UNIVERSITY OF WISCONSIN SYSTEM

ADVISORY COUNCIL MEETING

March 21, 2017

Karen Hutcheson, Partner
Lyn Harper, Principal
Laura Lennartz, Principal
Nicole Cook, Senior Associate
Elizabeth Walgram, Senior Associate
AGENDA

• Opening Remarks
• Introductions
• Project Plan
• Guiding Principles
• Group Discussion
INTRODUCTIONS

Karen Hutcheson
Partner
• Engagement Leader
• Leads Mercer’s compensation and talent consulting services to higher education clients

Ken Simek
Partner
• Project Advisor
• Leader of Mercer’s Higher Education Industry Vertical

Paola Guyer
Principal
• Project Manager for Communications and Change Management

Lyn Harper
Principal
• Co-Project Manager for Compensation and Classification
• Day-to-day contact for UW-Madison

Laura Lennartz
Principal
• Co-Project Manager for Compensation and Classification
• Day-to-day contact for UW-System

Celeste Dickson
Senior Associate
• Project Consultant for Communications and Change Management

Elizabeth Walgram
Senior Associate
• Project Consultant for Compensation and Classification
• Dedicated resource for UW-Madison

Nicole Cook
Senior Associate
• Project Consultant for Compensation and Classification
• Dedicated resource for UW-System
# INTRODUCTIONS

<table>
<thead>
<tr>
<th>Advisory Council for Title/Total Compensation Study</th>
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<tbody>
<tr>
<td>Chancellor Mark Mone, UW-Milwaukee</td>
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<td>Provost Sarah Mangelsdorf, UW-Madison</td>
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<td>Bethany Pluymers</td>
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<td>Associate Dean for Administration</td>
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PROJECT PLAN
PROJECT PLAN OVERVIEW AND TIMELINE

Major Components of the Project Plan

I. Design and Study Strategy
- Review data
- Develop project plan
- Stakeholder interviews and focus groups
- Compensation philosophy
- Guiding principles
- Preliminary communication and change management strategy

II. Assess Positions and Develop New Job Title Structure
- Create/update job descriptions
- Job titling framework
- Map positions to the titling framework
- Review FLSA classifications
- Stakeholder briefings

III. Create Compensation Structure
- Analysis of compensation
- Salary structure
- Preliminary impact analysis
- Salary administration guidelines
- Stakeholder briefings

IV. Review Benefits Structures
- Analysis of benefits structures and levels
- Gap analysis and recommend solutions

V. Implement New Structures
- Presentation to stakeholders
- Finalize program based on stakeholder feedback
- Finalize communication and change strategy
- Deliver targeted communications
- Training for ongoing program administration
• The objective of **Step 6** is to conduct reviews of the program after implementation in order to review and recalibrate as needed.

Mercer will provide one training session per review period on compensation program to newly hired HR staff.
The table below presents the preliminary anticipated project timeline based on Mercer’s understanding of the goal to implement the new program within 2 years of launch and our experience with similar engagements.

Mercer is committed to working with the project team to determine the most appropriate timeline.

<table>
<thead>
<tr>
<th>Milestone Work Step</th>
<th>Estimated Timeline (Year 1)</th>
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<tbody>
<tr>
<td></td>
<td>Mar</td>
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<tr>
<td>Phase 1: Design Study Strategy</td>
<td></td>
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<tr>
<td>Phase 2: Assess Positions and Develop New</td>
<td></td>
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<tr>
<td>Job Title Structure</td>
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<td>Phase 3: Create Compensation Structure</td>
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<td>Phase 4: Review Benefits Structures</td>
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<tr>
<td>Communication and Change Management</td>
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# Project Plan Overview and Timeline

**Proposed Timeline**

<table>
<thead>
<tr>
<th>Milestone Work Step</th>
<th>Estimated Timeline (Year 2)</th>
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<tbody>
<tr>
<td></td>
<td>Mar</td>
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<tr>
<td>Phase 3: Create Compensation Structure</td>
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<tr>
<td>Phase 4: Review Benefits Structures</td>
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<tr>
<td>Phase 5: Implement New Structures</td>
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<td>Communication and Change Management</td>
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<td>Phase 6: Conduct Formal Follow-up Reviews</td>
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<td></td>
<td>Occurs 6 months, 1 year, 2 years and 4 years after implementation</td>
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PROJECT PLAN OVERVIEW AND TIMELINE

