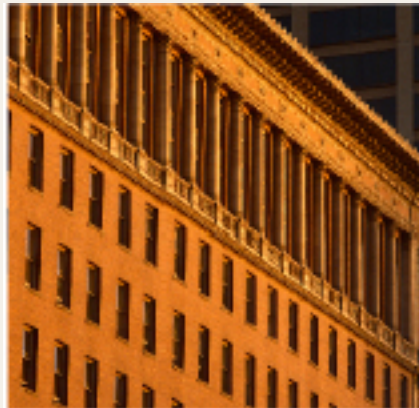


# Public Sector Advisors





# LEE'S SUMMIT

## M I S S O U R I

### City of Lee's Summit, Missouri Compensation Philosophy and Study

TL Cox, Vice President

December 15, 2016

# Agenda

- ✓ Springsted Introduction
- ✓ Our Understanding of Lee's Summit's Needs
- ✓ Scope of Work
- ✓ Compensation Philosophy

# Springsted Introduction – Background Information

- ✓ 50+ years of *public sector* experience
- ✓ 80+ employees, including former *local government* leaders
- ✓ 25+ years providing *human resources/organizational development* consulting
- ✓ Leading *classification and compensation* services partner

# Springsted Introduction – Our Services

## ✓ *Organizational Management and Human Resources*

Classification and Compensation

Strategic Planning

Organizational Improvement

Executive Recruitment

Information Technology

## ✓ *Operational Finance and Fiscal Planning*

Capital Improvement

Fiscal Impact Analysis

User Fee Studies

Referendum Assistance

## ✓ *Housing and Economic Development*

Incentive Capacity Analysis

Development Strategy

Housing Initiatives

Statutory Compliance

# Our Understanding of Lee's Summit's Needs – Objective 1

- ✓ Develop a *compensation philosophy* for City Council and Management approval
  - Define the City's *competitive market*
  - Establish a *target level of competitiveness* relative to market
  - Prioritize goals and elements of *total compensation*
  - Guide the *ongoing administration* of pay and benefits programs
  
- ✓ Conduct a *SWOT (strengths, weaknesses, opportunities, and threats) analysis* of the City's existing classification and compensation systems
  - Identify *alternative forms* of and *best practices* related to pay and benefits
  - Incorporate *employee involvement*
    - Facilitated sessions (representative sample of employees)
    - Employee opinion survey
  - Gather input from the City's management team and Council (i.e. a *goal setting* process)

# Our Understanding of Lee's Summit's Needs – Objective 2

- ✓ Assist with *employee communications* and *engagement*
- ✓ Determine the appropriate classification of positions using an *objective* process
- ✓ Confirm *market competitiveness* (salaries and benefits) within identified benchmark organizations
- ✓ Identify *benchmarking metrics* (salary cost per FTE, benefit cost per FTE, and benefits cost as a percentage of salary expenditures) and *prioritized elements of total compensation*
- ✓ Recommend pay structures that reflect the new job classifications and incorporate the City's new *compensation philosophy*
- ✓ Develop *implementation plans* (up to 5) that move employees into the *new ranges, step systems, or hybrid systems* and alleviate identified compression
- ✓ Establish ongoing administrative guidelines to ensure the new classification and compensation system is maintained *according to best practices*

# Scope of Work – Project Initiation and Data Collection



- ✓ Initial data request
- ✓ Project schedule
- ✓ Kick-off materials and presentation
- ✓ Draft Position Analysis Questionnaire (PAQ)
- ✓ Executive briefing
- ✓ SWOT analysis



# Scope of Work – Employee Communication Sessions



- ✓ Final PAQ
- ✓ Employee, supervisory, and management presentations
- ✓ Interviews/focus groups
- ✓ Employee opinion survey

# Scope of Work – Development of Classification System



- ✓ Systematic Analysis and Factor Evaluation (SAFE®)
  - Training and Ability
  - Level of Work
  - Physical Demands
  - Independence of Actions
  - Supervision Exercised
  - Experience Required
  - Human Relations Skills
  - Working Conditions/Hazards
  - Impact on End Results
  
- ✓ Classification recommendations and employee allocation
  
- ✓ New/modified position descriptions (as necessary)

# Scope of Work – Salary and Benefits Survey and Development of Pay Plan



- ✓ Job summaries
  - Minimum qualifications
  - Essential job functions
  
- ✓ Salary and benefits survey
  - Actual salaries
  - Average market range spreads
  - Benefits
  - Benchmarking metrics
  
- ✓ Market comparison/desired competitive position
  
- ✓ Preliminary and final pay plan(s)

# Scope of Work – Implementation Strategy and Staff Training



- ✓ Implementation costing scenarios (up to 5)
  - Adjustment to proposed range minimum
  - Compression (tenure and performance)
  
- ✓ Training
  - SAFE® evaluation
  - Salary survey
  - Pay structure development

# Scope of Work – Final Report



- ✓ Draft and Final Reports
  - Findings
  - Administrative guidelines
  
- ✓ Concluding presentation

# What is a total compensation philosophy?

A formal statement that...

- ✓ Documents an organization's perspective on employee compensation and benefits
- ✓ Explains how total compensation strategies support an organization's mission, vision, goals and values
- ✓ Prioritizes the expenditure of total compensation "dollars"
- ✓ Defines an organization's market (i.e. benchmark organizations) and desired competitive position
- ✓ Creates a prescribed framework and methodology to ensure consistency and objectivity
- ✓ Specifies how employees will move through (i.e. progress) through their assigned range of pay

# Questions to consider in the development of Lee's Summit's total compensation philosophy

- ✓ How well does the City's current compensation strategy support the mission, vision, goals, and values of the City?
- ✓ Do the City's current compensation methodologies support internal equity, external competitiveness, and individual fairness?
- ✓ Who are the City's benchmark organizations? Should they be the same for all positions or are there different labor markets for different positions?
  - ❖ Seeking City Council's input and direction on this topic tonight to stay on schedule
- ✓ How competitive does the City desire to be? Is the desired competitive position driven by challenges in recruitment or retention or a goal to be an "employer of choice" in the industry and market area?
- ✓ What is the City's current financial situation and how will it impact the ability to compete?

# Previous Benchmark Organizations

- ✓ Central Jackson County Fire Protection District
- ✓ City of Blue Springs, MO
- ✓ City of Independence, MO
- ✓ City of Kansas City, MO
- ✓ City of Lenexa, KS
- ✓ City of Liberty, MO
- ✓ City of North Kansas City, MO
- ✓ City of Overland Park, KS
- ✓ City of Raymore, MO
- ✓ Jackson County, MO
- ✓ Johnson County, KS
- ✓ State of Kansas
- ✓ Various private sector organizations (contractors, Missouri Gas & Energy, H&R Block, Sprint, law firms, etc.)



# What to expect in the development of the compensation philosophy

Springsted will...

- ✓ Conduct an employee opinion survey and facilitate focus groups to determine perception and priority of total compensation elements
- ✓ Gather Council input via survey on decisions including, but not limited to:
  - ✓ Total compensation strategy, goals, limitations, etc.
  - ✓ Desired competitive position
  - ✓ Financial sustainability
- ✓ Prepare a draft compensation philosophy to guide the study, update (as necessary) based upon the results of the classification and compensation analysis, and work with Council to formally adopt the philosophy and administrative guidelines

# Contact Information

**TL Cox**

*Vice President*

Springsted, Inc.

(469) 515-0646

[tlcox@springsted.com](mailto:tlcox@springsted.com)

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