



# **Unleashing the Power of Salary Bands: **A Guide for HR Professionals****

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# Introduction

Salary bands: the dreaded excel nightmare. They take too much time, are too complex, involve too many factors, and limit employees, right? Wrong. Soon you'll discover why salary bands don't have to be painful.

## Why this guide?

At Figures, we strive to bring fairness and efficiency to organizations' compensation decisions. Salary bands are just one of many compensation elements that can save time, money, and stress.

And did we mention the global movement towards transparency including the incoming EU Pay Transparency Directive?

“Pay fairness is a hot topic at the moment and while lots of companies say they'd like to be more transparent on compensation, it's either not that easy to do or they're fearful of the outcome.” - Virgile Raingeard, founder and CEO of Figures

That's why our team of compensation experts has created this guide, to help you embark on your journey of fairness.

But why should you care about salary bands now? Here are a few reasons:

- The EU Pay Transparency Directive is on the horizon, so it's time to prepare your compensation for upcoming regulations.
- The calmness of summer offers the perfect opportunity for your team to lay the groundwork for your compensation structure, ready for the end-of-year review cycle.
- We've heard that you're tired of spending hours creating and updating spreadsheets, and we're here to help.

**Ready to get started? Let's rock these bands together!**  
**Team Figures**

**PSST!** Read until the end to discover more about our #1 tool, designed to attract and retain talent in the most efficient and compliant way.

# Key terminology

What are the key terms you should know?

## **Salary Band:**

A salary band refers to a specific range of salaries or wage levels established within an organization for a particular job or group of jobs.

It represents a grouping of positions that have similar job responsibilities, qualifications, and experience levels, and are compensated within a similar pay range.

## **Salary Range:**

A salary range is a predetermined range of compensation or pay levels established by an organization for a specific job position or group of positions.

It typically includes a minimum and maximum salary or wage amount. The range allows for flexibility in compensating employees based on factors such as their skills, experience, performance, and market conditions.

## **Salary Grid:**

A salary grid, is a structured table or chart that outlines the various salary levels or steps within an organization.

It provides a systematic way to determine an employee's salary based on factors such as job classification, years of experience, education, and performance. The grid often includes salary ranges or bands associated with different levels or steps.

## **Midpoint:**

The midpoint refers to the middle point or value within a salary range or band.

It represents the median or average salary within the range and is typically used as a reference point for determining the compensation of employees. Salaries can be set above or below the midpoint based on factors such as individual qualifications, experience, and performance.

## **Band Width:**

Band width, also known as salary range width, is the numerical difference between the minimum and maximum values within a salary band or range.

It represents the extent or span of compensation within a particular band. A wider band width indicates a larger range of salaries, allowing for more flexibility in compensation decisions.

## **Bands' Overlap:**

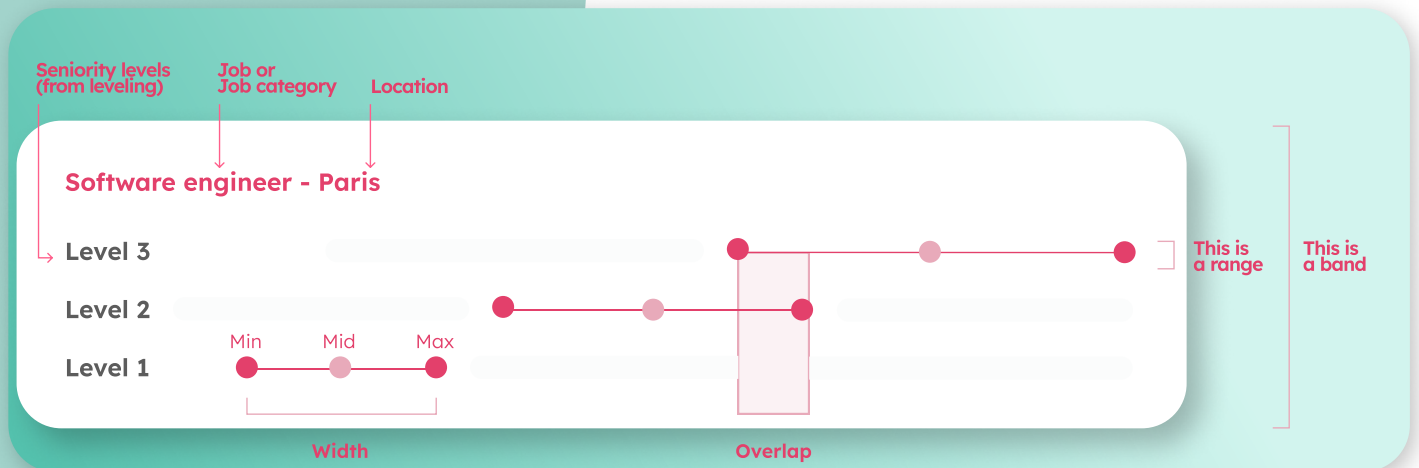
Bands' overlap refers to the situation where the salary ranges of two adjacent or neighboring bands within a salary structure share a common salary range or have a portion of their ranges in common.

