

Clearwater Compensation Group

Compensation & Classification Study **METHODOLOGY**

- Discovery
- Development
- Implementation



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Compensation & Classification Study

PURPOSE

A classification and compensation study is a critical process for organizations to ensure that their job positions are appropriately

- Structured
- Graded
- Compensated

It helps in maintaining fairness, competitiveness, and equity in compensation practices.

DISCOVERY

The Clearwater Compensation Group (CCG), typically, initiates the discovery phase of the study with the following steps:

Clearly defining the purpose and goals of the study.

- What specific issues or challenges are you trying to address?
- What are the expected outcomes?

Identifying a cross-functional team to ensure a comprehensive approach to the study and communication to organization leaders and employees.

- ⇒ The Clearwater consulting team will provide options and recommendations for the study including advantages and disadvantages of each proposed methodology.
- ⇒ The CCG consulting team will conduct briefing meetings with key stakeholders and employees to review the purpose, process, expectations, and gather any relevant information for the study.

DISCOVERY

Gathering comprehensive data on all job positions within the organization. This includes job descriptions, responsibilities, qualifications, and current compensation data.

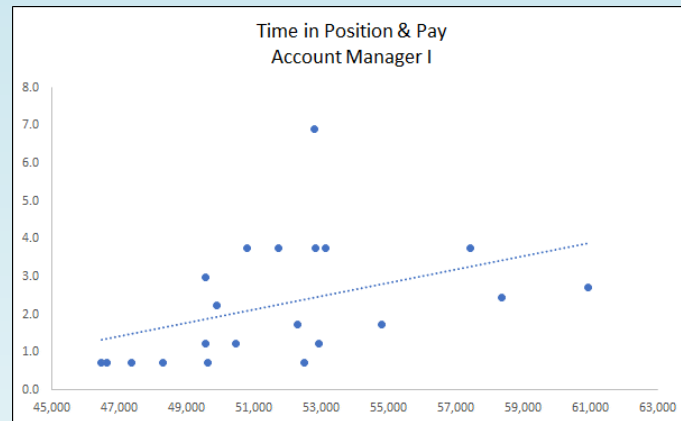
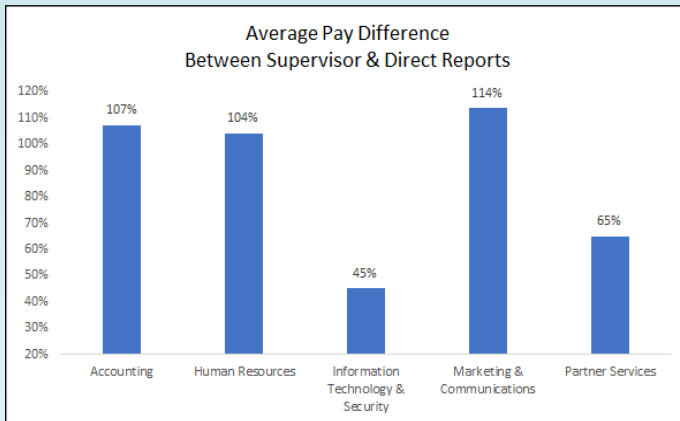
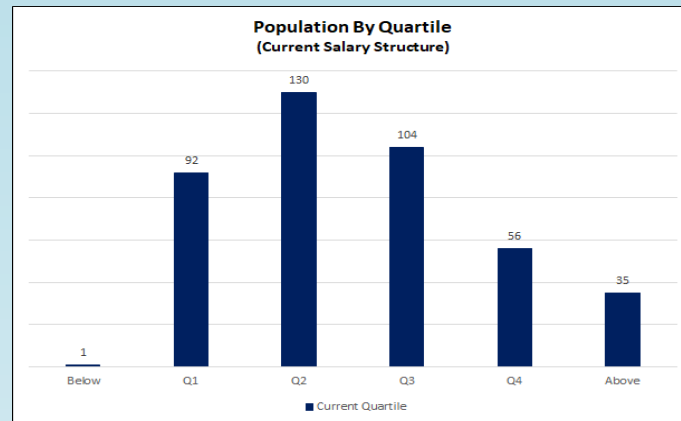
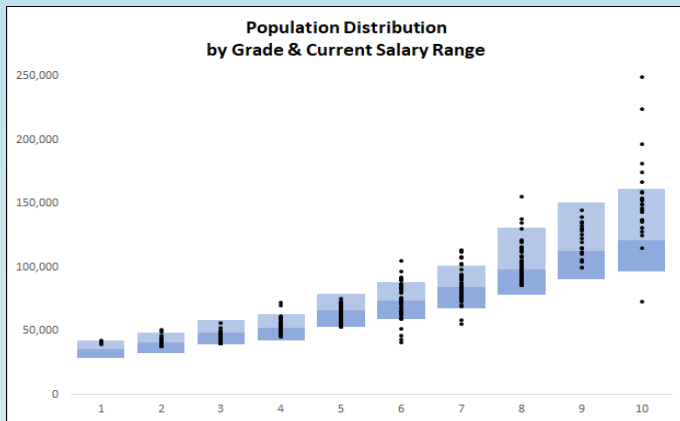
- ⇒ Additionally, An internal equity review will be completed to identify areas of potential compression, internal inequities, differentials, and recommendations for appropriate internal relationships to mitigate future inequities.
- ⇒ The recommendations will be documented to create a standard of operation that will support hiring and pay increases to maintain internal and external equity.

