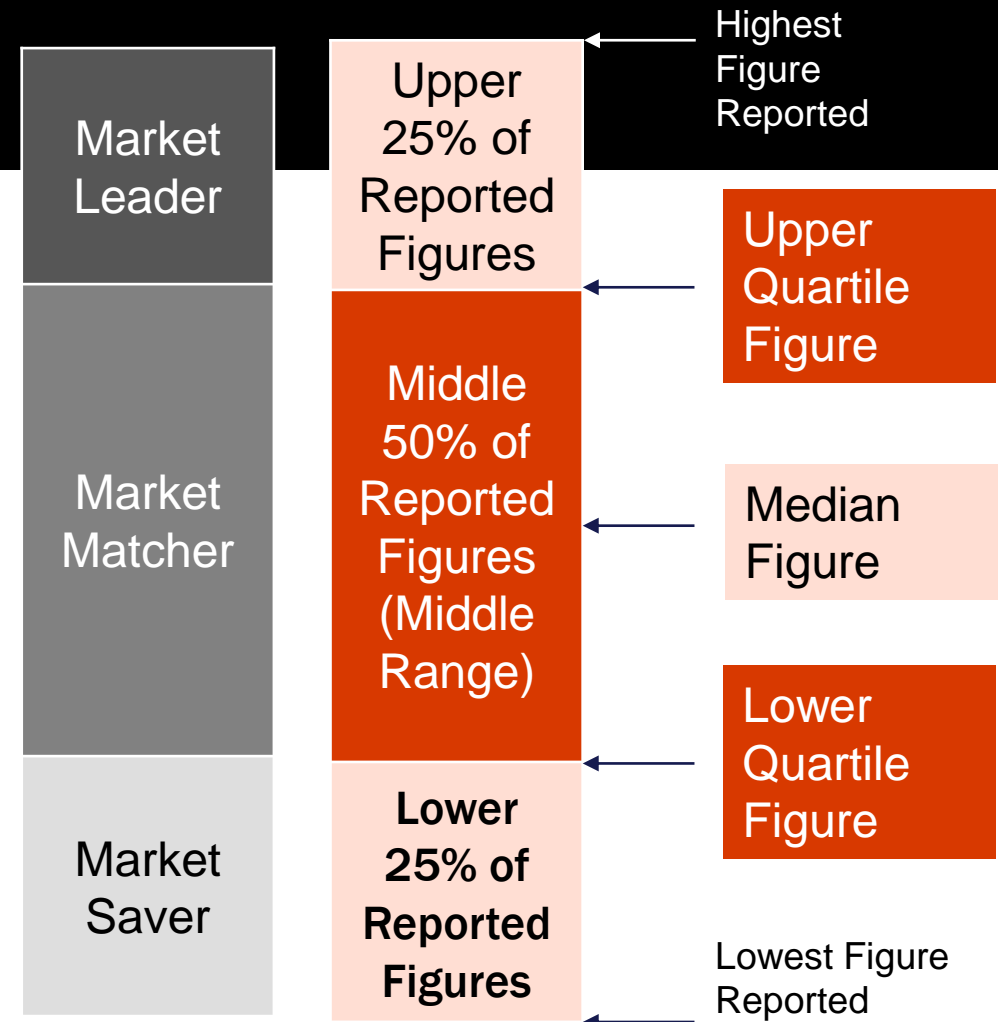
- Market conditions
- Minimum wage shifts
- Internal climate

Review pay equity regularly

- Compa-ratio demographic trends
- Complete post annual review and for new positions

How To Measure Comparisons

A/P Clerk	Total Compensation
Average	\$50,176
Median	\$48,140
Upper Quartile	\$56,180
Lower Quartile	\$43,390



AP Clerk Hypothetical

- An individual has 2 years of experience
- Is employed by a WG member with annual revenue of \$150 Million located in the Central Coast

	Average	25th Percentile	Median (50 th Percentile)	75th Percentile
WGA Member	\$50,176	\$43,390	\$48,140	\$56,180
Sales \$100M - \$250M	\$55,508	\$52,850	\$56,000	\$57,720
Central Coast	\$51,610	\$43,160	\$51,662	\$58,500

Approximate Compensation: $(\$43,390 + \$52,850 + \$43,160) / 3 = \mathbf{\$46,467}$

AP Clerk Hypothetical Case 2

- An individual has 7 years of experience
- Recently completed an advanced degree or received a certification
- Is employed by an WGA member with annual revenue of \$150 Million located in the Central Coast

