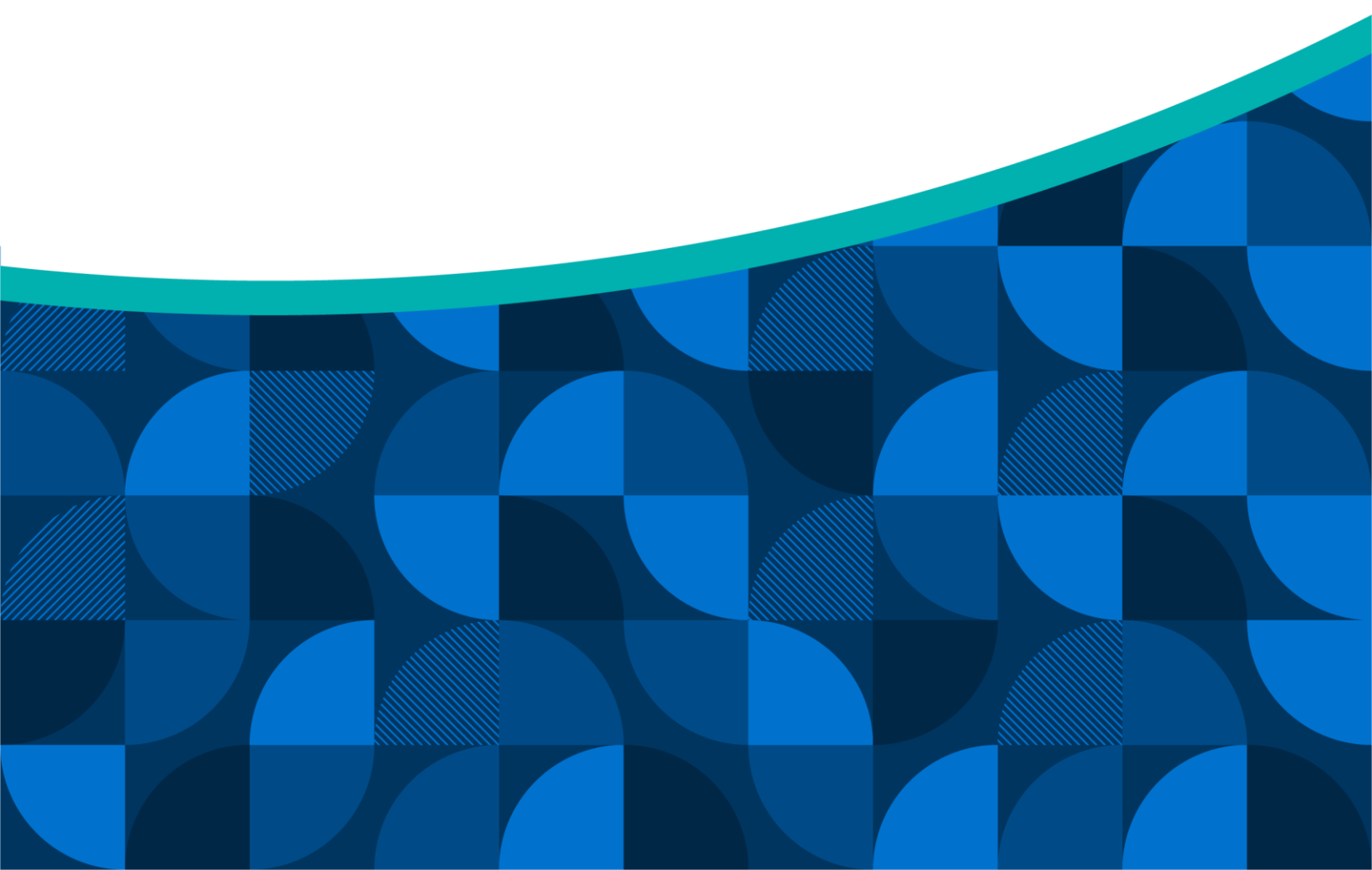




RESEARCH REPORT & TOOLKIT

# Market-Credible Staff Compensation Playbook

How to Deliver on Market-Credible Compensation—  
Even Amid Financial Constraints



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# Table of Contents

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Executive Summary . . . . .	5
Tool 1: Customized Talent Competitor Map . . . . .	6
Quick Start Guide . . . . .	8
Part 1: Competitive Set (Re)evaluation Prioritizer . . . . .	9
Part 2: Competitive Intelligence & Data Extractor . . . . .	12
Part 3: Competitor Composition Templates . . . . .	14
Tool 2: Salary Study Authenticator. . . . .	17
Quick Start Guide. . . . .	19
Part 1: 360-Degree Consultant Interview Guide. . . . .	20
Part 2: Rigorous Methodology & Accountability Checklist . . . . .	21
Part 3: Campus-Wide Communications Templates. . . . .	22
Tool 3: Competitive Pay Target Selector. . . . .	24
Quick Start Guide. . . . .	26
Part 1: Market-Based Pay Strategy One-Pagers . . . . .	27
Part 2: Match/Lead Strategy Diagnostic . . . . .	30
Tool 3: Salary Investment Navigator. . . . .	31
Quick Start Guide. . . . .	33
Part 1: Targeted Salary Adjustment One-Pagers. . . . .	34
Part 2: Custom Salary Adjustment Plan. . . . .	42

# Market-Credible Staff Compensation Playbook

## How to Deliver on Market-Credible Compensation—Even Amid Financial Constraints

Growing budgetary pressures, out-of-sector competition, and volatile labor markets have made it all the more difficult for higher education institutions to offer competitive salaries to their staff. At the same time, higher education’s weakening competitive position on benefits means they cannot rely on non-monetary offerings to make up for as big of a salary gap as they once could. While most institutions will never be able to win on compensation alone—especially when competing against well-resourced, out-of-sector employers—campus leaders must take steps to avoid immediately *losing* on compensation.

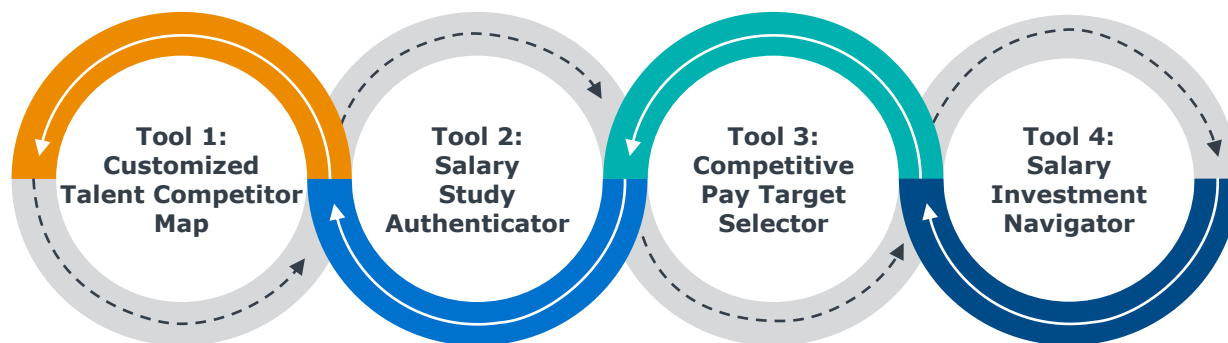
The good news is many institutions have already adjusted staff compensation in response to recruitment and retention challenges. In 2022, 95% of surveyed institutions implemented some raises (averaging 4.5%), 59% raised their minimum wage to an average of \$15 per hour, and 51% provided one-time payments/bonuses averaging \$2,358.<sup>1</sup> These investments made an initial dent in market misalignment and helped “stop the bleed” during a talent crisis. Now, leadership teams need to develop a longer-term strategy for strengthening the market credibility of staff compensation.

### EAB’s Market-Credible Staff Compensation Playbook

EAB has identified four key imperatives for campus leaders to boost the market credibility of staff compensation and make the most of limited salary dollars:

- 1 Identify their new competitive set(s) for staff talent so they can benchmark themselves against appropriate competitors
- 2 Improve staff salary studies to ensure an accurate understanding of current market position and maximize the ROI of consultants
- 3 Set different pay targets based on their current market position and competition levels for different roles
- 4 Target where to invest limited salary dollars based on their pay targets and institutional talent priorities

All cabinet leaders should review the quick start guides for each imperative before sharing each corresponding tool with the relevant implementation team. For optimal results, EAB recommends using the tools in sequential order. However, leaders may opt to use the tools individually in cases where they have already made progress on certain imperatives or are facing a specific compensation decision point.



1) n=75.

Source: EAB’s Talent Questionnaire (2022); EAB interviews and analysis.



# Customized Talent Competitor Map

Step-by-Step Guide to Diagnose Your Institution's New  
Competitive Set(s) for Staff Talent

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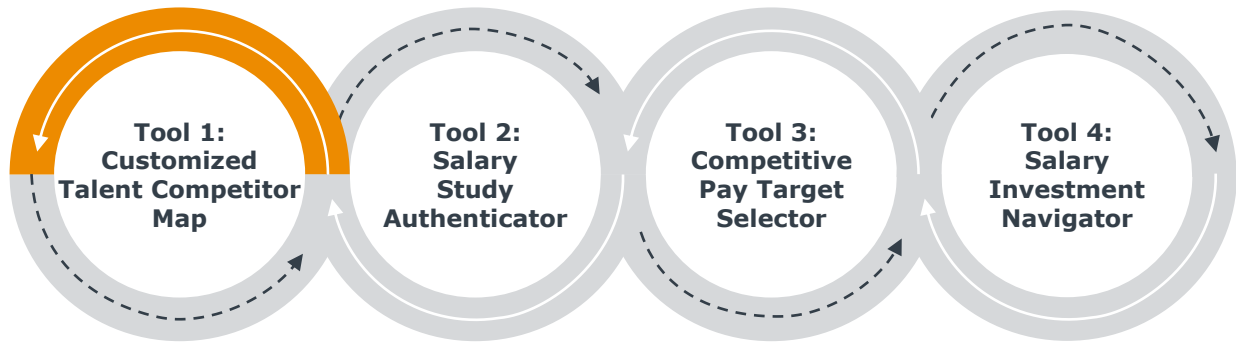
TOOL

- Part 1: Competitive Set (Re)evaluation Prioritizer
- Part 2: Competitive Intelligence and Data Extractor
- Part 3: Competitor Composition Templates

1

# Tool 1: Customized Talent Competitor Map

## EAB's Market-Credible Staff Compensation Playbook



Higher education's competitive set (i.e., who institutions compete against) for staff talent is bigger, more diverse, more corporate, and more well-resourced than ever before.

Yet, most campuses lack an accurate and shared understanding of their new competitive set. This often leads to campus leaders under- or over-investing in certain talent strategies, thereby wasting limited resources and ultimately reducing the ROI on staff recruitment and retention.

For example, using the wrong competitive set when conducting a staff salary study can result in institutions designing salary structures and ranges that applicants do not perceive as competitive, making it hard to recruit and retain talented staff. It may also mean that campus leaders deprioritize much-needed salary investments, causing the institution to fall further behind the market, or make misaligned and/or lower ROI salary adjustments.



### Tool-in-Brief

Use the **Customized Talent Competitor Map** to define and/or refine your institution's distinct competitive set(s) for staff talent. This is foundational for both talent and compensation strategy, as it enables your leadership and HR teams to more accurately assess your institution's market competitiveness and target recruitment and retention efforts accordingly.

#### Who should use this tool:

- Cabinet Sponsor: Chief Human Resource Officer
- Implementation Team: Director of Compensation, Unit Leader(s), Hiring Manager(s)/Recruiter(s)

#### When to use this tool:

- When developing an HR strategic plan
- When educating campus stakeholders on higher ed's changing talent imperative
- Prior to conducting a staff salary study or one-off salary market assessment
- Prior to beginning recruitment for a new or vacant position

# Quick Start Guide

Based on hundreds of interviews with campus leaders and analyses of institutional practices, EAB has identified the following key insights about higher ed's competitive set(s) for staff talent. These concepts serve as the foundation for the step-by-step process outlined on the following pages. Campus leaders should review these insights prior to using this tool to determine their institution's own competitive set(s).

## Core Concepts to Inform Compensation Strategy and Decision-Making

▶ **HR and campus leadership teams need to recalibrate their assumptions about talent competition to reflect new market realities and stop using traditional, enrollment-centric competitive set criteria.**

Too often, institutions overweight enrollment-focused criteria (e.g., Carnegie classification, size, student body, graduation rates) when determining their competitors for staff talent, even though these are rarely drivers of staff employment decisions. In contrast, leaders often *underestimate* the impact that labor market trends like remote work and organized labor have on who they compete with for talented staff.

