

THE PAY UP FOR PROGRESS TOOLKIT

A step-by-step guide to prioritizing equal pay



About Unbounce

Unbounce is the leading landing page platform for marketers around the world. As one of Canada’s fastest-growing tech companies, our team is over 200 employees strong with offices in both Vancouver and Berlin. We are one of Canada’s most admired cultures, a people-first business, and proud to prioritize diversity, empathy, and inclusion in all the work we do.

[Learn More](#)



Land Acknowledgement

Unbounce is headquartered in Vancouver, BC, Canada, and would like to express our gratitude and privilege to live and work on the stolen, ancestral, and occupied lands of the Skwxwú7mesh (Squamish), Stó:lō and Səlílwətaʔ/Selilwitulh (Tsleil-Waututh) and xʷməθkʷəy̓əm (Musqueam) Nations.

Overview

Welcome to your journey towards reaching gender pay parity!

This toolkit is a series of step-by-step practical instructions intended to guide companies who are ready to prioritize pay parity, but are unsure of where to start.

While we know it may feel overwhelming upon first glance, especially for those at the very beginning of their journey, we want to assure you that this toolkit is actually a series of digestible smaller steps, each of which may provide different starting points for different companies.

Whether you’re starting at Step 1 or Step 12, just starting is the most important action towards closing the gender pay gap at your company. This is a marathon, not a sprint, but there are a lot of big wins along the way. We encourage you to embrace the mindset of progress over perfection as you stay dedicated to the goal of achieving gender pay parity.

Here’s a glimpse of what the overall journey will look like:

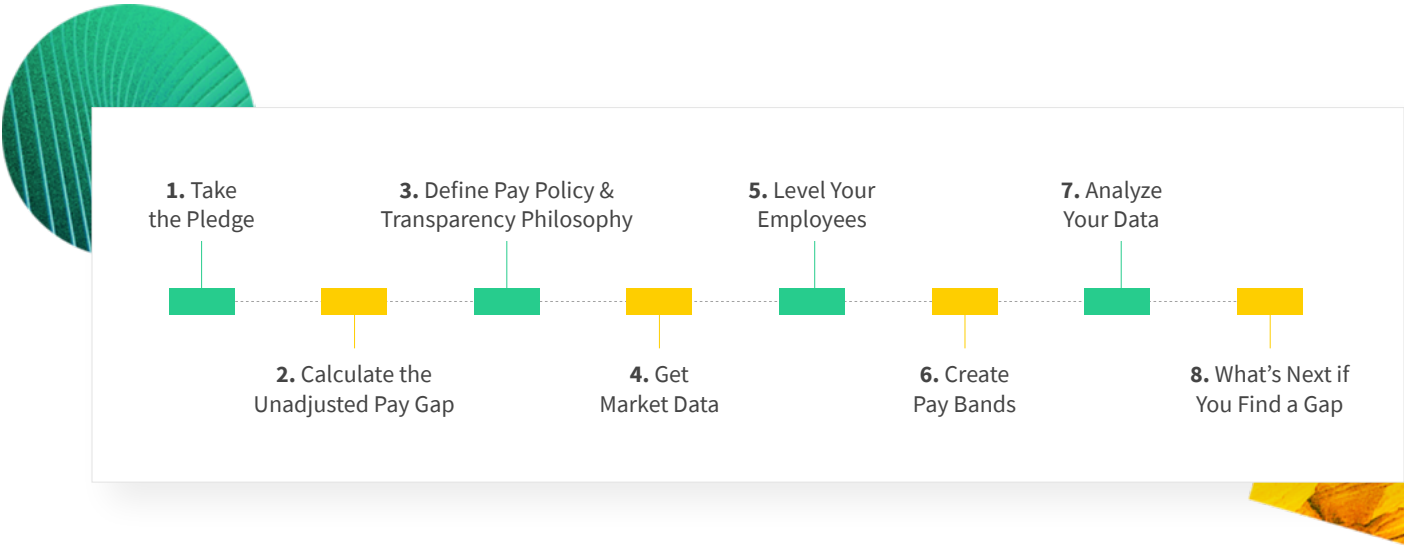




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Introduction


An important note before you begin:

In the context of this toolkit we are analyzing pay parity through the lens of gender pay parity, and defining it as equal pay for self-identifying women and self-identifying men, in the same job and geographic location, being paid fairly relative to one another.

While this toolkit focuses on gender pay parity, the information provided is a relevant guide for an organization ready to analyze for pay gaps based on any self-identified data sets they have collected (for example, race and ethnicity, sexual orientation, employees living with a disability, caregiver status, etc.). The purpose of this toolkit is to walk you through how to do the work based on gender as a starting place. However, we encourage any organization working with this toolkit to collect more comprehensive, self-identified data to ensure you can analyze for pay parity based on any number of factors an employee may be discriminated against for.

Please also ensure that you're collecting gender identification data that allows you to analyze for gender pay parity outside of the gender binary of men and women. We then encourage you to combine this data in a way that allows you to consider intersectionality in your approach. For example, break down the aggregate for women to check for parity between white women and BIPOC women. Please note there would be slight differences in the methodology used in [Step 11](#) if you are working with additional factors in a regression tree analysis.

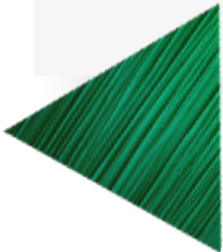




The Business Case for Pay Parity Work

Our success depends on our amazing employees working together and in alignment with our company objectives. How we reward and compensate our people is directly linked to our ability to succeed as a business. Pay parity across genders isn't just the ethical thing to do, it also makes good business sense. Like all employees, when women feel they're being treated unfairly or don't see opportunity for advancement they become dissatisfied and companies lose great talent.

According to Aptitude Research Partners, when organizations make pay equity a priority, they enjoy 13% higher employee engagement and are 19% more likely to exceed industry-average levels of productivity. In addition, organizations with a formal focus on pay equity are 54% more likely to beat industry-average turnover benchmarks than those organizations without a pay equity strategy in place.



Businesses have the power to make pay parity a priority that is properly resourced and measured along with other business objectives.

In the spirit of moving beyond talking about the problem and toward doing something about it, at Unbounce we started analyzing for gender pay gaps in 2017. After doing a manual review, we were surprised to find some gaps and immediately took the steps to close them. Since then, we've spent significant resources and time creating processes and standardization in our compensation model, focusing most prominently on the pieces that would reduce bias as much as possible.

In 2019, our People & Culture and Data teams worked together to conduct a gender pay gap analysis. It showed that our efforts have been effective and that gender was not a factor in determining salary at Unbounce.

We know that countless other companies are in the same position that we were in three years ago—knowing the pay gap exists, wanting to do the right thing about it, but struggling to get started. We hope that this toolkit gives you the resources your HR team needs to take action.

It's important for you to know that we are the first to admit we are not perfect. We, too, are on our journey of building systems and processes that foster a truly inclusive workplace and we are continually learning how to improve. This toolkit offers a place to begin your journey, but is by no means the end. Identifying, measuring, and addressing systems of inequality, including pay gaps for women is important. Recognizing that more work is necessary to measure and identify pay gaps and unequal opportunities or employee experience based on race, ethnicity, religion, sexual orientation, national origin, disability, age, citizenship, marital status, caregiver status, gender identity, veteran status, and any other unique identifier is also essential.

Together, we believe we can all learn faster through the sharing of resources like this toolkit.



Caveats of this Toolkit

1. Pay parity can be defined in different ways.

In the context of this toolkit, we are analyzing pay parity through the lens of gender pay parity, and defining it as equal pay for self-identifying women and self-identifying men, in the same job and geographic location, being paid fairly relative to one another. We know that gender is not binary so if your company has more encompassing gender-related data that is sufficient to determine statistical significance, it can be incorporated into your analysis. (Please note there would be slight differences in the methodology used in [Step 11](#) if you are working with additional factors in a regression tree analysis.) At the time of the analysis referenced in this toolkit, Unbounce did not have sufficient data to determine statistical significance to include this factor in our analysis and therefore worked with the data we had for the greatest accuracy in our pay parity analysis. Pay parity should also be examined through the lens of other factors including, but not limited to, race, ethnicity, and sexual orientation. A similar methodology to the one provided in this toolkit can be used if your company has the appropriate data. Again, at the time of Unbounce's last referenced analysis we did not have this data, however, we have since collected it via a self-reporting survey for our employees to voluntarily disclose other pieces of their unique identities, so when we repeat this analysis we will be able to move beyond our current limitations in only analyzing parity based on gender.

2. Total Rewards.

There are many ways for an organization to approach their total rewards philosophy, and it goes way beyond dollars and cents. How you reward someone includes benefits, perks, career opportunities, performance management, recognition, and monetary compensation. This includes things like culture, workplace environment, location, flexibility, work/life balance, and many other pieces of engagement that matter to workers. In this way compensation is an exchange of value, not just money—and paying competitively will not always be the sole factor in attracting talent. This is why it's important to define your compensation philosophy as just a piece of what you offer. This does not mean you should withhold monetary compensation from women (or anyone) for doing equal work to those of their higher-earning peers, but simply be mindful of what total value all workers receive from

working with the organization. *This toolkit will only help you with the monetary compensation piece of your total rewards strategy, and using it to analyze your organization's pay parity.* It is useful to consider what your total compensation package looks like as well, especially when looking to attract and retain top talent.

3. There is no one-size-fits-all or perfect algorithm to analyze for pay parity.

This toolkit is based on the approach we took. You may choose to stray from our approach, and that's okay—this is a toolkit of what worked for Unbounce. It may not work exactly the same for your organization.

4. Everyone is at a different starting point.

The ask is that you simply start to take action. That may mean that your first step of this pledge is defining your compensation philosophy, and getting some industry data. It's important to be realistic in this process. You won't go from square one to having fully formalized career levels, pay bands across all disciplines, and the data analysis complete while still maintaining the day-to-day operations of your job in a week. Understand that this will take time, buy-in, and collaboration with managers who are closer to the roles than you are. Be kind and patient with yourself, and do your best to manage your own and others' expectations.

5. You may not have data analyst resources available to you.

[Step 11](#) of this toolkit involves a deep analysis of your data to check for any potential gender pay gap. We understand that not all HR professionals doing this work will have a team of data analysts available to them or know how to run the analysis themselves. That doesn't mean you can't do the work—you may just need to get creative or secure the required resourcing. A couple of options to consider include:

- A business or financial analyst at your company will likely know how to run a linear regression, which is the main method required to do this work.
- Hire a freelance data analyst to run the analysis. Someone who knows how to do the analysis can do it relatively quickly so you could outsource a data analyst fairly affordably.
- Consider hiring a compensation professional. They have expertise in this specific area and

will have the skills to also run a deep analysis of your data, along with compensation strategy and philosophy experience.

- Begin by analyzing the unadjusted pay gap analysis (total average salaries for men across the company compared to total average salaries for women across the company, not adjusting for equal work) which would not require the expertise of a data analyst. This does not tell you if you have a gap in equal pay for equal work, but it will at least give you an understanding of the broader picture and is a good starting point as you secure resources to complete the adjusted gap analysis.

6. A human lens is required to dig into any anomalies and/or discrepancies.

The steps in this toolkit can only take you so far—anomalies will always exist and will need to be acknowledged on a case-by-case basis by an expert at your company or in the industry. Additionally, the results from the data analysis will not tell you the whole story—they will simply help you identify where there are gaps that a member of your HR team needs to look into. It will be up to an HR manager to work with the appropriate manager to determine if any discrepancies found make sense or not. Is there a legitimate factor justifying a difference in pay or was bias at play and a gap needs to be closed? There are legitimate reasons why someone could be paid under or above target in a pay band (e.g., new to role so lower in development level, vs. years in same role). Please see [Step 12](#) for more detail on this topic.

7. We are not compensation experts by trade.

But this toolkit has been reviewed by one! Unbounce followed best practices of compensation work, tools, and process building. We want to share the work we've done in the hopes it will offer a digestible and actionable path forward for those who are ready to prioritize pay parity but unsure of how or where to start. Your approach may differ slightly, and that's okay! Use this toolkit to whatever degree it is helpful.

8. We aren't able to solve everything with one toolkit.

This is a very complex issue, with infinite inputs, reasons why, and possible solutions. We're offering one path forward, but will not be focusing on how to fairly level individual employees in their

career levels, measure their performance against expectations, track performance ratings, or create career leveling guides. That is all important, but beyond the scope of this toolkit. We rely heavily on managers' expertise on who is performing at what level based on performance matrices that exist within those groups, and this toolkit sits alongside our performance management cycles, as opposed to being intertwined with them.

Cultural and systemic biases that show up within policies and practices at any organization silently create barriers for women or other marginalized groups. For example, a parent going on parental leave may miss their compensation review period. This could happen for each child a person has and takes leave to care for. This practice will unequally disadvantage women as the ones who predominantly use parental (and maternity) leave policies. Compounded over the course of a career, and potentially exacerbated by discrepancies due to racial and ethnic biases, or biases faced by other marginalized groups, this access to earnings gap widens as the years go on most seriously for non-white women primary caregivers, and is a problem that can be solved by solid pay-parity practices. This toolkit will not act as a resources guide to audit and/or overhaul all of your policies, practices, structures, cultural archetypes, and artifacts that contribute to and create organizations that systematically discriminate and create bias. This toolkit is an offer to review one piece of your overall practices and policies that can be discriminatory: access to pay for the job being performed, regardless of who is in the role.