	Average	25th Percentile	Median (50 th Percentile)	75th Percentile
WGA Member	\$50,176	\$43,390	\$48,140	\$56,180
Sales \$100M - \$250M	\$55,508	\$52,850	\$56,000	\$57,720
Central Coast	\$51,610	\$43,160	\$51,662	\$58,500

WGA: $(\$48,140 + \$56,180) / 2 = \$52,160$
Sales: $(\$56,000 + \$57,720) / 2 = \$56,860$
Location: $(\$51,662 + \$58,500) / 2 = \$55,081$

Approximate Compensation: $(\$52,160 + \$56,860 + \$55,081) / 3 = \$54,700$

AP Clerk Hypothetical Case 3

- An individual has 7 years of experience
- Recently completed an advanced degree or received a certification
- Is employed by an WGA member with annual revenue of \$150 Million located in the Central Coast

	Average	25th Percentile	Median (50 th Percentile)	75th Percentile
WGA Member	\$50,176	\$43,390	\$48,140	\$56,180
Central Coast	\$51,610	\$43,160	\$51,662	\$58,500
BLS data (CA)	\$54,260	\$42,580	\$50,560	\$62,290

WGA: $\$56,180 \times 65\% = \$36,517$
Location: $\$58,500 \times 25\% = \$14,625$
BLS data: $\$62,290 \times 10\% = \$6,229$

Approximate Compensation: $(\$36,517 + \$14,625 + \$6,229) = \$57,371$



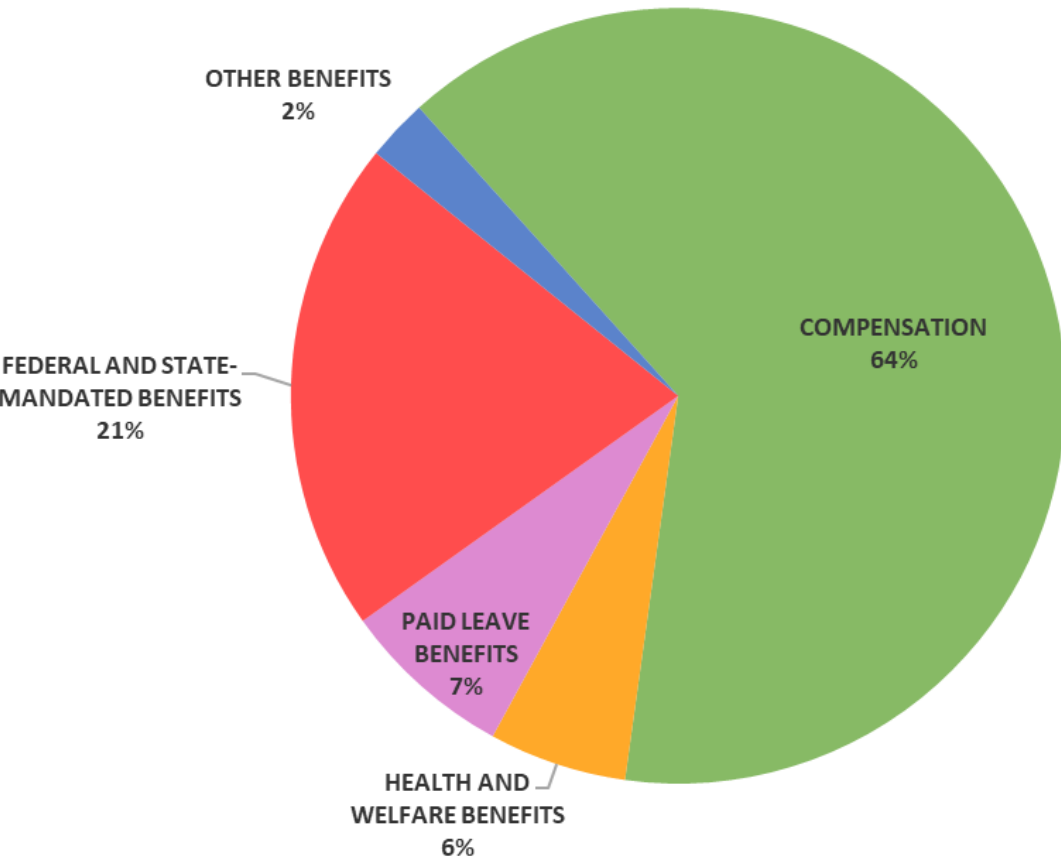
Total Compensation and Benefits Statement

For: [Name of Employee]

For the Year:

As an employee of [Company Name], you receive regular pay for the services you provide. The other part of your total compensation is the value of the benefits that [Company Name] makes available to you and, if applicable, your family. The value of these benefits is your "hidden paycheck." This personalized benefits statement describes your hidden paycheck and is intended to give you a summary and the value of the benefits you receive. If you have any questions about this statement, please contact Human Resources.