This means that there is an overlap in the compensation levels between the two bands, and employees falling within the overlapping range may be eligible for different salary band assignments depending on factors such as job performance, seniority, or other criteria.

Overlaps can be used to provide gradual progression and allow for smoother transitions between bands.

# Anatomy of a salary band

Here you're currently admiring the "Software engineer - Paris" band with 3 ranges



# 01

## Benefits of having salary bands

Before getting into how you should build your salary bands, let's talk about why.

There are plenty of positive upsides that you should consider and can use as a rationale to start the project and get your leadership team and managers onboard!

### *Attract, retain, and engage talent*

We all know this infamous HR trypic goal, and all means to get to it is to be cherished!

A clear compensation strategy, including salary bands, is a great way to get there:

#### *→ Provide clear career progression to your team*

With salary bands, everyone should:

1. Understand why they are paid what they are paid
2. Project themselves in their future roles and evolution

It should help you manage expectations, spend less time on hypothetical discussions, and, once again, focus on what's essential: personal growth and development.

## ***Make pay management more efficient***

All processes, including pay management, can be fastidious and complicated; the more it will be structured and standardized, the easier it will be to go through.

### ***→ Compensation decisions made easy***

No need to spend endless hours explaining how you've built an offer or explain there is no possible negotiation. A clear framework and process into which everyone falls should eventually lead to more structured, fair, and simple decisions for managers, TA, and HR.

Not to mention that if you don't have any structure, every individual salary discussion starts from scratch.

Salary bands set the foundation, allowing you to delegate decisions to Talent Acquisition, HR development teams, or even Managers directly.

As long as the decision fits within the established bands, it will result in both fairness and consistency across your organization.

### ***→ Ease budget definition***

Relying on your salary bands, budget planning based on your hiring plan should be more straightforward and reliable.

## ***Promote transparency and fairness***

Transparency is a hot topic at the moment. While lots of companies would like to be more transparent on compensation, it's not that easy to do so when your compensation strategy and decisions are blurry, inconsistent, or arbitrary.

Having salary bands in place brings a supporting framework that will:

### ***→ Enforce fairness***

You may have to explain any salary discrepancies/out-of-range positioning, which will likely force you to avoid most exceptions/unjustified inequalities (gender-based notably). Eventually, it should help you avoid potential biases.

### ***→ Create smoother compensation conversations***

With a clear framework and system, candidates and employees will be more likely to understand and accept pay decisions, as a system is reassuring and ensures fairness.

It should result in smoother communications, focusing on what matters (facts leading to the compensation decisions, such as performance or behavior) rather than challenging the data source or calculation method.

## 02

# How to build your salary bands

You want to build your salary bands but don't know what to start with? Or who defines what parameters should be used?

Only 3 main steps and some answers to the burning questions you should ask yourselves about the band's structure.

## *3 steps to build the bands structure and fill it with data*

### **01** *Defining the appropriate list of roles*

The process to decide whether or not to create a band for each role in this company goes like this:

1. Do I have enough people in this role, or do I plan to hire more in the future, to justify creating a band?

No, it's a one-off role: then maybe you don't need to create a salary band.

Yes: then it's worth creating one!

2. Do I plan to pay people in this role using the same rules as others in another role (i.e., I want to pay Front-End Engineers the same as Back-End Engineers): therefore, you should group multiple roles into one single band (in that case, Software Engineering)

More bands equal more granularity and precision in the way to manage your compensation but a heavier workload in terms of maintenance, while fewer bands are the opposite (less maintenance, less precision)!