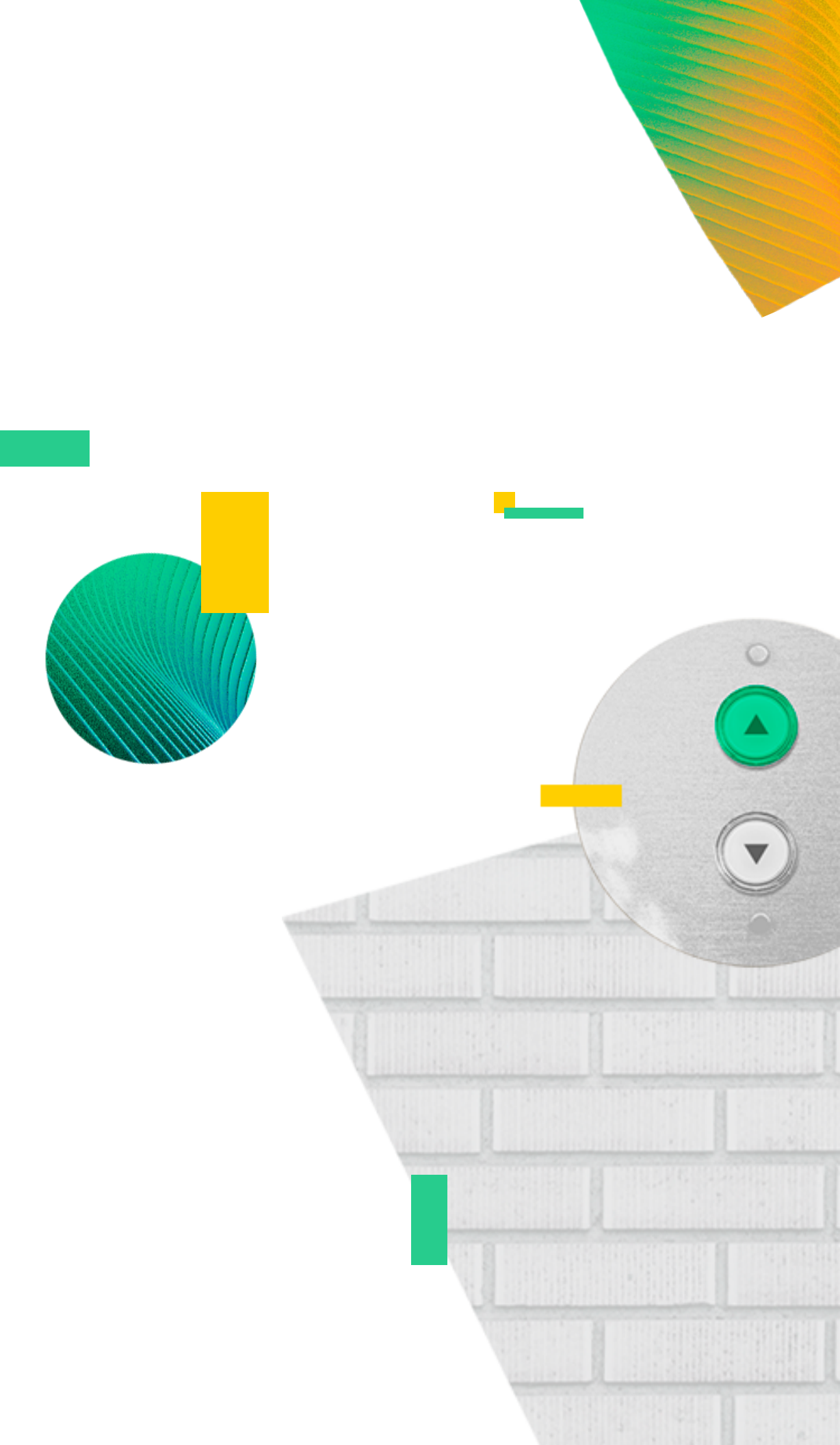
9. This toolkit limits, but does not completely solve for bias.

By developing structure, process, and checks and balances in the form of data analysis, this toolkit will help to limit the bias your HR team, hiring managers, and senior leadership teams inject into pay decisions. It can't, however, fully remove bias, which is something each of us are innately subjected to without realizing. This toolkit can't help to diversify your candidate pools, or improve representation of underrepresented groups at your organization. This toolkit won't help create a culture where more people feel comfortable self-reporting the pieces of their unique identity in a company-wide survey that needs to be done in order to analyze your pay gap. By default of growing up within, and operating within a culture and corporate world that systemically discriminates and marginalizes women, and more deeply marginalizes Black women, Indigenous women, and women of colour (BIPOC), the lenses through which we make decisions and create policies are inherently biased. What we can do is create

as much structure and process around pay decisions as possible, to limit bias within an imperfect system, and continuously analyze pay data to check and see if those structures and processes are working. This toolkit is designed to create structure around access to pay, help you analyze where your gaps may be, and start the company on a path of continual improvement, with a focus on progress over time specifically to address compensation at your organization.

10. This toolkit was created by a Canadian company, located in British Columbia.

British Columbia does not have any requirements to report on our compensation practices, on how employees are paid, or their access to pay in relation to their identities. Many jurisdictions have mandatory reporting requirements for gender pay parity, but most do not, and often the requirements do not extend to small- and medium-sized private organizations. This is one of the reasons we decided to create this toolkit—to empower those organizations with the necessary tools to develop structure and analysis methods for compensation in order to pinpoint and reduce bias (individual and systemic) for those who traditionally have less access to pay based on their identity (most often, Black women, Indigenous women, and women of colour are most impacted). While the best practices in this toolkit are applicable across geographical locations, it is up to each company using this toolkit to ensure they are adhering to the laws, regulations, and reporting requirements of their own jurisdictions, especially when it comes to data collection, storage, and measurement practices.





Step 1

Where Am I and Where Do I Begin?

All companies are at different points in their journey to achieving pay parity. You may be wondering how to know where in this journey you are and what steps you should be focused on next once you figure that out.

Begin by answering the questions within these phased checklists. Each question you answer will give a corresponding step in the toolkit to begin with.

Setting the Strategy & Finding your Pay Gap

Does your manager (and senior leadership team) agree that equal pay for equal work is important? Do they agree that it's important to ensure any potential gender pay gap is checked for and eliminated? (Step 1)

Do you have salary and gender data to be able to start with the basic step of calculating your unadjusted pay gap analysis (average of all salaries for men at the company compared to average of all salaries for women without adjusting for role and experience)? (Step 1)

Do you know if your company meets, leads, or lags the market in pay in comparison to market competitors? (Step 3 & 4)

Do you know what data you have to rely on, if any? (Step 4)

Can you articulate your company's position on pay transparency? (Step 5)

Doing the Nitty Gritty Work

Do you currently have pay bands built? (Step 7)

Does your company have a universal understanding of what career levels exist for your employees? (career levels can include: entry, intermediate, senior, individual contributor, manager, senior manager, etc.) (Step 7)

Do you have an understanding of what career level each employee is at? Is it documented? (Step 7)

Bringing your Champions Alongside

Are your managers knowledgeable about pay bands and all of the work that goes into structuring compensation at your company? (Step 9)

Do you use pay bands in current conversations with managers when promoting or hiring? (Step 9)

Completing the Analysis

Have you documented the data required in a spreadsheet or HRIS? Is it ready for export? (Step 10 & 11)

Have you given your employees the opportunity to self-identify their gender? (Step 11)

Do you have a data team to analyze the gap or an alternate plan to run the full analysis? Has that analysis been completed? (Step 11)

Have you examined and followed up on the findings of the analysis? (Step 12)



Step 2

Understand Your Unadjusted Pay Gap

In any journey, it's important we know where we are starting from. By calculating your unadjusted pay gap, you will have an overarching view of what gender parity looks like across your organization and will have a better understanding of where your company is beginning its journey from. From this benchmark, you will be able to see the progress your company is making over time, as you take steps to reach true pay parity.

What is an unadjusted pay gap?

An unadjusted pay gap, in the context of this toolkit, is the difference between the average of all men's salaries at the company and the average of all women's salaries at the company. It does not take into account role, work, or experience. This is the gap commonly referred to when stating national data statistics for pay discrepancies.

To exemplify the difference between an unadjusted and adjusted pay gap, according to Statistics Canada, women in Canada make \$0.87 for every \$1.00 men make. This is the unadjusted pay gap. It's also important to acknowledge that this gap does not acknowledge the unique struggles faced by different groups of women, such as BIPOC women, trans women, and women living with a disability, who face an even larger pay gap. 2016 Statistics Canada data reports an unadjusted pay gap as large as 35% for full-time working Indigenous women, 46% for full-time working women living with a disability, 29% for full-time working newcomer women, and 33% for full-time working racialized women. After adjusting for differences in distribution of men and women across industries and occupations, and women's higher rate of part-time work, \$0.08 of this \$0.13 gap remains unexplained. This is the adjusted pay gap.

Anyone can calculate the company-wide unadjusted pay gap. All you need to know is the salaries and genders of each of your employees.

*To learn how to calculate your unadjusted pay gap, refer to [section 2](#) of the *How to Analyze for Gender Pay Parity* instructions document.*

You may find that you do have a pay gap when you do this. Don't panic—it is not abnormal to find one. The intention here isn't to create shame or fear, but rather to provide a baseline of improvement. You may have an unadjusted gender pay gap if your company has more men than women. You may have one if you have more men in senior leadership roles, or in roles with higher-earning salaries, like engineering. Factors like unequal representation of women in the organization, at various levels of the organization, or in various types of roles at the organization contribute to an unadjusted pay gap, and addressing this is outside the scope of this toolkit. The scope of this toolkit is focused on how to analyze for equal pay for equal work, and therefore focuses on the adjusted pay gap. Pay parity, in the context of this toolkit, is ensuring self-identifying women and self-identifying men, in the same job and location, are being paid fairly relative to one another. By calculating your unadjusted pay gap, you simply start with the broader picture, and have something to measure long-term gender parity progress against.

Step 3

Get Buy-In

It's important to ensure this is a priority for all leaders at your organization so that proper time and resources are committed to the HR team being able to do the work. Here are some of the reasons why this is a good investment to help build your case that you'll want to share with your team.

Save Future Costs by Building Equality into Your DNA Now - If your company is in a startup or growth stage, doing this work right from the beginning (or at least early on) will ensure equal compensation is built into the foundation of the company. This will eliminate a larger gap later on which may cost more to close.

Win the War on Talent - We are all fighting for talent. By having a clear understanding of your compensation philosophy and prioritization of pay parity you are increasing your Employee Value Proposition. This will lead to the attraction and retention of top talent. It also costs more not to do it – while closing a pay gap may be expensive, in the long run it will be less than the continued cost of recruitment and training you will pay if employees are leaving as a result of feeling they are not being fairly compensated.

Show You Value Diversity & Inclusion Work - Now more than ever, companies are accountable to their employees and their communities to be contributing towards solving racial inequity, gender inequity, and all forms of systemic racism and discrimination, both overt and covert. COVID-19 has also provided us all with an opportunity to reset and evaluate how we can operate differently moving forward. It is an opportunity for more equitable and inclusive recovery, and to create a corporate world that works for everyone. Beginning with gender pay gap analysis is one action a company can take towards betterment.

Achieve Higher Productivity and Better Business Results - According to Aptitude Research Partners, when organizations make pay equity a priority, they enjoy 13% higher employee engagement and are 19% more likely to exceed industry-average levels of productivity. In addition, organizations with a formal focus

on pay equity are 54% more likely to beat industry-average turnover benchmarks than those organizations without a pay equity strategy in place.

Stay on Budget - Deciding on compensation levels for a role is tricky—managers are always trying to meet employee expectations while working with a finite budget. If employee salaries are based on company-created, well-researched pay bands for each role, when it's time for a raise or a hire, you will know how much it will cost the company since it's outlined within the compensation tools. Managers and the HR team will be ready with the total compensation philosophy, a pay band, and an ability to shed light on how pay banding works (increasing pay transparency) for each employee. Annual budgeting for new hires will become more accurate, and annual salary increases will be more predictable, as they align with progress through a band, as opposed to unexpected and non-budgeted salary leaps for employees who may not have been compensated in-line with how the industry compensates for their work. More accuracy and predictability of the continuous growth of salaries will help the company predict and set realistic budgets for salaries and stick to them throughout the year.

Future Proof Your Organization - Employees, customers, and investors are caring more and more about working with companies that are socially responsible and aligned with their values. According to studies conducted by Cone Communications, 87% of customers will purchase a product because a company advocated for an issue they cared about, 76% will refuse to purchase a company's products or services upon learning it supported an issue contrary to their beliefs, and 83% of Gen Zers (our future talent) consider a company's purpose when deciding where to work. Additionally, a Provoke report found that 83% of professional investors are more inclined to invest in stock of a company well-known for its social responsibility. By prioritizing pay parity, you are placing yourself on the right side of history and showcasing what you value to your stakeholders. The companies that do this will be the ones to future-proof their success.

