

2021 Compensation Trends for SMBs

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Attendees should note that this session will be recorded.

Today's Speakers



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Agenda

COVID-19, Economic and Social
Trend Impacts on Pay Practices

What You Need to Know About DE&I

Role of HR Professionals

New Reality: Compensation and
Benefits in 2021

HR Metrics

Trends We See



Unprecedented shift in the way we work



Societal changes that have resulted in a long overdue focus on DE&I



Shift in HR/total rewards programs



HR takes on an even more important role for the organization

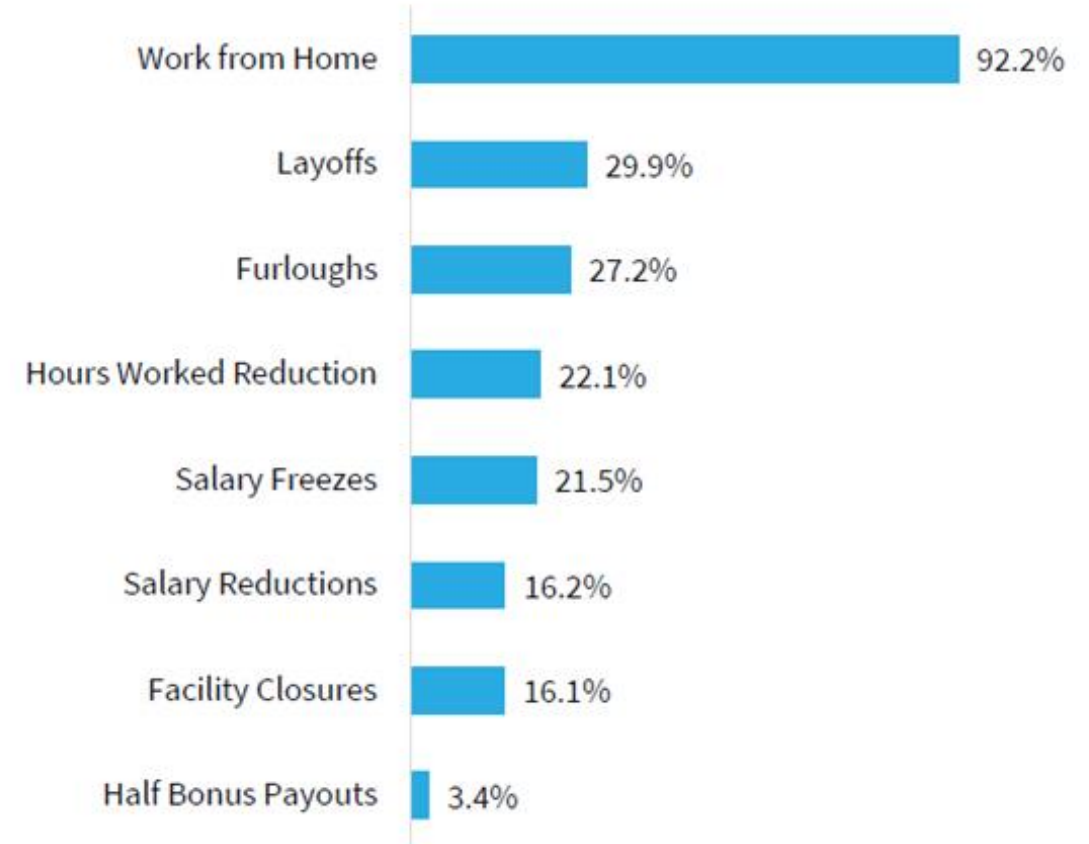


Increased focus on communications to the organization

Over 90% of Organizations Impacted by COVID-19

PANDEMIC RESPONSE

- The majority of respondents (64%) took two or more workforce employment actions in response to the pandemic
- The most prevalent action was having employees work from home (92%)
- Many organizations (45%) have 80% or more of employees working from home.