Comparing job positions and compensation practices to industry standards and competitors to ensure competitiveness in the job market.

- ⇒ Ensuring that your classification and compensation practices comply with all relevant labor laws, such as the Fair Labor Standards Act (FLSA).

DISCOVERY

CCG performs numerous analyses to help with understanding the current state of pay in the organization.



DISCOVERY

Conduct a thorough job analysis to understand the content, requirements, and responsibilities of each position. This may involve JAQ surveys, interviews, and observation.

- ⇒ CCG utilizes the Qualtrics online survey process to assist with a quick, easy, and accurate process to create and update job descriptions. To accelerate the process, the survey may be pre-populated with existing organizational information.
- ⇒ The survey can be completed by a job incumbent or the employee's supervisor. If an incumbent completes the survey, it can also be re-routed to the employee's supervisor for review/approval.
- ⇒ The survey will contain both physical requirements and work environment questions so A.D.A. compliant job descriptions can be created.
- ⇒ The questionnaire also includes an FLSA exempt test.
- ⇒ Interviews are conducted with employees to review the survey results to agree with or make recommendations about the classification description.

DISCOVERY

Clearwater Compensation Group

JOB ANALYSIS QUESTIONNAIRE



WIDGETS MANUFACTURING, LLC

Job Analysis Questionnaire

NAME: _____

TITLE: _____

As indicated in the email you received on _____, this survey will help us provide a greater understanding of the work that is done in each position and help us _____.

Because you know your duties and _____ of your position. The survey does _____.

Again we appreciate your time to complete this survey. _____.

Should you have any questions please contact _____.

Sincerely,

WIDGETS MANUFACTURING, LLC

PURPOSE:
To provide consistent information on the organization's jobs to aid in creating and updating job descriptions and ensuring we have the most accurate job analysis information.

INSTRUCTIONS:
This questionnaire is an analysis of the job itself, not the person performing the job. For your convenience, a job summary and a few major job responsibilities for your job title have been pre-populated for your consideration. Please review these pre-populated responses and revise them, as needed, so that your response is representative of the job.

Please review these instructions carefully.

Please consider the

- Be factual about _____.
- Describe the job _____.

Tips for completing:

- Use the NEXT at _____.
- You should be at _____ survey editor, just button on the top _____.
- When reaching a _____ limit, for _____.
- To respond to a _____, drag it to the top _____ and click _____.
- If you wish to add _____, respond to the _____.

Should you have any questions, please contact _____.

To begin the survey:

WIDGETS MANUFACTURING, LLC

Please provide your Supervisor's Name and Title in the space below:

Supervisor's Name: _____	Title: _____
Supervisor's Title: _____	_____

WIDGETS MANUFACTURING, LLC

Below is a job description that may or may not accurately describe the work that is being performed by employees that have your job title. Please review the job description and REVISE (as needed).