▶ **Institutions' competitive sets for staff talent are bigger and more diverse than ever before in large part due to remote work, skills-based hiring, and improved out-of-sector benefits and pay.**

Historically, institutions primarily competed with their higher ed peers for staff talent. But today, 61% of higher ed staff indicate they are open to roles at private for-profit companies.<sup>1</sup> These employers are attracting higher ed talent by eliminating geographic barriers via remote work options, hiring based on skills rather than stringent degree requirements, and strengthening their value propositions through better pay and new benefits like student loan repayment assistance.

▶ **Contrary to popular belief, institutions have *multiple* competitive sets for staff talent.**

Institutions compete with different employers depending on the functional area and role. For example, an institution might compete primarily with non-profit organizations (including outside of higher education) for advancement talent but compete mostly with local police and private security firms for campus police staff.

▶ **The most critical factor for accurately determining an institution's competitive set(s) is where they are winning talent from and losing talent to.**

At a minimum, this information will enable HR to understand their institution's relevant competitors for talent. But the savviest HR teams will go a step further, pinpointing which competitors are the biggest threats based not just on who is *competing* for talent, but who is actually *winning* it.

▶ **HR must frequently (re)define their institution's competitive sets for staff talent to keep up with fluctuating labor markets.**

Whereas institutions' competitive sets for student enrollment are more stable and insulated from market fluctuations, their competitive sets for staff talent are highly susceptible to labor market pressures like labor shortages, unemployment, new entrants, and/or wage growth.

1) n=2,682.



# Part 1: Competitive Set (Re)evaluation Prioritizer

**Instructions:** Competitive sets for staff talent differ by functional area due to factors like location, remote work, transferrable skills, and market supply and demand. As a result, HR and campus leadership teams must invest time and energy in diagnosing and/or refining their distinct competitive sets for different functional areas. Of course, this can be a time-consuming process. Given resource and capacity constraints, most institutions will have to prioritize which functional areas to focus their efforts on first.

Review EAB’s analysis of how talent competition in the functional areas below has changed over the last few years and the extent to which institutions have (or have not) adapted their talent strategy accordingly. This will save you time when identifying which functional areas to prioritize for competitive set (re)evaluation. EAB recommends prioritizing functional areas with more extensive changes in competitors and/or competition levels but limited institutional responsiveness.

## Top Functional Areas Facing Recruitment and Retention Challenges<sup>1</sup>

### Key Terms and Measures

	<b>Change in competitors</b> measures how many new competitors institutions are competing with for talent.	<b>Level of competition</b> measures how much competition institutions are facing for talent.	<b>Institutional responsiveness</b> measures the extent to which an institution has adapted their talent strategy to reflect changes in competitors and competition level.
<b>Limited</b>	Few new competitors	Little increase in competition for talent	Few changes to talent strategy
<b>Moderate</b>	Some new competitors	Some increase in competition for talent	Some changes to talent strategy
<b>Extensive</b>	Many new competitors	Large increase in competition for talent	Many changes to talent strategy

### EAB’s Analysis of Key Functional Areas (Ordered Alphabetically)

Functional Area	Change in Competitors	Level of Competition	Institutional Responsiveness
<b>Advancement</b>	Moderate	Moderate	Moderate
<b>Campus Safety/Police</b>	Limited	Extensive	Moderate
<b>Finance</b>	Moderate	Moderate	Moderate
<b>Financial Aid</b>	Extensive	Extensive	Limited
<b>IT</b>	Moderate	Extensive	Moderate
<b>Marketing/ Communications</b>	Moderate	Moderate	Limited
<b>Research Administration</b>	Extensive	Moderate	Limited
<b>Student Affairs</b>	Extensive	Extensive	Limited

1) Based on EAB’s analysis and conversations with dozens of higher ed leaders across 2023.

Source: EAB interviews and analysis.

## Part 1: Competitive Set (Re)evaluation Prioritizer (Cont.)

**Instructions:** Based on your assessment of the extent to which your institution has adapted its talent strategy in response to changes in competitors and competition levels, fill out the grey column in the table below for your campus. In each row under “Your Institution’s Responsiveness,” write in “*Limited*,” “*Moderate*,” or “*Extensive*.” EAB expects that in many cases your responses will align with EAB’s analysis. However, there will likely be some where your assessment differs. After filling out the table, answer the question in the teal box at the bottom of the page.

Start by filling out this column for your unique institution.

Functional Area	Change in Competitors	Level of Competition	Institutional Responsiveness	Your Institution’s Responsiveness
<b>Advancement</b>	Moderate	Moderate	Moderate	
<b>Campus Safety/Police</b>	Limited	Extensive	Moderate	
<b>Finance</b>	Moderate	Moderate	Moderate	
<b>Financial Aid</b>	Extensive	Extensive	Limited	
<b>IT</b>	Moderate	Extensive	Moderate	
<b>Marketing/Communications</b>	Moderate	Moderate	Limited	
<b>Research Administration</b>	Extensive	Moderate	Limited	
<b>Student Affairs</b>	Extensive	Extensive	Limited	

In rare cases where your institution’s assessment of change in competitors or level of competition for a functional area differs significantly from EAB’s analysis, you may cross out EAB’s assessment and replace with your own (using the scale on the previous page).

**Based on the completed table, identify the top three functional areas that had the most extensive changes in competitors and competition levels but limited response at your institution.** These are the top functions your institution should prioritize for competitive set (re)evaluation.

- 1.
- 2.
- 3.

## Part 1: Competitive Set (Re)evaluation Prioritizer (Cont.)

**Instructions:** Use the optional checklist below to validate that you have selected the most critical functions for competitive set (re)evaluation at your institution using data and/or market intel. You may also identify any additional areas or specific roles that were not included in EAB's analysis on the preceding pages that you want to prioritize for competitive set (re)evaluation.

For example, some institutions have experienced notable difficulty recruiting and retaining counseling staff. As a result, campus leaders may want to prioritize diagnosing their new competitive set for that particular role, especially if student mental health and well-being is a top institutional priority.



### Optional Priority Validation Checklist

**Use the following data sources to gut check the functional areas you prioritized on the previous page for competitive set (re)evaluation.**

- Review turnover rate data to gauge whether each functional area was above or below the average for your institution
- Review vacancy rate data to gauge whether each functional area was above or below the average for our institution
- Get qualitative feedback from department heads and/or hiring managers on changes in competitors and/or competition levels
- Consult broader labor market data on trends in labor supply and demand that may impact each functional area

**List any other functional areas (in addition to the three identified on the previous page) that you think need competitive set (re)evaluation based on change in competitors, level of competition, and/or a lack of institutional responsiveness.**

**List any specific roles that you think need competitive set (re)evaluation based on change in competitors, level of competition, and/or a lack of institutional responsiveness.**

## Part 2: Competitive Intelligence & Data Extractor

**Instructions:** After identifying your top functional areas and/or specific roles for competitive set (re)evaluation, the next step is to collect market data that will help you identify your competitors. The most important data to gather is where your institution is winning talent from and losing talent to.

Review EAB’s table of potential data sources below. When possible, EAB recommends consulting two or three of these sources for each area and/or role, as this can help you triangulate competitors and reduce the risk of outliers.

However, leaders should consider data availability and quality at their institution. The chart at the bottom of the page provides an overall assessment of the value and time required to use each of these data sources to support competitive set diagnosis. Use this information to prioritize between different potential data sources and ultimately select which ones you plan to use for each of your prioritized functional areas and/or specific roles.

### Commonly Overlooked Data Sources

Data Source	Information It Provides
<b>Applicant Tracking System (ATS)</b>	<ul style="list-style-type: none"> <li>Where employees and applicants come from (i.e., where your institution wins talent from)</li> <li>Where and/or why applicants drop out of the hiring process</li> </ul>
<b>Employee Stories</b>	<ul style="list-style-type: none"> <li>Where else staff applied during their job search</li> <li>Where staff members’ peers work (e.g., industries, employers)</li> </ul>
<b>Exit Interviews</b>	<ul style="list-style-type: none"> <li>Where a staff member is going to work next (i.e., where your institution loses talent to)</li> </ul>
<b>Job Boards</b>	<ul style="list-style-type: none"> <li>Which competitors are posting jobs with similar titles or job descriptions</li> </ul>
<b>Labor Market Data</b>	<ul style="list-style-type: none"> <li>Which organizations are top employers for certain geographic locations, industries, and/or similar roles</li> </ul>
<b>LinkedIn</b>	<ul style="list-style-type: none"> <li>Which employers are posting jobs with similar titles or job descriptions</li> <li>Where former staff members work (i.e., where your institution loses talent to)</li> </ul>

EAB’s Assessment of the Value and Staff Effort Required to Use Data Sources to Diagnose Competitive Sets



Source: EAB interviews and analysis.

## Part 2: Competitive Intelligence & Data Extractor (Cont.)

**Instructions:** Once you have selected the data sources you plan to consult, use the guiding questions below to glean the most valuable competitor information from each source. These questions are not intended to be comprehensive but should kickstart your analyses.

### *Smart Questions to Extract Competitor Insights from Commonly Overlooked Data Sources*

#### Applicant Tracking System



- What are the top 2-3 prior employers among applicants for this functional area/role?
- What percentage of applicants for this functional area/role came from another higher ed institution? Out-of-sector?
- What percentage of applicants for this functional area and/or role were local? Regional? National?
- What are the top reasons applicants for this functional area/role drop out during recruitment or decline our offers?
- What do we know about where candidates for this functional area/role who declined our offers ended up going to work?

#### Employee Stories



- When you applied for this job, where else did you apply and/or interview?
- What job advertisements do you get on your LinkedIn feed?
- Who are some prestigious employers for people in your functional area and/or role? Or with your skills and/or background?
- Are there other industries where your skills are highly transferrable or where people in roles similar to yours tend to work?
- Where have colleagues in your office/functional area tended to leave for?
- What other options or employers might you consider if you ever left our institution?

#### Exit Interviews



- Who is your new employer?
- What is your new employer offering you that we currently do not?
- Other than the role, what employer attributes attracted you to your new role?
- What other roles and/or employers did you apply to?

#### Job Boards



- How similar is this role's job description to those of other employers? Which employers?
- How often is this job and/or jobs in this functional area remote? Hybrid? In-person?
- Based on posting volume, diversity, and duration, what can we glean about current competition levels for this functional area/role?

#### Labor Market Data



- What is the volume of similar/related job postings locally? Regionally? Nationally? How has this changed over time?
- Who are the top employers for this functional area/role locally? Regionally? Nationally?
- What is the demand for similar and/or transferrable skills locally? Regionally? Nationally?


#### LinkedIn



- Which other employers are currently hiring for similar roles and/or skills?
- How many applicants do similar roles at other organizations have?
- Where are our former staff working? (e.g., specific employers, industries, regions)

# Part 3: Competitor Composition Templates

**Instructions:** The final step is to organize the competitive intelligence you have collected on top competitors for each of your prioritized functional areas and/or roles. Follow the instructions in the blue column below to fill in each blank column for a priority functional area and/or role. Use the sample column for campus police as a model.