Here is an example of 3 different levels of details a Tech team could use start from:

Option 1 - Very high level (for smaller companies)	Option 2 - Functional fit (for medium companies)	Option 3 - Very granular (for large companies)
Tech	Software Engineering Product Management	Front-end Engineer Back-end Engineer Full-stack Engineer DevOps Engineer ...
Sales	Account Managers Account Executives SDR/BDR	Account Managers Large Accounts Account Managers Mid-market Account Managers small businesses SDR BDR ...
Customer Success	Customer Success Manager Customer Support	Onboarder Customer Success Customer Support Customer Success Operations ...
Finance	Finance Manager Accountant	Finance analyst Finance controller Procurement Accountant ...
Marketing	Communication & Content Lead generation Product Marketing Management	Internal communication Public Relations Growth Marketing Management Brand design ...
etc.		

## 02 Define your levelling framework

You won't pay a fresh out-of-school Data Analyst the same amount than you would pay one with 10 years of experience, right?

That's why, if you have not done it already, you should create your own Levelling framework, to define internal job levels/job grades within your company. Whether you opt for industry-standard Beginner/Junior/Senior/etc. or A/B/C/D, or 1/2/3/4 is entirely up to you, however you can't create salary bands without having defined even a basic levelling structure first.

Don't know where to start? We have you covered with our guide on the topic: [Figures Leveling v2](#)

Once you have your levelling structure in place, and having defined your bands above, you now have the first design of your salary structure (often called a **salary grid**):

Jobs	Levels ↕ / Ranges ⇨	Min	Mid-point	Max
Tech	Junior			
	Intermediate			
	Senior			
	Staff			
Sales	Junior			
	Intermediate			
	Senior			
	Staff			
Customer Success	Junior			
	Intermediate			
	Senior			
...	Staff			

### 03 Now, let's define how to fill it out

The overall process will be to repeat each of those steps below for each Band x Level combination (each cell above!):

1. Leverage the appropriate **Market Data** to know what are current market rates for the role
2. Use your company's compensation policy to define an applicable **mid-point** that will represent what you want employees on this Band x Level to be paid on average

Define your desired band's width to determine a **min and a max** (+/- X% of the midpoint defined in the step above), which should set the minimum and maximum pay for this role

Let's use an example, to determine the band for the Front-End Engineer x Senior role in Paris:

1. I look at [Market Data for Front-End Engineers in Figures](#)
2. My compensation policy states that we want to pay **60th percentile on average**, so looking at the 60th percentile of the market data, **65,000 euros** should be our midpoint

At the senior level, I want my bands to have +/-10% width, which computes to a **58,500** (65k -10%) minimum and a **71,500 €** (65k+10%) maximum

Bands ↕ /Levels →	Fontend engineer - Min	Mid	Max
Junior			
Intermediate			
Senior	58 500 €	65 000 €	71 500 €
Staff			

All good? Let's get into the details of each of those steps...

# 03

## Burning questions to define your bands' structure

### 01 *Which market data to use?*

Now that you're facing empty salary grids, you will have to fill them in with some actual numbers, and for that, you want to rely on market data to be as accurate as possible.

For any employer, competitiveness is key; you want to know what's happening in your ecosystem: Are your competitors paying more or less than you? Should you consider changing your compensation strategy? Should you offer variable pay for this or that job? etc.

Eventually, the benchmarking platform you'll use should be:

- Providing **relevant data** based on your location, industry, company size, funding stage
- **Mapping data in a reliable manner** when it comes to levels (all companies have their own leveling framework, the data mapping and aggregation are critical points)

Of course, providing accurate, real-time market data is what we do at Figures. Check-in with our team [if you want](#) to learn more.