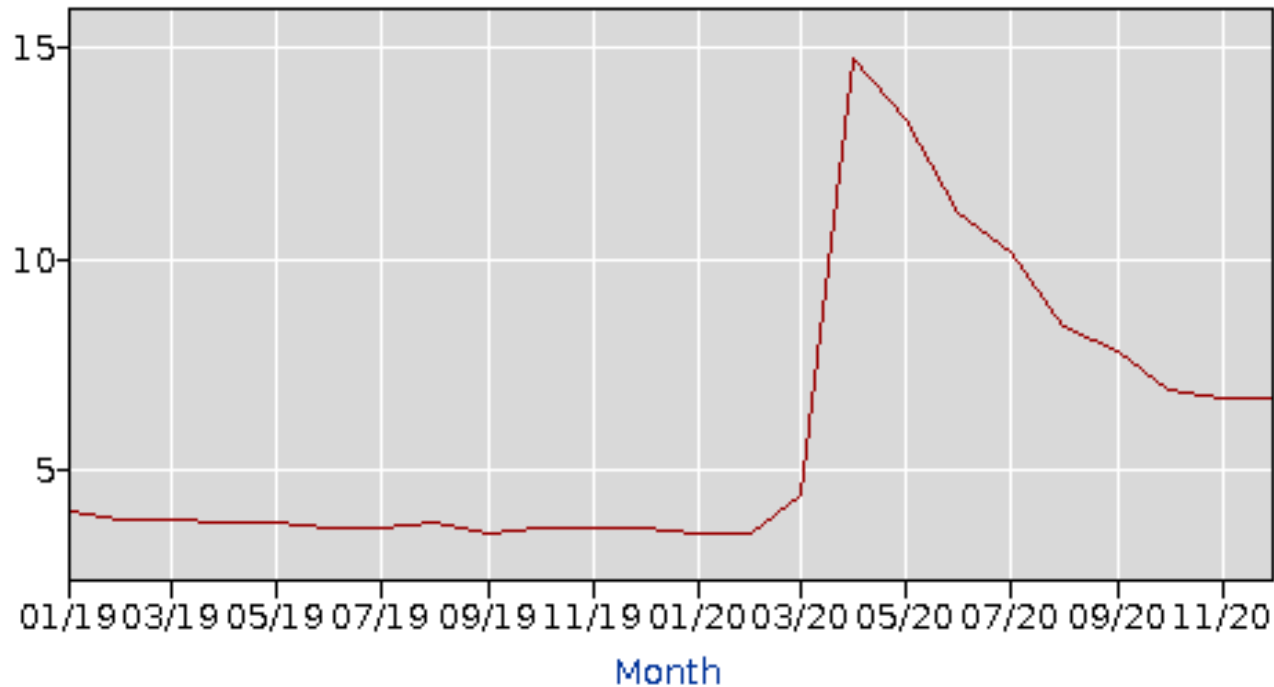
Source: Salary.com Pay Practices survey, Fall 2020

U.S. Economy Trends – Unemployment Rate, '19 – '20

Labor Force Statistics from the Current Population Survey

Series Id: LNS14000000
Seasonally Adjusted
Series title: (Seas) Unemployment Rate
Labor force status: Unemployment rate
Type of data: Percent or rate
Age: 16 years and over

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	4.0	3.8	3.8	3.7	3.7	3.6	3.6	3.7	3.5	3.6	3.6	3.6
2020	3.5	3.5	4.4	14.8	13.3	11.1	10.2	8.4	7.8	6.9	6.7	6.7