TOTAL COMPENSATION PHILOSOPHY INFLUENCES

- Organizational Strategy
- Organizational Structure and Complexity
- Talent Needs and Market Influences

TOTAL COMPENSATION PHILOSOPHY COMPONENTS

- Program Guiding Principles
- Market References & Pay Position
- Program Components & Administration
- Governance & Accountability
- Communication & Transparency

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ADVISORY COUNCIL GUIDING PRINCIPLES

Advisory Council

Advise on vision and mission for the project
Act as a representative of, and liaison to, stakeholder groups
Advocate for the project with all stakeholders
Endorse the business case for the project
Advocate for resources
Advise on the development of the Request for Proposal (RFP)
Participate in meetings of the Advisory Council
Review status and provide advice to help the study progress
Advise and support the study project team
# Stakeholder Responsibility

## Stakeholder Groups Roles and Responsibilities

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Roles and Responsibilities</th>
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</thead>
<tbody>
<tr>
<td>Board of Regents</td>
<td>Champion, oversight</td>
</tr>
<tr>
<td>Executive Sponsors</td>
<td>Champion, oversight, decision-maker</td>
</tr>
<tr>
<td>Advisory Council Co-Chairs</td>
<td>Co-lead and ensure Advisory Council maintains focus on charge</td>
</tr>
<tr>
<td>Advisory Council</td>
<td>Communicate, endorse, advocate and monitor</td>
</tr>
<tr>
<td>Project Leads/Project Team</td>
<td>Communicate, lead and manage the project work</td>
</tr>
<tr>
<td>Governance Groups</td>
<td>Communicate, support and provide feedback</td>
</tr>
<tr>
<td>HR Directors, staff and administrators</td>
<td>Communicate, educate, support, guide, perform administrative work at the institution-level</td>
</tr>
<tr>
<td>Campus stakeholders</td>
<td>Communicate, provide feedback</td>
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APPENDIX
PHASE 1: DESIGN STUDY STRATEGY

- Phase 1 is the project foundation which will facilitate Mercer’s understanding of current approach to compensation and desired future state.

Phase 1: Design Study Strategy

Understand Current and Desired Future State and Finalize Project Plan:

- Collect and review relevant background data, information and documentation
- Set up the secure portal, MercerConnect, for sharing and storing the study data
- Prepare and finalize project plan, including milestone dates, roles and responsibilities
- Conduct kick-off project planning meetings
- Work with the project teams to identify stakeholder groups
- Interview key stakeholders to understand their vision around compensation, competencies, and career growth
- Establish schedule for team calls to discuss project status (e.g., bi-weekly or weekly)
Phase 1: Design Study Strategy

Develop Draft Total Compensation Philosophy:

• Summarize findings and implications from the data review, planning meeting and stakeholder interviews and discuss with the project teams

• Develop draft total compensation philosophy statement

• Refine the draft as needed during the project, with finalization to occur prior to program implementation

Communication and Transparency:

• Conduct communication planning meeting

• Develop education and engagement communication strategy for updating leadership/managers and key stakeholders
PHASE 1: DESIGN STUDY STRATEGY

How You Can Help
- Help Mercer understand perspectives and concerns of your stakeholder group(s)
- Provide input on the compensation philosophy
- Participate as a stakeholder

What’s In it for You
- Input on the compensation strategy and philosophy
- Voice your perspective on what’s working well with the compensation program and address areas that need revision
- Greater transparency regarding the titling program

Timeline
- Overall timeline: 2 months
PHASE 1: DESIGN STUDY STRATEGY

TOTAL COMPENSATION PHILOSOPHY INFLUENCES

ORGANIZATIONAL STRATEGY

ORGANIZATIONAL STRUCTURE AND COMPLEXITY

TALENT NEEDS AND MARKET INFLUENCES

TOTAL COMPENSATION PHILOSOPHY COMPONENTS

Program Guiding Principles

Market References & Pay Position

Program Components & Administration

Governance & Accountability

Communication & Transparency
PHASE 2
ASSESS POSITIONS AND DEVELOP NEW JOB TITLE STRUCTURE
PHASE 2: ASSESS POSITIONS AND DEVELOP NEW JOB TITLE STRUCTURE

• The objective of Phase 2 is to develop a framework that will articulate job families and levels and serve as an anchor for the compensation program as well as the FLSA review.

