



# CASE STUDY

## Compensation – Addressing Salary Compression

Not-for-profit realigns compensation structure to address wage compression and implements a program to process future merit changes, new positions, and internal promotions with flexibility, adjusting pricing in targeted positions at higher market ratios.

### Issue

A not-for-profit financial organization had rigid wages combined with minimal turnover. The fallout was a wage compression situation with little spreads among grades. This created issues with new hires, pigeonholing employees into higher grades. The organization recognized the need to develop a plan that would address their circumstances as well as act as a guide going forward.

### Solution

Cowden conducted a market benchmarking analysis and a comprehensive review of the organization's compensation structure to assess and understand the competitiveness of its program. The analysis included a review of detailed job descriptions and a national and regional market analysis covering a fair cross-section of positions. Utilizing these results, Cowden provided recommendations for aligning all positions and reasons for the alignment in terms of market pricing and internal equity. The recommendations also included how and over what period these adjustments should be implemented.

### Result

Using the recommended design, the organization has in place:

- A less compressed compensation structure that reflects market practices and new salary grades
- Available options for implementation, including options for migrating from existing programs to the new structure
- Flexibility in pricing jobs and targeting certain positions at higher market levels
- An orderly process for future merit changes, slotting of new hires and internal promotions



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