

**Q**uestion: Our organization is getting ready to undertake a comprehensive review of our classification and compensation system. Can you give us some guidance as to how we do this so that we end up with a successful study and not a disaster that will cost me my job?

**CompDoctor™:** You have obviously been witness to other organizations that have conducted such a review and we are guessing that you may have witnessed the fallout from a review that, as they say, went south. Either that, or you have been there yourself and have prior experience with a study that did not go well and now you are in a new agency and don't want to make the same mistakes twice. A very wise move!

Obviously, this is something we see happen all too often. In reviewing something in excess of 300 requests for assistance per year from agencies that want to conduct a classification and/or compensation study, we normally see some fairly typical requirements. Most common is that the request will specify the desired outcome such as a new pay plan or job descriptions. When asked how they came to that objective, the answers are all over the board. What this tells us is that somebody either decided that doing a study was a good idea or they are doing one to placate a certain constituency or stakeholder. Do they really want to do this? Probably not.

In many cases, the reason for the study is really because people do not like how the current system is being managed. Let us assure you that designing a new system to replace an old system that is structurally sound but administratively out of whack (one of those fine terms of art) is not good business. If the old system was not properly managed or administered, do you honestly think that the old problems will not recur with a new system? If the problems are administrative (like you made up jobs that were not valid simply to justify an increase in pay for someone, or placed a job into a higher pay grade when it should have been placed in a lower grade), save yourself a lot of time and money and deal with the administrative issues. In the long term, it will be far less agonizing than designing and implementing

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a whole new program. Furthermore, you will tick off fewer people.

We are also amazed at the naivety regarding the process. Organizations will say they want to start this project no later than January 5 and have a study completed by March so that they have all the information needed for the budget for next year. This is the equivalent of deciding in September that you want to start working on a family addition so that you can have an additional tax deduction by December 31. It is usually not reasonable or doable. Other organizations will specify the exact steps they want but have not really thought through the realities of organizational change and the need to take certain steps to gain employee, supervisor, manager, and elected official buy-in regarding the study results. If vendors propose alternative approaches, they are not compliant with the agency's requirements. This impacts the process of selecting someone to guide them through the process.

One of the major pitfalls is that some organizations believe that they can achieve universal peace and love through a classification and compensation study. Until there is acceptance of the fact that it is virtually impossible to make everyone happy and that, at best, you will get 50 percent of your employees neutral to happy (thereby leaving the other half who will not be pleased with the outcome), it makes little sense to move forward with a study such as you describe. We recently had a client that wanted a comprehensive review completed including fairly substantial change to the underlying system, like new job titles, new grade structures, etc. Unfortunately, as it turned out, that meant changes to only those parts of the organization that were small or had little overall clout in the organization. Certain depart-

ments felt that they should be excluded from the study because the department head reported directly to the city council and not to the city manager, or that a department should be treated differently because it was an enterprise operation. Until those kinds of issues can be addressed, you should not move forward.

While most organizations reserve job classification as a management right (in those agencies with collective bargaining), the compensation system will ultimately become the subject of meet and confer or collective bargaining. It is essential that you at least have some sort of tacit recognition from your employee organizations as to what you want to do and why you want to do it. That does not mean that they will embrace every outcome but at least they should be a party to the process.

You asked what steps should be taken to avoid a disaster. In addition to our previous comments, you absolutely have to be intimately involved in the project. The human resources director or some other very high level manager must be the owner of the process. You cannot simply defer to an outside organization and then just assume that they will do everything. Would you hire a contractor to completely remodel your house and then just move out while the work is being done without being intimately involved? We certainly hope not. However, if you don't want to get involved and put your own stamp of approval on the process and the outcomes, then it is unrealistic to expect that you will have any control over the results.

Finally, you should make sure that this is not viewed as solely a human resources initiative. Involvement of the various stakeholders at the beginning will go a long way to gaining some degree of ownership in the results. If it is

solely an HR initiative, it helps if the HR department is viewed as well managed, progressive, a positive force for change in the agency, and well respected by all parties. Since we know that description fits most of the HR departments in the country, feel free to ignore all of the other comments we have made to this point.

This month's rule: All changes to classification and compensation systems will create anxiety. Small changes are difficult because they typically address specific issues that only affect a vocal few. Big changes are difficult because of organizational inertia and the mindset that they really do not need to change. Like harbor pilots who bring large ships through perilous waters, change agents must work with gifted navigators to get them through the process. If you do not, prepare to hit the rocks.

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*The Comp Doctor™ is the team of Jim Fox and Bruce Lawson of Fox Lawson & Associates LLC, a compensation and human resources consulting firm that specializes in assisting governments in fixing their compensation and classification systems. They are seriously irreverent about their specialty. You may find them on the Web at [www.foxlawson.com](http://www.foxlawson.com). If you have a question you would like to have them answer, please write to them at [jfox@foxlawson.com](mailto:jfox@foxlawson.com) or [blawson@foxlawson.com](mailto:blawson@foxlawson.com). They will try to include it in the next issue of Comp Doctor™. —N*