- To insert text, place your cursor at the point you wish to add text and begin typing.
- To replace text in the job description, highlight the text you wish to change then type as needed. Please note, if you replace text you will not be able to revert back to the original.

A brief Job Description will pre-populate. To insert, replace or add text, follow the instructions provided above the job description text box.

Once you have completed making the desired changes,

Provides multi-faceted administrative support and assistance to ensure effective use of an executive's time and productive interactions with staff and the public. Handles a wide range of administrative and support tasks and independently initiates and implements processes to manage projects, information, and people. Manages the executive's schedule, meeting preparations, follow-up tasks, and complex travel arrangements. Conducts research and information gathering on behalf of the executive and prepares summaries and reports. Develops positive and strategic relationships at all levels of the organization. Uses discretion, judgment, and knowledge of the organization to facilitate the executive's activities and maintain confidentiality. May be responsible for directing and deploying support staff or other resources. Typically requires a bachelor's degree or equivalent. Typically reports to an executive.

Typically requires 2-4 years of related experience.

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DEVELOPMENT

The development phase of CCG's studies include the following steps:

Retrieve appropriate compensation market data for the study considering organization size (e.g., population or revenue), geography, and industry.

- ⇒ Commercially available employer-reported compensation survey databases, as well as organization provided sources are utilized in the analysis.
- ⇒ CCG can also design and administer custom salary surveys with the organization's competitors that are compliant with DOL regulations.

DEVELOPMENT

Match benchmark jobs in the market data to the organization's jobs based on the duties and responsibilities of the positions.

- ⇒ The primary purpose of market pricing is to create a job worth hierarchy based on the "going rate" for benchmark jobs in the labor market relevant to the organization.
- ⇒ The process of market pricing involves reviewing internal job descriptions which are then matched to comparable positions in compensation surveys.
- ⇒ Key responsibilities, experiences, education, knowledge, skills, and ability jobs are compared with comparable benchmark jobs in salary surveys.
- ⇒ Benchmark jobs serve as market anchor points because they closely resemble jobs performed in other organizations or industries. The results of the benchmarking analysis provide an external comparison and foundation for a competitive salary structure.

DEVELOPMENT

Evaluate, categorize, or revise job positions into appropriate job classes or categories based on the job analysis and evaluation results.

- ⇒ Select and implement a job analysis technique (e.g., point-factor analysis, ranking, classification, and market pricing) that is aligned with organization's objectives and resources.
- ⇒ Group similar jobs using a collaborative, data driven, transparent process that provides the foundation for job classes and grades.

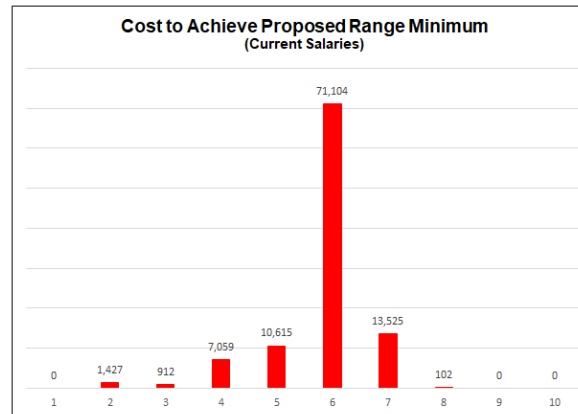
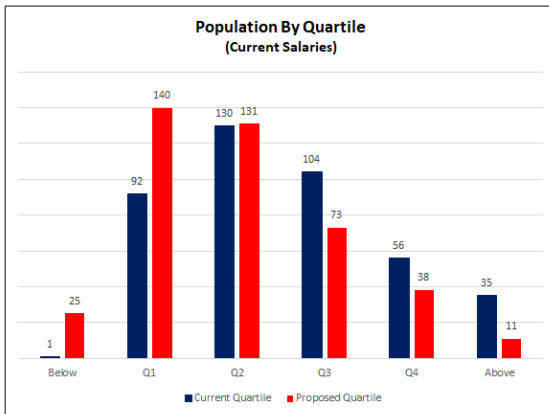
Design a compensation structure that aligns with the job classes and reflects market rates. This may include salary ranges, pay grades, and salary increase guidelines.