Start here 

<p><b>1 Prioritized Functional Area/Role</b> Fill in based on functional areas/roles prioritized in Part 1 (p. 10-11)</p>	<p><i>EXAMPLE: Campus Police</i></p>	
<p><b>2 Data Sources Consulted</b> Select which data sources you consulted in Part 2 (p. 12-13)</p>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Applicant Tracking System</li> <li><input checked="" type="checkbox"/> Employee Stories</li> <li><input checked="" type="checkbox"/> Exit Interviews</li> <li><input checked="" type="checkbox"/> Job Boards</li> <li><input type="checkbox"/> Labor Market Data</li> <li><input type="checkbox"/> LinkedIn</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Applicant Tracking System</li> <li><input type="checkbox"/> Employee Stories</li> <li><input type="checkbox"/> Exit Interviews</li> <li><input type="checkbox"/> Job Boards</li> <li><input type="checkbox"/> Labor Market Data</li> <li><input type="checkbox"/> LinkedIn</li> </ul>
<p><b>3 Where Your Institution Wins Talent From</b> Fill in based on your data collection and analysis in Part 2 (p. 12-13)</p>	<ol style="list-style-type: none"> <li>1. Allied Universal</li> <li>2. Metropolis Community College</li> <li>3. Northwest University</li> <li>4. Springfield City Police</li> <li>5. City University</li> </ol>	<ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> <li>4.</li> <li>5.</li> </ol>
<p><b>4 Where Your Institution Loses Talent To</b> Fill in based on your data collection and analysis in Part 2 (p. 12-13)</p>	<ol style="list-style-type: none"> <li>1. Springfield City Police</li> <li>2. Jefferson County Sheriff</li> <li>3. Allied Universal</li> <li>4. On Guard Security</li> <li>5. Solaren Risk Management</li> </ol>	<ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> <li>4.</li> <li>5.</li> </ol>
<p><b>5 Mix of In- vs. Out-of-Sector Competitors</b> Estimate based on where you win/lose talent from (rows 3 and 4 above)</p>	<p>~70% Out-of-sector</p> <p>~30% In-sector</p>	<p>____% Out-of-sector</p> <p>____% In-sector</p>
<p><b>6 Additional Notes</b> Capture other notes, intel, or input you gathered during the process</p>	<ul style="list-style-type: none"> <li>• Jobs boards show local police offer \$10,000 higher starting salary than us</li> <li>• Exit interviews suggest county sheriff offers better pension plan</li> <li>• Department head reported local community college pays for police academy/training</li> <li>• Hiring managers plan to increasingly recruit for mental health/counseling skills, which will change who we compete with</li> </ul>	

## Part 3: Competitor Composition Templates (Cont.)

Start here

<p><b>1 Prioritized Functional Area/Role</b> <i>Fill in based on functional areas/roles prioritized in Part 1 (p. 10-11)</i></p>		
<p><b>2 Data Sources Consulted</b> <i>Select which data sources you consulted in Part 2 (p. 12-13)</i></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Applicant Tracking System</li> <li><input type="checkbox"/> Employee Stories</li> <li><input type="checkbox"/> Exit Interviews</li> <li><input type="checkbox"/> Job Boards</li> <li><input type="checkbox"/> Labor Market Data</li> <li><input type="checkbox"/> LinkedIn</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Applicant Tracking System</li> <li><input type="checkbox"/> Employee Stories</li> <li><input type="checkbox"/> Exit Interviews</li> <li><input type="checkbox"/> Job Boards</li> <li><input type="checkbox"/> Labor Market Data</li> <li><input type="checkbox"/> LinkedIn</li> </ul>
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<p><b>5 Mix of In- vs. Out-of-Sector Competitors</b> <i>Estimate based on where you win/lose talent from (rows 3 and 4 above)</i></p>	<p>_____ % Out-of-sector</p> <p>_____ % In-sector</p>	<p>_____ % Out-of-sector</p> <p>_____ % In-sector</p>
<p><b>6 Additional Notes</b> <i>Capture other notes, intel, or input you gathered during the process</i></p>		

## Part 3: Competitor Composition Templates (Cont.)

Start here

<p><b>1 Prioritized Functional Area/Role</b> <i>Fill in based on functional areas/roles prioritized in Part 1 (p. 10-11)</i></p>		
<p><b>2 Data Sources Consulted</b> <i>Select which data sources you consulted in Part 2 (p. 12-13)</i></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Applicant Tracking System</li> <li><input type="checkbox"/> Employee Stories</li> <li><input type="checkbox"/> Exit Interviews</li> <li><input type="checkbox"/> Job Boards</li> <li><input type="checkbox"/> Labor Market Data</li> <li><input type="checkbox"/> LinkedIn</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Applicant Tracking System</li> <li><input type="checkbox"/> Employee Stories</li> <li><input type="checkbox"/> Exit Interviews</li> <li><input type="checkbox"/> Job Boards</li> <li><input type="checkbox"/> Labor Market Data</li> <li><input type="checkbox"/> LinkedIn</li> </ul>
<p><b>3 Where Your Institution Wins Talent From</b> <i>Fill in based on your data collection and analysis in Part 2 (p. 12-13)</i></p>	<ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> <li>4.</li> <li>5.</li> </ol>	<ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> <li>4.</li> <li>5.</li> </ol>
<p><b>4 Where Your Institution Loses Talent To</b> <i>Fill in based on your data collection and analysis in Part 2 (p. 12-13)</i></p>	<ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> <li>4.</li> <li>5.</li> </ol>	<ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> <li>4.</li> <li>5.</li> </ol>
<p><b>5 Mix of In- vs. Out-of-Sector Competitors</b> <i>Estimate based on where you win/lose talent from (rows 3 and 4 above)</i></p>	<p>_____ % Out-of-sector</p> <p>_____ % In-sector</p>	<p>_____ % Out-of-sector</p> <p>_____ % In-sector</p>
<p><b>6 Additional Notes</b> <i>Capture other notes, intel, or input you gathered during the process</i></p>		





# Salary Study Authenticator

Step-by-Step Guide to Improve the Accuracy  
and ROI of Staff Salary Studies

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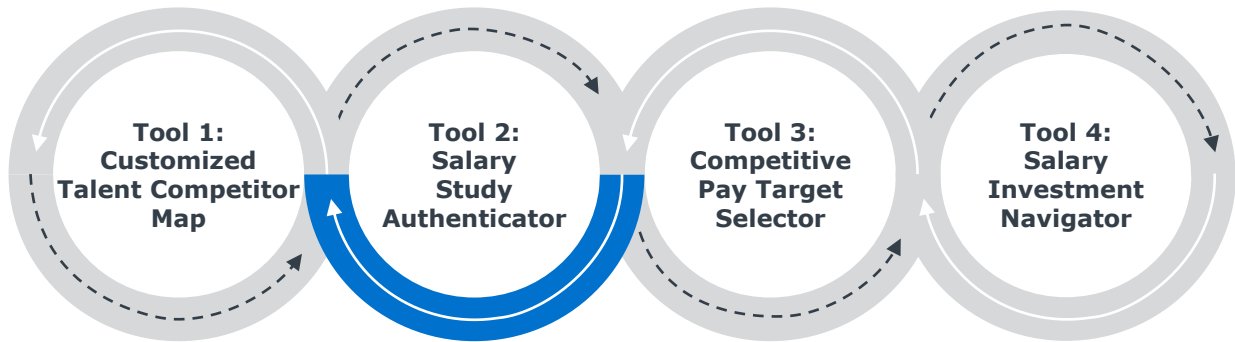
TOOL

- Part 1: 360-Degree Consultant Interview Guide
- Part 2: Rigorous Methodology and Accountability Checklist
- Part 3: Campus-Wide Communications Templates

2

# Tool 2: Salary Study Authenticator

## EAB's Market-Credible Staff Compensation Playbook



Salary studies are the primary way in which institutions determine how competitive their current staff compensation is and what adjustments they should make to their pay ranges and/or individual staff salaries. As a result, it is critical that staff salary studies are accurate and reliable.

Many higher ed institutions hire external consultants to conduct salary studies on their behalf, but this alone does not guarantee quality results. Too often, campus leaders end up over-relying on salary studies with methodological flaws or outdated assumptions about talent competition. This can lead to inaccurate perceptions of competitiveness and poorly informed salary investments, thereby wasting limited resources and reducing institutions' ability to compete for top talent in the long-run.



### Tool-in-Brief

Use the **Salary Study Authenticator** to ensure your institution's salary study process reflects your new competitive set(s) for staff talent and changing labor market dynamics. This tool will help your institution get the most out of the time- and cost-intensive salary study process by giving you a more accurate picture of your institution's current market position on staff compensation.

#### Who should use this tool:

- Cabinet Sponsor: Chief Human Resource Officer
- Implementation Team: RFP/Consultant Selection Committee, Director of Compensation

#### When to use this tool:

- During the consultant selection process for a salary study
- During the data selection/benchmarking phase of a staff salary study or a one-off market assessment for a certain role

## Quick Start Guide

Based on hundreds of interviews with campus leaders and analyses of institutional practices, EAB has identified the following key insights about staff salaries studies in higher ed. These concepts serve as the foundation for the step-by-step process outlined on the following pages. Campus leaders should review these insights prior to using this tool to improve their own staff salary study process.

### Core Concepts to Inform Compensation Strategy and Decision-Making

▶ **As currently conducted, most staff salary studies likely overestimate an institution's current competitiveness in the market.**

Many institutions and consultants use an oversimplified definition of the market(s) they are competing in for staff talent and default to benchmarking against historic competitors (i.e., peer institutions). Moreover, they overweight higher ed-specific and/or regional data, as well as rely on outdated job descriptions for market matching. This can skew salary study results, giving leaders a false sense of security in their market position.

▶ **HR and leadership teams should prioritize making the following four adjustments to their staff salary study approach, as these have an outsized effect on a study's accuracy and ROI:**

○ **Conduct a comprehensive salary study every 2-3 years to maintain market competitiveness.**

While this is admittedly burdensome and time-consuming, it is critical for providing campus leaders with a holistic, birds-eye view of overall competitiveness and keeping pace with fast-changing labor markets. Institutions that conduct studies less frequently will likely fall farther behind the market at a faster rate.

○ **Require managers to regularly update job descriptions to increase the accuracy of job matching and salary benchmarking.**

Salary studies hinge on comparing the pay for similar jobs across organizations. Since job descriptions are used to select comparators, they need to accurately reflect the role's core duties and skills. Institutions that rely on outdated job descriptions run the risk of mismatched comparisons and inaccurate benchmarks.

○ **Critically assess RFPs based on consultants' methodology and knowledge of current labor market trends, not just their prior portfolio of higher ed work.**

HR and RFP/consultant selection committees should pay close attention to the variety and quality of data sources the consultant uses, their approach to selecting comparators, and how they factor new and emerging competitive dynamics like remote work into their methodology.

○ **"Outward manage" consultants by regularly gut checking their approach across the salary study process to ensure it aligns with modern practice and the institution's distinct talent context.**

While consultants have decades of experience conducting salary studies, HR and leadership teams must collaborate with them to adapt their typical processes to meet the unique needs of the institution. For example, ensuring they use the right comparator orgs based on their distinct competitive set(s).

▶ **HR and leadership teams should continuously strive to increase the accuracy of staff salary study results and get a realistic picture of their current market position, even if it is less-than-flattering.**

While it is sometimes tempting to adjust the data sources or markets used in staff salary studies to produce more favorable results, this is ultimately counterproductive. Without an accurate understanding of their institution's current competitiveness on pay, leaders will be unable to pinpoint needed investments for improvement and will therefore continue to struggle with costly staff turnover and disengagement.

# Part 1: 360-Degree Consultant Interview Guide

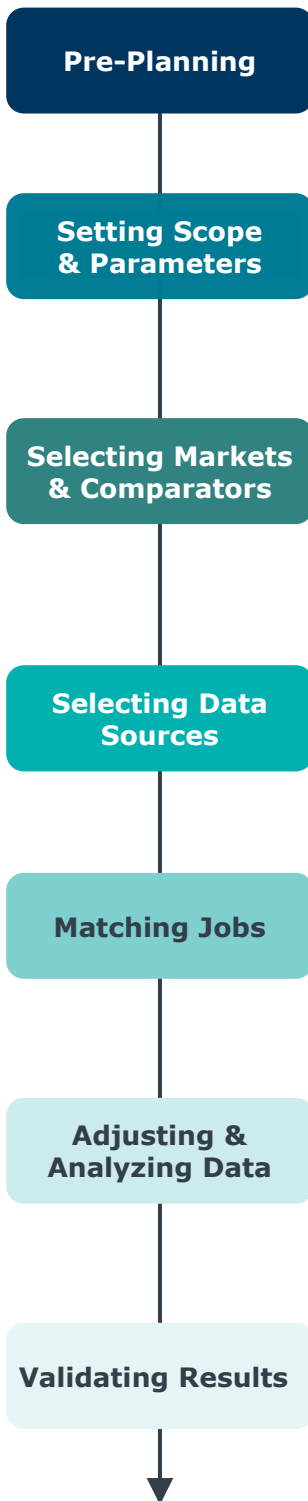
**Instructions:** Many institutions opt to hire an external consultant to conduct staff salary studies. To ensure a productive partnership and make the most of this investment, HR and leadership teams should carefully select a consultant based not just on their reputation among higher ed peers but also the more technical aspects of their approach. When reviewing responses to an RFP or interviewing prospective consultants, use the use the following questions to critically assess their’ strengths/weaknesses and select the best-fit option for your institution.

