**Compensation Advice Process**

*Welcome to Raise’s Compensation Advice Process, our own Teal compensation practice, developed and tested by your own co-workers.*

*Reinventing Organizations notes three compensation patterns that are common in Teal organizations:*

1. *peer-based processes and self-set salaries*
2. *no incentives, but company-wide bonuses*
3. *reduced compensation inequality*

*We think those practices seek to manage a set of polarities:*

1. *Peer-based processes and self-set salaries allow us to manage a polarity between* ***objectivity*** *(the facts) and* ***subjectivity*** *(individual perspectives and interpretations); good comp advice processes consider the facts and multiple perspectives; they don’t “make a case” or engage in negotiation – there is no need for that because the decision maker is you.*
2. *No incentives, but company-wide bonuses manages* ***individual*** *and* ***collective*** *needs by combining variable individual salaries with collective incentives; it also considers* ***simplicity*** *(simple salaries, no crazy formulas to distract people from doing their best for the company) and* ***complexity*** *(mechanisms that protect the whole in bad times) – ask about the Protect the Downside plan to hear more about this.*
3. *Reduced compensation inequality considers the* ***human value*** *and the needs of every individual with the* ***market-value*** *and* ***company contribution*** *made by each; pay transparency and reporting key compensation metrics may in future help us manage this polarity.*

*Additionally, it’s our experience that there’s a polarity between* ***demonstrated contribution*** *and* ***potential contribution****, where in our comp advice processes, we have seen and exercised a bias for demonstrated contribution, i.e. comp increases not on increase of role(s) but on increase of contribution.*

*Here’s our hope: manage these polarities well so that you feel fairly & happily compensated; “take money off the table” and instead focus on doing your best and most meaningful work, for yourself and the organization.*

*Courtney Gakman*

*April 2021*

**Preparing**

Select a peer mentor from this list: **Ayesha Khan, Courtney Gakman, Gillian Levi,** and **Tiffany Bell.** Prepare your self-assessment and ask your peer mentor to review it.

A note for advisors: you are also welcome to call the peer mentors if you need some help giving advice.

**Phase I – Self-Assessment**

*How are you compensated today?*

* Answer

*How did you come to be compensated that way?*

* Answer

*How do you feel about your compensation?*

* Answer

*To the extent you can, describe and quantify your contribution(s) to the company (effort & achievement). Why do you think you deserve an increase?*

* Answer

*In Orange compensation reviews, your job is to advocate for yourself and your boss advocates for the organization. In Teal compensation reviews, you wear both hats. In this section, you have a chance to show that you are thinking about both perspectives: what is good for you and what is good for others/the organization. Reflect on areas for personal growth/development and areas in which you did not have the contribution you could have had. Reflect on the knowledge/skills/abilities that would make you more valuable. Can you see any arguments against taking an increase or against taking it now?*

* Answer

*In the following three sections, show the evidence you have about your market value (your expected earnings in the labour market) and replacement value (the likely cost to the business to replace you with another person/solution). You can consider sources such as external and internal comparators, salary surveys, competing offers, former positions, etc.*

***Market Value.*** *What are you, your skills, and your experience worth on the job market? What is the value of "your resume" in the current labour market? If you were to leave the company, what job/salary could you get? Have you received offers for similar jobs? The internet is your friend here. The Glossary gives some suggested sites to check.*

* Answer

***Replacement Value.*** *Time to put your manager cap on. If you were to leave the company, how would the company replace you? What sort of resource would you have to hire (or shift internally) and what would be their salary? Provide data, evidence, explanations, etc.*

* Answer

***Internal Value.*** *Who are your best internal comparators? Who does a similar job to you, has similar skills to you, or provides similar value as you do? Ask your peer mentor or relevant advisor to collect salary information related to those comparators (e.g., ranges, averages, but not names):*

* Answer

*Based on your self-assessment, what compensation are you considering? What is the % increase?*

* Answer

**Phase II – Gathering Advice**

*Create an “invite-only” thread in Loomio, with your self-assessment, and invite your advisors.*

*Get advice from approx. 3-5 people who:*

* *Are close to your work*
* *Have subject matter expertise (in your field, your team or company budget, compensation, etc.)*
* *May have an opposing or challenging view to share*

*Also include your peer mentor in the Loomio.*

*Ask advisors for their feedback and/or advice, specifically about how to set your compensation. This can be done in a 1:1 conversation (recommended) or directly in Loomio. All advice should be summarized in the Loomio thread by the advisor.*

*It is recommended that advisors share their own compensation with you, in order to create a level playing field between you and your advisors and to test the waters of greater pay transparency at the company. Advisors who are not comfortable with this are welcome to decline the invitation to participate.*

**Phase III – Making & Recording Your Decision**

*After the Loomio discussion is complete, review the advice you gathered and decide, all things considered, how do you think you should be compensated in the next year?*

*This practice employs a single decision-maker, which is you; it is not a consent process. So at this point, record your decision in Loomio (as a comment not a proposal). When you record your decision, explain the advice/polarities you weighed most heavily in making your decision.*

*Then ask the person you “report to” in BambooHR to enter the change in your profile.*