Dimensional

Discussing Compensation

Below is a series of discussion questions designed to guide decision-makers in evaluating and refining their firm's compensation. By engaging with these topics, firms can align their compensation strategy with their goals and values, ensuring it remains competitive and supportive of employee engagement and retention. The Practice Management team is available to foster conversations on any of the topics below.

STRATEGIZE

- What is your philosophy when it comes to compensation?
  - What is working? What isn't? What would you change today if you could?
- Are you navigating compensation decisions for today, or are you planning for future growth?
- How does your compensation plan reflect the goals of the larger organization?
- How long do you want your compensation plan to stand?
  - Do you want to only have to revisit it every five-plus years, or do you feel comfortable and have the capacity to update it every two to three years?
- Have you designated the members of the compensation committee?
- What are your firm values?
- What types of behaviors are you trying to reward and incentivize?
- How will goals tied to compensation be set and measured?
- What are your cash components of compensation?
- What are your noncash components of compensation?
- What behaviors demonstrate a contribution to the culture of your firm?

STRUCTURE

- Are you more focused on adding new employees to help with capacity constraints as soon as possible, or prioritizing a long-term, sustainable compensation plan across all employees?
- How much do your employees value compensation substitutes (extra PTO, recognition gift cards, etc.)?
- How much value do you place on additive benefits, and are you confident that they truly round out your total compensation packages?
- How does the bonus structure reinforce behaviors, values, and business goals that matter most to your firm?
- What percentage of each role's total cash compensation is salary, and what percentage is incentive compensation?
- What are your top three strategic business goals for the next one to three years?
  - How does your incentive compensation support or not support those goals?

BENCHMARK

- What sources does your firm use to determine compensation by position?
- How often do you access updated compensation benchmarking data?
- How does the data you use account for geographic differences, specialization of roles, etc.?
- How do you account for differences in tenure and performance?

EVALUATE AND COMMUNICATE

- What metrics are you tracking to evaluate performance?
- How do you use performance scorecards?
- Do you provide a total compensation statement?
- How transparent do you want the compensation approach to be?
- Do you share compensation ranges by position with employees?
- What are ways you'll work through situations when you can't meet someone's compensation expectations?

MONITOR

- Have you received feedback around compensation formally or informally?
- How will you monitor unintended risks around your compensation plan?
- How will you monitor the positive or negative trends you're seeing in your firm's compensation data?
- How might you think about compensating differently when someone is sitting in multiple roles?
- How will you handle situations when an employee might hit the top of a compensation band?
- How will you handle periods when the firm isn't able to pay incentives or meet historical levels of incentive pay?
- If your firm is open to selling or acquiring, how might your compensation model help with or detract from smooth integration?

For education and discussion purposes only, not an exhaustive list of considerations.

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