Category	Tough Questions to Ask Consultants	Things to Listen For in Responses
Methodology	<ul style="list-style-type: none"> <li><input type="checkbox"/> What market trends are you seeing for higher ed staff talent, especially changes to competitive sets?</li> <li><input type="checkbox"/> How has your approach changed in response to remote work? How should we adapt our thinking on market(s) and/or competitive set(s) as a result?</li> <li><input type="checkbox"/> How do you handle unique job roles or positions that may not have direct market benchmarks available?</li> <li><input type="checkbox"/> How do you identify and incorporate regional- and/or industry-specific trends that may impact pay?</li> <li><input type="checkbox"/> How do you intend to incorporate our distinct compensation philosophy into your work and process?</li> </ul>	<ul style="list-style-type: none"> <li>✓ Consultant articulates what is (and isn’t) distinct about higher ed relative to other industries</li> <li>✓ Consultant explains the impact of out-of-sector competition on their methodology</li> <li>✓ Consultant explains specific changes they have made to their approach to reflect recent labor market trends</li> <li>✓ Consultant nuances their responses and approach based on your institution’s unique context/goals</li> </ul>
Data	<ul style="list-style-type: none"> <li><input type="checkbox"/> What data sources do you plan to access and use?</li> <li><input type="checkbox"/> How do you approach balancing higher ed vs. out-of-sector data in your analyses? How much weight do you think we should give to the former vs. latter, and why?</li> <li><input type="checkbox"/> What data/information do we need to provide to set both of us up for success?</li> </ul>	<ul style="list-style-type: none"> <li>✓ Consultant has access to diverse array of data beyond just CUPA-HR</li> <li>✓ Consultant has a principled approach for weighting data differently based on relevant competitive set(s)</li> </ul>
Communications	<ul style="list-style-type: none"> <li><input type="checkbox"/> At what points in the process will we have the opportunity to provide feedback on your work?</li> <li><input type="checkbox"/> How do you plan to engage the senior leadership team in this work? HR? Broader campus stakeholders?</li> <li><input type="checkbox"/> At what points in the process do you need input from the senior leadership team? HR? Broader campus stakeholders?</li> <li><input type="checkbox"/> How much and what types of change management support do you provide?</li> <li><input type="checkbox"/> Do you provide any resources or best practices for effective campus communications?</li> </ul>	<ul style="list-style-type: none"> <li>✓ Consultant views the relationship as a partnership and emphasizes two-way communication</li> <li>✓ Consultant outlines roles and responsibilities for involved parties</li> <li>✓ Consultant demonstrates openness to adapting their approach for institution-specific requests</li> <li>✓ Consultant recognizes the need for (and challenges of) transparency</li> </ul>
Experience	<ul style="list-style-type: none"> <li><input type="checkbox"/> Can you provide references for recently conducted studies and explain their relevance to our institution?</li> <li><input type="checkbox"/> Do you have experience addressing issues related to pay equity, diversity, and inclusion?</li> </ul>	<ul style="list-style-type: none"> <li>✓ Consultant demonstrates strong understanding of our competitive position, location, and talent needs</li> <li>✓ Consultant incorporates equity into each part of their process</li> </ul>

## Part 2: Rigorous Methodology & Accountability Checklist

**Instructions:** HR should review the checklist below during each stage of the staff salary study process. This will help them ensure that they (or their consultant) have taken the necessary steps to increase the accuracy and value of the salary study results.

### Salary Study Process



### HR Checklist to Gut Check Salary Study Methodology

- Established clear goals and intended outcomes for study
- Updated job descriptions to reflect key skills and responsibilities
- Selected diverse range of benchmark jobs using principled approach (e.g., large number of staff, critical role, common in market)
- Developed protocols for dealing with potential data constraints (e.g., weak job matches, needed extrapolation)
- Chose relevant markets based on competitive set(s) for different benchmark jobs/job families
- Used national data for jobs/job families that are compatible with remote work
- Validated market(s) and comparators with relevant HR data and/or unit leaders/managers
- Used data from at least 2-3 different sources
- Identified out-of-sector data sources that align with the relevant competitive set(s) for different benchmark jobs/job families
- Critically assessed the relevance of all comparator data based on the benchmark jobs/job families and institutional context
- Used job matches that were at least 70% aligned on key skills, responsibilities, and experience levels
- Gut-checked any challenging job matches with relevant unit leaders
- Appropriately adjusted data (e.g., aged, accounted for differences in matches) when needed
- Weighted higher ed-specific and out-of-sector data in proportion to the relevant competitive set(s) for the benchmark jobs/job families
- Weighted local, regional, and national data in proportion to the relevant competitive set(s) for the benchmark job/job family
- Flagged surprising results or inconsistencies for further investigation and verification
- Previewed results with unit leaders/managers as needed for verification

Source: EAB interviews and analysis.

## Part 3: Campus-Wide Communications Templates

**Instructions:** Instead of conducting salary studies behind closed doors, the savviest institutions intentionally educate their campus community on the salary study process and proactively communicate about progress and decisions. This helps leaders get credit with their staff for investing in a salary study while also enabling them to get out ahead of potential skepticism or pushback.

Use the institutional examples and EAB recommendations below to inform your campus communications about staff salary studies. When possible, campus leaders should seek to increase transparency (especially about methodology), minimize jargon and technical language, and use graphics and/or examples to make abstract concepts more concrete and/or personal for non-HR experts.

### Wichita State’s FAQs Contextualize Salary Study and Anticipate Staff Questions

About FY24 University Goals	+	Connects staff compensation to broader campus goals
About the Market-Based Compensation Program	+	Provides needed context and refresher on compensation basics before delving into salary study details
About the Annual Market Review Cycle and Funding	+	
About Job Catalog and Job Descriptions	+	
About Job Titles	+	
About Pay Ranges and Market Salary Data	-	Lists full range of data sources used for market benchmarking
1. <u>How does the University determine the pay range for jobs?</u>		Explains the impact of salary studies on individuals’ pay
2. <u>What salary survey sources does the University use?</u>		
3. <u>Why does the University utilize salary surveys?</u>		Anticipates and addresses common source of stakeholder confusion/frustration
4. <u>How is the salary survey data used to determine the pay range for my job?</u>		
5. <u>Why does the pay range assigned to my job differ from the information that I am able to find through my own research on the internet for similar jobs (i.e., Indeed, Salary.com, Glassdoor, etc.)?</u>		

#### EAB’s Checklist of Key Information to Include in Salary Study FAQs

- Relevant definitions, especially for terms that stakeholders may not be familiar with (e.g., market-based compensation, market median)
- Rationale and process for selecting an external consultant and their scope of work (when relevant)
- Market(s) that the institution is competing in for staff talent and how these were determined
- Core steps in the salary study process, including guiding principles, roles and responsibilities, and timelines
- Intended use cases for staff salary study results, including decision-makers and timelines

Source: Wichita State University, [Frequently Asked Questions on Market-Based Compensation](#); EAB interviews and analysis.

# Part 3: Campus-Wide Communications Templates (Cont.)

## OBERLIN **Oberlin’s Presidential Communication Signals Commitment to Transparency and Ensures Accountability At the Highest Levels**

Dear faculty and staff,

Competitive compensation has been on the minds of many of us across campus. As I have shared previously, the Board of Trustees has directed us to undertake a comprehensive classification and compensation study so that we can address this issue in a strategic, informed, and sustainable manner.

We’re doing our best to balance the need for a comprehensive study with our concern for all of you living with very real financial pressures at this moment. For this reason, the study will not delay the Board’s consideration of compensation adjustments in June and January. Board Chair Chris Canavan articulated this at the end of his March letter to General Faculty. As our Chief Financial Officer indicated to the Budget and Finance Committee in the March Board meeting, adjustments in compensation in June and January are one of the highest priorities of the administrative team.

Despite the more immediate work with respect to compensation, the study we are initiating will work to solve our long-term challenge. It will involve a look across approximately 700 employees, including roughly 350 salaried staff and 350 faculty, including both tenured/tenure-track, and non-tenured faculty. This includes salaried administrators and professional staff, confidential employees, and faculty within both Arts & Sciences and the Conservatory.

**Goals of the study**

We believe an investment in Oberlin’s people is one of the most important investments we can make as an institution, and are committed to getting this right. We will be making recommendations to the Board of Trustees for their consideration. This looks like:

- **Market competitiveness.** We will suggest criteria for selecting appropriate comparator schools and institutions for compensation benchmarking, assess our salaries and benefits in relation to these institutions, and recommend where our compensation should be in relation to these organizations.
- **Internal equity.** We will examine existing salaries and identify where adjustments are needed to ensure equity between those in similar roles, and with similar scopes of responsibility.
- **Financial sustainability.** We will formulate a plan that offers a framework for the long-term funding of our compensation targets, within our financial means.
- **Sustainable processes.** We will develop processes that are reasonable to implement and maintain.
- **Alignment with Oberlin’s values.** Our compensation will reflect the mission, values, culture and strategic objectives of Oberlin and be aligned with the goals of One Oberlin.

**Project timeline**

We expect a full compensation study to take several months to complete; depending upon the study’s recommendations, implementation may be a multi-year process. This process will happen concurrently with June compensation adjustments, and we plan to begin making some of the highest priority compensation adjustments as soon as January 2023, based on the study’s findings.

Some next steps include:

- Job description analysis for administrative and professional staff
- Gathering salary data about comparator institutions
- Assessing equity issues across campus
- Development of a framework for consistent job titles and groupings
- Salary structure design and creation of pay policies and guidelines
- Training for supervisors to ensure a consistent process over time

**Immediate next steps**

The faculty and staff selected for the compensation study team will begin their work this week. Additionally, all salaried staff (not faculty) and those who supervise these staff will receive instructions soon about training the week of April 18 to complete a position description

In a moment when so many of us are exhausted from the volume of work and constant change demanded of us during the past couple of years, I recognize that the comprehensive nature of this study can feel daunting. At the same time, I know that this is the best way to strengthen Oberlin’s approach to total compensation and to help us get to a place where we can all see the connection between our institutional values and our compensation.

Explains impetus and rationale for salary study in a way that demonstrates to staff leadership’s awareness of and responsiveness to their pay concerns

Proactively specifies the study scope and which staff will be affected

Explicitly outlines goals and guiding principles to ensure internal alignment and accountability

Sets expectations for when salary changes will be made so staff can plan accordingly

Outlines next steps to ensure momentum and increase staff confidence in salary study

Links salary study back to higher purpose and shared institutional values to help garner buy-in

Sources: Oberlin University, Excerpt of [Presidential Communication](#) (4/13/2022); EAB interviews and analysis.



# Competitive Pay Target Selector

Step-by-Step Guide to Determine Pay Targets Based on  
Current Market Position and Competition Levels

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TOOL

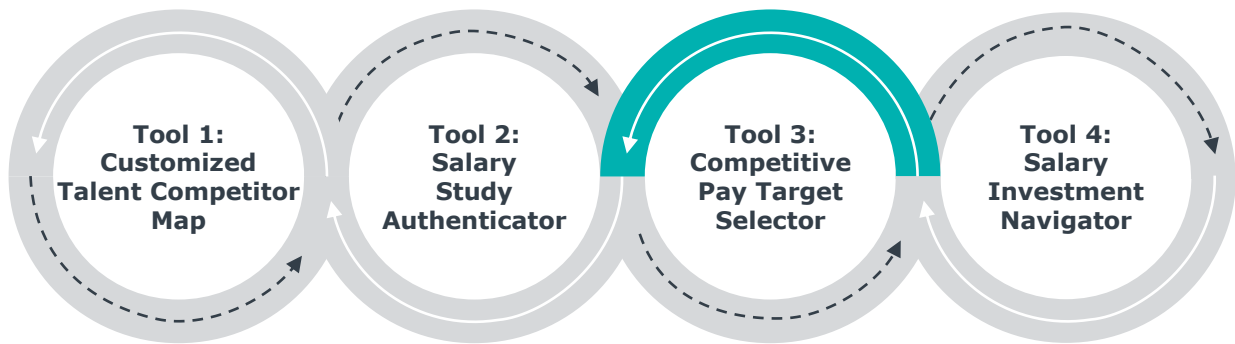
- Part 1: Market-Based Pay Strategy One-Pagers
- Part 2: Match/Lead Strategy Diagnostic

3



# Tool 3: Competitive Pay Target Selector

## EAB's Market-Credible Staff Compensation Playbook



While many institutions aspire to match the market on staff salaries, the reality is most lack the resources to fulfill this ambition for every role and unit across campus. This disconnect between aspiration and reality often fuels staff frustrations about pay. Moreover, a one-size-fits-all, match-the-market approach can lead to institutions under- or overinvesting in compensation for certain roles and units, thereby limiting the ROI of limited salary dollars on staff recruitment and retention.

