Building and Improving Your Compensation Program

A practical roadmap for assessing what is in place and deciding what comes next

Use this guide to identify what is working, what needs attention, and where to focus your effort. Existing policies and practices may already address many items. Some phases may need only a review; others may need more development.

MARK ONE PER ITEM — **I** In place — **R** Needs review — **N** Not yet — **A** Not applicable

1 Understand your starting point

Take stock of the current program before deciding what to change.

	I	R	N	A
Gather existing salary ranges, job descriptions, compensation policies, incentive plans and decision guidelines.	☐	☐	☐	☐
Discuss business priorities, hiring challenges, retention concerns and recurring pay questions with leadership, HR, Finance and managers.	☐	☐	☐	☐
Check the accuracy and completeness of job and compensation information.	☐	☐	☐	☐
Identify practices worth preserving, inconsistencies and the most important gaps.	☐	☐	☐	☐

Result: A current-state summary and prioritized list of opportunities.

2 Define your compensation philosophy and strategy

Clarify what the program should accomplish and the principles behind pay decisions.

	I	R	N	A
Identify the business and workforce outcomes compensation should support.	☐	☐	☐	☐
Define the relevant talent markets and desired competitive pay position.	☐	☐	☐	☐
Agree on how job responsibilities, relevant experience, skills and performance should influence pay.	☐	☐	☐	☐
Align leadership on affordability, internal consistency, transparency and decision-making authority.	☐	☐	☐	☐

Result: A concise compensation philosophy that guides future decisions.

Review jobs and pay practices

MARK ONE PER ITEM | I In place | R Needs review | N Not yet | A Not applicable

3 Strengthen job structure and career progression

Create a consistent foundation for comparing roles and explaining advancement.

	I	R	N	A
Review job descriptions for actual responsibilities, scope and requirements.	☐	☐	☐	☐
Validate or refine job families and levels, using clear differences in complexity, responsibility and impact.	☐	☐	☐	☐
Review whether roles are placed consistently across departments and locations.	☐	☐	☐	☐
Document promotion criteria, review steps, approvals and how promotion-related pay changes are determined.	☐	☐	☐	☐

Result: A usable job structure and a clear promotion process.

4 Evaluate market competitiveness and pay practices

Translate the philosophy into practical pay structures and guidelines.

	I	R	N	A
Select appropriate, licensed market data and match jobs by responsibilities and level, not titles alone.	☐	☐	☐	☐
Assess base salary, incentives and other relevant pay elements using comparable measures.	☐	☐	☐	☐
Validate or develop salary ranges and guidelines for hiring, pay increases, promotions and exceptions.	☐	☐	☐	☐
Review internal consistency and potential pay-equity concerns, involving appropriate specialists where needed.	☐	☐	☐	☐
Estimate the cost of changes and prioritize adjustments the organization can sustain.	☐	☐	☐	☐

Result: A market assessment, recommended pay practices and a costed set of priorities for leadership.

Measure and maintain your program

MARK ONE PER ITEM | I In place | R Needs review | N Not yet | A Not applicable

5 Establish a useful compensation scorecard

Measure enough to support decisions without creating unnecessary reporting.

	I	R	N	A
Choose a small set of measures linked to the strategy, such as range placement, market competitiveness, exceptions and compensation spending.	☐	☐	☐	☐
Define each measure, its data source and the decision it should inform.	☐	☐	☐	☐
Assign ownership, a review schedule and appropriate access to employee information.	☐	☐	☐	☐
Include benefits and other rewards where they help explain the overall offering; expand the scorecard only where useful.	☐	☐	☐	☐

Result: A simple, repeatable scorecard. A spreadsheet may be sufficient.

6 Implement and maintain the program

Make the program usable for managers and understandable for employees.

	I	R	N	A
Confirm priorities, budget, responsibilities and implementation sequence with leadership.	☐	☐	☐	☐
Equip managers to apply the guidelines, explain decisions and escalate questions.	☐	☐	☐	☐
Explain what is changing, what is staying the same and where employees can get help.	☐	☐	☐	☐
Update policies, processes and systems, and verify that approved changes are implemented correctly.	☐	☐	☐	☐
Establish an annual review cycle for market data, ranges, pay decisions and program results.	☐	☐	☐	☐

Result: An implementation plan, communication approach and ongoing compensation calendar.

Turn the assessment into a plan

Choose three improvements to prioritize next. Preserve what is working, give each priority an owner, and define a concrete next step.

What business and workforce outcomes should compensation support?

What principles should guide our pay decisions?

What is working that we should preserve?

1 PRIORITY

Next action | Owner

Measure of progress | Target date

Approvals or resources needed

2 PRIORITY

Next action | Owner

Measure of progress | Target date

Approvals or resources needed

3 PRIORITY

Next action | Owner

Measure of progress | Target date

Approvals or resources needed

The goal is not to complete every item before making progress. Establish a clear direction, address the most important needs and build a program that can be maintained over time.

Need support with any part of this roadmap? Josh Lemon at J Lemon Ventures can help you assess your current approach, prioritize improvements, or work with you on specific phases.