- ⇒ Create salary grade range models considering various assumptions on internal equity and external competitiveness.
- ⇒ Perform analyses to understand the impact on the employee population and cost implications for the organization.

DEVELOPMENT

Clearwater Compensation Group SALARY STRUCTURE MODELING TOOL

Salary Structure Modeling																				
Grade	Market			Pop	Current Salary Structure			Current Midpoint Progression	Current Range Spread	Current Salary Analytics				Proposed Salary Structure			Midpoint Progression	Range Spread	Compa Ratio	\$ to Minimum of Salary Range Base Salary
	25th	50th	75th		Min	Mid	Max			Min	Median	Average	Max	Min	Mid	Max				
1	38,558	43,458	49,200	19	28,180	35,225	42,270		50%	37,981	40,019	40,253	42,432	34,286	42,000	49,714		45%	95.8%	0
2	41,995	48,447	56,035	66	32,323	40,404	48,485	15%	50%	38,002	41,891	42,697	50,918	39,429	48,300	57,171	15%	45%	88.4%	1,427
3	51,568	58,817	67,815	62	38,840	48,550	58,260	20%	50%	45,011	50,606	51,309	62,000	45,343	55,545	65,747	15%	45%	92.4%	912
4	60,761	69,879	80,736	55	41,913	52,392	62,870	8%	50%	46,960	60,000	61,261	73,091	53,061	65,000	76,939	17%	45%	94.2%	7,059
5	65,740	75,156	85,254	33	52,733	65,916	79,099	26%	50%	54,746	70,000	70,159	89,960	61,224	75,000	88,776	15%	45%	93.5%	10,615
6	75,541	86,577	98,720	56	58,764	73,455	88,145	11%	50%	50,000	80,630	80,971	108,306	71,837	88,000	104,163	17%	45%	92.0%	71,104
7	93,316	106,197	118,927	68	67,261	84,077	100,892	14%	50%	69,040	99,051	99,904	134,680	77,692	101,000	124,308	15%	60%	98.9%	13,525
8	104,863	119,774	133,289	23	78,422	98,028	130,965	17%	67%	87,590	115,470	118,763	155,680	87,692	114,000	140,308	13%	60%	104.2%	102
9	120,682	134,710	152,062	10	90,186	112,732	150,610	15%	67%	104,159	132,910	134,623	158,560	99,338	129,140	158,942	13%	60%	104.2%	0
10	138,592	155,467	173,125	12	96,346	120,433	160,899	7%	67%	132,570	145,585	149,578	181,150	113,077	147,000	180,923	14%	60%	101.8%	0
11	160,925	184,700	213,550	4	96,346	120,433	160,899	7%	67%	149,280	177,475	175,275	196,870	129,231	168,000	206,769	14%	60%	104.3%	0
Exec 1	166,525	189,325	224,350	4	116,930	146,163	195,273	21%	67%	153,430	220,770	211,173	249,720	146,154	190,000	233,846	13%	60%	111.1%	0
Exec 2	235,150	274,500	319,600	2	160,440	200,550	267,935	37%	67%	250,033	269,876	269,876	289,718	180,769	235,000	289,231	24%	60%	114.8%	0
Exec 3	236,967	301,100	380,700	3	185,960	232,450	310,553	16%	67%	344,319	344,319	344,954	346,224	256,359	333,267	410,174	42%	60%	103.5%	0
CEO	441,900	584,100	753,300	1	287,600	359,500	431,400	55%	50%	566,500	566,500	566,500	566,500	449,308	584,100	718,892	75%	60%	97.0%	0
Total				418															99.8%	\$104,743