Percentage of Total Company Paid Compensation and Benefits Package



	Employee Annualized Contribution	Company Annualized Cost/Contribution
COMPENSATION		
Annualized salary or hourly pay	N/A	\$56,000.00
Annual bonus (estimated based upon an average of prior year payouts)	N/A	\$10,000.00
Other (shift differential, OT, etc.)	N/A	\$600.00
TOTAL COMPENSATION		\$66,600.00
HEALTH AND WELFARE BENEFITS		
Medical	\$12.50	
Dental	\$100.00	
Vision	\$100.00	
Short-term disability	N/A	
Long-term disability	N/A	\$6,000.00
Life insurance	N/A	
Accidental death & dismemberment (AD&D)	N/A	
Employee assistance program (EAP)	N/A	
401(k) plan		
Pension plan	N/A	
Other		
TOTAL HEALTH AND WELFARE BENEFITS		\$6,000.00
PAID LEAVE BENEFITS		
Vacation/annual leave	N/A	\$500.00
Sick leave	N/A	\$1,000.00
Personal days	N/A	\$6,000.00
Holidays	N/A	
Paid family leave		
Other (bereavement, jury duty, military leave)	N/A	
TOTAL PAID LEAVE BENEFITS		\$7,500.00
FEDERAL AND STATE-MANDATED BENEFITS		
Social Security		\$7,500.00
Medicare		\$4,000.00
Unemployment insurance (federal)	N/A	\$10,000.00
Unemployment insurance (state)	N/A	
Worker's compensation	N/A	
TOTAL FEDERAL AND STATE-MANDATED BENEFITS		\$21,500.00
OTHER BENEFITS		
Flexible spending accounts (FSAs)--pretax benefit		\$680.00
Other		\$2,000.00
TOTAL OTHER BENEFITS		\$2,680.00
TOTAL VALUE OF EMPLOYER-PROVIDED BENEFITS	N/A	\$37,680.00
TOTAL COMPENSATION AND BENEFITS (Annual Salary/Wages + Employer-Provided Benefits)		\$104,280.00

Our Agenda!

Total Rewards

- The Role
- The Reason
- **The Results**



Results of Rewards - An Equitable Rewards Program Leads to BELONGING, and there is a direct connection between belonging and long-term contributions at work.

THE NEED FOR BELONGINGNESS

Keeps our sense of psychological well being

We are predisposed to form bonds and loyalties

Supportive relationships lead to wellness

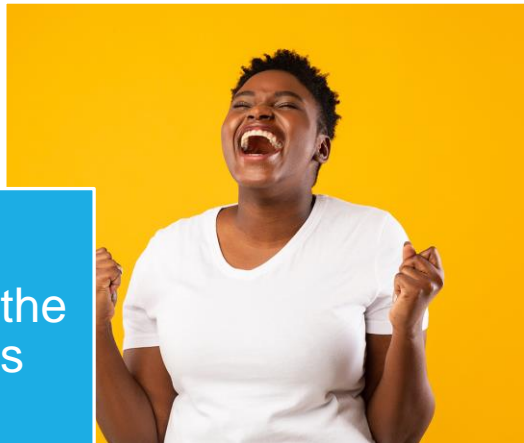
- Values connection = feel supported

Being cared
about

Opportunity to
care for others

Belonging Is Also Great For Your Career!!

Double the
Raises



18 Times
More
Promotions



BetterUp's 2019 study on Belonging, The Harvard Business Review

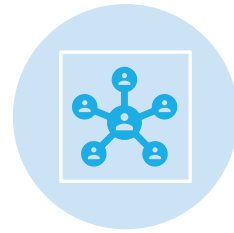
Belonging Meets Every Employee's Needs



FEEL APPRECIATED:
Recognized For
Position And
Contributions



FEEL SELF-DETERMINED:
Have Input &
Choices



FEEL CONNECTED: Part
Of The Group



FEEL WILL BE FAIRLY TREATED:
Leaders Are
Transparent



FEEL SECURE:
Know What's Going
On, Comfortable

Source: Neuroscience Leadership Institute, 2009



Results?

