

Setting a Competitive Wage



DECAL
Thriving Child Care
Business Academy

Learn how to compensate employees fairly and competitively

Attracting and retaining skilled employees is a priority for any organization, and one of the most crucial aspects of achieving this goal is offering a competitive wage. A competitive wage not only helps in attracting top talent but also ensures that your existing employees feel valued and motivated to contribute their best to the organization.

In this tool, we'll walk through the process of setting a competitive wage that aligns with the market and your organization's financial capabilities.

Step 1: Identifying Similar Businesses/Organizations and collect data

When initiating the process, gather a selection of peer organizations or businesses that closely resemble your own. Aim to identify entities that share similarities with your organization in terms of services, size, geographic location, and the types of staff they employ. This includes considering the experience levels of staff, from those who are highly experienced, to mid-level, and inexperienced employees. Competitor companies can be particularly insightful for this exercise.

Gathering comprehensive and accurate data is crucial for understanding prevailing compensation trends. Look beyond base salary figures and consider the complete compensation package, including benefits such as healthcare, retirement plans, and other perks. Use a variety of sources to collect data, including:

- **Company Websites:** Visit the websites of identified organizations to gather information about their compensation and benefits.
- **Job Boards:** Platforms like Indeed, Monster, and LinkedIn often provide salary information in job postings.
- **Salary Websites:** Websites like Glassdoor and Payscale can offer insights into average salaries and benefits for various positions.
- **Direct Communication:** Contact organizations directly to request detailed compensation information. This approach can yield valuable data that might not be publicly available.

Step 2: Analyzing the Data and Considering Constraints

Once you've collected the data, it's time to analyze it in detail. Identify any outliers – extremely high or low salaries that might skew your analysis. Categorize the remaining

data into low, medium, and high compensation ranges. This categorization provides a clear picture of where your organization's position falls within the market.

Additionally, consider internal constraints such as your organization's budget, financial health, and overall compensation philosophy. Striking a balance between offering competitive compensation and staying within budget is essential.

Step 3: Developing a Compensation Strategy

With a clear understanding of market trends and your organization's financial constraints, you can now develop a comprehensive compensation strategy. This strategy should include:

- **A Pay Structure:** Define pay ranges for different roles within your organization. This structure ensures consistency and transparency in compensation decisions.
- **Benefits Offerings:** Consider a range of benefits, including healthcare plans, retirement options, flexible spending accounts, paid time off, and professional development opportunities.

Defining your pay structure can be tricky; be mindful of:

- **Determining the Wage Range:** When establishing a pay structure for your child care business, it's essential to create a wage range for each position. This range accommodates the varying levels of experience, qualifications, and skills that candidates may bring to the table. For example, suppose you're hiring for a Lead Teacher position. Your wage range might be \$15 to \$20 per hour. A candidate with minimal experience could start at \$15, while an experienced Lead Teacher with certifications might start at \$18 or even \$20 per hour.
- **Defining Role Responsibilities and Differentials:** Clearly defining the role responsibilities that warrant higher or lower wages is crucial. Outline the specific criteria that determine where an employee falls within the established wage range. Factors like education, years of experience, specialized certifications, and the complexity of job tasks can influence wage differentials. For example, consider the Assistant Teacher role. You might differentiate wages based on education levels and experience. An Assistant Teacher with an Early Childhood Education degree and several years of experience could earn \$16 per hour, while an entry-level Assistant Teacher might start at \$13 per hour.
- **Ensuring Sustainability:** While offering competitive wages is important, it's equally critical to ensure the sustainability of your pay structure over time. You must consider your business's financial health and future growth prospects to avoid overextending your budget. For example, imagine you're introducing a new position, such as a Curriculum Coordinator, with a higher wage due to its specialized nature. While the initial budget accommodates this new role, you need to project whether the increased expenses will remain viable as your business grows and you add more positions.

Benefits also play a significant role in an employee's overall compensation package. Consider the following factors when structuring your benefits offerings:

- **Employee Preferences:** Conduct surveys or gather feedback to understand what benefits matter most to your employees.
- **Financial Impact:** Evaluate the costs associated with offering various benefits and assess how they align with your budget.
- **Competitive Edge:** Choose benefits that give your organization a competitive edge in attracting and retaining talent.

Remember that benefits can have both short-term and long-term financial implications. For instance, offering professional development opportunities can enhance employee skills and contribute to the overall growth of your organization. The ideal balance is to offer benefits that will support your employees and be sustainable for your business.

Step 4: Continuous Monitoring and Refinement

Setting a competitive wage is not a one-time task. Market conditions and your organization's needs may change over time. Continually monitor industry trends and stay updated on changes in compensation practices. Regularly review your compensation strategy and make necessary adjustments to ensure it remains competitive and aligned with your organization's goals.

Conclusion

Setting a competitive wage requires a thorough understanding of market trends, your organization's financial constraints, and the needs of your employees. By following these detailed steps and maintaining a proactive approach to monitoring and refining your compensation strategy, you will be well-equipped to attract, retain, and motivate a skilled workforce that drives your organization's success.

Additional Resources

If you have questions or need help, assistance is available.

[GaPDS Website](#)

[DECAL Thriving Child Care Business Academy Website](#)

To Find Other Study Guides: Click on [Resources](#) on the Academy home page

To Find Training: Click on [Trainings](#) on the Academy home page

To Register for Training: Click on [Schedules & Registration](#) on the Academy home page

To Sign Up for Study Groups: Fill out the [Intake Assessment](#)

For questions about coaching or study groups: Email GAcoaching@civstrat.com

To Find Other ECE Resources: Visit the [DECAL Website](#)

For General Questions about the Academy: Email thriving@decals.ga.gov

For More Information:

[Family Child Care Learning Home Rules and Regulations](#)

[Child Care Learning Center Rules and Regulations](#)

DEVELOPED AND DESIGNED BY CIVITAS STRATEGIES

Disclaimer: *The information contained here has been prepared by Civitas Strategies and is not intended to constitute legal, tax, or financial advice. The Civitas Strategies team has used reasonable efforts in collecting, preparing, and providing this information, but does not guarantee its accuracy, completeness, adequacy, or currency. The publication and distribution of this information are not intended to create, and receipt does not constitute, an attorney-client or any other advisory relationship. Reproduction of this information is expressly prohibited. Only noncommercial uses of this work are permitted.*

Copyright © 2024 Civitas Strategies, LLC