Given growing financial pressures and competition with out-of-sector employers, campus leaders must recalibrate their compensation strategy to reflect their budget realities and strategic staffing priorities.



### Tool-in-Brief

Use the **Competitive Pay Target Selector** to determine the right pay targets for different functional areas and/or roles at your institution. This tool will help leaders understand the basics of different pay strategies and then prioritize when to strategically pursue a match/lead strategy.

#### Who should use this tool:

- Cabinet Sponsors: Chief Human Resource Officer and Chief Business Officer
- Implementation Team: Unit Leader(s), Hiring Manager(s)/Recruiter(s)

#### When to use this tool:

- When developing an HR strategic plan
- When developing a compensation philosophy
- When conducting a salary study
- Prior to allocating annual salary pool funds or net-new salary dollars

## Quick Start Guide

Based on hundreds of interviews with campus leaders and analyses of institutional practices, EAB has identified the following key insights about compensation strategies and targets in higher ed. These concepts serve as the foundation for the step-by-step process outlined on the following pages. Campus leaders should review these insights prior to using this tool to set their institution's own pay targets.

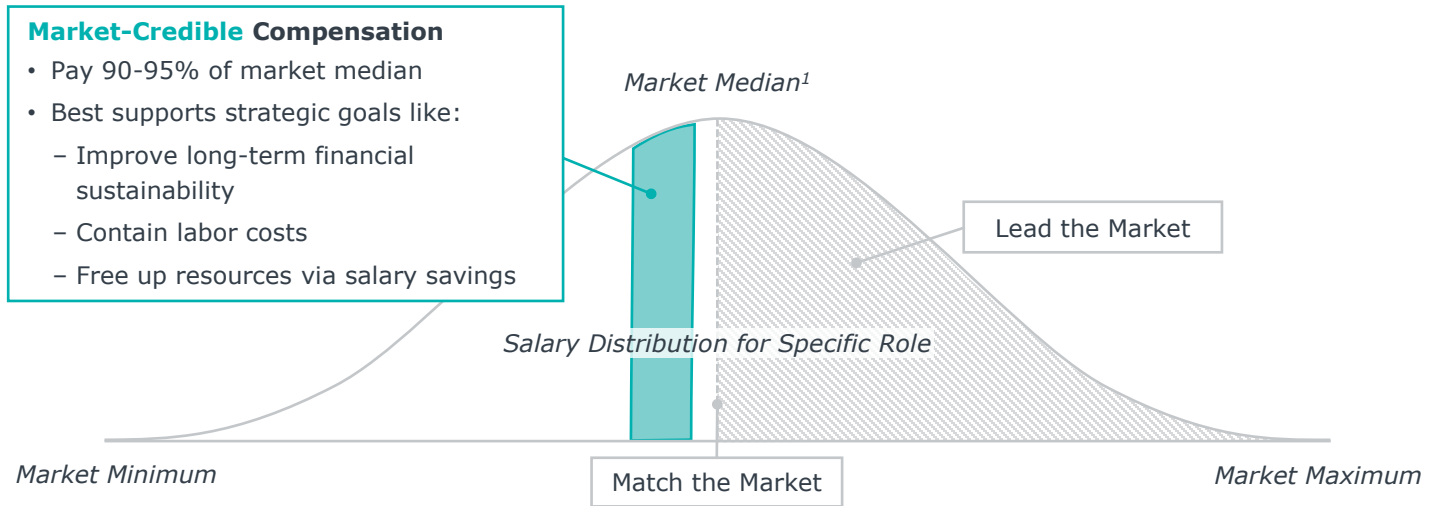
### Core Concepts to Inform Compensation Strategy and Decision-Making

- ▶ **Contrary to popular perception, it is not always necessary to match the market on staff compensation in order to compete.**
  - Many campus leaders assume that their institution must at least match the market on staff salaries in order to attract and retain talent. But the reality is that for certain roles and functional areas, institutions do not need to pay market rate to compete.
  - Instead, institutions can offer “market-credible” pay that is 90-95% of the market median, so long as they make regular salary adjustments and invest in promoting non-salary benefits that staff value.
  - Failing to recognize this can lead to leaders needlessly overinvesting in some staff salaries, thereby reducing the resources available to invest in areas where matching (or even leading) the market on pay is critical for successful staff recruitment or retention.
  
- ▶ **Savvy institutions deploy a differentiated pay strategy that allows HR and hiring managers to embrace a “market-credible” (i.e., 90-95% of market median), match (i.e., 100% of market median), or lead (100%+ of market median) approach for different roles or under certain circumstances.**
  - In most cases, leaders should strive to offer market-credible compensation. Paying slightly below the market for many roles and/or functional areas enables campus leaders to free up resources to make more targeted investments in matching or leading the market for select roles and/or functional areas.
  - When prioritizing when to invest limited resources in trying to match or lead the market on pay, leaders should consider factors like role criticality, strategic alignment, experience and/or quality requirements, competition levels (especially in high-demand fields), and tolerance for turnover or capacity constraints.
  
- ▶ **While paying at the top of the market certainly can increase an institution’s competitiveness, it is not a silver bullet. In fact, top-of-market pay is sometimes more inefficient in the long run.**
  - Pay is a “hygiene factor,” meaning when it is too low people will leave but making it ever higher has diminishing returns. In fact, studies show even staff paid at or above market rate often are still not satisfied with pay.
  - So while there is a perception that paying staff above market rate will retain them, that is not always the case—especially for staff with specialized skills that are in high demand. Even if hiring managers can woo top candidates in high-demand areas with top-of-market salaries, they often turn over quickly since other employers are desperate to poach them, driving up the top of the market even further.

# Part 1: Market-Based Pay Strategy One-Pagers

**Instructions:** The first step to determining the right pay targets for your institution is to understand common types of pay strategies and their use cases. Review EAB’s analysis of three core pay strategies below to ensure you have the foundational knowledge needed to make informed decisions about your institution’s approach.

## Pay Strategy #1: Market-Credible Compensation



**Upsides**

- ✓ More cost-effective pay strategy than match/lead approach
- ✓ Enables employers to invest more resources in other benefits/perks or matching/leading the market in key areas
- ✓ Can help employers attract talent with similar values and aligned expectations
- ✓ Helps employers avoid needlessly overinvesting in staff salaries

**Downsides**

- ✗ Increases an employer’s vulnerability to labor market volatility
- ✗ May contribute to high staff dissatisfaction, poor performance, and/or turnover rates
- ✗ May lose out on top candidates and experience greater difficulty converting candidates into new hires
- ✗ Not an effective strategy for highly competitive fields, industries, or markets
- ✗ Increases costs associated with changing future pay strategy (i.e., requires bigger investments to catch up with the market)



**Implementation Considerations:**

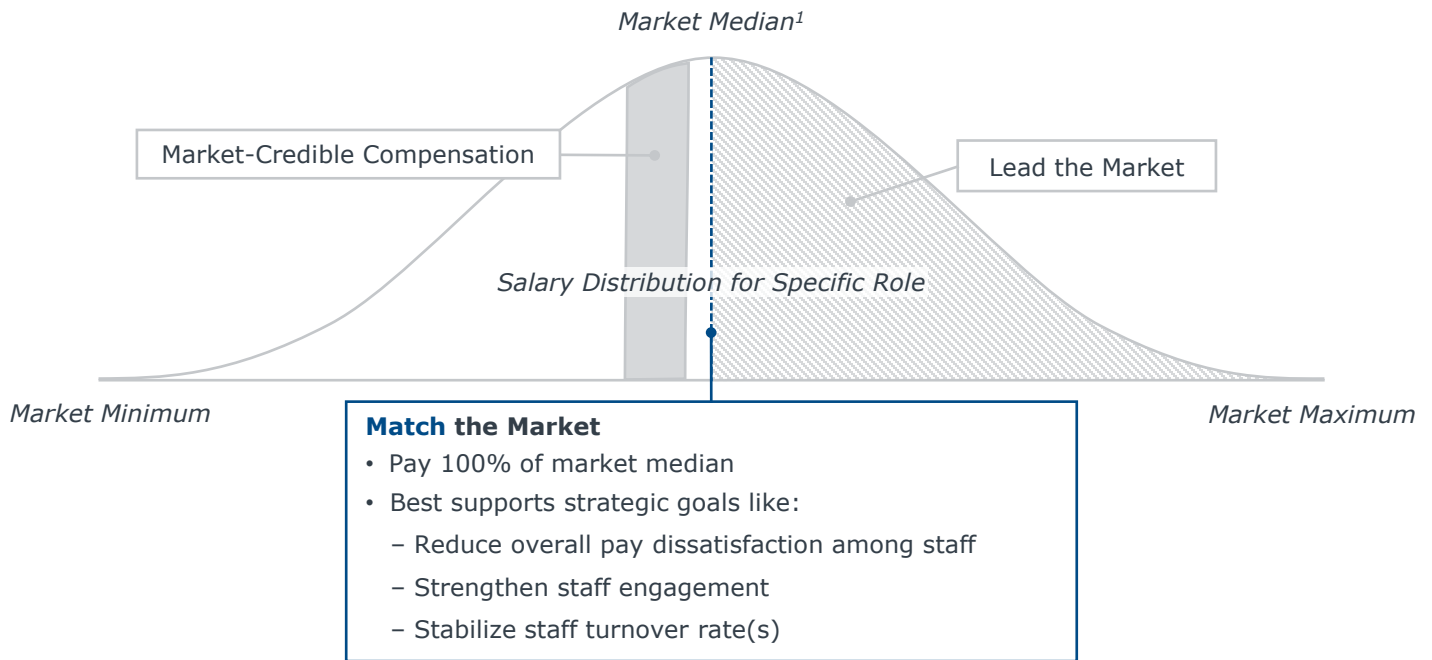
- Employers should use non-monetary benefits (especially remote or flexible work options) and variable pay mechanisms (e.g., bonuses) to minimize staff dissatisfaction and turnover.
- Employers must consider how far below the market they can feasibly pay without compromising organizational operations and/or performance.
- Employers should be aware that there is a tipping point at which this pay strategy will lead to so much turnover that the cost savings associated with it will no longer be worthwhile.

1) Middle point of all salaries within a specified market.

Source: Aon, [Compensation 101](#); EAB interviews and analysis.

# Part 1: Market-Based Pay Strategy One-Pagers (Cont.)

## Pay Strategy #2: Match the Market



### Upsides

- ✓ Ensures a baseline level of competitiveness while containing labor costs
- ✓ Frees up resources to invest limited salary dollars in other critical areas
- ✓ Can help decrease staff turnover and/or boost staff morale and productivity
- ✓ Reduces the odds that candidates will immediately write-off opportunities due to too low of pay

### Downsides

- ✗ Requires reliable market data and continuous analysis, which can be time-consuming
- ✗ Less effective strategy for highly competitive fields, industries, or markets
- ✗ Often does not help employers retain rising stars or high-performers
- ✗ Implementation costs can hinder some employers from offering other compelling benefits or perks that staff value



### Implementation Considerations:

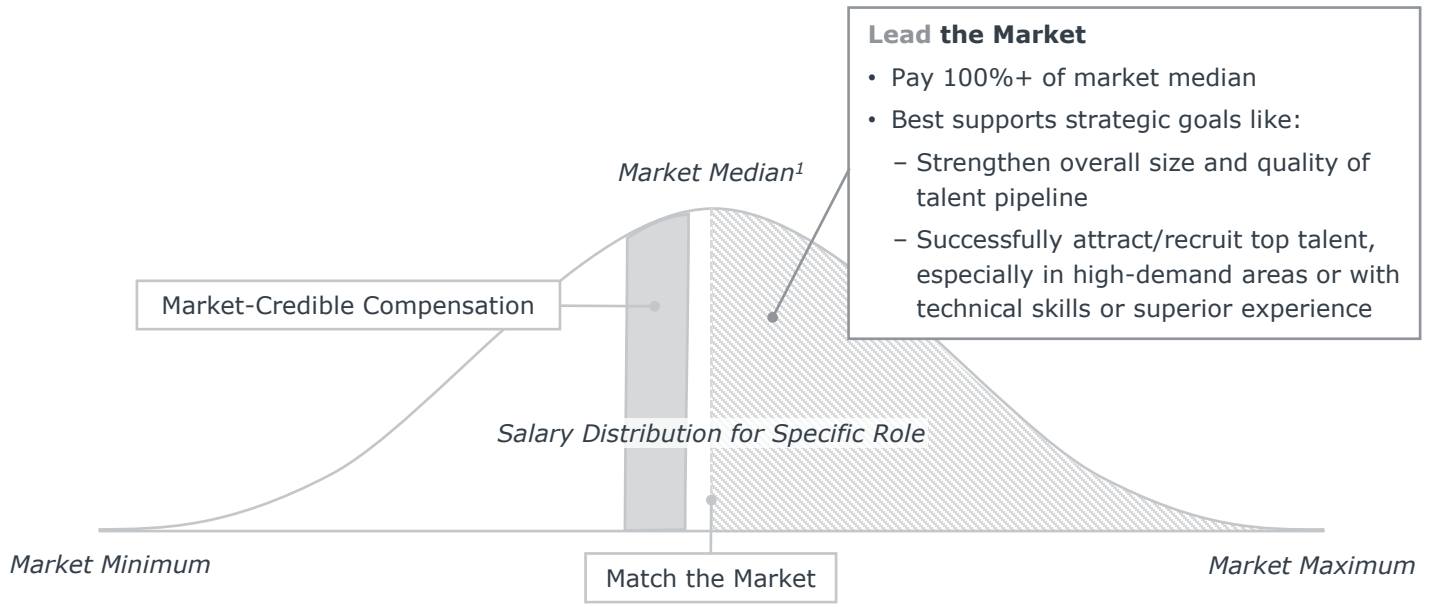
- Employers should make rapid salary increases for those staff making below the market median and then slow down the increase amounts to avoid getting ahead of the market.
- Employers with average or above-average benefits should make sure to intentionally emphasize these alongside their match-the-market pay strategy.

