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Compensation & Benefits Playbook

Optimize Pay/Benefit Mix

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Purpose

Shift from across-the-board adjustments to targeted, data-driven comp & benefits decisions that **reduce flight risk** and pay compression, **improve perceived value**, and close pay-equity gaps—while **staying within budget**.

Example outcomes & KPIs

- Flight-risk ↓ 15–30% in targeted segments
- Compression relief: % below 90% compa-ratio ↓ ; internal parity ↑
- Pay equity: unexplained pay gap ↓ quarter-over-quarter
- Benefit utilization & perceived value ↑ (survey/NPS)
- Engagement (fairness, manager support) ↑
- Regrettable attrition ↓

Prerequisites & Data

Prerequisites

- **Clean, current data** (on the right side of the page)
- **Policy clarity** (cycle timing, max adjustment %, eligibility), market benchmarks by role/location
- **Agreement on fairness principles** & equity definitions; Legal/Compliance/DEI review
- **Access** to HRIS, survey, performance, and exit-reason data

Data you need

- **Comp**: base, bonus, equity value, band/grade, range, compa-ratio, last adjustment date, job family, location
- **HRIS**: tenure, manager, internal parity peers, FTE %, contract type, exempt status
- **Market**: survey ranges by role/location; inflation/currency context (if relevant)
- **Outcomes**: performance ratings, engagement fairness items, flight-risk signals, exits & reasons
- **Benefits**: enrollment/usage by program (e.g., childcare, L&D), perceived value

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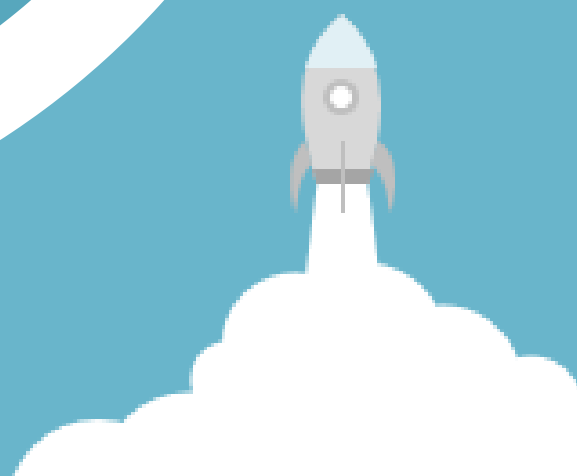
Governance & Roles

Executive Sponsor
- Sets the vision, success criteria, and guardrails
- Secures resources, removes blockers
- Approves scope and scale-up decisions

HRBP Champions
- Socialize insights with leaders
- Agree actions for specific populations
- Ensure change management in BUs

Rewards & Benefits Lead
- Owns comp philosophy and programs
- Defines bands/ranges and benefit design
- Translates analytics into policy updates and comms

People Analytics Lead
- Builds flight-risk & compression models
- Runs equity diagnostics (role/level/tenure/location-controlled regression)
- Designs scenarios/optimization

HRIS/Comp Data Steward
- Enforces data standards (titles, grades, ranges, compa-ratio calc)
- Monitors data quality, change requests and audit trails
- Trains HR/Rewards on fields/process

Finance Business Partner
- Co-owns budget constraints & ROI
- Validates savings/impact assumptions
- Syncs with workforce plan/forecast

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Map constraints & principles

Confirm budget caps

Agree by business/region and timeframe

Codify policy rules

E.g. max % adjustment, cycle timing, eligibility and legal constraints
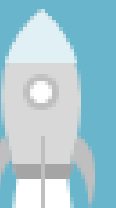
01

02

04

03

Agree disallowed moves

E.g. leapfrogging peers without promotion
Document and publish rules and standards

Set equity guardrails

E.g., target compa-ratio corridor 95–105% of mid
Define parity checks by role/level/location

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2 Quantify risk, compression & equity

Build flight-risk scores
Use comp features (compa-ratio, time since raise, range position, internal parity), plus engagement/performance signals

01

02

Map compression
Clusters <90% compa-ratio; long time since last adjustment)
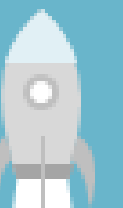Flag internal parity gaps

Create heatmaps
Focus action on 'hotspots'

04

03

Run pay-equity diagnostics
Regression controlling for role/grade/tenure/location

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3 Design intervention scenarios