Define a Preliminary Job Family and Level Framework:

• Understand the desired future state for the job titling structure and its framework within the overarching talent strategy.
• Cluster like positions with similar roles and responsibilities.
• Define and describe career streams, job families and job sub-families which will serve as the job title structure.
  – The framework will be sensitive to the unique needs of UW-Madison as well as the other UW System institutions and recognize that not all job sub-families or positions exist at each institution.
  – In addition, at UW-Madison, there may be multiple subspecialists in a particular job, whereas in UW System institutions with fewer staff, the role may have a similar title, but require a broader skill set.
Define a Preliminary Job Family and Level Framework:

• Review preliminary job family and level framework with the project teams and adjust as needed based on feedback from the group.

• Assign jobs to the job family and level framework and adjust as needed based on feedback from the project team.

Validate Job Families, Levels and Job Assignments:

• Prepare materials to facilitate review and validation of draft job family and level framework and slotting of jobs with key stakeholders.

Finalize Job Families and Job Level Framework:

• Based key stakeholder input, finalize descriptions of job families, sub-families, career streams and job levels. Finalize slotting of jobs within job families and levels.

Communication and Transparency:

• Engage key stakeholders through project briefings.
Phase 2: Assess Positions And Develop New Job Title Structure

Collect and Review Job Content Information

- Gather current information about job scope and responsibilities.
  - Job content information will be gathered through an online software application that would feed into a job description database.
    - Mercer has partnered with HRTMS, a company that has developed JDXpert, a web-based platform to develop and streamline job descriptions, to collect job content information online.
      - JDXpert is a cloud-based software product that enables online creation, revisions and, if desired, ongoing maintenance of job descriptions.
      - Allows for open, traceable collaboration between HR, managers and those with specialized knowledge of specific jobs.

Conduct a High-Level FLSA Review

- Review job descriptions and employee census data and identify job classifications that require further analysis.
**PHASE 2: ASSESS POSITIONS AND DEVELOP NEW JOB TITLE STRUCTURE**

<table>
<thead>
<tr>
<th>How You Can Help</th>
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<tbody>
<tr>
<td>• Ensure all voices are heard by encouraging participation in job description update process</td>
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<tr>
<td>• Reinforce communication and approved messages</td>
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</table>

<table>
<thead>
<tr>
<th>What’s in it for You</th>
</tr>
</thead>
<tbody>
<tr>
<td>• More clearly defined and consistent understanding of jobs</td>
</tr>
<tr>
<td>• Updated job descriptions and use of JDXpert for maintaining and updating job descriptions</td>
</tr>
<tr>
<td>• Greater transparency regarding the titling program</td>
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<table>
<thead>
<tr>
<th>Timeline</th>
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<tbody>
<tr>
<td>• Overall phase timeline: 9 months</td>
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PHASE 2: ASSESS POSITIONS AND DEVELOP NEW JOB TITLE STRUCTURE

CAREER STREAMS
Career type within the organization, characterized by unique responsibilities. Typical streams are Support, Individual Contributor and Management.

JOB LEVELS
The hierarchical position of a job within a career stream. Recognizes incremental changes in job scope and responsibilities. Consistent across job families.

JOB FAMILIES
Generally recognized major professional area, often requiring a unique set of technical capabilities. Most career development occurs within a job family.

JOBS WITHIN EACH JOB FAMILY / SUB FAMILY
Distinct set of responsibilities, usually requiring a different level/amount of experience and is difficult to directly compare to any other.

WHAT is expected of me?
HOW can I get there?

ILLUSTRATIVE SUPPORTING MATERIALS
PHASE 3
CREATE COMPENSATION STRUCTURE
• The objective of Phase 3 is to define the labor markets for comparison, assess competitiveness and design a market informed salary structure that is aligned with the compensation philosophy.

Phase 3: Create Compensation Structure

Conduct Market Compensation Analysis:

• Determine the comparator markets to use for the competitive analysis (e.g., national, regional and/or local, higher education and/or general industry, depending upon the job).