1) Middle point of all salaries within a specified market.

Source: Aon, [Compensation 101](#); EAB interviews and analysis.

# Part 1: Market-Based Pay Strategy One-Pagers (Cont.)

## Pay Strategy #3: Lead the Market



### Upsides

- ✓ Improves candidate pipeline (especially top talent) even amid competitive labor market
- ✓ May help expedite recruitment and therefore yield some cost savings
- ✓ Increases the odds of converting top candidates into new hires
- ✓ Can help decrease turnover and/or boost staff morale and productivity

### Downsides

- ✗ Increases overall (usually fixed) labor costs and often is not financially sustainable for most employers
- ✗ Increases organizational vulnerability to labor market volatility
- ✗ Puts pressure on staff to perform at a very high level
- ✗ Staff still may not be fully satisfied with pay



### Implementation Considerations:

- Employers should carefully monitor if anticipated recruitment/ retention/engagement benefits come to fruition. Otherwise, they risk wasting tremendous resources on a lead-the-market strategy.
- Employers must proactively budget for continued investments needed to maintain a lead-the-market strategy since it is very easy to quickly lose ground at the top of the market.

1) Middle point of all salaries within a specified market.

Source: Aon, [Compensation 101](#); EAB interviews and analysis.

## Part 2: Match/Lead Strategy Diagnostic

**Instructions:** Now that you understand the different pay strategies, their upsides and downsides, and common use cases, the next step is to assess when to deploy each strategy on your campus. EAB recommends institutions offer market-credible compensation (i.e., 90-95% of the market median) for most staff roles. However, leaders should use the checklist below to assess whether they should instead try to match/lead the market for a specific role or functional area. Answer each question based on your current understanding of the market for the given role/functional area and even in the absence of robust talent data and analytics capabilities.



### Should We Deploy a Match/Lead Strategy?

	Yes	No
<i>Strategic Value</i>		
1. Is this role/functional area critical to university operations?	<input type="checkbox"/>	<input type="checkbox"/>
2. Is this role/functional area aligned with our biggest strategic goals and ambitions?	<input type="checkbox"/>	<input type="checkbox"/>
<i>Specialization</i>		
3. Does this role/functional area require specific educational or work experiences (e.g., certification, out-of-sector exposure)?	<input type="checkbox"/>	<input type="checkbox"/>
4. Are the skills required for this role/functional area highly transferrable to other roles, functional areas, and/or industries?	<input type="checkbox"/>	<input type="checkbox"/>
<i>Competition</i>		
5. Is the market for this role/functional area highly competitive right now?	<input type="checkbox"/>	<input type="checkbox"/>
6. Is competition for this role/functional area expected to stay the same or increase in the future?	<input type="checkbox"/>	<input type="checkbox"/>
7. Are our applicant pools for this role/functional area below average <u>or</u> have they declined over time?	<input type="checkbox"/>	<input type="checkbox"/>
8. Is turnover for this role/functional area above average <u>or</u> has it increased significantly over time?	<input type="checkbox"/>	<input type="checkbox"/>
9. Do we compete with more out-of-sector employers for this role/functional area than most other roles/functional areas?	<input type="checkbox"/>	<input type="checkbox"/>
10. Is recruitment a bigger priority than retention for this role/functional area right now?	<input type="checkbox"/>	<input type="checkbox"/>
<i>Value Proposition</i>		
11. Is salary more important than other elements of our employee value proposition (e.g., stability, career advancement) for the talent we are trying to attract into this role/functional area?	<input type="checkbox"/>	<input type="checkbox"/>
12. Are variable pay options less practical <u>or</u> less effective for this role/functional area than other roles/functional areas?	<input type="checkbox"/>	<input type="checkbox"/>

Count how many questions you responded "Yes" to. If you answered "Yes" for **nine or more** questions, then **matching the market** may be warranted for this role/functional area. If matching does not yield the desired talent outcomes (e.g., retention, stronger candidate pools), then consider a **lead strategy**.



# Salary Investment Navigator

Step-by-Step Guide to Making Targeted Salary Adjustments That Advance Institutional Strategy and Talent Priorities

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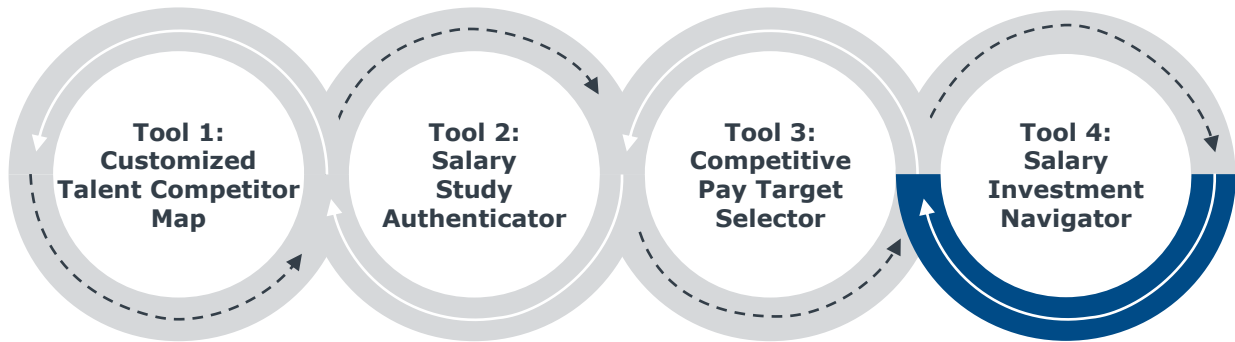
TOOL

- Part 1: Targeted Salary Adjustment One-Pagers
- Part 2: Custom Salary Adjustment Plan

4

# Tool 4: Salary Investment Navigator

## EAB's Market-Credible Staff Compensation Playbook



Facing widespread turnover and heightened competition for staff talent, institutions have rightly implemented across-the-board salary adjustments to bring all staff salaries closer to a competitive market rate. Some institutions have also made more targeted increases for individual roles or staff groups, although these have tended to be more reactive and one-off.

But as institutions face growing budget constraints, they will increasingly have to make tough decisions about how and where they invest limited salary dollars to address their most pressing talent problems and best support their broader strategic goals.



### Tool-in-Brief

Use the **Salary Investment Navigator** to understand, compare, and ultimately select which salary adjustments to prioritize on your campus. This tool will help you weigh the advantages, disadvantages, and use cases of various adjustment types so you can target adjustments in the highest ROI roles and/or functional areas based on your talent goals.

#### Who should use this tool:

- Cabinet Sponsors: Chief Human Resource Officer and Chief Business Officer
- Implementation Team: Director of Compensation, Unit Leader(s), Hiring Manager(s)/Recruiter(s)

#### When to use this tool:

- When deciding what salary adjustments to make following a salary study
- When deciding or educating unit leaders on where/how to distribute annual salary pool
- During annual budget planning and/or allocation meetings



## Quick Start Guide

Based on hundreds of interviews with campus leaders and analyses of institutional practices, EAB has identified the following key insights about staff salary adjustments in higher ed. These concepts serve as the foundation for the step-by-step process outlined on the following pages. Campus leaders should review these insights prior to using this tool to prioritize where and how to invest limited salary resources at their institution.

### Core Concepts to Inform Compensation Strategy and Decision-Making

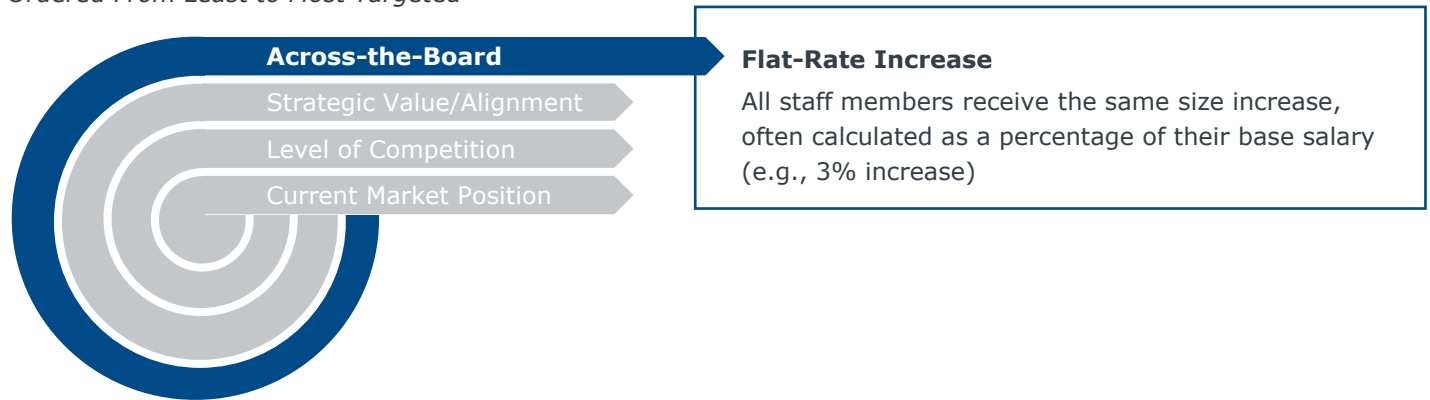
- ▶ **Campus leaders must strike a balance between delivering on market-credible compensation for all staff and funneling more resources into select, high-ROI areas.**
  - Across-the-board salary increases help institutions make progress toward baseline competitiveness across all roles and functional areas. However, they do not fully address specific talent problems (e.g., egregious market inequities, difficulty recruiting certain roles) or incentivize more strategic staffing decisions.
  - Targeted increases allow leaders to make larger salary investments in priority areas. While targeted adjustments benefit fewer people, their strategic impact tends to be far greater than across-the-board increases. Some no-regrets areas for targeted salary adjustments include campus safety/police, IT, and financial aid.
  
- ▶ **Campus leaders need to understand that equal is not the same thing as equitable when it comes to staff salary adjustments.**
  - Contrary to popular perception, “equal” across-the-board salary increases do not inherently promote equity. In fact, they perpetuate (and in some cases exacerbate) existing pay inequities by simply paying everyone the same amount more and therefore not addressing gaps between staff.
  - If leaders want to use salary adjustments to advance equity, they will need to instead make more targeted salary adjustments based on salary data (market and internal) and pay gap analyses.
  
- ▶ **Accurate workforce data on staff recruitment, retention, and engagement is a prerequisite for making smart, targeted salary adjustments.**
  - HR should collect and analyze workforce data on turnover, vacancies, applicant pools, time-to-fill, and staff satisfaction. The most sophisticated HR teams will go a step further, monitoring the impact of salary adjustments over time on these metrics and using that to inform future prioritization.
  - See EAB’s research on *Unlocking the Power of People Analytics*.
  
- ▶ **Campus leaders should prioritize making targeted salary adjustments that best solve their specific talent problem(s).**
  - There are three main ways to decide how to target market adjustments: 1) based on current market position (e.g., X% below market median), 2) based on level of competition (e.g., hard-to-fill), or 3) based on strategic value/alignment (e.g., critical roles).
  - Each type of salary adjustment can help address different talent challenges (e.g., turnover, weak candidate pools), but they also each have tradeoffs that campus leaders must weigh (e.g., implementation complexity, potential ripple effects like pay compression).