Step 4

Define Your Pay Policy

1. Determine Your Competitive Advantage as an Employer

Before you can proceed with the remainder of this step, you'll need to know what your competitive advantage is as an employer. For example, do you have a great, flexible culture and unlimited vacation time? Are you building an exceptional or exciting product or service that everyone wants to work on? Do you experiment heavily, and learn quickly? For some employers, choosing to pay ahead of market rate is what sets them apart (let's say above the 90th percentile of a pay band).

Regardless of where you pay in comparison to market rate, it's important for every company to understand and define what their pay policy is, in relation to their competitive total rewards package (what makes your total rewards package unique). What your organization can afford is an important factor to consider.

2. Decide If You Aim to Lag, Meet, or Lead the Market

- To lag the market is to pay below the 50th percentile.
- To meet the market is to pay the average salary (or 50th percentile).
- To lead the market is to pay above the average, or above the 50th percentile.

Note that all are valid compensation philosophies. For example, a company may lag the market, but offer sizable stock options (especially if it's an early-stage start-up) and an extremely generous perks and benefits package.

At Unbounce we choose to pay competitively within our market—that is to meet the market pay, at a minimum, and focus extensively on other pieces of our employee value proposition (e.g., culture, career opportunities, learning and development, inclusivity, social impact, etc.).

Companies may choose to have different pay policies for different roles. For some chronically hard-to-fill roles, you may choose to lead the market, and move beyond the 50th percentile.

It's important to start with defining a pay policy when analyzing equal pay because as you collect industry data for the different roles at your organization, you will need a concrete policy to create fair and equal pay bands.

Step 5

Consider Your Level of Pay Transparency

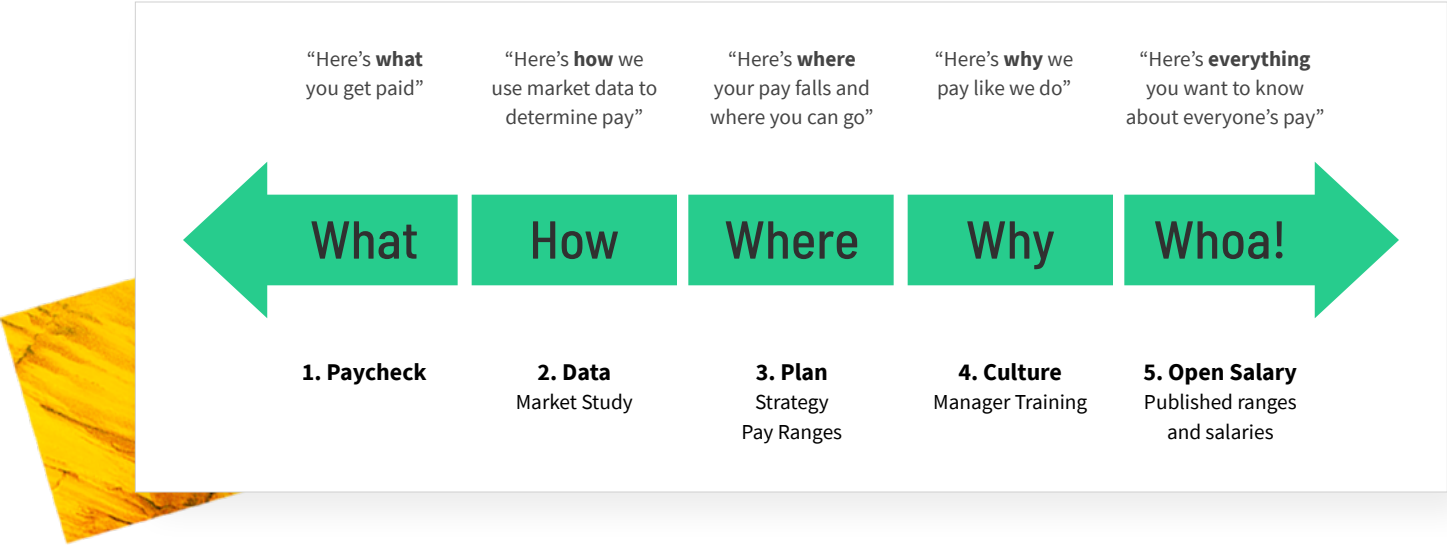
Talking about pay with employees can be tricky. Shining light into how the process works, and creating transparency around pay can help make it a little bit easier. It's important to know that you don't have to be 100% transparent or not at all transparent. It's a spectrum, and different places on that spectrum work best for different companies. This is based on where you currently are, your cultural strategy of where you want to end up, and the willingness or ability to invest the time and effort into moving along the spectrum.

Determine Where You Aim to Be on the Pay Transparency Spectrum

At Unbounce we have adopted the transparency spectrum model found in this [eBook](#) by BambooHR and PayScale, which outlines the spectrum as having five points. A company should make a conscious choice in regards to where they choose to be on this spectrum. Moving past the first point towards number two, simply by using market salary data, is a huge step forward and one that we would recommend as a best practice.

1. Here's *what* you get paid - Employees see the details on their paystub, and know they are paid a certain amount with certain deductions. Everyone has this.
2. Here's *how* we use market data to determine pay - Employees are clear on what market data (e.g., salary surveys) the company relies on to determine fair pay for work, and are confident that this data is being used.

3. Here's *where* your pay falls and where you can go - Employees know where their pay falls on the pay band for their job, why it is there, and where they can go from here.
4. Here's *why* we pay like we do - Employees and managers feel educated to be able to speak to all of the above, and help every employee understand what data goes into pay decisions. There is an openness to talk about how to create pay bands with competitive salary info.
5. Here's *everything* you want to know about everyone's pay - Salary ranges are published for every job, or maybe for every person at the company. This isn't right for every company, and demands a ton of resources to be able to rigorously update and evaluate at least once per year.



At Unbounce we exist at point 4 on the spectrum. We do not choose to exist at point 5, as we believe it ventures into the territory of sharing personal information on behalf of our employees. We hold our employees' personal information in extreme confidence, and take their trust in us holding that very seriously.

It is important to note that you do not need to move to your desired point on the spectrum in a day. In fact, moving too quickly may actually feel quite jarring to internal stakeholders. You will likely need to spend time going through the steps in this toolkit to be able to move to an increased level of pay transparency. A good starting point for this step is to know where your company currently feels comfortable along this spectrum and where your company is aiming to eventually be.

If employees or senior leaders ask about your company's position on pay transparency, using this spectrum of transparency can be an extremely helpful tool to explain what your position is and why.



Step 6

Rely on Market Data

If you're not doing so already, the first step here is to start participating in annual salary surveys relevant to your specific industry. Doing this on a regular basis (we recommend at least annually) will help you create and maintain pay bands that are competitive, make sense to your business, and help you keep your finger on the pulse if there are certain roles or disciplines that are heating up in the market.

The cost of obtaining a salary survey will more than pay for itself by helping your company stay competitive, pay its employees fairly, and help you establish benchmarking and pay bands. Research reports will show you that the minimum cost of employee turnover is anywhere from 10% to as high as 200% of the employee's annual salary. Whether the accurate number at your company is closer to 10% or 200%, retaining even one employee over the course of one year as a result of the data in a salary survey that costs \$5,000.00 means you're likely already seeing a return on investment for the survey cost. A salary survey can cost anywhere between a few hundred dollars to many thousands of dollars to obtain.

At Unbounce, we participate in the [HR Tech Group's](#) annual salary survey which collects the data of over 100 companies in our business and geographical spaces. We also use online tools such as [Glassdoor](#) and [Payscale](#) when we have a role we're unable to match well to the HRTG survey. There are many other [services and surveys](#) out there, so find the one(s) which makes the most sense for your business.

You will also need this industry data to build fair and equitable pay bands ([see Step 7](#)) that are competitive in your industry. You can build a pay band without this, but relying on internal benchmarks and free sources online can put you at risk of using inaccurate data. Some of the information you find may be skewed for a different industry, size of company, or revenue size, and you will not be comparing apples to apples for your company.

When looking at data, it is important to narrow your data points to include:

- Similar employee-sized companies
- Similar industries
- Similar annual revenue levels

To highlight why this is important, let's look at an example. If you work for an organization that has 50 employees, but your data source is reporting on a company with 500+ employees, it's likely that the information is interesting, but unimportant for you to be able to compare "apples to apples." The demands of some roles within larger companies will be different than those of a smaller one. Let's imagine and compare the roles of the head HR professional at a 50 person company versus a 500 person company. Both may have the same title, but it is very likely their responsibilities will be vastly different (including if they are an individual contributor, a people manager and/or if they run (or belong to) a whole team.)

If you don't have market data, or can't find a good match for some of your roles in the data you have (it happens!), you can discover data points in a few other places to build your bands:

- Listen to candidates who are coming in and interviewing for the role; what are they saying about market salary for the role
- Refer to online resources (Glassdoor and Payscale are good examples)
- Check in with your network and industry peers
- Some professional organizations offer free salary data resources
- Refer to similar roles within your company with slightly different types (yet similar levels) of impact. For example, Internal Communications and PR may have some shared knowledge and skills, yet focus on a different type of communication and audience.

Make sure you look for salaries representative of your scale of organization (employee size, industry, and revenue).

Tip: In salary surveys you will often be presented with two data options, the median and the average. We recommend using the median whenever possible as it eliminates outliers and looks at the point in the middle. It is useful to consider both the average and the median to get a sense of where the outliers are and where the data lands. It is common to include what type of data your company uses in your compensation philosophy.

Step 7

Level Your Employees & Build a Pay Band

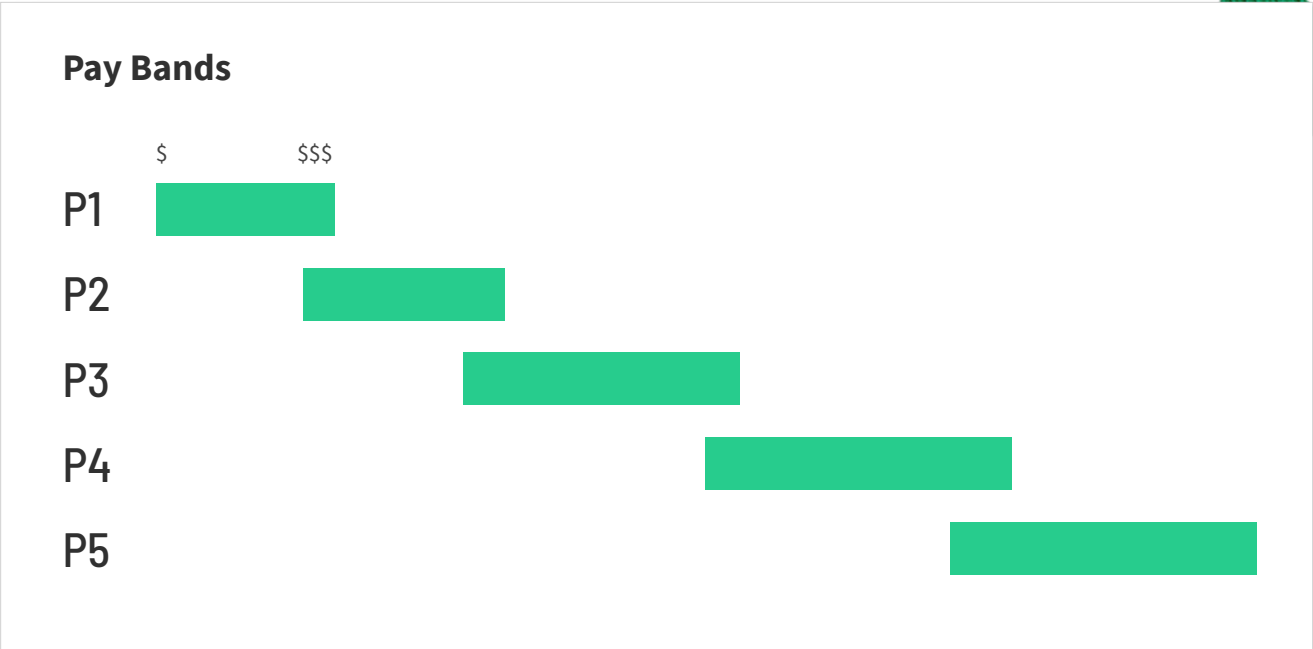
Before you get started, know that this process of building pay bands will take time. You should budget at least one full working day just to get the process outlined in this step started, wrap your head around the work that needs to be done, learn how to apply the market data, put some thought into the overall company career levelling, and take a first stab at putting together your first pay band for one job. This will give you some insight into how much time you will need to dedicate to apply this across your organization (timelines will differ vastly depending on organization size).

Within this timeframe, aim to accomplish the following for one job family or department:

- 1. Get familiar with your market data
- 2. Compare your roles to market data descriptions, and find solid comparables for your roles
- 3. List the jobs in one job family (narrow your focus to one department, and one role with multiple career levels)
- 4. Make your first pay band, for one job (see instructions below for how to do this), inputting values based on your day’s work

What are pay bands?