DEVELOPMENT

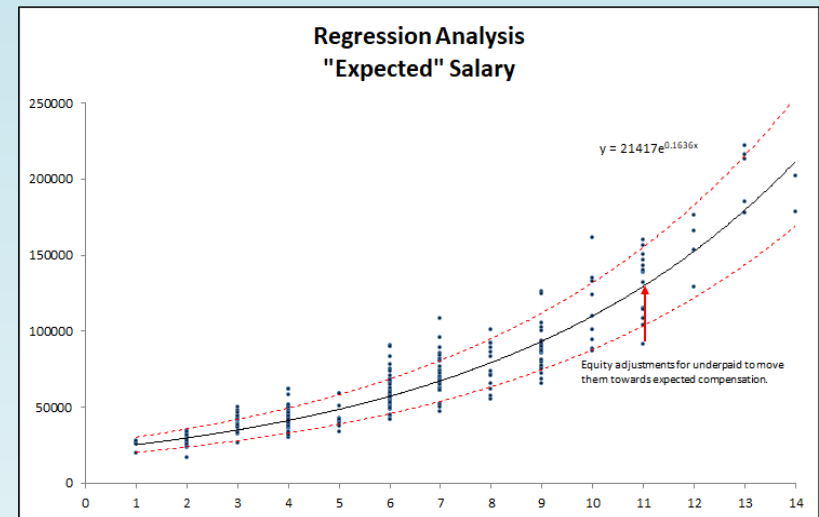
Pay Equity Analysis Sample Tools

Ensure that there is fairness and consistency in compensation within the organization, especially for similar job positions.

⇒ Perform pay equity analyses to ensure there no problematic pay differences based on employee demographic and organization data.

OFCCP Preliminary Compensation Review Summary of Desk Audit Findings By Grade			
Data as of December 2022			
	Female		Minority
"30" Are There at Least 30 Disadvantaged Incumbents? Number of Females/Minorities in disadvantaged groups where there is at least a 2.0% difference in average salaries:	313	Yes	391 Yes
"30" Does This Constitute at Least 30% of the Protected Group Population in the Workforce? Percentage of Females/Minorities in disadvantaged groups identified above, compared to the total number of Females/Minorities in the workforce:	99.4%	Yes	50.3% Yes
"3" Is the Disadvantaged Population's "% Rate Three Times Greater than It's Comparator? Number of Males/Non-Minorities in disadvantaged groups where there is at least a 2.0% difference in average salaries:	0		47
Percentage of Males/Non-Minorities in disadvantaged groups identified above, compared to the total number of Males/Non-Minorities in the workforce:	0.0%		4.1%
Ratio of Female/Minority Percentage to Male/Non-Minority Percentage identified above:	0.0	No	12.4 Yes
Potential OFCCP Review:	No		Yes

Representation in Both Groups:
Gender 60%
Race 90%



DEVELOPMENT

Based on the job classifications, recommend potential career progressions that reflect the market and support employee development, succession planning, attraction and retention.

- ⇒ Create level/grade maps by job title and department.
- ⇒ Establish a system for ongoing monitoring and evaluation of the classification and compensation system to ensure its effectiveness and relevance.
- ⇒ Engage legal counsel review the study and its outcomes to ensure compliance with all relevant laws and regulations.