Flourishing!

- Growth
- Engagement
- Wellness

What Tools Help Every Team Member Belong?

Role Feel Appreciated

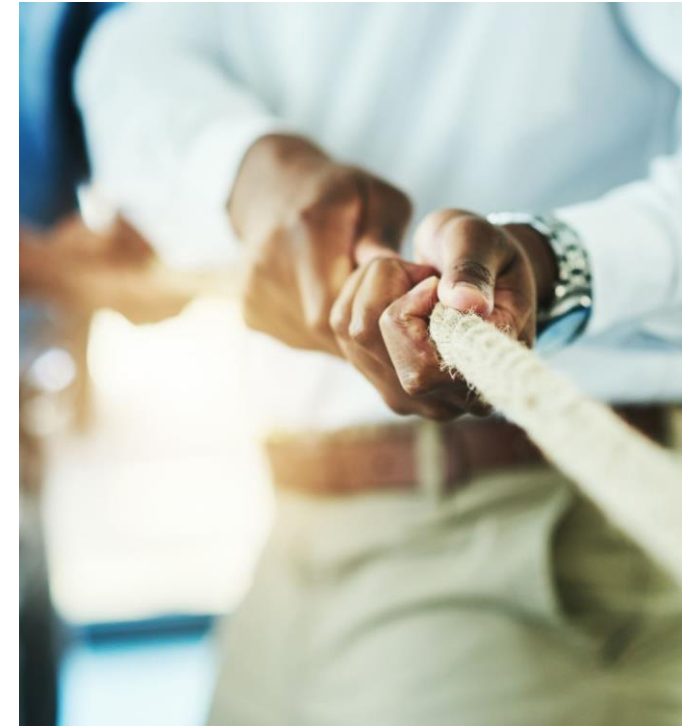
- **Job Title** commensurate with duties
- **Job Description** includes clear picture of expectations
- **Full Onboarding Plan**

Opportunity Feel Fairly Treated

- **Post** every position
- Including training opportunities! (or train all)
- Distribute project and difficult **assignments across team**

Chats Feel Self Determined

- Collaborative **Difficult Conversations**
- **One-On-One** Regular (Weekly) **Chats**





TIPS – DEFINING ROLES/JOB TITLES

Start with department tasks

Identify role responsibilities

Use company values

Use task list to create job descriptions

Be consistent with Job Titles

- Operator 1 – Irrigator, Equipment Sanitation, Forklift, Tractor, Welder, etc.



TIPS – TALENT ACQUISITION

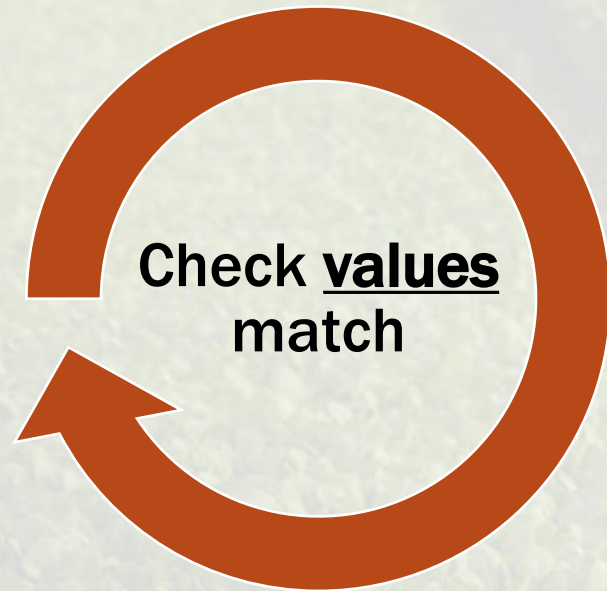
Clarify before posting

Post internally

Use your systems!



Support Tip – Connect to Values



Communicate,

Communicate,

Communicate

7% of U.S. workers feel communication is accurate, timely and open

26% feel that their manager's feedback helps them do better work.

22% feel that their leaders have a clear direction for the organization.

Source: Findings of Gallup's Communication Index

Tools And Support

Data Sources and Compensation Definitions



Compensation and Benefits Annual Report



Online confidential survey form, no one at WGFC sees raw data!



