

Compensation - Making Sense of Dollars & Cents

by: Chris Hingle

In my 25 years advising businesses, I've learned that compensation reflects not only the value placed on employees, but also the environment they work within. Talented executives gravitate toward firms where the structure of the pay – not just the amount – is consistent with their culture.

In business, compensation is the fuel that drives employee performance. Just like there are different grades of fuel that helps determine your car's power, efficiency and longevity, pay packages should match your organization to ensure maximum performance.

Know your culture

The first step when considering executive compensation is to examine the company's culture, philosophy and mission. A demanding, high-performance environment requires premium-level pay, while a slower-paced job does not. Likewise, how the pay is structured should reflect the employee and the demands of his or her job. An executive attuned to the high-stakes environment of a startup, for example, will expect performance incentives that differ from those at an established company with a longer outlook. Finding the right combination of base salary, bonus and benefits matters as much as the total amount offered. In short: Your choice of compensation should not be dictated by dollars and cents, but by common sense.

Equally important, candidates should understand their own expectations so they can target companies that match them. If both employer and candidate share a similar work culture, odds are they will be more agreeable when negotiating pay.

Be consistent

Making thoughtful compensation decisions over the long term helps protect the company during uncertain times like we face today. If your employees, their jobs

and their salaries are matched well from the beginning, your company will develop a reputation for being consistent in how it compensates executives, regardless of the broader economy. Resist the temptation to hire at a lower salary than a position demands simply because the job market is poor. While doing so may save money in the short run, the result often is that the best employees leave as soon as the economy improves.

The talent in your workforce – your company’s “engine” – will require the same octane of gas to work properly in good times and bad. Consistent pay policies promote stability and help keep your team motivated and working in line with your company's values. Moreover, when executives understand how their pay is established, they are more focused and positive, rather than concerned that they could be making more. Properly compensated employees stay focused on revving your company's productivity because they've been provided with the perfect type of fuel.

Professional Guidance

At Christopher Frederick, we go the extra mile to identify what type of engine drives you as we tackle the industry’s most challenging searches and recruit only the best executive talent.

It starts by listening. With 25 years in business, we’re experts at learning the nuances of a company’s culture and goals. We also delve into each applicant’s goals, motivations and attitude to find the best match for our clients. In bringing candidates and businesses together, we are then in a unique position to help facilitate the process and create a solid union. The result is a world-class executive who is not only qualified, but ready to guide your team to new heights!

So remember, dollars and cents is more about common sense. Take the high road and focus on the big picture – culture, mission and philosophy. You’ll be richer for it!