Career Level Mapping Example

Global Salary Grades											
Levels	Accounting/Finance			IT		Engineering		Human Resources		Procurement	
	Job Code	Title	Job Code	Title	Job Code	Title	Job Code	Title	Job Code	Title	
7 (VP/SVP)	FNE11701	VP, Finance			ENE11702	VP, Engineering			PRE11701	VP, Procurement	
	FNE11702	VP, Finance & Corp Treas.									
	FNE11703	VP, Treasury									
	FNE11704	VP, Finance & Corp Controller									
	FNE11705	VP, Finance & Corp Tax									
6 (Director)	FNM41501	Director Finance	ITM41501	Director IT Applications	ENM41604	Director Engineering	HRM41601	Director HR	PRM41501	Director Procurement	
	FNM41506	Director Accounting					HRM4	Director EHS			
	FNM41505	Director Tax									
	FNM41503	Director Treasury									
5 (Sr. Manager)	FNM31501	SR Manager, Finance	ITM31401	SR Manager, IT	ENM31505	SR Manager Engineering	HRM31501	SR Manager, Benefits	PRM31501	SR Manager, Procurement	
	FNM31506	SR Manager, Accounting			ENP51410	Principal Engineer	HRM31502	SR Manager, Compensation			
	FNM31505	SR Manager, Tax					HRM31503	SR Manager, HR			
	FNM31403	SR Manager, Treasury					HRM31504	SR Manager, Labor Relations			
	FNM31407	SR Manager, Payroll					HRM31505	SR Manager, EHS			
	FNPS	Principal Accounting Specialist					HRPS	Principle EHS			
	FNPS	Principal SOX Specialist					HRPS	Principle Org Develop			
	FNPS1405	Principal Tax Specialist					HRPS	Principle Labor Relations			
	FNPS	Principal Financial Specialist					HRPS	Principle Compensation and Benefits			
4 (Manager)	FNM21301	Manager, Finance	ITM21401	Manager, IT II	ENM21407	Manager Engineering II	HRM21404	Manager, Org Develop	PRM21401	Manager, Procurement	
	FNM21406	Manager, Accounting	ITM21302	Manager, IT I	ENM2	Manager Dimensional Engineering	HRM21405	Manager, HRIS	PRP41302	Lead Logistics/Customs Specialist	
	FNM21305	Manager, Tax	ITP41301	Lead IT Specialist	ENM21308	Manager Engineering I	HRM21407	Manager, Plant HR II	PRP41301	Lead Buyer	
	FNM21307	Manager, Payroll	ITP4	Lead IT Business Systems Analyst	ENM21406	Manager R&D	HRM21308	Manager, Plant HR I	PRM2	Manager Logistics/Customs	
	FNM21308	Manager, Accounts Payable/Receivable			ENP4	SR Advanced Engineer	HRM21410	Manager, Benefits	PRP41303	Lead Business System Specialist	
	FNM21409	Plant Controller II			ENP4	SR Project Engineer	HRM21316	Manager, Plant HR			
	FNM21310	Manager, Cost			ENP4	SR Validation Engineer	HRM2	Manager, EHS			
	FNM21311	Manager, Cost Estimation			ENP41301	SR Process Engineer	HRP4	Lead Mobility Specialist			
3 (Senior)	FNM11201	Supervisor Finance	ITM11201	Supervisor IT	ENM1	Supervisor Tooling	HRM11209	Supervisor Labor Relations SR	PRP31202	SR Logistics/Customs Specialist	
	FNM11206	Supervisor Accounting	ITP31201	SR IT Specialist	ENM11206	Design Leader	HRM11109	Supervisor Labor Relations	PRP31201	SR Buyer	
	FNM11207	Supervisor Payroll			ENM11209	Supervisor Engineering	HRM11210	Supervisor EHS SR	PRM11201	Supervisor Procurement	
	FNM11208	Supervisor Accounts Payable/Receivable	ITP3	SR IT Business Systems Analyst	ENP3	Tooling Engineer II	HRM11110	Supervisor EHS	PRM1	Supervisor Logistics/Customs	
	FNM1	Supervisor Cost Estimating			ENP3	Advanced Engineer II	HRM11211	Supervisor Human Resources SR			
	FNP31101	SR Financial Specialist			ENP3	Project Engineer II	HRM11111	Supervisor Human Resources			
	FNP31106	SR Accounting Specialist			ENP3	Validation Engineer II	HRP31201	SR Benefit Specialist			
	FNP31205	SR Tax Specialist			ENP31201	Process Engineer II	HRP31202	SR Compensation Specialist			
	FNP31103	SR Treasury Specialist			ENP31203	Manufacturing Engineer II	HRP3	SR Compensation and Benefit Specialist			
2 (Intermediate)	FNP21001	Financial Specialist	ITP21001	IT Specialist	ENP21001	Process Engineer I	HRP21009	Labor Relation Specialist	PRP21002	Logistics/Customs Specialist	
	FNP21006	Accounting Specialist			ENP21003	Manufacturing Engineer I	HRP21010	EHS Specialist	PRP21001	Buyer II	
	FNP21005	Tax Specialist			ENP21004	Industrial Engineer I	HRP21012	Recruit & Selece Specialist	PRP2	Business Systems Specialist	
	FNP21003	Treasury Specialist			ENP21005	Dimensional Engineer I	HRP21013	Training & Develop Specialist			
	FNP21007	Payroll Specialist			ENP21006	Design Engineer I	HRP2	Benefit Specialist			
	FNP21008	AP/AR Specialist			ENP21007	Product Engineer I	HRP21015	HR Generalist II			
	FNP21011	Cost Estimator Specialist			ENT3	Designer II	HRP21005	HRIS Specialist			
1 (Entry)	FNP10901	Financial Analyst	ITP10901	IT Analyst	ENP10901	Process Engineer	HRP10909	Labor Relation Analyst	PRP10902	Logistics/Customs Analyst	
	FNP10906	Accounting Analyst			ENP10902	Project Engineer	HRP10910	EHS Analyst	PRP10901	Buyer I	
	FNP10905	Tax Analyst			ENP10903	Manufacturing Engineer	HRP10912	Recruit & Selece Analyst	FRB3	SR Procurement Staff Support I	
	FNP10903	Treasury Analyst			ENP10904	Industrial Engineer	HRP10913	Training & Develop Analyst	PRP1	Business Systems Analyst	
	FNP10907	Payroll Analyst			ENP10905	Dimensional Engineer	HRP10915	HR Generalist I	PRP1	Materials Analyst	
	FNP10908	Accounts Payable/Receivables Analyst			ENP10907	Product Engineer	HRP1	Recent College Grad Dev Program			
	FNP10911	Cost Estimator Analyst			ENP10906	Design Engineer					