At the highest level, they look like this for one “job family”:
(Note: A job family is a group of jobs within progressively higher levels of responsibility, knowledge, skills, abilities, and expanded impact. These can be thought of as succession steps within a given discipline or job title. See below for an example of a finance team and some of their job families.)



P1 - P5 on the left means “Professional 1 - Professional 5”—these are the career levels we use at Unbounce. It doesn’t matter what you call them, but it does matter that you create the ones that make sense for your company. “P” means professional, as in an individual contributor (non-manager). We also have the “M” category (or “manager”), which is for people managers. If we had manufacturing as part of our organization, perhaps we would include a 3rd category. Since we are a software company, we only have two families. The numbers next to the P’s and M’s indicate the levels as the contribution, scope, and responsibility requirements advance through a job family. P1 is considered junior, P2 is considered intermediate, and so on. See below for a full descriptor of how Unbounce plots their career levels.

Not all job families will have five different career levels or bands. Some families may only have one or two roles in your company. That’s okay—we have lots of one-level families, with only one pay band for a role. For example, if you have one project manager who only manages projects for one department or team, and they are intermediate, you may only have a job family that consists of a “P2 - Project Manager.” As companies change and grow, this might change. Once you have your compensation philosophy and market data, you can adjust and build out for more jobs within a family as needed.

Work with key leaders to create standard career levels across the company. At Unbounce, we use the following career levels and each level comes with its own, internal definition which applies broadly across the departments within the company. We worked in the People & Culture team to present our definitions, and sought feedback on how it worked/did not work with the key stakeholder within various departments. After refinement we settled on the following:

For Individual Contributors	For People Leaders
P1 - Junior	M1 - Team Lead or Jr. Manager
P2 - intermediate	M2 - Manager and Sr. Manager
P3 - Senior	M3 - Director and Sr. Director
P4 - Lead	M4 - VP
P5 - Principal	M5 - Executive level

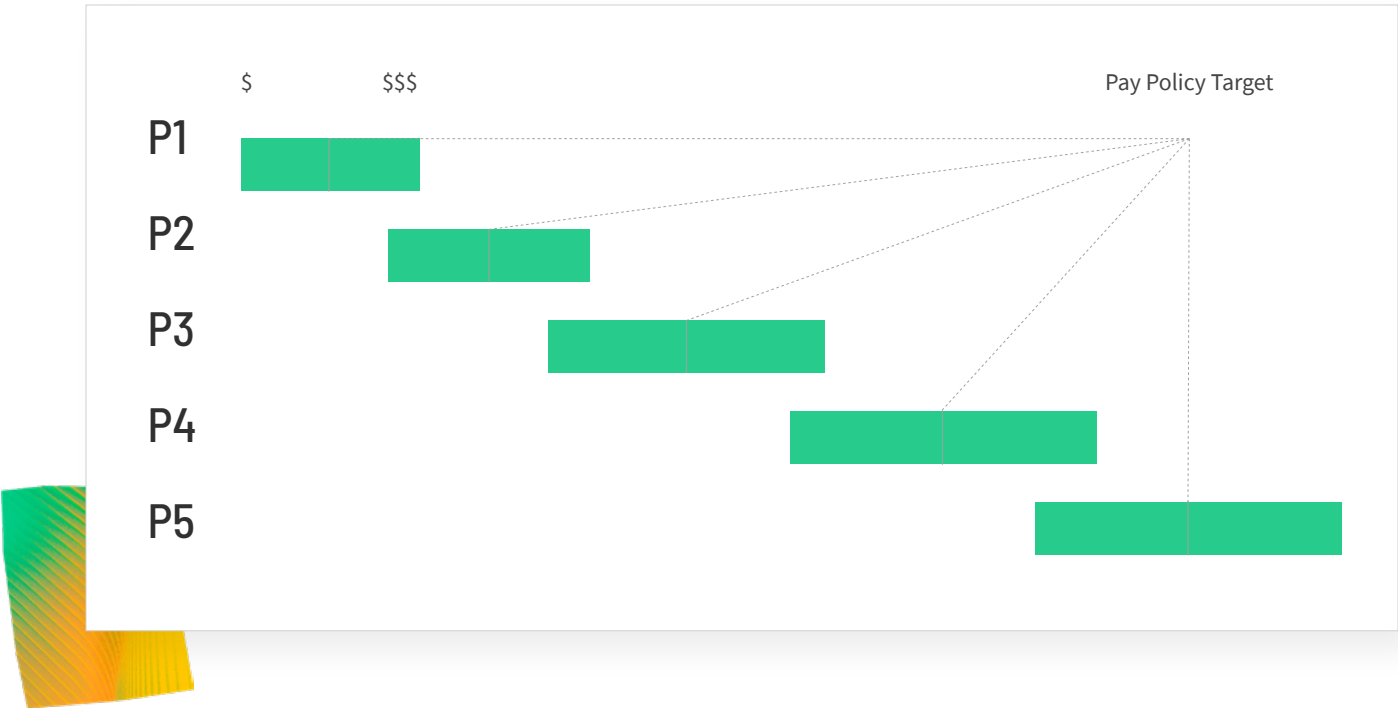
These career levels are used across disciplines. For example, we have roles in Customer Success which span P1 - P3. In Engineering, P1s and P2s are both “Software Developers” but one level is more junior than the other. As people progress in their careers, they become a P3 and receive the title of “Senior Developer.” That’s not to say all P3s in the company earn the same compensation, because an employee’s specific role at a given career level and the department or discipline they’re in will be a major determining factor as to where their compensation is set. But the career leveling helps give us a consistent foundation and structure around what we mean by “Senior” vs. “Manager” vs. “Intermediate,” across the company. You may decide that you need more or less levels. Do what feels right for your organization.

You can see that each career level of the family (P1, P2, P3 , etc) in the diagram above has a band of pay starting at the left with a lower dollar amount, and moving to the right with a higher dollar amount. Each successive career level begins before the previous band ended. Pay bands as you move up through a job family commonly overlap, although this isn’t always the case.

Note that the pay bands get bigger as the roles become more senior. This is common, and often bands are quite narrow at earlier career stages as one usually moves through these stages at a more rapid pace than later career stages. At later, more senior career stages, employees can spend large portions of their career within a particular career level and associated pay band.

For example, an employee could spend 10 or 15 years as a Senior Software Developer. We consider this stage to be “career stabilizing” and it generally takes longer to move through these bands, which is why the bands themselves are wider. Often, pay bands for individual contributors will have a spread of 20-40%, depending on the seniority level (but this could be much higher for executive roles—even up to 60%-80%+).

Pay Bands



In [Step 4](#) you defined a pay policy. This target will fall right in the middle of the band for each of these career levels within a job family. At this pay policy line, it means the incumbent is fully proficient in their role. Anything below that pay policy target means the incumbent is developing in the role. Anything above that pay policy target means they are career-stabilized in that role.

Here’s a zoomed in sample of one pay band:

Development Zone			Proficiency Zone			Mastery Zone		
MIN 80%	85%	90%	95%	MID 100%	105%	110%	115%	MAX 120%

When you are looking at your industry data, you will have to make it “fit” with your career levels. You may have more levels than is reported in the data, or you may have fewer. It’s important to first order the roles that you currently have, in comparison to other jobs within the same family. Make sure to look at the jobs, not the people in the jobs, and consider the contribution level, impact and scope to the organization when ordering them. Get input from managers directly here if you aren’t familiar with the roles. There are more formal approaches to ranking your jobs (including a point method), but this is much simpler and a great place to start for most small- and medium-sized businesses.

Finding Solid Comparables for Your Roles

Ensure that the performance, scope, and impact of the role you are creating a band for matches the performance, scope, and impact of the role within the data set you are using. Each role within the market data will have a descriptor, and you will have to find good matches within these descriptors for each of your roles. Role matching can be tricky, but do your best to match at least 60% of the descriptor for a given role.

Note the 50% [range spread](#) in the above pay band from the beginning of the band to the end of the band (80% of the Pay Policy > 120% of the Pay Policy). This is a good range to start with as you begin to build your pay bands.

How to Build Your Pay Bands

You will need

- A defined pay policy
- A salary data point from a market survey
- A chosen range for the band—try starting with 40% (as the band above shows)

For example, let’s look at a finance team, with a determined pay policy to meet the market (50th percentile). We’ve listed the jobs in each family (below), and indicated the career levels of the positions. We will start with a 50% range for this band.

All salary data displayed is for demonstrative purposes only, and does not reflect market data. The values have been chosen to easily demonstrate the concepts within the toolkit.

Family	Level	Description	Min	TARGET	Max
PAYROLL/ BENEFITS ADMIN					
	P1	Entry			
	P2	Intermediate			
	P3	Career			
STAFF ACCOUNTANT					
	P2	Intermediate			
	P3	Career			
	P4	Senior			
FINANCIAL ANALYST					
	P1	Entry			
	P2	Intermediate			
	P3	Senior			

Upon reviewing market data, as a fictional example, let’s say the “meet the market” (or midpoint/50th percentile) is reporting as \$100,000 for PAYROLL/BENEFITS ADMIN, at the P1 Level.

We can now fill out the (Pay Policy) Target below.

Family	Level	Description	Min	TARGET	Max
PAYROLL/ BENEFITS ADMIN					
	P1	Entry		100,000	

Next, since the range is 40% from start to end of the pay band, we know the minimum of the band (Min) is 20% less than the Target, and the Maximum of the band (Max) is 20% more than the band. Let’s fill out the information below.

Family	Level	Description	Min	TARGET	Max
PAYROLL/ BENEFITS ADMIN					
	P1	Entry	80,000	100,000	120,000

Congratulations—you’ve completed a pay band! Now keep doing this for each of your families and career levels. It takes time—our People & Culture team of four people dedicates an entire day of each of our time annually to update the bands we have already created. It’s tough to know how long it will take for you and our company, but a reasonable estimate to get started would be at least one full day of work to get a good handle on the career levels, the roles, and creating your first pay band within one job family. This will be a first pass only—you will need to ensure that the career levels, and levels of each role align with the managers, leadership, and employees across the organization. You may also need to work on getting buy-in on this, which will vary in time commitment based on your culture of decision making.

Additional Tips

You may have a gap in your market data: Sometimes we don’t have info for all career levels within a job family. That’s when we use midpoint progressions to identify where the next pay grade’s midpoint should be. This is determining the midpoint for the next level, based on what you would expect the next level midpoint to be, in relation to your compensation philosophy, and what makes sense for the role itself. For more junior roles your midpoint progression difference between two midpoints of adjacent levels can be 10-15%—ideally we want to see 15-20%. When looking at individual contributor roles vs manager roles as you progress into a family, this midpoint regression might be even higher. This should still be based on market data as much as possible—if the data is there, use it, but if it isn’t this is a good way to build structure into your pay bands, even when specific targeted market data doesn’t exist.

A note on time: This work takes a significant amount of time. It’s difficult to define how long this will take, as every company is different. As an example, if a company has six job families (HR, Product, Software Development, Marketing, Sales, and Finance), this would take 7hrs x 6 = 42 hrs to complete, depending the size of each job family. This estimate is on the low end if you have never done this type of work before, especially if you have not done any job matching to market survey data before.

Narrow your focus: Begin with a team that has multiple individuals in the same role, like a customer service team or a sales team. By starting with the biggest team, you are creating a tool for a larger portion of the company. Then you can build bands throughout the year, as needed when you hire and/or need to evaluate a promotion or new role.

Then narrow your focus further: You don’t need to start with creating career levels that work for the entire company during your first go-around. It is helpful to have some idea of overall company career levels (entry, intermediate, and senior, for example). If you are starting with one team, just start. Focus on one group of workers/job family, and analyze their different career levels. How do those levels match your data? Then, as you take your work forward and build bands as you need them throughout the year, you can reference the career levels you originally created, and adjust as needed.

Step 8

Use and Build on Your Pay Bands

Defining a pay policy, building pay bands, creating pay transparency and bringing managers alongside takes a lot of work. Make sure throughout the year, as you get further away from your initial work in this area, that you build the habit of using the tools you’ve developed. Taking the extra time to refer to your pay bands or to create a new pay band as the situation calls for it will reinforce equitable and fair pay practices continuously.

For examples of what those situations may look like, the following commonly happen throughout the year:

- Hiring for a new role
- Promotions
- An employee’s performance advances and they move up in their job family (e.g., from junior to intermediate)

With a defined pay policy and pay bands you can now make compensation recommendations as these situations arise. If you don’t have a band created for a situation, take the time to build a band for a new role when market data becomes available. (If market data is not available, please refer to the recommendations outlined in [Step 6](#) for starting places to build your bands from.)

Continue to take the time to do this work throughout the course of the year until you have a full set of pay bands for the company.

Step 9

Work Alongside Managers

Your managers are your key ambassadors for equal pay. The more they know, the more they will feel comfortable to carry out compensation conversations directly with employees. It’s essential that they are brought along, properly educated on the subject, and understand the complex world of compensation.