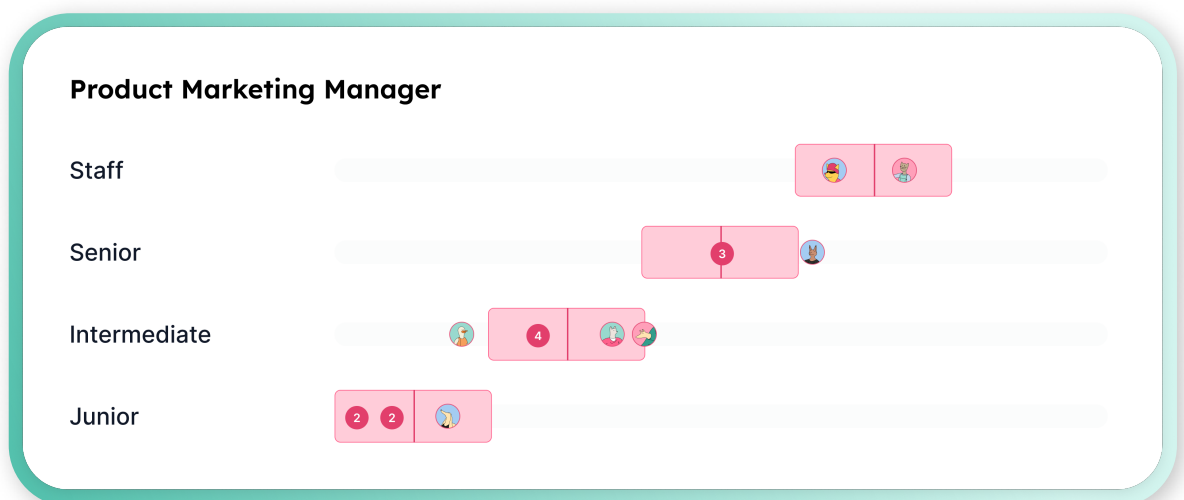
### 02 *How to use my compensation policy to determine the range's midpoint?*

This should come from your compensation policy. If you have defined one already, you should do so before creating any salary band! Don't know where to start? Once again, we got you covered: [Compensation Philosophy](#)

The most important parts of your policy, in regards to salary bands creation, are:

- Your market positioning: ie do you want to pay at the 50th percentile, 70th, or does it vary per job?
- Your geographic strategy: do you want to pay people based on where they work, or align everyone on one location?

Defining those 2 points will help you interpret your selected market data and turn it into a midpoint for each of your salary range (And did you know? Figures can do all of that for you automatically!)



### 03 *How wide should your salary range be?*

There are advantages and downfalls for both wide and narrow salary ranges.

What we commonly observe on the market is to have ranges at +/- 10%.

Which leaves enough room for growth and evolution without creating too many discrepancies among people doing the same job at the same level.

Depending on the width you will be going for, there could also be some questions about overlaps: should ranges be overlapping on one another or not?

Both answers are valid, and the wider your ranges means that most likely there will be an overlap, but it shouldn't compromise your initial decisions on market positioning for the mid point and band's width.

Keep in mind that the main risk of overlaps is that some employees from a lower level could end up being paid more than employees at the beginning of the upper one. As long as you are able to justify those gaps, there shouldn't be any problem.

	Pros	Cons
<b>Narrow salary range</b>	<ul style="list-style-type: none"> <li>Fewer discrepancies within the team</li> </ul>	<ul style="list-style-type: none"> <li>Fairly rigid for hiring (no negotiation possible)</li> <li>Less possibility to reward performance outside of promotions</li> </ul>
<b>Wide salary range</b>	<ul style="list-style-type: none"> <li>More margin for negotiation</li> <li>More room for employee evolution</li> <li>Ease employee performance recognition outside of promotions</li> </ul>	<ul style="list-style-type: none"> <li>More discrepancies between 2 employees at the same level supposedly doing the same job</li> </ul>

*A best-in-class approach would be to have ranges becoming wider as you move to higher levels.*

Why? It will most likely take more time to move from a Senior to Staff level than from Junior to Intermediate level; hence you want people to have more room for evolution within your Senior level than the Junior one.

Level	Ranges' width
Junior	+/- 7%
Intermediate	+/- 10%
Senior	+/- 12%
Staff	+/- 15%
Principal	+/- 20%

# 04

## Day-to-day use of your salary bands

### *Bands are created; what's next?*

Once you've created and filled your salary bands, it's time to use them for your team!

#### **01** *Position your current employees on these ranges to spot potential gaps*

Ideally, you don't create your bands based on your current employee's salaries. This means it's likely that you'll notice gaps once you'll position your employees on your grids, and those gaps are OK!

