



# Do You Have a Minute for a Question?

How to talk with your employees  
about their compensation

# Handling Human Resources in the Wine Industry

## The fun part . . .

- More independence than in corporate
- Close relationships with employees
- Glamorous products and events

## And the rest . . .

- Lots of one-person departments = crisis-to-crisis management
- Have to know all HR specialties
- Business priorities change every year (or more)
- Word gets around – fast!

# Communicating about Compensation?

HR is *always* exchanging information with employees *whether you want to or not*

{ Just like we scrutinize candidates }



- ➔ When you talk, when you don't talk
- ➔ When you explain, when you don't
- ➔ When you meet to address HR issues, when you don't

# Everything You Do (in Compensation) Is Communications!

- What you pay me
- How you decide what to pay me
- Who earns raises and why
- Who doesn't
- And so on . . .



# How Do Employees Define “Pay Transparency?”

**A better understanding  
of what fair pay is  
for my position and skills**



# Employee Questions Give You Important Opportunities



- It's up to HR to build understanding about their pay
- “Fair” pay vs. Unfair pay
- Trust vs. Suspicion

I'd like to take the job, but I won't take less than the salary in the Wine Business Monthly salary survey.





I'm paid less  
than my friend  
at . . . Silver Oak  
or Kendall  
Jackson or  
Rochioli or . . .

I've worked for you  
for 4 years, but  
I'm making less than  
it says in the  
WBM survey



This place  
can't run  
without me.  
I should be  
paid more than  
the survey  
says!



If only you could just  
give each of them  
the \$\$\$  
that they're  
asking for...



then close your  
door and  
go back to work!

# Compensation speaks powerfully to employees

- Their role
- Value to winery's success
- How the team feels about their contributions
- Their personal status/sense of self in the group



{ Lots of emotions! }

Do you know what your compensation plans are saying to your employees?

How about after the 2016 WBM/WMG Winery Survey?



Starting today, become  
more courageous!



Dial up the power of  
your compensation plan  
by recognizing and  
taking control  
of the story it tells!

# Where Should You Begin? With Your Executive(s)

Agree that you will:

- ✓ **Commit to effective employee and executive communications**
- ✓ **Believe pay transparency can work!**
- ✓ **Follow systematic salary management practices and think long term**
- ✓ **Use cultural insights from your winery**



# How About a Checklist to Help You Handle Communications?

We'll cover how to:

- 1. Identify challenges and prepare**
- 2. Follow salary management practices**
- 3. Talk with employees**



# 1. Identify Challenges

How will employees react to what they see in WBM?

- Winemaker
- VP Sales
- Tasting Room Manager
- Vineyard Manager
- Office Manager
- Wine Club Manager



# 1. Identify Challenges cont' d

How will employees react to what they see in WBM?

- **Employees easily misunderstand survey data**
  - Emotional about their pay
  - Typically not familiar with how their compensation program works
- **No winery or cultural context**



# . . . And Prepare!

Decide to skip the headaches

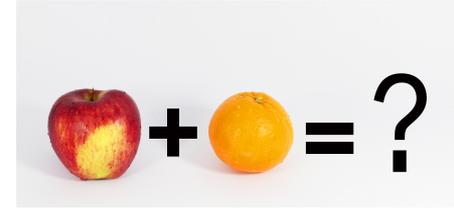
## Start tomorrow

- ✓ Who is going to question you about his/her pay and why?
- ✓ Don't wait 'til they knock on your door – gather data and examine your options



## 2. Follow Salary Management Practices

Review alignment of your jobs  
with WBM survey descriptors



- Match up with case production
- ID any differences in each job's **scope of responsibility**
- Recognize that your **total compensation design** may be different, especially for bonuses
  - Different **performance targets**
  - Different **pay vs. incentive mix**

## 2. Follow Salary Management Practices

What else should be taken into account?