One of the best ways to bring managers along is to help them understand the compensation work that has been done and prepare them to have tricky conversations around compensation. No manager enjoys having those conversations, so it’s important that you spend time to make them feel more comfortable doing so.

At Unbounce we hold an annual one-hour training session with managers on compensation adjustments. The agenda is as follows, with a few speaking points highlighted:

- Intro & Total Rewards
 - What is Total Rewards ([see Caveats of this Toolkit, 2.](#))
 - What is Unbounce’s Compensation Philosophy ([see Step 4](#))
 - How we look at pay as only one piece of the value exchanged for work done ([see Caveats of this Toolkit, 2.](#))
 - Pay Transparency—the scale, and where we fall at Unbounce ([see Step 5](#))
- Compensation Philosophy & Banding ([see Step 7](#))
 - Take them through WHY we create pay bands—internal equity, external competitiveness, building trust with employees, creating more predictability/stability in escalating salary costs
 - We take the managers through most of [Step 7](#) (Building Pay Bands) so they are informed on how the bands are created
- Navigating the Compensation Conversation

You will find that managers crave the salary data you are now able to provide them because they are responsible for answering the following questions employees want to know during compensation conversations:

- Am I getting a raise?
- Am I getting a promotion?
- How is my pay determined?
- How does my pay compare?
- What do I need to do to earn more?

By being transparent with your managers and empowering them with the information on how pay is determined at your company, you are solving at least two of these bullets.

Step 10

Work With Your Data

The work outlined to this point in the toolkit ensures you are equipped to develop a system that should limit the chance for a potential pay gap to develop moving forward. It does not mean that you don't currently have a pay gap.

As a starting point, you can manually compare employees at the same level in each job family, and this can be an important first step to ensure equal pay for equal work.

However, a thorough analysis of your data is required to thoroughly inspect your pay gap. A deeper analysis will narrow in on where specific gaps exist at the department or role level, so you can create action plans where necessary to correct these discrepancies.

At this point, you will need to be able to export from your HRIS or spreadsheet for each role:

- Salary
- Gender*
- Department (or job family, if you have enough employees for this degree of granularity) **
- Managerial Status
- Level
- Tenure at the company

Note: Run analysis for any type of data by replacing “gender” data in the above list with whatever data you have on the identity of your employees. By using this same method you can analyze for racial pay parity, LGBTQ2S+ pay parity, or any other countless unique identifiers, to highlight how unintended bias is showing up in your pay decisions, and to what degree.

You may also choose to include a performance rating/category variable, if available to you, and is something that is captured for each employee. This toolkit does not detail the intricacies of how to equitably manage, track, and set performance standards for each role, that you can then base individual performance ratings on. If your company has gone through that process, and the information is available, it would be extremely useful to cut the data based on performance to understand how different levels of performance are accessing pay within their job families. It would help to highlight where discrepancies exist for high performers who identify as women, or who self-identify with any other demographic data you have asked them about. Further detailed explanation is out of scope of this toolkit, however, we acknowledge this is an important piece to analyze in order to highlight systemic bias against individuals based on a variety of factors.

Once you have this data, you're ready to start analyzing for a potential gender pay gap.

** Before analyzing for gender pay parity, ensure employees have had the chance to self-identify. It's important to not assume someone's gender. Not sure how to ask? Here are some [great resources from the HR Tech Group](#).*

*** Please see, “How to Analyze for Gender Pay Parity,” below for details on how to choose the right analysis for your company size.*



Step 11

Analyze Your Data

Please see, “[How to Analyze for Gender Pay Parity](#),” or instructions on how to run the gender pay parity analysis.

Step 12

You Found a Gap – Now What?

Once the analysis has been done, schedule a debrief meeting with your People & Culture/HR team to run through the findings. Here is an example of what Unbounce’s data team presented after the analysis:

- What data was used
- Results from the unadjusted gap analysis
- Results from the adjusted gap analysis
 - Linear regression analysis findings
 - Regression tree analysis findings
- Subset analysis findings
 - Identification of any local discrepancies found that wasn’t explained by the data for HR to dig into
- Caveats of the analysis

If a gap is present, it’s time for your People & Culture/HR team to dig deeper to try to understand if the reasons are justified or not (ask yourself, “does this make sense?”). You can speak with the managers, review performance information, look at tenure in the roles of the disparate groups, and/or look at the subcategory or sub-department which may dictate different salaries. This work can be quite in-depth and will take time. Be sure to consult with the managers and leaders within the job families/roles in question, and get access to as much information on the team delivery and performance as possible.

Examples of justified reason that a gap exists include, but are not limited to:

- For unadjusted pay gaps (average of all salaries for men vs. average of all salaries for women):
 - More of one gender in executive or senior leader positions
 - More of one gender in a certain type of role (e.g., technology roles tend to be dominated by men, whereas HR roles tend to be dominated by women)
 - Please note that while these reasons are a valid explanation of why the unadjusted gap exists, it does indicate that your company has work to do to increase representation of genders across technical and leadership roles, and to check for any promotional discrimination that may be happening. This work is outside the scope of this toolkit.
- For adjusted pay gaps (comparing same levels within departments):
 - Multiple job families within the same department—different job families garner different salary levels
 - On Target Earnings (OTE) or bonus structures may not show up in base salary (many sales jobs, for example have OTE). Include these in your analysis if applicable/available. For example, if bonus is related to performance, add bonus to base salaries and include performance in regression.

If you have looked into whether or not the gap that exists can be justified (“does this make sense?”) and it cannot, this is evidence of a gender pay gap that needs to be corrected.

We recommend making an immediate recommendation to the manager for adjustment. A recommendation can include options of how to adjust moving forward, depending on how the gap has arisen.

- In the instance that a gap exists because the higher-earner has been overpaid in comparison to their proper placement along the pay band, an appropriate recommendation could be to stall the higher-earner’s salary over time, or slow it down. It will begin to move again once they are back on pace with the level they should be at along the pay band for their current salary. The recommendation could also be to accelerate the lower-earner’s salary to narrow the gap. These approaches are referred to as “Red Circling” and “Green Circling,” respectively.

- In the instance that a gap exists because the lower earner has simply been misplaced on the band based on the knowledge, skills, experience, contributions to the organization, and performance, an appropriate recommendation would be to do a one-time corrective action for that salary or group of salaries.

Note: If you have many adjustments to make, it is wise to put together a full recommendation of all adjustments to be made and have a good understanding of the financial impact of executing on those recommendations. We would recommend discussing multiple adjustments and/or large adjustments with the finance and leadership teams before moving forward. You may or may wish to do this before approaching the manager directly, depending on your organization's culture and decisions/approval process for salaries.

Definitions:

Adjusted Pay Gap - the difference between the gross earnings of self-identified men and self-identified women, expressed as a percentage, after accounting for factors like industry, occupation, geographic location, department, role, and development level. This is the “apples to apples” comparison when considering equal pay for equal work.

Employee Value Proposition - The value/benefit that you offer your employees when they choose to work at your company. It is a combination of the company values, the company mission, the culture, the pay, the benefits, perks and extras. It may involve things like the feeling of contribution and value an employee brings, or that job duties are perfectly aligned with an employee's career goals. When signing an employment offer, employees gain a sense of your value proposition through things like the interview process, the job posting, your online presence, glassdoor reviews, and word of mouth.

Internal Equity - The comparison of positions within your business to ensure fair pay for work that requires similar skill and expertise. When pay parity work is executed successfully, and employees have confidence that their responsibilities, rewards, and work conditions as compared to their coworkers in similar positions at the organization are fair, internal equity is met.

Job Family - a group of jobs with progressively higher levels of responsibility, knowledge, skills, abilities, and expanded impact. These can be thought of as succession steps within a given discipline or job title.

Market competitors - the companies with which your organization competes for talent.

Meet, Lead, or Lag the market - a high-level strategy of how an organization pays its employees. To meet the market is to pay the average salary (or 50th percentile). To lead the market is to pay above the average, or above the 50th percentile. To lag the market is to pay below the 50th percentile. Note that all are valid compensation philosophies. For example, a company may lag the market, but offer an extremely generous perks and benefits package.

Pay Bands (also referred to as pay ranges, base pay salary structure, salary bands or compensation bands) - a range of compensation assigned to roles within an organization. This is determined by career level within a job family, the knowledge, skills and abilities required for the role, the scope of the role, its impact, and the responsibility level of the role.

Pay Parity / Equal Pay (in the context of this toolkit) - self-identifying women and self-identifying men, in the same job and location, being paid fairly, relative to one another.

Pay Policy - How does your company pay? As part of your total rewards package, do you meet, lead, or lag the market rate for a role?

Unadjusted Pay Gap - the difference between the average gross earnings of men and women, expressed as a percentage.

References:

[“BC Tech Salary Survey.” HR Tech Group.](#)

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[“The Gender Wage Gap in 2019.” Statistics Canada, Labour Force Survey.](#)

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HOW TO ANALYZE FOR GENDER PAY PARITY

 unbounce

Understanding the Sections

Please note, there is no one-size-fits-all or perfect approach to analyze for pay parity. This set of instructions is meant to provide you with guidance and ideas for how you can move forward with your own analysis, and has been reviewed by an Unbounce data analyst as well as a compensation expert external to Unbounce.

Two major factors will affect which approach you should take to analyze for pay parity. The first is your company size. In order for the results of a linear regression to be statistically significant, we recommend you have approximately 200 or greater data points (i.e. employees). The second is your ability to run a linear regression analysis, or access to someone with that ability like a data analyst or compensation consultant. If you are a smaller company and/or don't have experience with the recommended analysis methodologies (or access to someone with that experience), the guidance and ideas outlined in Sections 1 through 5 of this set of instructions will be the most appropriate fit for your company.

1. Gather the Data

Who Should Do This: Everyone who is interested in closing the pay gap can take this step. In order to make progress, you need to be able to measure where you are now, and to do that, you need data.

Begin by gathering data about as many factors relevant to salary as you are reasonably able to. Ensure employees have a chance to self-identify personal factors, such as gender. You will need at minimum gender and salary data to begin your data analysis (with an unadjusted pay gap analysis).

At Unbounce we used:

- Gender
- Salary
 - Adjust all salary data to 1.0 FTE so that it's easy to compare part-time with full-time employees on an equal playing field.
- Department
- Level
 - This data is coded on a scale from P1-P5 for individual contributors and M1-M6 for managers. Split the P vs. M off into their own variables for regression purposes and just use the numbers for experience. Obviously a P3 isn't the same as an M3, but regression can handle this situation as long as both the number and managerial status are available.
- Managerial status
 - See above
- Tenure (at the company)
- Country
 - We have offices in two countries and wanted to account for potential differences in their labor markets.

Be sure to anonymize employee identifiers to protect sensitive information. You will also want to ensure salaries are all converted to the same currency if you operate in multiple countries.

If you have additional relevant data, that is excellent. For example, having access to information like an employee's highest level of education, and years of relevant experience outside of the company tenure would be valuable. Another example would be using an employee performance evaluation.



2. Calculate Your Unadjusted Pay Gap

Who Should Do This: Any company with salary and gender data can take this step to gain an understanding of their company’s overarching gender parity situation, before adjusting for factors to compare equal pay for equal work. This will provide a benchmark for you to measure against in the future.

An unadjusted pay gap is the difference between the average of all men’s salaries at the company and the average of all women’s salaries at the company. It does not take into account role, work, or experience. This is the gap commonly referred to when stating national data statistics for pay discrepancies.

For example, women in Canada make \$0.87 for every \$1.00 men make. For all earnings across the country, this is a simple comparison of the average salary of men vs. the average salary of women. This is Canada’s unadjusted pay gap. It’s also important to acknowledge that this gap does not acknowledge the unique struggles faced by different groups of women, such as BIPOC women and women living with a disability, who face an even larger pay gap. 2016 Statistics Canada data reports an unadjusted pay gap as large as 35% for full-time working Indigenous women, 46% for full-time working women living with a disability, 29% for full-time working newcomer women, and 33% for full-time working racialized women.

In setting out to run this analysis, you likely have a hypothesis that men outearn women at your organization, when not accounting for seniority level, department, or managerial status (or any other adjusted factors). In order to test this hypothesis, you must compare the average overall salary of men to the overall salary of women. As an alternative to the average you may also calculate the median, which would be more representative of what the “typical” man or woman earns at your company. For example, it removes outliers like the CEO. The average is more indicative of the overall earnings of each gender but is more sensitive to the impacts of outliers (e.g. a highly paid CEO).

To calculate the unadjusted pay gap, you will need:

- Salary of each employee
 - In order to make sure your findings are accurate you must scale non full-time earnings to an equivalent annual full-time salary.
- Gender associated with each employee’s salary

Once you have this information, you will need to follow these four steps to calculate your unadjusted pay gap, using the average:

1. Make a spreadsheet in Excel with all male salaries in column “A” and all female salaries in column “B.”
2. Find the average of each column by entering the following Excel formula, without quotes, into a blank cell: “=AVERAGE(A1:A...)”. Press “Enter” and the average of your set of numbers will appear in the cell. Repeat the same for the female salaries in column “B.”
3. Divide the smaller value by the larger value.
 - a. E.g., if your average female salary is \$65,000 and your average male salary is \$69,000, you would do the following: $\$65,000 \div \$69,000 = \$0.94$.
4. This is your unadjusted gender pay gap based on average salaries. In our example above, you would say “Women earn \$0.94 to every \$1.00 men make”.
 - a. Analysis of why this may be is discussed below under “[Step 4: What to do if You Find Evidence of a Pay Gap](#)”.