Construct mix options

Targeted base adjustments
One-time retention bonuses
Benefit upgrades (childcare stipend, L&D wallet)
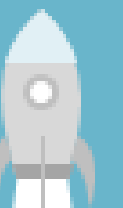Non-cash levers (schedule flexibility)

O1

O2

Estimate impact

Risk-reduction per $1k and equity-gap closure per $1k
Include second-order effects (internal parity, future compression)

Prep comms templates

For managers and employees likewise

O4

O3

Define eligibility tiers

and sequencing (who first, how much, when)

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4 Optimize & decide

Formulate a simple optimization

Maximize (predicted risk reduction + equity improvement) subject to budget/policy constraints
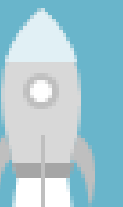Add minimum-coverage rules for under-market employees

01

02

Include fairness constraints

Do not widen residual gaps
Maintain selection-rate parity across groups

03

Review with Finance/Legal

Select pilot cohort(s) & timing
Lock the communications plan and approvals

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5 Implement, monitor & iterate

Execute benefit changes
Track acceptance, questions, exceptions
Run manager office hours

O1

O2

Monitor weekly KPIs
Retention in targeted groups, fairness items, compression/equity trends, spend vs plan

O3

Post-mortem after 8–12 weeks
What worked, where parity shifted, what to retire/scale
Update rules/datasets
Schedule quarterly refresh

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Evaluation and ROI

Benefits

- Avoided backfill cost (retention)
- Productivity preserved
- Reduced agency spend
- Fewer equity-driven disputes
- Higher benefit uptake

Sample ROI

[(Benefit – Cost) / Cost] × 100
Quantify risk-reduction value and equity improvements (incl. legal/compliance risk mitigation
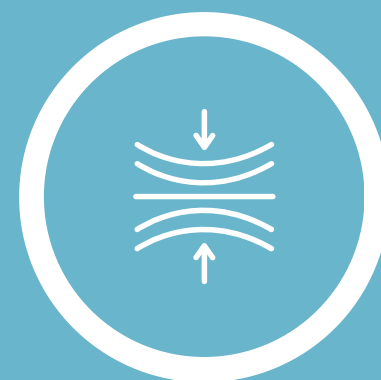
Quarterly report

- KPI trends
- Scenario attribution
- Fairness outcomes
- Next-cycle recommendations

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Risks and Guardrails

Bias/opacity

Equity decisions can embed hidden bias or lack transparency.
Run equity diagnostics each cycle, publish rationale tiers, and maintain audit trails.

Compression re-emerges

Targeted raises can recreate internal imbalances. Protect parity with rules, and re-check post-promotion cycles.
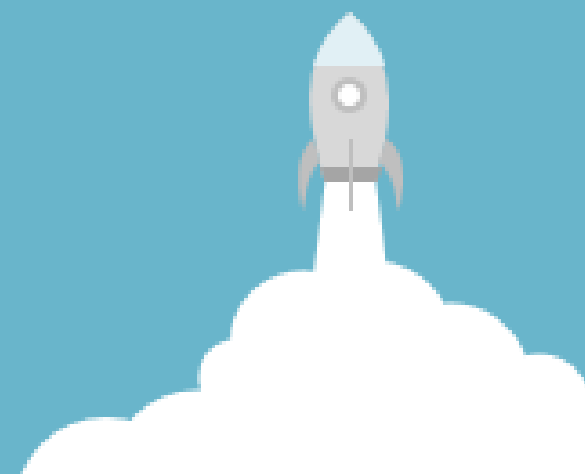
Budget overruns

Scenario creep can exceed caps.
Lock pre-approved ranges and review variance weekly with Finance.

Employee relations

Perceived unfairness or poor comms can harm trust.
Use proactive messaging, manager toolkits, Q&A channels; track sentiment/NPS.

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Quick-start checklist

01 **Prepare**
Clean comp dataset & market ranges
Define fairness principles & targets
Baseline risk/compression/equity

02 **Scenario menu with costs & impacts**

03 **Optimization with constraints (incl. fairness)**

04 **Pilot governance (Finance/Legal sign-off)**

05 **Weekly KPIs & fairness review + Impact report**

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Contact Us

Are you struggling with bringing the most value out of your People Data?

Does Predictive Analytics seem like a distant dream?

We are here to help. Send us a message for more information!

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