- Survey results address **midpoint** of salary range
- **Salary range (based on midpoint)** describes salary opportunities over learning curve in job

# WBM Survey Results Address the Midpoint of the Salary Range

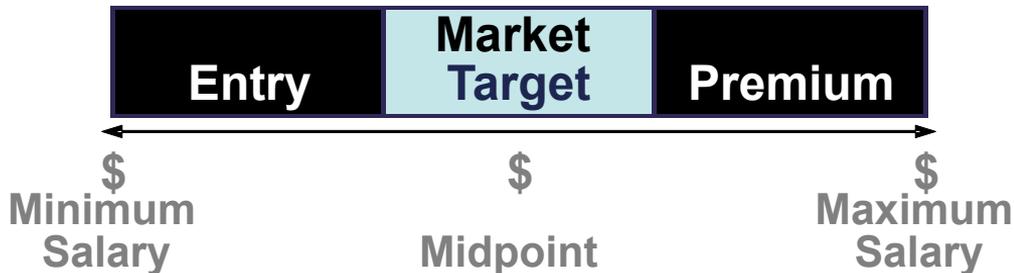
Primary purpose of survey data is to determine a range of pay rather than a fixed salary amount



## Competitive Range Rules-of-Thumb

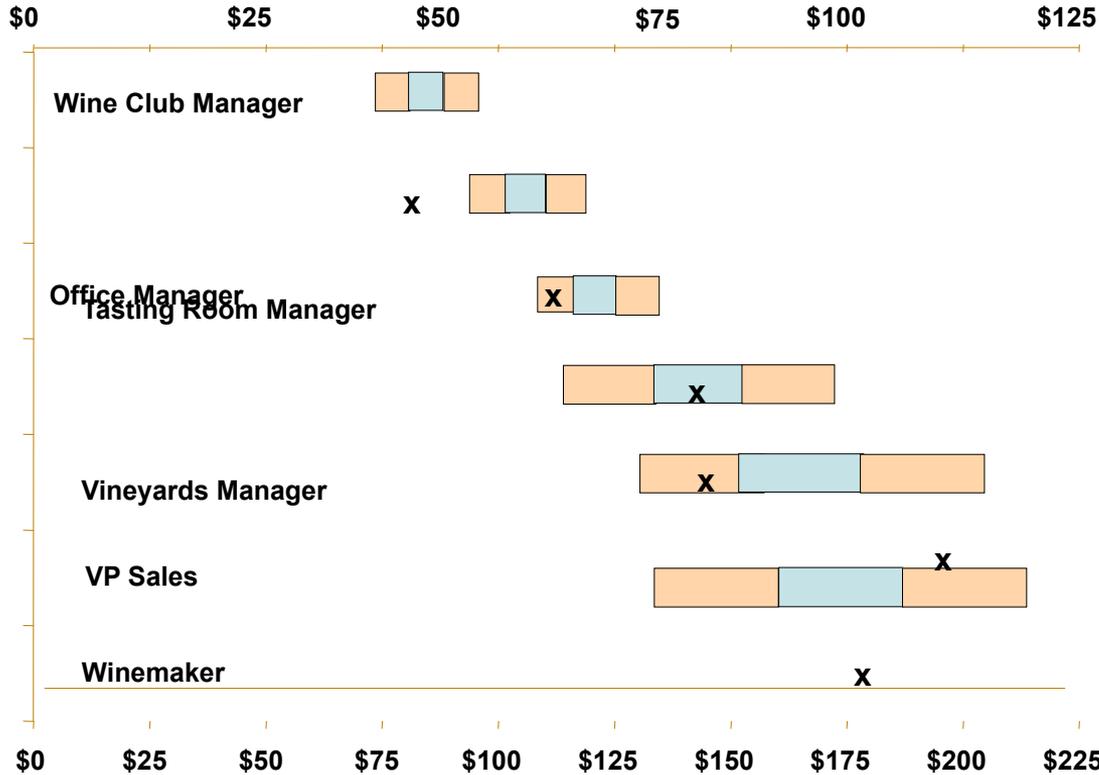
- Executives +/- 20%
- Managers +/- 15%
- Professionals +/- 15%
- Hourly +/- 10%