You can also explore the median of the pay gap, which can be a helpful statistic for identifying a midpoint, without being impacted by outliers as the average could be. While the comparison between the median pay gap is not the focus of this toolkit, it can be a first step to understanding the broader picture of equality across the organization. However, it does not tell you if you have pay gaps related to equal pay for equal work. With the same information as above, you can follow these four steps to calculate your unadjusted pay gap, using the median:

1. Make a spreadsheet in Excel with all male salaries in column “A” and all female salaries in column “B.”

2. Find the median of each column by entering the following Excel formula, without quotes, into a blank cell: “=MEDIAN(A1:A...)”. Press “Enter” and the median of your set of numbers will appear in the cell. Repeat the same for the female salaries in column “B.”
3. Divide the smaller value by the larger value.
 - a. E.g. if the median female salary is \$55,000 and the median male salary is \$65,000, you would do the following: $\$55,000 \div \$65,000 = \$0.85$
4. This is your unadjusted gender pay gap based on median salaries. In our example above, you would say “Women earn \$0.85 to every \$1.00 men make”.
 - a. Analysis of why this may be is discussed below under “[Step 4: What to do if You Find Evidence of a Pay Gap](#)”.

3. Adjusted Pay Gap Analysis (Level 1)

Who Should Do This: This approach is a great point for smaller companies and/or companies with limited or no resources to access assistance from a data analyst or compensation expert. This will allow you to use the same method as above to calculate the pay gap in various targeted areas of your organization to understand what parity looks like when it comes to different departments, management levels, etc.

Now that you have looked at the company-wide unadjusted pay gap between salaries, you will want to dig deeper to analyze for an adjusted gap. Most organizations define pay parity as women and men in the same job and location being paid fairly relative to one another. Calculating an adjusted pay gap means you will compare “apples to apples” and check to see if employees contributing equally in the same role, same department, and same development level are being compensated equally.

Here are suggestions on where to begin:

Take a Look at Your Overall Internal Equity to Get the Lay of the Land.

After you have collected your data, sort it based on the highest salary to the lowest salary to create a

job hierarchy. Then, divide the data into three parts: your upper, middle and lower third.

Start by looking at each job title in the lower third for your job hierarchy to see what you notice. Look for things like who is holding the jobs at this level - men or women? Are there more women than men with lower paying jobs in the organization, overall? What types of jobs are at the bottom of your job hierarchy? Does it make sense for them to be there from an internal equity perspective? For example, your bottom third will likely include individuals in more junior roles. If you see a more senior job title, assess why it ended up in the bottom third. Is it because your market data shows that’s where the job fits in or could there be some gender bias?

Then look at your upper third, ask yourself the same question as above. Does the job hierarchy and job placement make sense? Do we see more men than women with top salaries? How come? Is it because you don’t have women in senior individual contributor or management positions? This simple exercise is designed for you to be curious and asking these questions can help you to determine where to dig into next to better evaluate the pay gap data you have.

Analyze for Department-specific Internal Equity–Are Those in the Same Roles Being Paid the Same?

You can analyze your pay department-by-department, to see whether a gap exists. In order to analyze for a pay gap in one department, you will need to follow the same steps as for calculating your unadjusted pay gap above ([Step 2](#)) , but only for those employees who fall into the category you are examining.

For example, you may have a group of Customer Support employees, all of whom perform the same job. These employees sit at various levels (entry, intermediate, senior), and some identify as women.

In order to calculate the gender pay gap for this group, you will need to know:

- Department
- Gender
- Salary adjusted to the same scale (i.e., adjust all salary data to 1.0 FTE, as if all employees in this category work at full time hours)

Follow the steps above listed for “[Calculate your Unadjusted Pay Gap](#)”, with slight adjustments:

1. Make a spreadsheet in Excel or Google Sheets. Include all female salaries in column “A” and all male salaries in column “B.”
2. Find the average of each column by entering the following Excel formula, without quotes, into a blank cell: “=AVERAGE(A1:A...)”. Press “Enter” and the average of your set of numbers will appear in the cell. Repeat the same for the salaries in column “B.” To find your “ pay gap”, you must scale your averages to compare it to a \$1.00 figure:
3. To identify the pay gap - divide the smaller value by the larger value.
 - a. E.g., if your average female salary is \$65,000.00 and your average male salaries is \$69,000.00, you would do the following:
 - b. $\$65,000.00 \div \$69,000.00 = \$0.94$
4. This is your unadjusted gender pay gap. The group with the smaller average value makes the lower amount, and the group with the higher average value makes the \$1.00 amount. In our example above, you would say “Women earn \$0.94 to every \$1.00 men make”.

Depending on the data you have - you can use this method to cut your data and compare gendered salaries in many ways. For example, if you had 15 intermediate Customer Support employees from the example above, of whom 7 identified as female, you could run the same analysis with only those who are intermediate level, to see if a pay gap exists. If you have access to other forms of personally identifying data, such as sexual orientation, or ethnicity, you can use this same method by listing and finding averages of the various identities you have data for, and discovering what the wage gap is for various groups at your organization

You can find suggestions of what to do if you find a gap in [Step 12](#) of the Toolkit.

Compare Cross-teams for Similar Roles

Similarly to the steps outlined above, you can check for equity across your organization. At times there may be a gap in pay that exists when similar roles exist in different places across the organization. This can arise when there is a disconnect between managers and HR/People & Culture advice on what

constitutes an appropriate salary or raise for a certain role. For example, if you have business/ data analysts or project managers embedded across departments within the organization, you want to ensure you aren’t limiting yourself to simply comparing departments for a pay gap, but also similar roles.

In order to analyze roles that exist cross-departmentally, follow the same steps as above, but only with those who have the same job/role and sit in the same job family, and also happen to exist within different departments.

Further Analysis Across the Organization

You can use this same averaging comparison method of analysis (outlined above under “Analyze for Department-Specific Internal Equity”) for various perspectives on the organization. In technology companies, for example, we often discuss the difference between technical and non-technical roles. There are countless different comparisons that are possible, and below are just a few examples. Where and how you choose to use your data is up to you. Perhaps you are already anecdotally aware of some gaps that may exist, so you can start there. Some common areas we suggest investigating are:

- **Technical Roles**
 - If you have information about which roles constitute technical expertise, and which do not, you can use the same process as above to compare women’s earnings to men’s earnings for the technical roles at your organizations. Traditionally, women are underrepresented in technical fields at most organizations, and this cut of your data may provide valuable insights.
 - In order to complete this analysis, you will need to have data for gender, level, salary, and finally for whether the role is considered technical or not.
 - To complete the analysis, use the same steps as outlined above but limit your data set to those salaries in the organization that are classified as “technical” roles.
 - Note: you could also run the same analysis of all non-technical roles to determine the pay gap, and see if there is a discrepancy between the pay gap in “technical roles” and the pay gap in “non-technical roles”.

- **Management-Level Equity**

- To complete the analysis, use the same analysis as above but limit your data set to only all managers (at all levels).
- You can continue to refine the management view by investigating the data, comparing entry level managers vs. entry level managers, intermediate level managers vs. intermediate level managers, senior level managers vs. senior level managers, and beyond (depending on the management levels at your organization).

- **Executive-Level Equity**

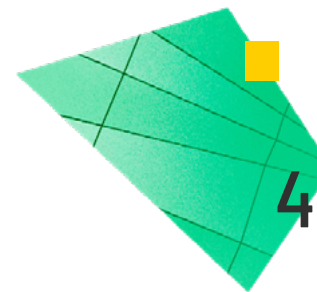
- To analyze executive-level pay for a gender pay gap, continue to follow the same process as above. This time, however, you will only include executive-level salaries.
- Note: Executive compensation can be very complicated, and will likely constitute more than just base pay. While comparing base salaries can be a good overview, it may not capture all of the complexities of the total compensation package of an executive. Be sure to check in with your compensation team, finance team, and/or Head of People/HR, and/or Head of Finance to dig deeper into the total compensation package of the executives. Base salary may not provide the whole story.
- The same may apply to more senior leadership levels at your organization.

- **You can use this method in any way you like, as long as your data supports it!**

- Continue to look at your data and compare “apples to apples” in any way that your data will allow you to.
- You may have a hypothesis of where in the organization may be facing a problem—use this method of analysis to check, pinpoint, and then dig deeper into why these gaps do or do not make sense. The outcome of this work could lead to recommendations of how to adjust salaries in order to close the pay gap.

- **Singular Roles—Roles You Have No Comparison For**

- Analyzing for equal pay can be tricky when you don’t have another data point to compare to (i.e., when you only have one person in a particular role, at a particular level, within a particular department, and don’t have any comparables across the organization).
- First, is this individual a manager? If so, there may be value in including them in a manager level analysis, and then doing a spot-check of their individual salary vs. other managers at the organization. You can check if their level of contribution at the organization makes sense with their level of pay when compared to others at that same management level.
- Secondly, ensure you are paying for a salary survey report so you can rely on credible and relevant market data to form your salary bands. If you are forming your salary bands with this market data and you are confident that the individual has been correctly placed according to development level along their salary band, you can be quite confident they are being paid fairly.



4. What to Do if You Find Evidence of a Pay Gap

We suggest that reasonable steps be taken to mitigate this disparity as quickly as possible. This can include a few options, which are covered in [Step 12](#) of the Toolkit.

We also suggest taking a look at Step 6 of this guide, “[Digging Deeper](#),” for tips on communicating and digging into the discrepancies.

Please only proceed with basic experience in regression analysis, or assistance from a data analyst or compensation analyst.

5. Adjusted Pay Gap Analysis (Level 2)

Who Should Do This: Any organization with a team member who has experience with regression analyses or access to a data analysis/compensation expert, who will be able to conduct an in-depth technical analysis.

Until this point in your analysis, you will have likely been able to do the work on your own, or in partnership with the rest of your People & Culture, HR, or finance team.

Please do not progress past this level of analysis without the help of a compensation professional, or a data analyst. The techniques listed below are extremely in-depth and require solid knowledge of technical analysis in order to proceed.

Linear Regression to Identify Company-wide Trends

We recommend performing a multiple linear regression with the variables available. Unbounce chose to perform the analysis with R statistical software, though other tools (i.e., Python, Excel) could also be used.

Typically, you would only use the factors available as linear inputs to the model. In some cases you may wish to add a squared term, as well (e.g., adding “tenure squared” as a feature in addition to tenure where it is expected that salary does not grow strictly linearly with time, but stangantes after a while), or you may wish to add an interaction term (e.g. adding managerial status * gender if you suspect that the effect of gender on salary is substantially different between managers and non-managers. However, it is inadvisable to include additional terms in the model for a small or medium company since it would increase the number of model features relative to the (limited) number of salary data points.

If you are conducting multiple analyses (e.g., one for gender, one for race/ethnicity), you must adjust the significance threshold in regression analysis accordingly.

Linear regression relies on several assumptions about the data. While your data need not meet

them perfectly, caution is advised if they deviate far from these assumptions. See <https://www.statisticssolutions.com/assumptions-of-linear-regression/> for more information on these assumptions.

If you wish to perform a “gut check” on your linear regression results and you have the capabilities, an explainable non-linear modeling approach can be tried as well (e.g. regression tree analysis). This may uncover more complex relationships between gender and salary, such as if there are any department-specific effects.

Linear Regression to Identify Underpaid Employees

Use the regression model built in the previous step, and then run it to predict salaries of all employees assuming they are all men. Identify employees whose real salaries fall below a certain percentage (e.g. 90%) of the model prediction. Review salaries (with a help of your HR and compensation teams) of the employees flagged in this step to see whether their salaries are lower due to fairness issues, or due to the factors not accounted for in the analysis.

Subset Analysis as Another Way to Identify Underpaid Employees

Provided your company is of a size where the following method is tractable, a subset analysis allows you to investigate potential local gender disparities and to ensure you’re comparing apples to apples as much as the data allows. At Unbounce, we subdivided the company into small units according to all categorical variables available. (We did not include tenure in this analysis because it was a continuous variable and because the units were already very granular with the remaining variables). Within each unit, we compared the average salary for men against the average salary for women.

An important statistical point must be made here. The more subgroups of the data examined, the more likely you will be to observe apparent gender disparities (possibly due to unaccounted variables) simply by chance. Accordingly, the presence of a few disparities in the subset analysis is not necessarily proof of a systemic gender disparity within the company. This is particularly true if regression failed to surface such an impact and/or if the disparities identified do not systematically favor one gender. They do, however, offer opportunities for further investigation.

In Unbounce’s analysis, we identified 10 units with a substantial (>5%) gender disparity in pay. Half of the units had women outearning men, and half had men outearning women. In terms of headcount, there were more women employees outearning men in their same unit. However, the men that outearned women in the same unit generally did so by a larger dollar amount. This approximately balanced state is generally consistent with the overall indication from linear regression analysis that there is no global systematic impact of gender on salary within the company.