• Identify the appropriate salary surveys and comparison markets

• Match jobs to compensation surveys and confirm matches with the project team

• Compare compensation data for all positions to compensation offered in the market to determine degree of alignment.
Phase 3: Create Compensation Structure

Design Salary Structure and Assign Jobs to Salary Grades:

• Discuss base pay structure design alternatives with the project teams.
• Develop a straw model base pay structure based on the compensation philosophy developed in Phase 1, the competitive assessment data, and the job framework.
• Review grade assignments with the project teams and refine.
• Prepare materials for the project teams to use to validate job and grade assignments and impact of new program with key stakeholders.

Prepare Preliminary Impact Analysis:

• Conduct impact analysis on straw model identifying jobs impacted positively, negatively and neutrally under the proposed structure.

Develop Salary Administration Guidelines:

• Draft guidelines for how salaries will be managed and refine based on team feedback.
PHASE 3: CREATE COMPENSATION STRUCTURE

How You Can Help

• Provide input on comparator markets

What’s in it for You

• Contemporary, market informed salary ranges
• Salary administration guidelines for managers and HR
• Greater transparency regarding the titling program

Timeline

• Overall phase timeline: 6 - 9 months
PHASE 3: CREATE COMPENSATION STRUCTURE

- Collect information on position responsibilities and requirements.
- Review for clarity and accuracy.
- Cluster like positions into jobs that reflect core responsibilities and requirements.
- Group jobs into job families, for ease of benchmarking and as foundation for job frameworks and performance management.
- Identify benchmark jobs.
- Price in comparison to appropriate markets (e.g., higher educational, general industry, national, regional, and local areas).
- Determine degree of competitiveness by job, level, department, etc.
- Develop market-referenced salary structure.
- Develop job framework and map jobs to the job families as well as salary grades.
- Prepare and finalize pay guidelines.
- Prepare implementation plan.
PHASE 4
REVIEW BENEFITS
STRUCTURES
• The objective of **Phase 4** is to assess benefit competitiveness and alignment with the overall philosophy.

**Phase 4: Review Benefits Structures**

**Conduct a Review of Benefits Compared to Market Practice.**
- Conduct a market assessment of benefits to identify areas where programs differ from market practice.
- Gather market data from a variety of sources, including both internal and external published surveys.
  - Mercer subject matter experts will provide commentary regarding market trends and the future benefits.
- Recommend adjustments to current programs that will better align the programs with market and facilitate movement between job categories.
PHASE 4: REVIEW BENEFITS STRUCTURES

How You Can Help

• Provide context for differing cultural value of various benefits at the System

Timeline

• Overall phase timeline: 4 to 5 months

What’s in it for You

• Market assessment of benefits
• Recommendations to align the benefits with market practices and create a consistent, competitive program for all employees
• Greater transparency regarding the titling program
PHASE 5
IMPLEMENT NEW STRUCTURES
PHASE 5: IMPLEMENT NEW STRUCTURES

The objective of Phase 5 is to validate the program design, discuss the implementation strategy with key stakeholders, and communicate the program to managers and staff.

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<td>Validate Program Design with Key Stakeholders:</td>
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<tr>
<td>• Prepare overview of recommended philosophy, program, structure, and guidelines for review and endorsement by key stakeholders. Refine based on feedback.</td>
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<tr>
<td>• Present recommendations to leaders and other key stakeholders for feedback, revising as necessary.</td>
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<tr>
<td>• Finalize philosophy and program details based on stakeholder input.</td>
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<tr>
<td>Communication and Change Strategy</td>
</tr>
<tr>
<td>• Facilitate two-hour communication workshop to review stakeholder analysis, discuss key messages/themes, confirm optimal communication vehicles and sequencing.</td>
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<tr>
<td>• Create communication strategy and work plan based on results of meeting.</td>
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<tr>
<td>• Develop manager/HR education and training.</td>
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<td>• Provide targeted communication based on analysis.</td>
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Phase 5: Implement New Structures

Prepare for Implementation:

• Finalize impact analysis and implementation plan.

• Prepare a database to facilitate uploading the new job classifications, salary ranges and compensation data into the HRIS system.

• Facilitate four group training sessions (may be conducted over two days) for the HR Staff.

How You Can Help

• Provide feedback to support leadership presentation

• Support communication

What’s in it for You

• Program philosophy and design

• Communication material and talking points

• Greater transparency regarding the titling program

Timeline

• Overall phase timeline: 4 to 5 months