# Part 1: Targeted Salary Adjustment One-Pagers

**Instructions:** The first step in deciding how to invest limited salary resources is to understand the variety of salary adjustments and their use cases. Review EAB’s analysis of eight types of salary adjustments across the following pages. Most institutions use multiple types of adjustments concurrently. When determining the right combination, leaders should consider the amount of overlap in the staff who will benefit from each type, as well as the cost and administrative burden of deploying them simultaneously.

## Adjustment Type #1: Flat-Rate Increase

*Ways to Decide How to Target Salary Adjustments, Ordered From Least to Most Targeted*



**Upsides**

- ✓ Requires no prerequisite data/analyses
- ✓ Implementation is quicker and simpler than more targeted adjustments
- ✓ Easier to garner leadership buy-in than for targeted adjustments
- ✓ Tends to be well-received on campus since all staff benefit
- ✓ Can help boost staff engagement at scale

**Downsides**

- ✗ Often means offering smaller, less meaningful increases for all staff
- ✗ Does not prioritize limited salary resources in highest value areas
- ✗ Does not address internal equity issues since each person receives the same size increase
- ✗ Creates a culture of pay increases regardless of performance, which can disincentive productivity and discourage high performers



Potential Use Cases

- Widespread turnover and/or recruitment challenges across functional areas/roles
- Most staff salaries lag the market and/or institutional targets (e.g., 90% of market median)
- Period of high inflation and/or rising cost of living
- State-mandated increases for all state employees



Implementation Considerations

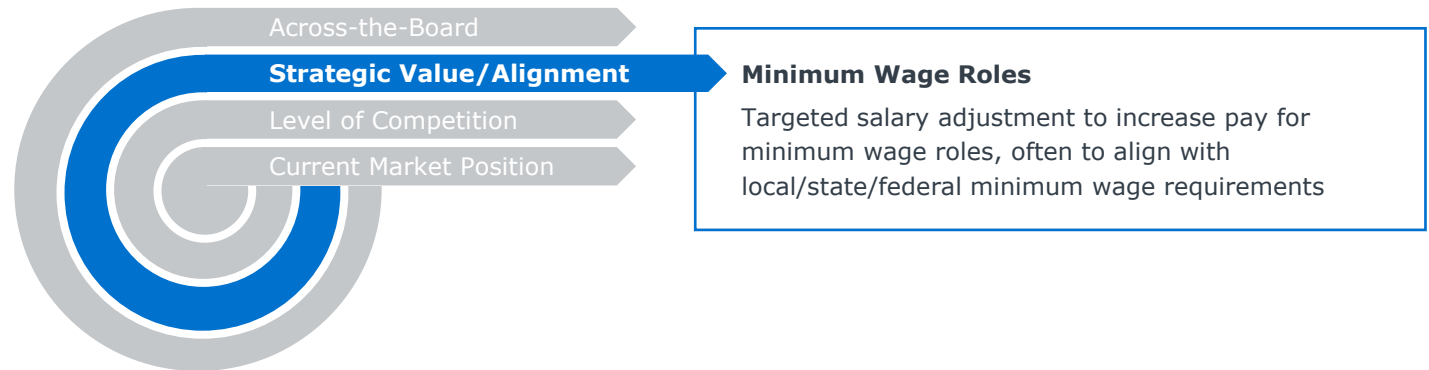
- It is often very costly to implement *meaningful* increases for all staff. A small across-the-board increase that does not, for example, even match inflation could backfire and fuel staff perceptions that leaders are out of touch with financial realities.
- Consider adding eligibility requirements (e.g., time in seat, performance standards) to contain costs and boost the strategic impact of across-the-board investments.

Source: EAB interviews and analysis.

# Part 1: Targeted Salary Adjustment One-Pagers (Cont.)

## Adjustment Type #2: Minimum Wage Roles

Ways to Decide How to Target Salary Adjustments, Ordered From Least to Most Targeted



**Upsides**

- ✓ Supports institutional equity goals by prioritizing increases for lowest-paid staff
- ✓ Strengthens recruitment and retention of staff in lowest pay bands
- ✓ Tends to be well-received on campus since the lowest paid staff benefit

**Downsides**

- ✗ Can create pay compression issues by reducing the gap between lower-paid and higher-paid staff, especially those just above the minimum wage
- ✗ Benefits are typically concentrated in certain functional areas that tend to be lower-paid (e.g., facilities, dining)



Potential Use Cases

- Recent increase in local/state/federal minimum wage
- Regional competitors exceed local/state minimum wage, increasing competition for talent
- Difficulty recruiting and retaining staff in minimum wage roles
- Offering a living wage is an institutional priority, tied to equity and inclusion goals



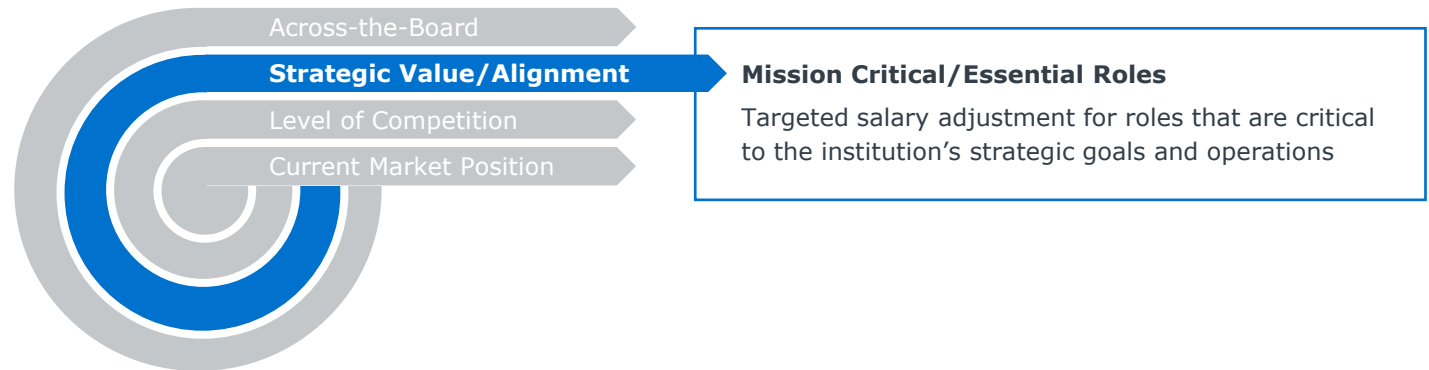
Implementation Considerations

- In most cases, increasing the minimum wage is not the same as offering a *living wage*, especially in high-cost areas of living.

# Part 1: Targeted Salary Adjustment One-Pagers (Cont.)

## Adjustment Type #3: Mission Critical/Essential Roles

*Ways to Decide How to Target Salary Adjustments, Ordered From Least to Most Targeted*



**Upsides**

- ✓ Strengthens retention of staff in highest value/most critical roles
- ✓ Ensures the institution has the skills and capacity needed to execute on goals laid out in strategic plan
- ✓ Aligns salary investments with high-ROI and/or priority campus activities/services

**Downsides**

- ✗ Can create pay compression issues since adjustments are not based on tenure or skill
- ✗ Unaffected staff may feel undervalued, which can have negative ramifications on workplace culture and/or staff retention
- ✗ May further concentrate resources in roles that are already well-compensated and/or have the highest pay ranges at the institution



**Potential Use Cases**

- Turnover and/or lengthy vacancies in certain roles poses threats to service quality and/or business continuity
- Need specific and/or specialized skills or staff to execute on strategic ambitions and/or grow in priority areas



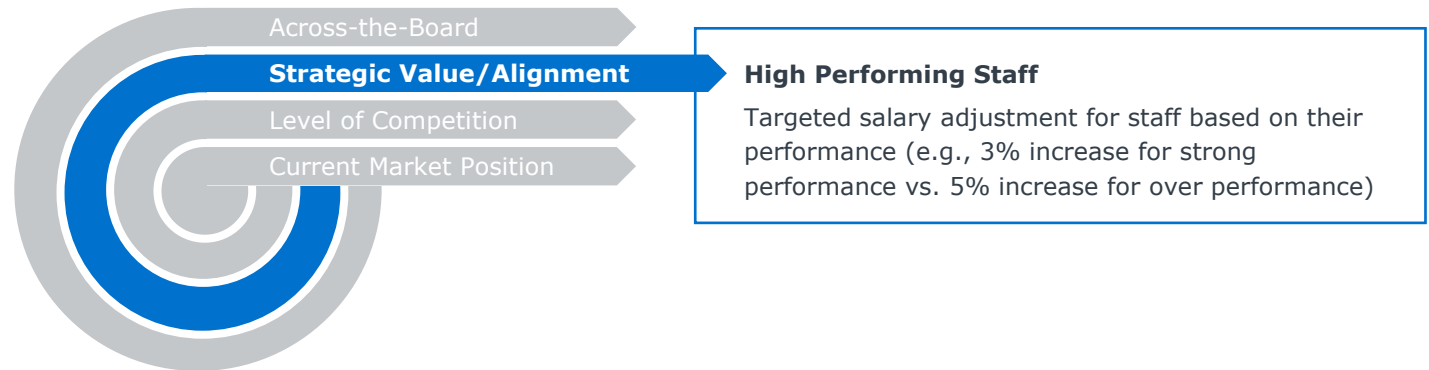
**Implementation Considerations**

- Cabinets must reach consensus on the institution’s most essential/mission-aligned roles in order to implement this type of salary adjustment.
- Campus communications must clearly articulate why these roles (but not others) are considered mission critical/essential.

# Part 1: Targeted Salary Adjustment One-Pagers (Cont.)

## Adjustment Type #4: High Performing Staff

*Ways to Decide How to Target Salary Adjustments, Ordered From Least to Most Targeted*



**Upsides**

- ✓ Creates a performance-oriented culture by encouraging and recognizing productivity
- ✓ Helps retain highest performing staff
- ✓ Aligns salary investments with top talent, biggest contributors
- ✓ Gives staff “ownership” over their salary adjustments
- ✓ Reduces competitive risk since today’s workers view merit pay as table stakes

**Downsides**

- ✗ Staff that don't receive payouts may feel undervalued, leading to internal tensions and/or future turnover
- ✗ Can lead to internal inequities and staff pushback if performance evaluations are unreliable or biased
- ✗ Cannot be flexibly administered since merit increases are typically bound to performance review cycles



**Potential Use Cases**

- Desire to incentivize and reward high performance
- State funding policies and budget allow for and/or require distribution of an annual or one-time merit pool



**Implementation Considerations**

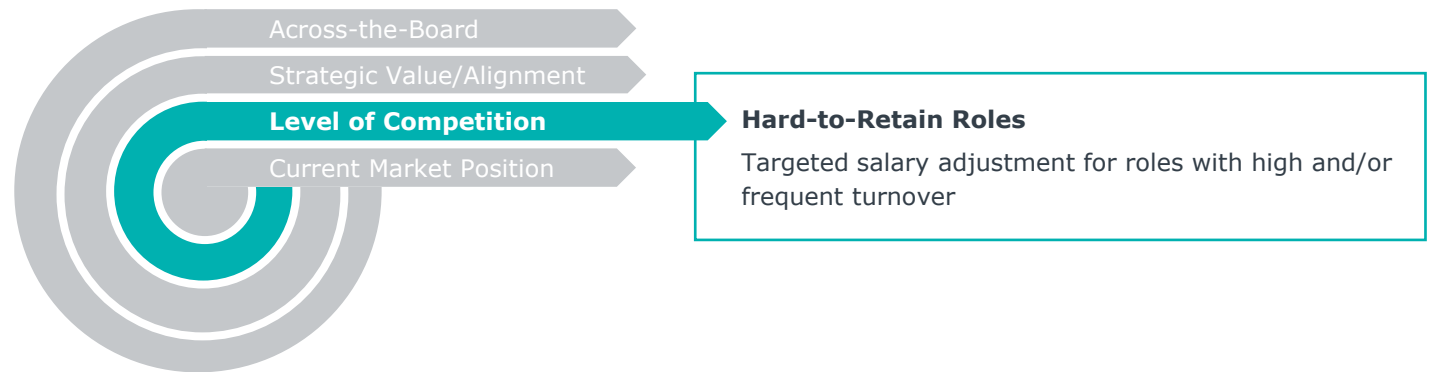
- An effective and unbiased performance management process with transparent assessment criteria is a critical prerequisite for implementing performance-based adjustments.
- Many institutions pair performance-based increases with a cost-of-living adjustment so all staff receive at least some pay increase.