Nonetheless, findings like these identify potential local points (e.g., specific departments and experience levels) where discrepancies may exist and must be investigated. It is important to reiterate that these discrepancies may be based on some justifiable difference that was not accounted for in the data, rather than on gender. However, such discrepancies merit further investigation by an HR manager in collaboration with the relevant manager to confirm that there is a justifiable basis for these differences.

6. Digging Deeper

How to use results:

It’s good to keep in mind that all of these methods do not generate one simple, accurate, and objective metric for the magnitude of gender disparities within a company. Yes, numbers are calculated—but they are an imperfect representation of a very complex situation. The results are influenced by certain assumptions within the models, what data you have access to, and more importantly, what data you do not have access to. There may be valid reasons for pay differences that do not show up in a spreadsheet such as education, individual performance, specialized experience, bonus structure, on-target earning, or a whole catalogue of other factors. Therefore, this work is most useful in collaboration with the People & Culture/HR team and with individual managers. These individuals can contextualize the data and use it as a starting point for further investigation, rather than as a final infallible conclusion. The analysis findings won’t lead you to final conclusions but will pinpoint where to start investigating so that a manual evaluation can happen to draw conclusions around why this discrepancy is showing up.

Given the useful but imperfect nature of these analyses, care should also be taken in communicating the conclusions and findings. It would be inappropriate to claim proof of gender nondiscrimination on the basis of such an analysis. This one analysis alone can’t indicate the absence (or presence) of discrimination. The available data suggests the existence (or non-existence) of a gender disparity in salary, but does not support an absolute conclusion about gender disparity in salary. It’s important to understand this and to communicate the caveats about the impact of available/missing data. For example, though we were able to control for many factors that could influence salary, data were not available to control for education level or total years of career experience. It is possible that the conclusions would be altered if these variables differed significantly between the men and women currently employed.

What if we find evidence of a gender disparity?

We suggest that reasonable steps be taken to mitigate this disparity as quickly as possible. This can include a few options, which are covered in [Step 12](#) of the Toolkit.

What about unjustifiable factors besides gender?

One additional thing we did at Unbounce was to identify units (for example, Engineering Managers at experience level 3) of the company with the same characteristics that nonetheless had a wide distribution of salaries. We compared the salaries of the men and women within a single unit, and repeated this for many units. This can be done in many ways, but in our case, we calculated the coefficient of variation for each unit, which is the standard deviation of the data divided by the mean.

Units with larger coefficients of variation were noted as areas of the company with the potential for arbitrary salary differences. Given the imperfect knowledge that the data alone provide, this is not a guarantee against arbitrary salary differences in units with very similar salaries (but perhaps different performance or level of education, etc.), nor does it mean that the differences in the identified units were unjustified. Rather, this analysis serves as a quick search for potential areas where further investigation could be focused.



7. Caveats of the Analysis Instructions

When data is not available for certain relevant factors (years of experience, for example), the analysis is subject to the caveat that such information may have altered the results if it were asymmetric with respect to gender.

Linear regression requires certain assumptions to be approximately met. The more your data deviates from these assumptions, the more caution is required in interpreting its results.

Regression tree analysis may suggest false discrepancies and obscure real discrepancies. These results should be considered suggestive at most, and as a “gut check” against linear regression results.

Subset analysis results should be interpreted with caution, as outliers, unbalanced gender composition, and small membership may skew the summary statistics. In particular, the simple aggregation of summary dollar amounts should be handled with care, if not outright avoided.



PARTNER CASE STUDIES

To demonstrate how three companies of different sizes did the work to achieve gender pay parity, we have put together case studies for 7Geese, Unbounce, and Shopify.





How Unbounce Achieved Gender Pay Parity



In 2017, our People & Culture (P&C) team analyzed compensation across the company and discovered, to our surprise and disappointment, that we had a gender wage gap at Unbounce. After taking immediate action to close the gap, we spent the next few years developing systems and processes to reduce the chances of this happening again. The work has been iterative and is ongoing, but in 2019 we achieved two important goals: we reached gender parity in terms of representation, and we completed a gender wage gap analysis to confirm gender was no longer a factor in determining salary at Unbounce.

While we are proud of the strides we have made so far, we know we have much more work to do. Moving forward we're focused on ensuring that when we're measuring gender parity—both from a representation and pay perspective—we are doing so with intersectionality top of mind and taking into account factors like race, ethnicity, sexual orientation, disability, and caregiver status.

The Work to Get There

Luckily for us, the desire to resource this work was driven from the top. Our founders, including CEO Rick Perreault, recognized the importance of the work and helped to drive it forward. This allowed our P&C team to champion these initiatives without needing to spend extra time or resources convincing the executive level why it was crucial for the future of our company. Our P&C team executed the work, bringing along people managers and our data team to complete the gender wage gap analysis.

When we began this journey back in 2017, Unbounce's P&C team already had a solid understanding of our total compensation strategy, pay policy, access to market data for our industry, and some (but not all) pay bands created for roles across the organization.

Next, P&C worked with our people leaders to build structure and consistency by:

- Creating pay bands for every role, informed by the [HRTech Group Salary Survey report](#) on competitive salary standards.
- Collaborating to define development levels within each salary band, and developing criteria for each level so we can explicitly outline the skill sets that an employee needs to meet at each different development level. Each employee is assigned a level along a pay band, and this is continually reassessed to ensure it always accurately represents the contributions of the individual.
- Educating hiring managers on the salary standards and company pay policy to ensure potential employees weren't able to "low-ball" themselves during negotiation. In one instance, a new female hire asked for a salary that was 50% lower than what Unbounce valued the role she was being hired for at. Because of the time taken to educate, the hiring

manager did not consider this a budget-win for their department, but rather offered the new hire a salary that was 50% higher than what she had valued herself at.

- Developing a system of “checks and balances” to eliminate subjectivity between managers (i.e., one manager being a “harder marker” than another by nature). This is done by looking at a team member with the same role under a different manager as part of the compensation review process.

After the couple of years it took to lay the groundwork outlined above, we were ready to run a linear regression and regression tree analysis in 2019 when we had just under 200 employees. Our results showed that:

- No discrepancies appeared at the aggregate level. But when the data team dug in further at a localized level they found approximately 10 cases where either women outearned men, or men outearned women in the same role (the balance of each gender outearning the other is why it didn’t show up in the aggregate).

At this point, the data team handed these cases over to P&C to look into each case and determine if there is a justifiable reason, or if bias is at play. In each of the 10 cases there was a justifiable factor, such as one employee being newer to a role, and therefore at a lower development level and lower on the pay band. This showed us gender was not a factor in determining salary at Unbounce and that the policies and procedures we had been developing since the initial analysis in 2017 were working.

With transparency top of mind, we communicated the findings and process to get there through an internal roadshow. The findings were communicated to the senior leadership team, then to all Unbouncers during their monthly all-hands meetings. This was followed by a lunch and learn for Unbouncers to ask questions they had about the findings and the work being done at Unbounce to continually improve in this area.

Key Milestones

While there have been more tactical steps to follow along the journey, like the ones outlined above, there have also been key turning points that have contributed to improving our broader approach to compensation and pay parity work.

Milestone #1: Completed a manual evaluation and found pay gaps

In 2017, our People & Culture (P&C) team took the time to complete a rigorous manual evaluation of each employee’s salary level. At the time, they did not have resources available from our data team to do a full linear regression or regression tree analysis. This meant they knew the results would not be perfect but would at least be a starting point towards a more sophisticated process in the future. From this initial evaluation, we concluded there were a handful of cases where an adjusted gender wage gap was present. Because of the priority Unbounce places on its people and creating an outstanding workplace culture, this felt like a shock.

While it was clear that the gaps weren’t there due to intentional gender bias, a lack of structure and process in how compensation was decided and adjusted at Unbounce had led to them. The P&C team immediately worked with people managers to close these gaps and started to build out policies and procedures that would allow the company to monitor and prevent this from happening moving forward.

Milestone #2: Separated compensation evaluations from performance evaluations

We undertook a significant change management process across the organization to lead to a formalized compensation adjustment process at the same time of year, for everyone. Separating compensation and performance conversations created a more equal and fair assessment of pay for all employees. This is because differences in pay for two employees in the same role and experience level can form due to a difference in employees’ experience and conviction when it comes to negotiating pay, rather than a legitimate difference in performance.

Conducting pay adjustments at the same time of year for every employee also allows us to inspect how individuals within the same roles are accessing pay, and if there are discrepancies when the new salaries are being suggested by managers. This enables us to run an analysis before changes are made to ensure we can correct any imbalances before changes are finalized.

Milestone #3:

Set goals and took steps to increase pay transparency at Unbounce

Prior to beginning the work, employees had a limited and inconsistent understanding of how P&C used market data to inform salaries and pay bands. Our goal was to help employees and managers understand why we pay like we do, feel educated about how we use market data to determine pay, and understand what data goes into pay decisions.

We made the effort to educate managers, and get really “real” about how we pay and use pay bands so that our employees can have confidence in our payment philosophy. We empowered managers to have the conversations and continue to build understanding on how pay works. The result of this work is seeing our Engagement Survey question “I believe I am compensated fairly for the work I do” increase from a historical low score of 59% of employees answering favorably in 2017, to 72% of employees answering favorably in 2020.

Milestone #4:

Collected more robust self-identified demographic data

In Q1 of 2020 we sent out an optional survey to Unbouncers to give them the opportunity to self-identify based on a variety of demographic factors. With a nearly 70% participation rate, we now have a clearer (though still not completely accurate) picture of the multi-faceted identities that make up our employee base. We will use this data moving forward in our annual pay parity evaluations to break down the analysis further to check for parity between white and non-white employees, employees who belong to the LGBTQ2S+ community, and employees living with a disability, amongst other factors.

Lessons Learned

The work to build a diverse, equitable, and inclusive workplace for all is iterative and always ongoing. There have, and will continue to be, steep learning curves and mistakes made along the way to acknowledge while we tackle this work. We’d like to share some of the major lessons we’ve learned so far:

1. **This work takes a lot of time and can’t be done off the side of someone’s desk.** The reason we are asking companies to prioritize pay parity as a business objective is because the proper resources need to be dedicated within someone’s full-time job description to get this work done—otherwise, it will continually be pushed aside as a “side” project.
2. **Don’t underestimate the importance of internal communication throughout the process.** From an org-wide perspective, everyone really needs to understand the rationale and methodology behind the work so that they can trust in the process. Without buy-in, employees may feel some salaries are being inflated unfairly, or managers may not carefully follow your developed processes or feel empowered to have pay conversations.
3. **Just start somewhere.** Your work likely won’t be perfect—but it will be progress. Over time, you will work out the kinks in order to perfect each piece of the process. These small iterative changes will build momentum to create sweeping long-term changes for your business.

Moving forward, we will be running this analysis annually to ensure no gap is present. We look forward to now being able to evaluate for pay parity through different lenses, such as race and ethnicity, and sexual orientation, because of the data we have collected in 2020. This will allow us to run the analyses to check for parity on the greatest number of factors possible, and to consider intersectionality in our approach.

The work in this case study has been focused on work done to ensure there is no adjusted pay gap at Unbounce (employees doing the same job with the same skill and experience level are being compensated equally). While we have achieved gender parity org-wide, we are still working to tackle having a higher ratio of men in technical roles, like data and engineering. This means that when we take the average male salary at Unbounce and compare it to the average female salary at Unbounce, we end up with an unadjusted pay gap. We proactively work to attract greater gender diversity in our recruitment pipeline and to build an inclusive culture for all employees in order to close the unadjusted pay gap.

Finally, we are investing resources to encourage our peers to be vulnerable and take on the work to prioritize pay parity alongside us. Together we know we can create the greatest impact.



Shopify's Compensation Fairness Journey



We built fairness into our compensation strategy from day one. However, due to our rapid growth, we have continued to evolve our strategy each year. In our earlier days, our fairness analysis was less complex. With fewer than a hundred employees, it is much easier to review compensation across the company and call out any potential inequities. As we grew and scaled, so did our analysis and approach. For this case study, we are going to focus on our journey post IPO (2015).

Following our IPO, due to our growth, we hired our first Compensation Analyst. This was big—we’d always cared deeply about fairness, but now, we were investing dedicated resources into the space. This allowed us to spend more time and gave us the expertise to take our approach to the next level. By building fairness into our strategy, this influenced the design of all of our compensation frameworks. It also signaled to our employees the value we placed on this.

Over the next two years we prioritized getting accurate data into our HRIS allowing us to store and pull data quickly and ultimately enabling us to do more. In 2018, we partnered with our People Analytics Team and our Diversity & Belonging Team to help take our analysis and approach even further. With the partnership of these teams we were able to expand our fairness analysis beyond just gender, to include race/ethnicity, to increase the frequency of our regression analysis (3x per year), and to add new tripwires to identify potential biases and inequities throughout the entire employee life cycle.

Our team was aligned that this was an important priority to focus on. We cared deeply about fairness, as it was a pillar of our strategy. We wanted to follow an approach that worked for Shopify: an approach that considered both the compensation outcomes and the managers’ biases that may be present in the decision making to impact those outcomes.

