

Salary Talk

Communication Templates



Not quite sure how to approach conversations about compensation?

Here are six different “Salary Talk” templates you can use with your employees. They’re short, sweet, and effective – each one can be delivered in one minute or less.

Salary Communication Template A

Normal Budgeted Increase

- 1 Congratulations, _____.
- 2 Your new salary is \$_____.
- 3 That's an Increase of ____%.
- 4 Which puts you (or keeps you) in the ____ quartile for your salary grade.
- 5 Keep up the great work!
- 6 Ask the employee if they have any questions.
- 7 Thank the employee -- don't forget the smile.

KEY CONSIDERATIONS:

- ① Make the conversation short but sweet.
- ① This should be a hygienic act designed to "pay you fairly for what you do."
- ① Don't tell "The Big Lie" by suggesting that this year's raise is a direct result of last year's effort and performance.
- ① Increases are determined by considering four critical factors:
 1. Organization Budget
 2. Employee Compa-Ratio (Current Salary vs. Market Average for Job)
 3. Performance
 4. Potential
- ① If the employee wishes to discuss how to earn more money, structure a separate coaching conversation in which you talk about potential advancement opportunities.

Questions?

answers@catalyticcoaching.com



Salary Communication Template B

Purposefully Reduced Increase

- 1 Congratulations, _____.
- 2 Your new salary is \$_____.
- 3 That's an increase of ____%.
- 4 Which puts you (or keeps you) in the ____ quartile for your salary grade.
- 5 It is important for you to know that this increase was reduced in scope based on the ongoing performance discussions that we've been having. If positive progress had not been noted, there would have been no upward adjustment at all.
- 6 Please keep on the positive improvement path because I'd like to have an even better message to deliver to you next time.
- 7 Ask the employee if they have any questions.
- 8 Thank the employee -- don't forget the smile.

KEY CONSIDERATIONS:

- ① Don't forego the opportunity to reinforce a message of improvement with salary treatment. It may not be a big adjustment, but it has symbolic importance to your direct report.
- ② Make sure they know that sustained improvement will be the deciding factor for advancement opportunities and salary increase.

Questions?

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Salary Communication Template C

Purposefully Reduced Increase – Zeroed Out

- 1 Nice to see you, _____.
- 2 I want to sit down with you formally to confirm what you probably already expect with regard to salary treatment this year. Namely, that you won't be receiving an increase.
- 3 Please understand that the lack of increase is not a function of the budget or your position in your salary grade. It is performance driven.
- 4 The good news is that if your performance improves significantly and for a sustained period, you will be in a good position to receive an increase during our next cycle, which will likely be a year from now.
- 5 Please keep on the positive improvement path that we've been discussing. You need it to simply retain your job. If you can do that, I will have a more positive message to deliver to you next time.
- 6 Ask the employee if they have any questions.
- 7 Thank the employee -- don't forget the smile.

KEY CONSIDERATIONS:

- ④ Don't forego the opportunity to reinforce a message of improvement with salary treatment. Even in the absence of a big adjustment, it has symbolic importance to your direct report.
- ④ If the employee is extremely low in their salary band, offer to revisit the situation in six months. Make sure they know that sustained improvement will be the deciding factor for advancement opportunities and salary increase.

Questions?

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Salary Communication Template D

Extremely Small Increase to a Seasoned Contributor

- 1 Congratulations, _____.
- 2 Your new salary is \$_____.
- 3 That's an Increase of ____%.
- 4 Which puts you (or keeps you) in the ____ Quartile for your salary grade, among the highest of anyone in our industry who does what you do in an organization of our size.
- 5 We pay you at that extremely high compensation ratio due to your excellent work ethic and your senior level contribution.
- 6 We appreciate what you do for this company. Keep up the good work.

KEY CONSIDERATIONS:

- ① Make the conversation short but sweet.
- ① This should be a pleasant meeting designed to "pay you fairly for what you do."
- ① Don't tell "The Big Lie" by suggesting that this year's raise is a direct result of last year's effort and performance.
- ① Increases are determined by considering four critical factors:
 1. Organization Budget
 2. Employee Compa-Ratio (Current Salary vs. Market Average for Job)
 3. Performance
 4. Potential
- ① If the employee wishes to discuss how to earn more money, structure a separate coaching conversation in which you talk about potential advancement opportunities.
- ① Emphasize your appreciation and recognition of their important contribution to the team.
- ① Above all, don't convey a feeling of guilt for paying your senior level employee at the top of the market.

Questions?

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Salary Communication Template E

Unit-Wide Salary Freeze

- 1 Unfortunately, due to business conditions, we're unable to make any merit-based salary adjustments at this time.
- 2 To remain competitive in this difficult market place, we've decided that it is both necessary and prudent to hold salaries constant. This is a measure we've taken with all groups and at all levels, starting at the top.
- 3 We realize that this is difficult for you and your family.
- 4 We don't take this step lightly or without serious reflection. Nor do we make this decision in isolation. It is part of an overall strategy to allow us to remain viable.
- 5 As you know, we have already... (curtailed executive bonuses, released contractors, accepted early retirements, laid off groups A and B, instituted travel restrictions, delayed building renovations, reduced the training budget, etc.)
- 6 This salary freeze is a temporary measure. We will commit to revisit the situation in six months.
- 7 To help stabilize the organization as we work through this downturn, we need everyone's hard work and dedication. Your commitment will be vital. We need your help to have a more positive conversation in six months.

KEY CONSIDERATIONS:

- ① If freeze is widespread, this can be communicated to groups that are impacted equally.
- ① If communicated to a group, announce that individuals can meet with you separately, at their request. Allow time for questions and answers.
- ① Because a freeze does not affect all individuals equally, consider making non-merit adjustments to anyone that is below salary range minimum or at risk. Talk to individuals affected discretely and acknowledge that non-merit adjustments may be made for those below range minimums.
- ① Consider stock options or other back-loaded incentives for high potential employees that you are fearful of losing.

Questions?

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Salary Communication Template F

Unit-Wide Salary Reduction

- 1 Unfortunately, due to extraordinarily challenging business conditions, we're forced to make some difficult decisions with respect to payroll.
- 2 Your segment of the organization will undergo an across-the-board salary reduction of ___%. This is a measure we've taken with several other groups, starting at the very top.
- 3 We realize that a reduction in pay will pose a hardship for you and your family.
- 4 We don't take this step lightly or without serious reflection, nor do we take this step in obligation. It's part of an overall strategy to allow us to remain viable.
- 5 As you know, we have already (curtailed executive bonuses, released contractors, accepted early retirements, laid off groups A and B, instituted travel restrictions, delayed building renovations, minimized the training budget, etc.)
- 6 This salary reduction is a temporary measure. We are committed to revising this situation in six months.
- 7 To help stabilize the organization as we work through this downturn, we need everyone's hard work and dedication. Your commitment will be vital. We need your help to have a more positive conversation in six months.

KEY CONSIDERATIONS:

- ① If the reduction is widespread, this can be communicated to groups that are impacted equally.
- ② If communicated to a group, announce that individuals can meet with you separately, at their request. Allow time for questions and answers.
- ③ Because a reduction does not affect all individuals equally, consider making non-merit adjustments to anyone that is below salary range minimum or at risk. Talk to individuals who are affected discretely and acknowledge that non-merit adjustments may be made for those below range minimums.
- ④ Consider stock options or other back-loaded incentives for high-potential employees you are fearful of losing.

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