Source: EAB interviews and analysis.

# Part 1: Targeted Salary Adjustment One-Pagers (Cont.)

## Adjustment Type #5: Hard-to-Retain Roles

*Ways to Decide How to Target Salary Adjustments, Ordered From Least to Most Targeted*



### Upsides

- ✓ Promotes retention in high turnover roles, thereby reducing ongoing recruiting costs
- ✓ Helps reduce threats to business continuity and/or service quality due to turnover
- ✓ Alleviates pressure on HR/hiring managers to continuously fill roles, freeing them up to focus efforts on most strategic activities

### Downsides

- ✗ Can create pay compression issues since adjustments are not based on tenure or skill
- ✗ Unaffected staff may feel undervalued, which can have negative cultural ramifications
- ✗ May not address underlying causes of high turnover (e.g., limited career growth)
- ✗ May result in overpaying some staff once the labor market normalizes



#### Potential Use Cases

- Heightened difficulty retaining staff in certain functional areas/roles
- Turnover in critical units poses threats to service quality, business continuity
- Struggling to manage high costs associated with cycle of continuous recruiting and onboarding
- Lack a strong internal talent pipeline to fill vacant roles



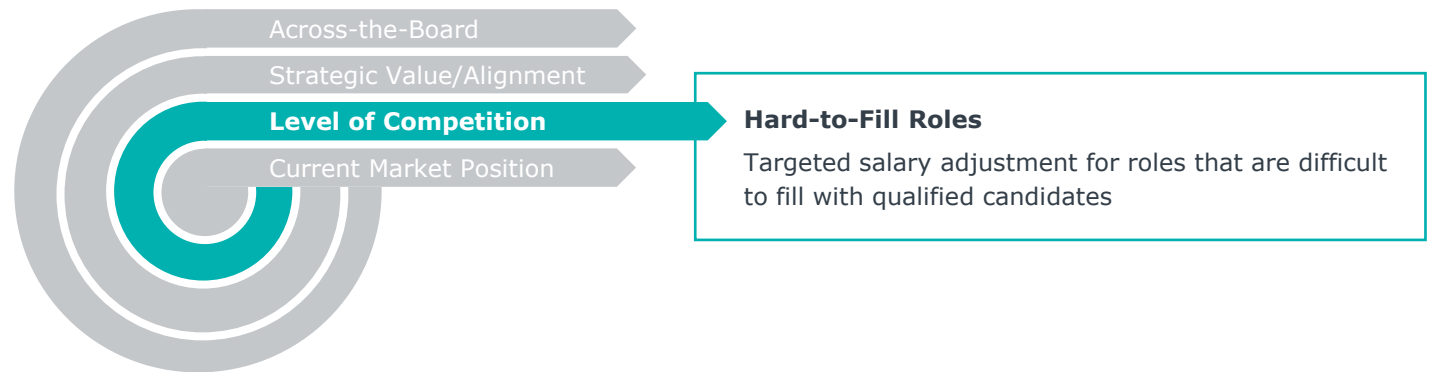
#### Implementation Considerations

- HR should use people data and analytics to identify the highest turnover roles.
- Leaders should communicate their rationale for focusing on high turnover roles, but avoid naming specific roles or salary adjustment sizes to mitigate pushback and/or tensions between staff.

# Part 1: Targeted Salary Adjustment One-Pagers (Cont.)

## Adjustment Type #6: Hard-to-Fill Roles

Ways to Decide How to Target Salary Adjustments, Ordered From Least to Most Targeted



**Upsides**

- ✓ Strengthens candidate pools by attracting qualified candidates who otherwise would not apply due to low pay
- ✓ Eases burden on HR/hiring managers to fill highly competitive roles, freeing them up to focus efforts on other strategic activities
- ✓ Reduces long-run costs associated with failed recruitment efforts

**Downsides**

- ✗ Can create pay compression issues since new hires may have starting salaries similar to or exceeding those of existing staff
- ✗ Unaffected staff may feel undervalued, which can have negative cultural ramifications
- ✗ May not address underlying causes of difficulty filling vacancies (e.g., no remote work)
- ✗ May result in overpaying some staff once the labor market normalizes



Potential Use Cases

- Extended vacancies burden other staff and threaten service quality
- Failed searches drive up costs, wasting limited resources
- Struggling with weak candidate pools and high candidate drop-out rates



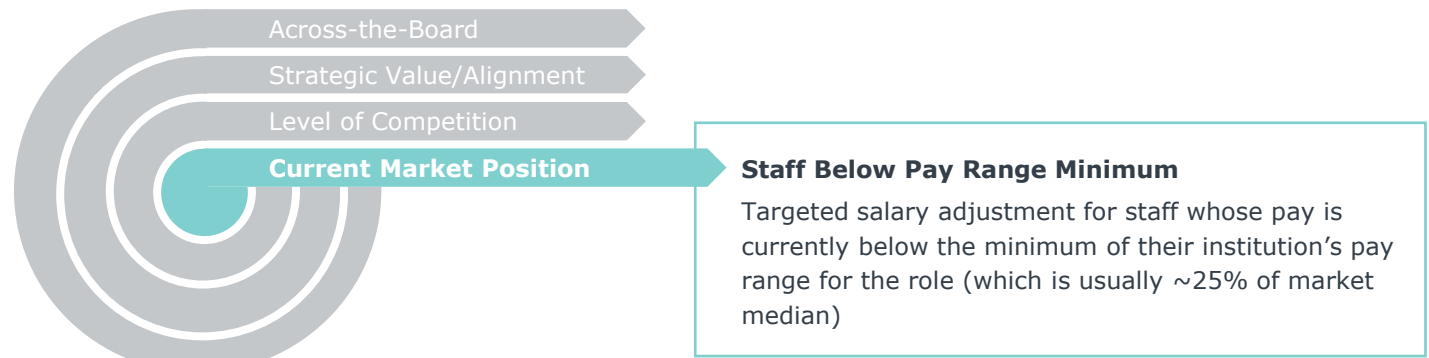
Implementation Considerations

- HR should use people data and analytics to identify roles that are the hardest to fill.
- Leaders should communicate their rationale for focusing on hard-to-fill roles, but avoid naming specific roles or salary adjustment sizes to mitigate pushback and/or tensions between staff.

# Part 1: Targeted Salary Adjustment One-Pagers (Cont.)

## Adjustment Type #7: Staff Below Pay Range Minimum

*Ways to Decide How to Target Salary Adjustments, Ordered From Least to Most Targeted*



**Upsides**

- ✓ Supports institutional equity goals by prioritizing increases for lower-paid staff
- ✓ Aligns all staff with institutional pay ranges, ensuring fair pay for work
- ✓ Clear definition and data-based approach can help generate leadership consensus and staff buy-in

**Downsides**

- ✗ Can create pay compression issues by reducing the gap between lower-paid and higher-paid staff
- ✗ More complex to administer and explain to stakeholders, especially non-HR experts
- ✗ Staff may be frustrated by only being brought up to the range minimum, reducing potential engagement and retention benefits



**Potential Use Cases**

- Recently updated pay ranges based on market data, causing some staff to fall below new pay ranges
- Failed to make regular enough pay increases to keep pace with the market



**Implementation Considerations**

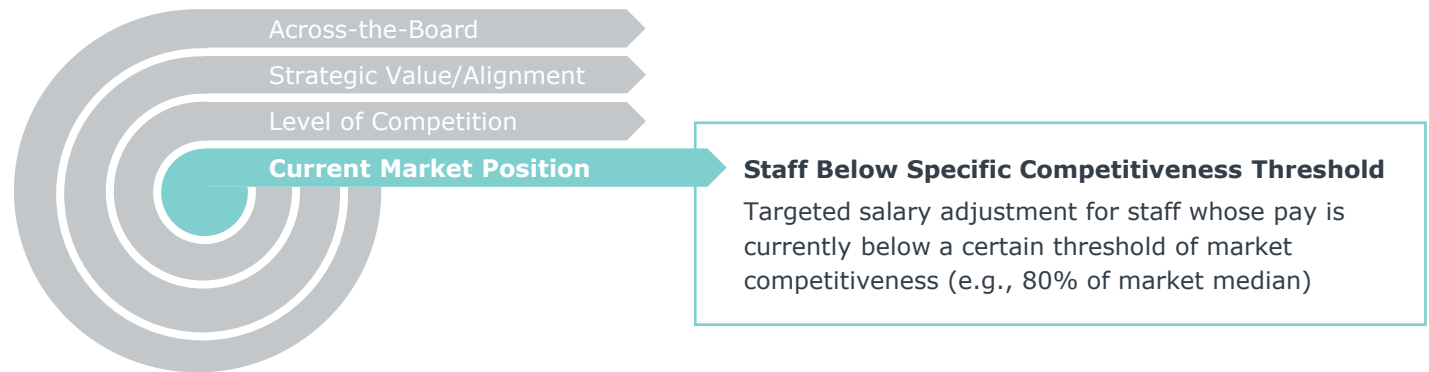
- HR should use people data and analytics to determine which roles and/or individuals fall below the relevant salary range minimums.
- Leaders should avoid using jargon (e.g., “green-circled” staff) in campus communications and try to simplify concepts and calculations whenever possible.



# Part 1: Targeted Salary Adjustment One-Pagers (Cont.)

## Adjustment Type #8: Staff Below Specific Competitiveness Threshold

Ways to Decide How to Target Salary Adjustments, Ordered From Least to Most Targeted



**Upsides**

- ✓ Aligns salary investments with concrete, institutional pay targets
- ✓ Benefits staff who are further away from the market midpoint
- ✓ Clear definition and data-based approach can help generate leadership consensus and staff buy-in

**Downsides**

- ✗ Challenging to garner buy-in and implement consistently if the institution has not set clear competitiveness targets
- ✗ More complex to administer and explain to stakeholders, especially non-HR experts
- ✗ Can draw attention to the fact that pay is not currently at the market median, further frustrating staff



Potential Use Cases

- Institution has set a quantitative pay target (e.g., X% of market median) for all staff and/or specific staff groups (e.g., functional area, level)
- Increased market competition in certain functional areas/roles requires additional investments to keep pace/avoid falling further behind competitors



Implementation Considerations

- HR should use people data and analytics to determine eligible roles and individuals based on how their current pay stacks up against the market and pay targets.
- Leaders should avoid using jargon (e.g., “compa-ratio”) in campus communications and try to simplify concepts and calculations whenever possible.

## Part 2: Custom Salary Adjustment Plan

**Instructions:** Now that you understand the range of different ways to target salary investments, use this worksheet to determine which adjustment type(s) will work best for your institution. First, identify your top talent-related goals. Then, use EAB’s analysis of the use cases, advantages, and disadvantages of each adjustment approach outlined on the previous pages to prioritize among the options. Finally, consider additional criteria to help you further prioritize which roles and/or staff will receive adjustments.

### 1 What Are Our Top Talent Problems/Goals?

List the top three talent problems (e.g., difficulty attracting top-tier candidates, high turnover in mission critical roles) and/or goals (e.g., advancing pay equity) for your institution.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

### 2 What Adjustments Will Have the Greatest Impact on These Problems/Goals?

For each problem/goal identified above, list 1-2 salary adjustments (e.g., hard-to-retain roles, high performing staff) that would help advance your institution’s progress.

<i>Problem/Goal</i>	<i>Prioritized Salary Adjustment Type</i>
#1 from Step 1	1.
	2.
#2 from Step 1	1.
	2.
#3 from Step 1	1.
	2.

### 3 What Additional Criteria Could We Apply to Further Prioritize Our Investments?

List any other stipulations and/or eligibility criteria for staff to receive the above salary adjustments. Consider factors like tenure/time-in-seat, performance track-record, qualifications, or specialized skills.



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## ABOUT EAB

At EAB, our mission is to make education smarter and our communities stronger. We work with thousands of institutions to drive transformative change through data-driven insights and best-in-class capabilities. From kindergarten to college to career, EAB partners with leaders and practitioners to accelerate progress and drive results across five major areas: enrollment, student success, institutional strategy, data analytics, and diversity, equity, and inclusion (DEI). We work with each partner differently, tailoring our portfolio of research, technology, and marketing and enrollment solutions to meet the unique needs of every leadership team, as well as the students and employees they serve. Learn more at [eab.com](https://eab.com).