Source: Bureau of Labor Statistics

More Organizations Are Adapting and Recovering

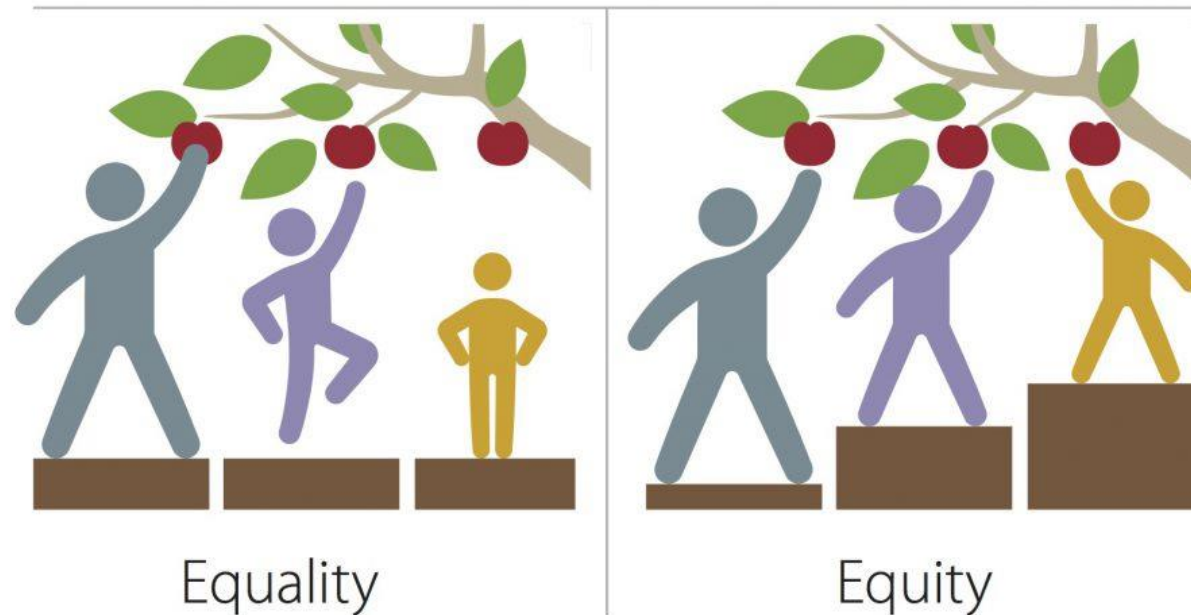
- **92%** of organizations are hiring new employees
- **69%** of organizations are offering training to their employees – a typical productivity and retention strategy
- **64%** of employees are working from home

Source: Salary.com HR Metrics survey, Fall 2020

What You Need to Know About DE&I

How Does Equality Versus Equity Impact Compensation?

Equality versus Equity is an important distinction for compensation.



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What DE&I Means for Your Organization

- Communicating to employees the importance of DE&I and backing it up with action.
- Assessing your organization's current state
 - Culture
 - Recruiting and hiring
 - Pay equity
 - Performance management
- Develop plans for addressing gaps in DE&I
- Impact of COVID-19 on DE&I



DE&I Trends

- **73%** of participants think their employees are paid fairly.
- **71%** use market survey data to assist in making your pay externally competitive.
- **56%** of organizations have not established a formal process to address pay equity.



Source: Salary.com Pay Practices survey, Fall 2020

Role of HR Professionals

Role of the HR Professional

- Continue to keep your EEs safe
- Re-evaluate your compensation & benefits policies and practices given the financial condition of your company
- Mitigating the impact of going back to the office or not
- Provide your executive team has visibility into the new trends in the workplace & the potential issues of implementing changes
- How will you pay your employees in the shifting nature of work (e.g., remote workers, smaller workforces, DE&I issues)



Advise Your Executive Team

- In times of great disruption, transformation to future states historically is accelerated (e.g., improved business processes)
- Market data will change in the way of more volatility
 - Depending on your survey vendor, your data may be subject to substantial judgement, adjustment, and interpretation to fit to the 2020/2021 market
 - Make sure your vendors are updating their data with monthly and quarterly updates

The New Reality: Compensation & Benefits in 2021

Attract, Motivate, and Retain Employees

2021 will be a key year for attracting, motivating, and retaining top employees.

- Consistency of pay administration
- Benefits availability and utilization
- Communication



