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## Integrating Compensation Strategies After Business Integration, Merger or Acquisition

- Introduction
- Topics
  - Discovery
  - Buy In
  - Change Management
  - Job Descriptions, Tiling Conventions, Job Codes
  - Salary Ranges/Geographic Differentials
  - Position Evaluations/Grading of Roles
  - Integration
  - Merit
- Tips for Success

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## Introduction

Past Compensation Experience




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## Introduction

Current



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## Discovery

- **Sharecare**: 7 year old start up company – High Technology Company; 349 Colleagues
- **BACTES**: 20 year old “family business” - Health Information Handler (HIH) Company; 916 Colleagues
- **Healthways**: 30 year old established company – Disease Management Healthcare Company; 944 Colleagues

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## Buy In

- Start with a (fluid) compensation philosophy focusing on a few main components – ranges, grades, increase guidelines
- Do your homework – come prepared with data proving the worth of a formal comp structure (including the purchase of salary surveys)
- Present the financial impact (showing the potential costs of not incorporating a formal comp structure) – lawsuits, turnover
- Obtain approval from Senior Leadership
  - Buy in comes in multiple steps/phases
- Start of Change Management

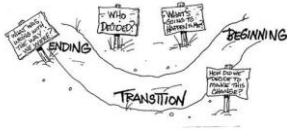
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## Change Management

- Communication
  - Education around compensation as a whole, sensitive topic
- Project Plans
  - To help guide through the integration and implementation
- Overcoming the "We've always done it this way" mindset



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## Processes

- Create process documents for:
  - Streamlined workflow
  - Uniformity
  - Education
  - Transparency
  - Document trail for audit purposes

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## Job Descriptions

- Collect/Clean up
- Template
- Standardized (titles, sections included)
- File in central location
- Require it for job evaluations
  - Price the role, not just a job title
- Emphasize teamwork

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## Titling Conventions/Job Codes

- Titling Convention
  - Sharecare and BACTES used a department title (Customer Service Rep)
  - Healthways was using a position leveling title (Rep, Customer Service)
- Job Codes
  - Sharecare and BACTES were using an alpha system (ex. CSR)
  - Healthways was on a 4 digit numeric system (5209)

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## Salary Ranges/Geographic Differentials

- Updating the Salary Ranges
  - Benchmarked key positions to evaluate where they should be in the range structure
  - Evaluated the new range structure with the existing roles to assess the outliers (under and over)
  - Made grade level changes to the positions affected for those without a financial impact

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## Salary Ranges/Geographic Differentials, cont.

- Updating the Geographic Differentials (Geo Diffs)
  - Used ERI (Economic Research Institute) to go through and update all of the existing geo diffs
  - Evaluated the financial impact of those outliers (above/below the range)
  - Those with a financial impact were looked at by position family and discussed the plan for bringing them up to the range minimum

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## Grading of Roles

- Benchmark at the 50<sup>th</sup> percentile
- Plot the data into a benchmark template used for every role priced

Position	Internal Grade and 2018 Ranges					Average Market Data		
	Grade	Min	Mid	Max	% Mid Internal Salary	25th	50th	75th
					#201801	#201801	#201801	#201801
					#201801	#201801	#201801	#201801

- Use three or more sources to blend for an average
- Match that average to the midpoint of the ranges for correct grade assignment

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## Steps Toward Integrating Positions

1. Communicate (from top executives to department leaders and also from compensation team to managers)
  1. Project plan
2. How to decide who to do first?
3. Conduct in functional groups – Accounting, IT, HR
4. Grade the roles (if they haven't already been done)
5. Use pay rate penetration to evaluate existing actual pay (where they fall in the range)
6. Address the outliers
7. Provide evaluations and recommendations

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## Integration

- How do we integrate?
  - Communicate with colleagues the work that has been done and the outcomes emphasizing on the positives
  - Choose/decide on a date to make the change in the HRIS system
  - Come up with a timeline to have everyone brought up to the minimum of the grade (for those outliers)
  - Offer one on one meetings with the colleagues to answer any questions and/or discuss career ladders/growth with them

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## Merit

- Combining multiple divisions/companies
- Spreadsheet/Matrix
  - Performance evaluation and position in range
- Issues
  - Ungraded vs graded positions

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## Merit, cont.

Payroll Name	2017 Pay Range Position	2017 Rating Score	2017 Rating Category	Rec. Merit Increase%	Adjusted Merit Increase%
Bill	On Grade/Adjusted	4	Exceeds Expectations	3.00%	3.00%
John	On Grade/Adjusted	3	Fully Meets Expectations	2.75%	2.75%
John	On Grade/Adjusted	3	Fully Meets Expectations	2.00%	2.00%
Caroline	3rd Quartile	3	Fully Meets Expectations	2.00%	2.00%
Michelle	3rd Quartile	3	Fully Meets Expectations	2.00%	2.00%

- Education/Communication
- Integration more valuable

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## Tips for Success

- Communicate, communicate, communicate
  - Learn how to speak to your audience
- Educate yourself and speak with confidence
  - Facts are power
- Demand that job description
- Fill your toolbox with things that will help you succeed
- Be fluid – be flexible

Celebrate the Little Wins

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## Questions/Discussion



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## THANK YOU!

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