# Salary Range Segments = Salary Opportunities Over Learning Curve for Job



- **Entry** - Inexperienced new hire or recent promotion
- **Market “Target”** - Fully experienced and qualified employees
- **Premium** - Small number of employees whose value to your winery strategy warrants being paid above-market salaries

# Analyze Employee Position-in-Range



**X = actual employee pay**

$$\text{Compa-Ratio} = \frac{\text{salary}}{\text{midpoint}}$$

Are employees in the right place given their development and performance over past 2 to 3 years?

Are high performers earning less than low performers?

Are new hires paid more than long-term employees?

Who is paid outside the range and why? What will you do?

## Additional Practices that Meet Industry Standards

- ➔ **Use WBM/WMG Winery Survey data to stay up-to-date on Winery trends**
- ➔ **When considering **pay adjustments**, consult additional information sources to identify patterns**
  - e.g. general industry surveys, employment competitor pay practices, colleagues, etc.
- ➔ **Apply consistent policies and practices about raises, promotions and titling based on your comp philosophy**
- ➔ **Avoid **compression****

# How to Think Long Term about Compensation and Improve Communication?

**Turn your pay philosophy into a pay tool kit that can guide consistent practices**

1. List typical pay actions
2. Outline steps and guidelines
3. Develop policies, as needed
4. Record in a Salary Management Handbook
5. Develop tools for managers



# Talking with Employees about 2016 WBM Winery Survey

**Once you have. . .**

**Briefed your executive(s)**

1. Identified challenges and prepared for decisions
2. Planned how to follow salary management practices

**You are ready to . . .**

**Present recommendations to executive(s) and then**

3. Talk with employees

# 3. Talk with Employees

## Everything You Do In Compensation Is Communications

- **It's up to HR to**
  - Build understanding about their pay
  - Turn their emotions into insights
- **“Fair” pay vs. Unfair pay**  
**= Trust vs. Suspicion**



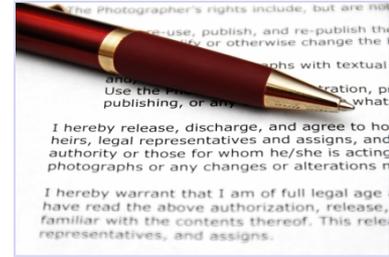
# Communication Tools

## Discussion Outline

- **Used by HR and whoever else is talking with employees about pay**
- **Bullet-point script**
  - Sequence of comments
  - Customized to employee
  - Preferred wording

## FAQs

- **Brainstorm the typical – and toughest – questions you may get**
- **Write out preferred answers**
- **Also may want to highlight what NOT to say**



# How Do Your Winery Culture and Results Figure In?

- **Pay-for-performance culture?**
  - How consistent?
  - Clear to employees?
- **Employee as business partner**
  - Awareness and understanding of Winery finances
  - Positioning in relation to competitors



# Define Your Messages

Individualized briefing on

- **Meaning of midpoint inc. survey data**
- **What position in range means re: employee's development and performance**
- **If planning a salary adjustment, why and when**



# Define Your Messages cont' d

## If not planning a salary adjustment

- **Why**
  - Employee performance rationale
  - Salary administration rationale
  - Business/culture rationale
- **When you will revisit**
- **Acknowledge accomplishments and discuss personal development goals**



# Questions and such?

Let's talk at today's  
Roundtables

Contact me at

re:Think Consulting

mohanlon@rethinkconsulting.com

415 457 3774



Visit

**Compensation Café blog . . .**

*straight talk, original thinking and  
caffeinated discussion on  
everything compensation since 2009*  
[www.compensationcafe.com](http://www.compensationcafe.com)

winejobs.com

SUMMIT

RECRUIT | DEVELOP | RETAIN