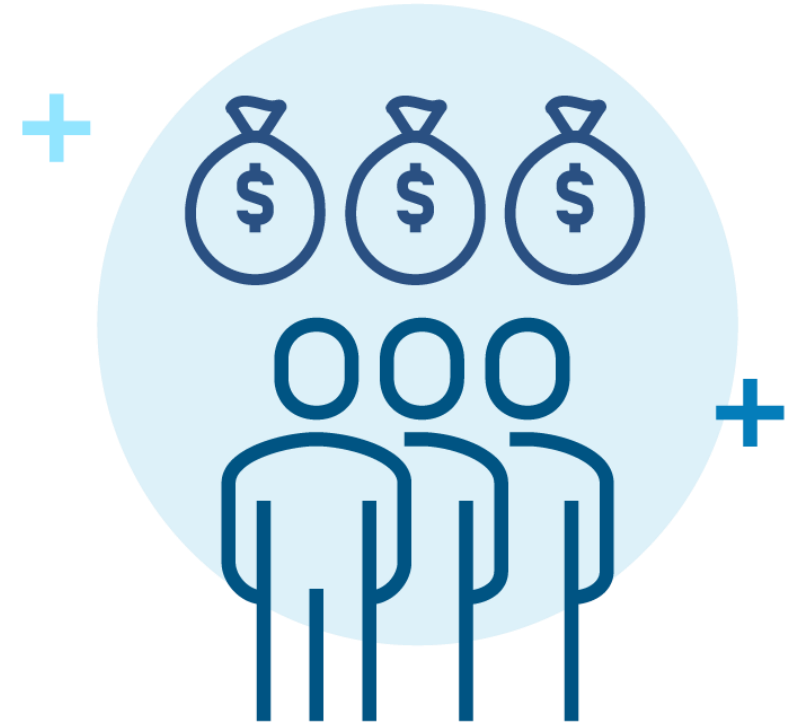
Compensation Philosophy Trends

- Formal compensation philosophies are slowly gaining more traction, with 62% of participating companies reporting having a compensation philosophy, up from 57% in 2019.
- Four questions that need to be asked:
 - Has your competitive market for talent changed?
 - Does your compensation philosophy integrate Diversity, Equity, and Inclusion?
 - How do you connect your total rewards strategy with your compensation philosophy?
 - How will remote work affect compensation strategies?

Source: Salary.com Pay Practices survey, Fall 2020

Compensation Planning in 2021

- Determining pay increase budgets and how we should adjust our compensation programs (salary structures) will be a challenge.
- Assessing and remedying pay inequities is an area that many organizations are addressing in 2021.



Source: Salary.com Pay Practices survey, Fall 2020

Compensation Planning in 2021

- Annual incentives and bonuses for 2020 paid out in 2021 will need to be consistent with organizational performance and transparency in the process will be essential.
- We will need to factor in cost of labor changes that could be highly variable.
 - Essential workers
 - Remote workers
 - Labor supply

Source: Salary.com Pay Practices survey, Fall 2020

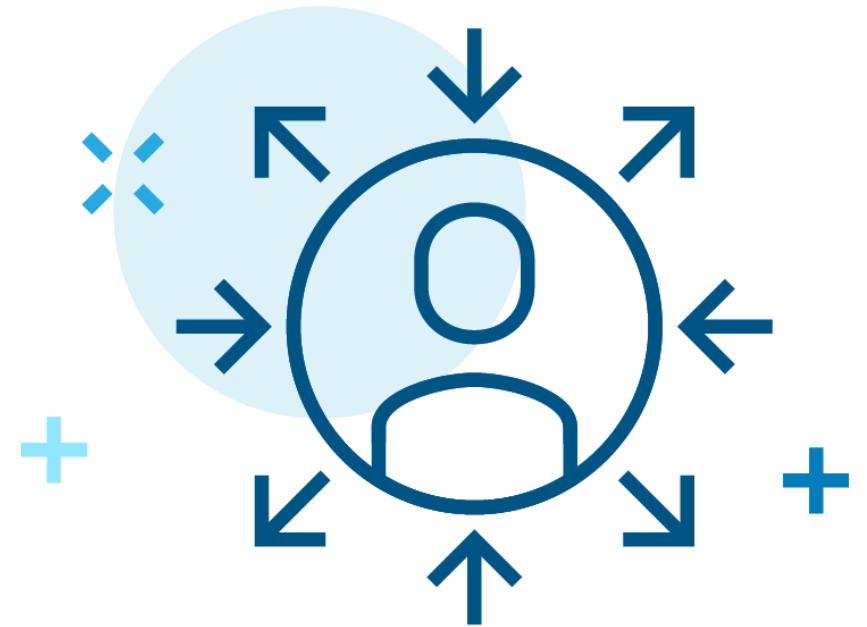
Compensation Benchmarking

- As the pandemic begins to ease, people will be looking for new opportunities.
- With the greater acceptance of remote work, there will be a larger market for their talent.
- You will need to offer competitive pay.
- You will also need to provide equitable pay.

Source: Salary.com Pay Practices survey, Fall 2020

Employee Benefits

- Medical
- Telehealth Services
- PTO
- Leave Provisions
- Employee Assistance Plan (EAP)
- Mental Health
- 401(k) Plan
- Life Insurance



Communication

- As compensation evolves due to economic conditions, remote work and continued focus on pay equity, how we communicate to employees how their pay is determined is extremely important.
- Authenticity and transparency will be key.
- 74% still do not provide formal training to managers on how to talk with their employees about pay.
- Relationship between managers and employees is a key driver in employee engagement.