Conducted by objective, third-party (Industry Insights)
Launching in February 2024, results in June 2024



WGA Compensation and Benefits Study - AgSalary.com
<https://industryinsights247.com/WGA/account/login.aspx>



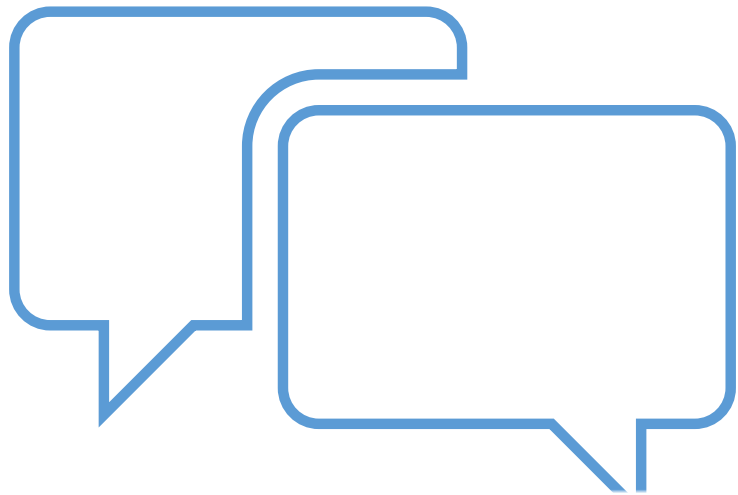
84 responding organizations
representing over 7,000 incumbents



Compensation data for 90 jobs
(Executives, Sales and Marketing, Plant, and Field), seeking more jobs



Benefits information



Accelerari
Consulting, LLC

- Ag Employers
- Timely
- Best Practices

Ag Specific



- Team Feedback
- Confidential
- Executive Summary

Actionable



- Demographics
- Standard Package
- Customize as needed

Customized



Employee Engagement Survey for Employers in Agriculture



More Info!

Sources of Additional Data

- Peers - WGA Compensation & Benefits Survey
(<https://industryinsights247.com/WGA/account/login.aspx>)
- Government Data / Census
(<https://www.bls.gov>)
- O*NET OnLine (<https://www.onetonline.org/>)
- Salary.com, Compensation Consulting Firms, Chambers of Commerce
- World at Work (<https://www.worldatwork.org/>)



Terms

Term	Definition
Adverse impact	Practice or policy has a disproportionately negative effect on a protected group
Broadbands	Pay structure that consolidates a large number of narrower pay grades into fewer bands with wider salary ranges
Compa-ratio	Current pay rates as a percentage of range midpoints. (current salary/market average x 100)
Data Cuts	Comparing your jobs to like-Industry, company size, annual revenue, location
Discretionary bonus	Variable pay not promised
Employee Value Proposition	ER's branding strategy that represents the value an ER has to offer the EE
Estimated Market Value EMV	Taken from reliable comp surveys jobs of similar responsibilities, duties are added, then averaged, the determined by the mean (true middle)
Extrinsic Reward	A monetary value, ex. bonuses, pay increases, extra bennies
Intrinsic Reward	What EEs receive for performing well, often psychological, includes pride and fulfillment
Job Description	Written description of job includes info re the general nature of the work, specific duties & responsibilities
Pay Compression	When salary or wage of one or more EEs is very close to the pay of more experienced EEs in the same job or those in higher positions. Happens when market rate surpasses the historical increases
Pay Equity	Fairness of compensation of ER to persons or groups of ppl
Pay Equity	Practice of ensuring fair and equal pay practices to all EE regardless of gender, race, age or other protected categories
Pay Grade	A grouping of jobs with approximately the same level of work in the market
Pay Range	Or salary range, sets the upper and lower compensation limits for jobs within a particular pay grade, often seen with a 25th, 50th, 75th (quartile) and 90th range
Performance Based Pay	Or pay for performance, is a variable pay strategy based on individual performance rather than the value of the job
Total Cash Compensation or TCC	Base pay, bonus and commissions
Total Compensation	The complete pay package; includes all salary, health care, retirement, incentive pay, paid time off

Now Go – Make Sure Your Total Rewards Program Has:

01

A Role - a Compensation Plan based on your COMPANY'S STRATEGIES and DATA

02

A Reason – Job and Pay Structure providing a CLEAR DIRECTION for career growth

03

Results – An Equitable Rewards Program leading to BELONGING