

EFFECTIVE COMPENSATION PRACTICES

Compensation management in higher education is evolving rapidly to reflect the significant changes that colleges and universities are undergoing. Competitive pressures are intensifying—institutions are seeking highly talented faculty, administration and staff to drive the institution’s strategy and are looking for innovative and effective reward approaches.

The Segal Company and Sibson Consulting assist colleges and universities in addressing pay issues for staff, administration and faculty. While there are inherent differences in how pay is typically managed between these groups, many of the basic principles hold true for all populations.

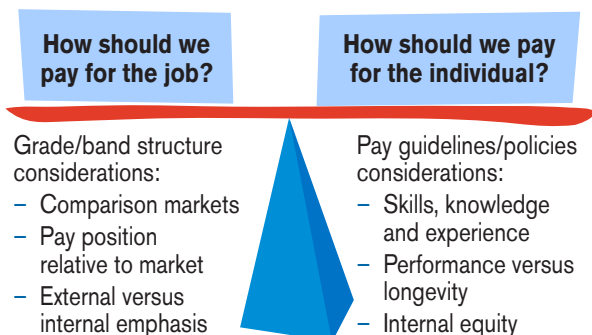
Overcoming Challenges

Colleges and universities are faced with many challenges. However, with the right processes in place they can all be overcome.

- Strategy is focused on moving up in the U.S. News rankings, but the pay system doesn’t enable us to attract the talent we need
- Pay no longer reflects my job
- Job titles haven’t changed in ten years, but responsibilities have
- Assistants do far more in one department than the assistants in the other departments, yet their levels are the same
- The pay system is rigid and doesn’t support the kind of flexibility we need to be successful in achieving our goals
- The compensation program hasn’t been reviewed in 15 years

Two Basic Questions

Compensation programs must answer two basic questions:



How these questions are answered will vary by institution, its strategy, its needs and its culture.

Elements of Effective Compensation

Segal/Sibson works extensively with public and private colleges and universities to design effective, practical compensation programs. Our experience shows that while the details of program design may vary, there are a number of key elements that contribute to a program’s effectiveness and credibility.

1. Leadership Direction and Endorsement

Leadership needs to identify the appropriate comparison markets and pay position, determine the balance between external competitiveness and internal equity, define the link between pay and performance and articulate the role of managers in making pay decisions, in addition to other crucial decisions.

2. Alignment with the Institution’s Strategy

Effective compensation programs reflect the structure, culture and expectations of the institution and deliver pay in ways that reflect institutional objectives.

3. Simple Design, Pay Guidelines and Processes

Simple, practical program designs streamline administration, help ensure consistency of approach and make it easier for managers to make or recommend appropriate pay decisions.

4. Open and Clear Communication

Clear, concise information about pay and pay strategy along with information about how the program was developed is a powerful way for colleges and universities to build trust and credibility for the program.

The Impact

A well-designed, well-implemented compensation program can enable your institution to attract, retain and reward faculty, staff and administration for their contributions to the institution. It can reinforce messages about what is expected and what is valued and it ensures that reward money is used most effectively.

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To learn more about Segal/Sibson’s Higher Education Practice, visit our Web site at www.segalsibson.com or call Heather Kazemi, Vice President and Senior Compensation Consultant at 202.833.6444.