Source: Salary.com Pay Practices survey, Fall 2020

HR Metrics: Tracking the Performance of HR

HR Metrics

- Financial Management
- HR Management
- Workforce Planning and Staffing
- Talent Management
- Performance Management
- Total Rewards
- Organizational Effectiveness
- Employee Relations
- Risk Management

“You can’t manage what you can’t measure.”

-Peter Drucker

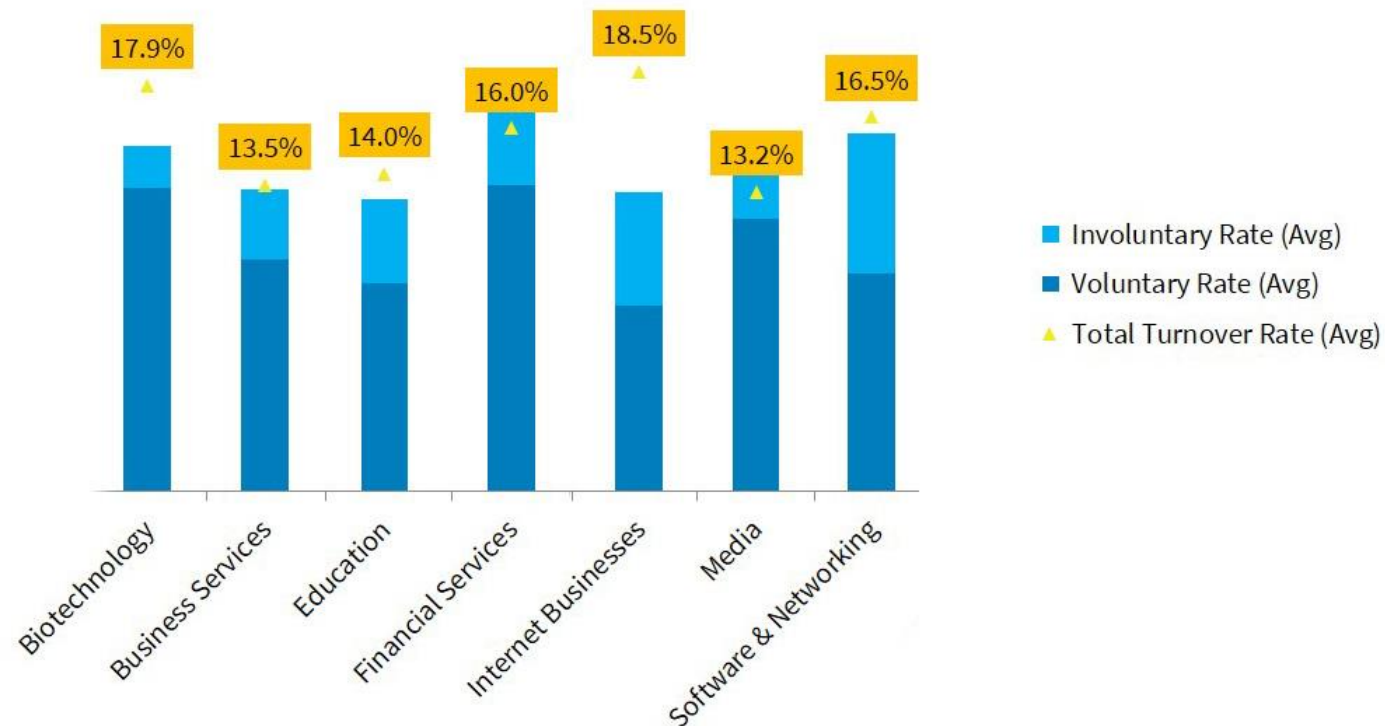
Why Track HR Metrics?

- Measuring HR and its impact on an organization is critical
 - In fact, many executives want to hear from their HR teams more frequently and with more detailed HR data
- Any HR team that wants to build a solid, data-driven management strategy for their organization is in the practice of tracking HR Metrics
- Use HR metrics to detect attrition risk, shape talent pipelines, predict candidate performance, and address potential DE&I gaps