We knew in order for this to be successful, we needed to include multiple key stakeholders and teams. This was not just a Compensation Team initiative, but a cross team project that included our:

- Compensation Team
- Diversity & Belonging Team
- People Analytics Team

The Work to Get There

These teams collaborated to execute the work, coming to define our approach in three ways:

- **Global:** We take a global approach, meaning everyone at Shopify, regardless of location, job level, and role are included in our compensation fairness analysis.

- **Shopify:** We always understand requirements and legislation across all countries. We care deeply about fairness and we want to follow an approach that works for Shopify, which considers both the compensation outcomes and manages biases that may be present in the decision making to impact those outcomes.
- **Total Compensation:** We look at the total compensation package (both equity and base salary), to ensure we have no gaps from a total compensation perspective.

In our approach, we identify factors that influence compensation and break them into two categories:

1. **Unfair Factors** (should not impact compensation): Gender, Race/Ethnicity
2. **Fair Factors** (should impact compensation): Job level, Role, Impact (Performance), Market Data

We use a regression model to ensure that only the fair factors impact our employees' compensation. We run this analysis two to three times per year to ensure we are keeping a constant pulse on fairness recognizing our high growth.

In 2020, we have also started to share our results with Shopify employees to increase transparency and build trust in the steps we are taking to ensure fairness. Although our analysis has not identified any pay gaps across the organization, we have also ensured that if a Shopify employee has any questions or concerns about their compensation, they know where they can go to get support. That being said, if we ever did identify any potential fairness issues, we would action and course-correct this immediately with communication to the impacted employees.

Key Milestones

Knowing the work will never be “done,” we continue to evolve our approach every year. A couple of the major milestones we have achieved as we continue to improve the ways we approach this work include:

Milestone #1:

Integrating fairness tripwires into our compensation planning cycle

- Most companies have some form of cyclical approach where they review compensation and performance.
- We used this opportunity to dig into compensation fairness, and also ensure we had tripwires in place to identify potential biases in decision making.
- Example of the tripwires and analysis we built into our compensation planning cycle:
 - Impact (performance) calibration sessions: Calibration sessions are hosted across departments to help reduce and eliminate bias by checking, comparing, and adjusting impact categories, promotions, job levels, and comp adjustments.
 - Leadership approval dashboards: We integrated fairness data points into the approval dashboards, so this information was clear and visible to our Leaders before they provided their final approval for compensation decisions.

Milestone #2:

Using data and technology to enhance our compensation fairness approach

- We asked employees to complete a diversity survey, which allowed us to have more and better data for our analysis.
- This data was captured in Workday (our HRIS). This provided us with the ability to pull aggregate data quickly and enabled us to build formal data-informed dashboards.
- Our diversity survey has also been integrated into our onboarding process, helping us ensure the data is always current and accurate as new team members join.

Milestone #3:

Increased Learning & Development initiatives to help level up our Leaders

- Leaders are a critical element in ensuring compensation fairness as they are key decision makers and directly influence the outcome of compensation for their teams.
- We have focused on enhancing our training for leads, with a specific focus on anti-bias training to ensure they are aware of how to identify and mitigate any of their potential biases.
- Our Leaders have access to digital compensation training to support them in making well-informed and fair compensation decisions.

Milestone #4:

Defined and developed our global approach to fairness

- As we grew globally, we recognized legislation varies from country to country. However, we knew we wanted to take a consistent approach for all of our employees.
- The Compensation team partnered with our People Analytics team to conduct a global fairness study focused on gender and ethnicity/race (regression analysis).
- We communicated this approach and the results to our employees via our internal intranet site, to allow for greater transparency in the approach we were taking globally.

Lessons Learned

This work is a continual learning journey, and we would like to share with you four lessons we have learned so far:

1. Build fairness into your foundations! Do it because you care, not because you have to.
2. Take a global approach. Even if you are not global yet, if you anticipate this may be your future direction, get ahead of the research and ensure your approach is set up to scale with you.

3. Ensure your Leaders and Talent/HR Teams understand the importance of fairness, and arm them with the right information and data to support your strategy.
4. Don't just focus on the outcomes (analysis). Focus on the decisions made throughout an employee's life cycle and build in tripwires to help mitigate potential biases.

As we mentioned, our work will never be done or complete. We are invested in continuing to review and evolve our approach. Some of the things we're focused on in 2020 include:

- Increasing communication, visibility of our approach, and sharing results internally with all of our employees
- Continuing to build tripwires during each compensation or impact decision through an employees life cycle
- Increasing education and learning initiatives for our leaders and Talent Team
- Continuing to increase the dimensions of diversity we include in our analysis

We hope that by sharing our journey publicly and participating in initiatives like Pay Up for Progress that we will see more companies prioritize this work and use the shared information to reach milestones more quickly and effectively as we all aim to create more equitable workplaces.



Small But Mighty: How 7Geese Tackled Pay Parity



[7Geese](#) is a Vancouver-based Human Resources technology company, fueled by a small team of 34 highly curious and growth-oriented individuals. Focused on continuous performance management, we position ourselves as innovative and barrier-breaking. It’s always been important to us to “practice what we preach” in regards to the advice we give to our clients. As a result, we knew it was time to do a “gut check” and ensure our beliefs and philosophy—which centers around empowerment, autonomy, and growth—aligned with our compensation practices.

Our company is also mindful of the gender inequality issues prevalent in STEM and tech industries, in particular. We were looking to proactively address any potential Diversity & Inclusion (D&I) challenges as well as identify how to improve our practices overall.

But as a small business, 7Geese didn’t have a team, or even an individual, whose role was dedicated to doing this work full-time. So in December of 2018, we decided to partner up with Annika Reinhardt from [Talent Collective](#) to look under the hood and identify/resolve any pay parity issues we might have.

The project was driven by the company’s Chief of Staff, Wendy Pat Fong, as well as our then Head of Professional Services & Research, Elizabeth (Libby) Stewart (now Director of Customer Success). Both are passionate about moving 7Geese forward in terms of our diversity and inclusion practices. Wendy & Libby had already started working on creating people-focused frameworks and was keen to learn more about how pay parity was playing out at 7Geese. Libby has a background in organizational psychology and had worked in D&I for many years before joining 7Geese. Right from the beginning, the project had the strong support of our CEO, Amin Palizban, which is a reflection of the company’s willingness to lead by example when it comes to talent and people practices.

The Work to Get There

The project spanned over two months (not full-time!) with Talent Collective doing the data analysis and both teams working on the results and potential actions together. At the point of the analysis, the company had done some work around pay banding, and was in the process of developing robust job success profiles. However, no analysis had ever been done around potential pay differences, especially when it came to gender. From here, the process was as follows:

1. Development of 12 hypotheses around pay parity

We started with looking at what we wanted to test our data for. In addition to the basic hypothesis of men outearn women, we also wanted to look at things like how ethnic background, years of

experience, education, and the gender of somebody’s manager may impact pay at 7Geese. We also wanted to check if men were less likely to negotiate their salaries or raises compared to women and were curious about who got the most out of these negotiations.

2. Collection and analysis of data

Based on our hypotheses we collected the following data:

- Job title
- Salary
- Gender
- Ethnicity
- Education
- Years of experience
- Time since promotion
- Manager gender
- Manager ethnicity
- Negotiation of salary or promotion and outcome

Data was collected from the HRIS system and through the finance department that also kept track of previous raises and any related negotiations.

3. Testing of hypotheses and findings

Due to the size of 7Geese, there weren’t enough data points to conduct a deep regression analysis and determine whether a gap was existent or not. Instead, the team focused on:

- General gender representation compared to the province/tech industry, overall
- Gender representation in the management team
- Unadjusted pay gap
- Adjusted pay gap for various groups (technical vs. non-technical jobs)
- Internal equity overall

Our findings concluded that 7Geese’s unadjusted gap was about 17%, which was representative of the gap we saw in Canadian tech companies (18%) and Canada in general (25%) at the time. Additionally, we looked at pay differences for men and women in technical and non-technical jobs independent of specific roles or experience. We found a 26% gap in salaries for technical roles and saw that the number of women in these roles were limited, and of those women in technical jobs, most were holding lower-level positions. For non-technical jobs the gap was 8%. In these jobs we saw more women represented with still some gaps between higher and lower-level positions.

4. Developing actionable takeaways

Based on these trends, the team immediately identified the need to do a deeper dive into 7Geese’s salary structure to identify and address any structural changes. The goal was to identify if bias might have inadvertently been created, for example by making pay bands too narrow and not allowing for enough movement within the band, or by not having clear definitions of career levels and what progression within a pay band could look like. As a result of the pay parity project, the company, with the help of Talent Collective, built a market-based compensations structure, created profiles for all jobs that clearly outline expectations and what success looks like, and set up guides to help define how jobs are leveled and where each employee fits in within the pay bands.

Key Milestones

In addition to the more technical analysis work, there were additional milestones we recognized the need to take on in order for the work to land meaningfully with employees. These included:

**Milestone #1:
Launched an employee pulse check survey**

We launched this survey at the beginning of the project to better understand how employees felt about fair pay and whether they were clear on 7Geese’s compensation philosophy. The pulse check findings showed there was opportunity for more clarity and the team worked on developing clear guidelines around how the company is rewarding and valuing its employees. This is now part of our onboarding process and we hold regular lunch and learns to remind employees about our approach.

Milestone #2: Improved compensation communication

It also became clear that some employees did not feel comfortable having compensation conversations with their managers. When we dug deeper, we discovered more women than men felt this way. As part of the roll out of the new compensation structure, the team conducted extensive training for managers to help them communicate compensation and ensure employees had the opportunity to have an open dialogue with their manager about compensation.

Milestone #3: Made increased diversity a focus for recruitment efforts

Additionally, 7Geese committed to focusing even more recruitment efforts that support a diverse workforce, especially in technical roles. The company looked at identifying whether any job postings were biased towards male applicants, and made efforts to ensure they were balanced. We have been very transparent with the whole company regarding the results of the project, raising awareness and accountability for the company's commitment to supporting a more diverse workforce. The education around this topic has also helped with identifying any cognitive biases from the recruiting team.

Lessons Learned

1. **Bring your people on the journey—communicate, communicate, communicate!** Something you will likely underestimate is how much time, effort, and care needs to go into communication to ensure people understand the process, the outcomes, and why the resulting initiatives are fair and reasonable. Some 7Geese employees were brand new to compensation frameworks, having never worked for a company that had any kind of leveling or structure in place. People need time to understand the information and how it would benefit everyone involved, with a need for it to be presented in a few different channels of communication (e.g., lunch n learns, 1on1s, informal connects, resources). Always remember to keep the executive team involved, informed, and excited along the way, as well.

2. **Co-create the solutions to address key themes.** When presenting the initial findings to employees, take time to ensure the narrative you uncover makes sense to everyone and that it appropriately reflects the outcomes from the analysis. Several presentations and collaborations were required to co-create solutions that people would feel invested in. We asked employees what the data and findings meant to them, and asked for their ideas around how to best approach what we uncovered.
3. **You cannot do it alone.** It's difficult to drive these initiatives and changes if you are only one person and this is not your day job. Engage as many champions for the cause as possible and scope out commitment not just for the duration of the “project” but also beyond. Who “owns” this work and who will be accountable for driving the resulting actions from it? This needs to be shared and explicitly discussed to sustain momentum.

7Geese now conducts annual market reviews to ensure their compensation structure is still solid and makes market adjustments where necessary—not based on gender or ethnicity, but on what the market is doing. The company's new compensation practices have been in place for over one year now. 7Geese was planning on doing another review of their pay parity efforts pre-COVID, but like many other organizations had to temporarily shift priorities. The company is still committed to checking in to evaluate the impact of the new compensation philosophy, pay structure, and training efforts.

While doing the work, 7Geese and Talent Collective were asked to present the findings of their pay parity analysis at the 2019 CPHR Conference. The conference theme was “Gaining Momentum” and with more awareness around the pay gap, organizers wanted to ensure that smaller companies could see that prioritizing pay parity work was not only an achievable goal for large companies. By sharing our work, we aim to showcase to other small businesses that this work is important and feasible without massive resources. Being part of the Pay Up for Progress initiative is also a great way to hold ourselves accountable to continually aim to do better. Achieving pay parity is a continuous effort and 7Geese knows there is always more to do and learn.

Next Steps

Thank you for taking the time to read through this toolkit. We hope you find the information useful as you begin to prioritize pay parity in your workplace. Here are some ways you can keep building momentum and help us close the gender pay gap for good:

Take the Pledge - If you haven’t had an opportunity yet, you can formalize your company’s commitment by taking the pledge to prioritize pay parity. The pledge is a commitment made by your company to complete a gender pay parity analysis and outline a plan of action to address what you find.

Share the Toolkit - The more we can get people talking openly about the work they’re doing and sharing these resources, the more progress this movement will make. Forward this toolkit to friends and peers in your network to help us get the word out and inspire others to take action.

If you’d like to get in touch with the creators of this toolkit, please contact socialimpact@unbounce.com.

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