

# Three Reasons

## Why a Salary Scale Is Your Most Important HR Tool

Salaries are an organization's biggest expense, and just like any expense, it needs to be managed. The best way to manage your salary budget is with a salary scale.

However, salary scales do much more than manage expenses. They reflect the structure and values of your organization and your target market position.

Salary design deeply impacts your talent strategy, from recruitment and retention to career progression and contract projects. Scales show career development from one job level to the next, setting employee expectations for predictable and variable career movement.

Thoughtfully designed salary scales are dynamic statements that describe how your organization will remain competitive by keeping your people's careers front and center.

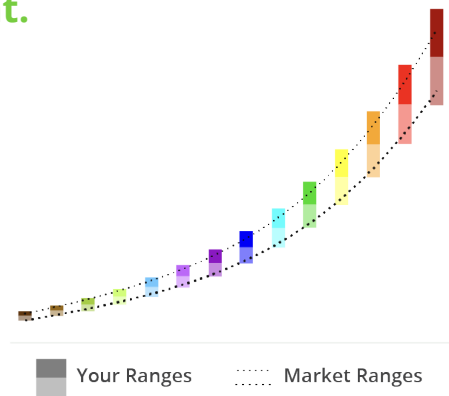
**At Birches Group, we believe that having a well-designed and balanced salary scale is the most essential tool any organization should have to attract and retain the right skills to achieve its mission.**

If your organization does not have a salary scale, here are three reasons why you need one now:

- 1. Right-sized salaries attract and retain top talent.**
- 2. A salary scale defines your target market.**
- 3. Salary scales show career progression and project investments.**

## Right-sized salaries attract and retain top talent.

If your organization finds it challenging to attract the right talent at certain levels or is having retention issues causing gaps in your workforce, a salary scale tailored to address those issues can help. Pay is a big factor in attracting the right skills your organization needs, and properly managing it is crucial to retaining staff. Salary scales provide the structure that enables employers to set hiring rates that are appropriate, competitive, and non-discriminatory. If you choose to share this information, a well-designed salary scale also provides staff with insights about the opportunities for growth within your organization.

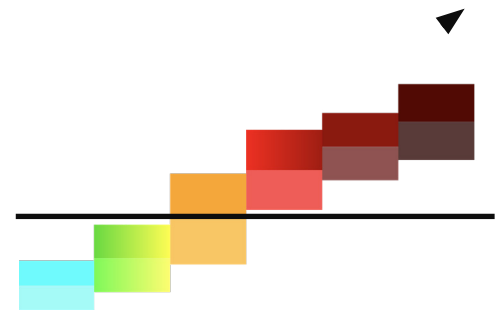


## A salary scale defines your target market.

Survey data is not enough to update your salaries. That data simply provides labor market intelligence. That's just the beginning. Too many organizations make the mistake of using market movement from salary surveys as a basis for pay increases. The real analysis begins when you identify your market composition — the organizations you compete with for talent — and determine your target market position based on a refined market sample. Not all employers in the larger salary survey will be relevant to you. The key is to conduct your analysis according to a well-articulated policy and to think carefully about the components of pay that you want to examine in your analysis.

## Salary scales show career progression and project investments.

Salary scales reveal how an organization rewards employee growth and helps to develop careers. Good workforce management requires your salary structure to support movement of staff deeper into their grade level to acknowledge growth in skills or knowledge as well as career movement when employees are promoted.



### NOT SURE WHERE TO START?

Birches Group can support your organization to create salary structures that will help your organization thrive. We have an established methodology in place to create a customized salary scale to fit your unique needs, policy, and budget.

Designing good salary scales requires rigorous analysis and expertise. We can help you! Contact us to schedule a consultation and demo of our Scale Design Report.

**Let's Talk.**



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