Source: Salary.com Pay Practices survey, Fall 2020

SMB Turnover Rate

SMB Turnover Rate (Avg) by Industry



Source: Salary.com Pay Practices & Compensation Strategy survey, November 2020

TriNet Offerings

TriNet Compensation Benchmark Report powered by Salary.com

- Self-serve report directly accessible from Workforce Analytics platform

The screenshot displays the TriNet Workforce Analytics interface for the Compensation Benchmark report. On the left is a dark blue sidebar with navigation options: Home, My Reports, Human Resources, Benefits, Payroll & Accounting, Tax & Compliance, Compensation Benchmark (highlighted), Report Builder, Community Templates, Scheduler, Dashboard, and Executive. The main content area features a search bar for job titles, a 'Search Job Reports' section with a note about 15,000 unique job titles in 16 countries, and a 'Powered by salary.com' logo. Below this are three promotional cards: 'Learn More' with a 'Download Sample Report' button, 'How to Purchase Reports' with 'FAQs' and 'View Video' buttons, and 'Recently Viewed Jobs' listing roles like Project Manager I, Electrician III, Aircraft Electrician, Electrician I, and Electrician II. At the bottom, there's a 'Previously Purchased Reports' section showing 73 reports, with a table header including 'JOB TITLE', 'SCOPES', 'DATE CREATED', 'JOB FAMILY', 'RECEIPT MAILED TO', and 'EXPORT'. The current report scope is 'United States West (Region) | Aerospace & Defense |'.

TriNet Compensation Benchmark Report powered by Salary.com

- Comprehensive database of 15,000 job titles across 225 industries

The screenshot displays the TriNet Workforce Analytics interface for a Salary.com Job Report. The left sidebar contains navigation options: Home, My Reports, Human Resources, Benefits, Payroll & Accounting, Tax & Compliance, Compensation Benchmark (highlighted), Report Builder, Community Templates, Scheduler, and Dashboard. The main content area shows a search for 'project manager' with 1523 results. Filters include Job Family (40 Families), Job Level (6 Levels), Experience (0-8 Years), Education (7 Education), Manage People (All), Job List (All), and FLSA Status. A table lists job titles with columns for Job Title, Job Description, Job Level, Job Family, Job Focus, Education, and FLSA Status. The 'Project Manager I' row is selected.

JOB TITLE	JOB DESCRIPTION	JOB LEVEL	JOB FAMILY	JOB FOCUS	EDUCATION	FLSA STATUS
<input type="checkbox"/> Project Manager III	View	Senior (III-V)	Administration	Project Management	Bachelor's	E
<input checked="" type="checkbox"/> Project Manager I	View	Entry (I)	Administration	Project Management	Bachelor's	V
<input type="checkbox"/> Project Manager - Entry - IT	View	Entry (I)	Information Technology	IT, Project Management	Bachelor's	E
<input type="checkbox"/> Project Manager II	View	Intermediate (II)	Administration	Project Management	Bachelor's	E
<input type="checkbox"/> Project Manager - Construction	View	Managers	Construction/Architecture/Design	Construction, Project Management	Bachelor's	E
<input type="checkbox"/> Project Manager - Experienced - IT	View	Intermediate (II)	Information Technology	IT, Project Management	Bachelor's	E
<input type="checkbox"/> Project Manager - Senior - IT	View	Senior (III-V)	Information Technology	IT, Project	Bachelor's	E

TriNet Compensation Benchmark Report powered by Salary.com

- First report free per company, which includes one geography, one industry, and one company size

The screenshot shows the TriNet Workforce Analytics interface. The left sidebar contains navigation options: Home, My Reports, Human Resources, Benefits, Payroll & Accounting, Tax & Compliance, Compensation Benchmark (highlighted), Report Builder, Community Templates, Scheduler, Dashboard, Executive, Admin, and Multi-Company Access. The main content area is titled 'Payment' and features a progress bar with four steps: 1. Select Jobs (1 Selected), 2. Select Scopes (3 Selected), 3. Confirmation, and 4. Payment (active). Below the progress bar, there are two main sections: 'Customer Information' and 'Order Information'. The 'Customer Information' section prompts the user to enter an email address to start checkout, with an example 'e.g. address@sample.com' and a 'Generate Report' button. The 'Order Information' section displays a summary: '1 Report', '1 Report FREE', 'SUBTOTAL \$0.00', and 'TOTAL (USD) \$0.00'. An 'Authorize-Net' logo is visible at the bottom right of the payment area. The footer includes copyright information for 2020 and logos for TriNet and Salary.com.

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TriNet Compensation Consulting

- Consultative service with the Talent & Management Organization



Thank you!