IMPLEMENTATION

The implementation phase of CCG's studies include the following steps:

Develop a detailed plan for implementing the changes resulting from the study, including timelines, communication strategies, and training.

- ⇒ Communicate the study's progress and changes to employees and engage with them to address concerns and gather feedback.
- ⇒ Develop and maintain detailed records and desk procedures for all study activities, decisions, and outcomes to ensure transparency and compliance.

IMPLEMENTATION

With final approval from senior management or the board of directors, proceed with the full implementation of the new classification and compensation system.

- ⇒ Gather feedback from employees and managers to identify and address any issues that may arise after implementation.
- ⇒ Communicate the final changes to all employees and provide training on any new processes or systems.

IMPLEMENTATION

Employee Career Mapping Example

Personalized Career Statement for

<Name>



WIDGETS MANUFACTURING, LLC

As a professional at International Automotive Components you have a vital role in creating future success for our organization.

The compensation package you receive recognizes the talent and commitment you bring to our

Job Title Accounting Specialist

Former Career Level 2

New Career Level 3



General Profile:

- Requires in-depth knowledge and experience
- Uses best practices and knowledge of internal or external business issues to improve products or services
- Solves complex problems; takes a new perspective using existing solutions
- Works independently, receives minimal guidance
- Acts as a resource for colleagues with less experience

The 6 core competencies below will be used in conjunction with your *Annual Employee Performance Evaluation*:

Functional Knowledge	Requires conceptual and practical expertise in own discipline and basic knowledge of related disciplines	Problem Solving	Solves complex problems; takes a new perspective on existing solutions; exercises judgment based on the analysis of multiple sources of information
Business Expertise	Has knowledge of best practices and how own area integrates with others; is aware of the competition and the factors that differentiate them in the market	Impact	Impacts a range of customer, operational, project or service activities within own team and other related teams; works within broad guidelines and policies
Leadership	Acts as a resource for colleagues with less experience; may lead small projects with manageable risks and resource requirements	Interpersonal Skills	Explains difficult or sensitive information; works to build consensus

A Competitive Pay Program

Widgets is committed to offering a compensation package that is competitive and fairly rewards associates for their hard work and results. Overall, our pay program is designed to attract and retain highly qualified talent, optimize and sustain our profitability and growth, provide associates with incentives to excel individually and collectively while maintaining a strong link between pay and performance.