→ For each employee, determine where you position them within their level, not taking compensation into consideration. For that, you want to define a positioning scale, some companies use sub-levels, and others use ratings. A simple way to start with could be:

- Between min and mid-point = Entry level, still acquiring most skills of the level, needs time and experience to develop
- Mid-point = Fulfills the expectations at the current level in terms of skills and performance
- Between mid-point and max = Has started developing skills of the next level, should be promoted quickly

**02** *If any gaps exist, determine the true-up budget necessary to position everyone where they should be in your new ranges*

To avoid compromising your leveling system, you shouldn't assume that because someone is "within their level's range," they are fairly compensated.

If your initial evaluation was that they are fulfilling expectations of their level, they should be at the mid-point and nowhere lower, which may lead to some compensation adjustments whenever you create or update your salary bands.

Once your budget is defined, depending on your financial constraint, you can either implement the true-up directly or spread it over several compensation review cycles.

**03** *Validate the bands with all the different stakeholders (finance team, managers, leadership team)*

The last step to validate your salary bands will be to lock them with your stakeholders. To onboard them, you want them to understand:

- Why you built them → how is it going to change their day-to-day?
  - The finance team will have more clarity on budgeting from a hiring plan
  - Managers will focus more on growth and development; compensation should be an automatic follow-up step
  - The leadership team will be able to promote fairness and transparency globally
  - People team will spend less time managing exceptions and negotiations
- How you built them → is everyone aligned on the company's positioning?

If you build your bands on a compensation philosophy that not everybody agrees with, it will soon be a big problem

→ Think about it, if you want to pay at-market when your managers think you should pay above market, you will always have endless discussions!

Make sure everyone commits to the compensation policy criteria so the rollout of the bands makes sense to everyone.

*It's not over yet... don't forget to monitor your salary bands!*

The market is forever changing, and particularly in our current economic context, things are moving very fast!

We highly recommend that at least once a year, but even better, twice a year, you monitor the health of your salary bands:

→ Is your mid-point still aligned with your initial market positioning?

→ What does it mean at an employee level? Do you have employees paid below market? Out of range?

→ Is your overall compensation policy still consistent with your philosophy?

# 05

## Salary Bands Communication

Imagine this: you collaborate with your team, build wonderful salary bands and no one even knows that they exist. Not only is it not rewarding but it also could be a critical mistake impacting your employee attraction & retention.

Now we know that pay transparency is a highly debated topic as salary discrepancies for individuals with similar qualifications are not uncommon with bias slipping in and many companies making compensation decisions without having a [compensation philosophy](#).

In the past, discussing salaries was considered taboo, but the workforce has evolved, and conversations about compensation are now more open and regulated ([especially with the incoming EU Pay Transparency Directive](#)).

*But at Figures we've said it once and we'll say it again: Properly communicating everything that goes into your compensation plan will help your employees feel more valued and appreciated.*

So here's our mini bonus guide on best practices for communicating compensation decisions:

### 01 Train HR & Hiring Managers

Provide training and guidance to HR professionals and hiring managers on effectively communicating salary bands externally and internally.

- Ensure they understand the rationale behind salary bands, how they've been built, why you took the positions you took to build them.

**If they understand salary bands, it's more likely that they will stand by the decisions during discussions with their teams.**

- Make sure they have all the content and context to address questions or concerns, and uphold consistent messaging throughout the recruitment, selection and review processes.

**02*****Determining the level of transparency you want to have***

Choosing to be more open about salary discussions doesn't necessarily mean you need to publish all the numbers out in the open.

The level of transparency ideal for your company depends on multiple factors, including the type of workforce, company culture, practical possibilities, etc. [Learn about the 5 different levels of transparency in detail:](#)

**Level 1: Knowing only your salary**

Salaries are not published inside the company. Everyone can negotiate their salary according to their negotiating skills.

**Level 2: Knowing your salary and how it is calculated**

Someone compiled guidelines for the different roles and levels of each and assigned an appropriate salary range to each group. Now, employees know how much they are being paid and can compare it to the market standards.

At this level, it becomes crucial to have a reliable benchmarking tool that provides data from companies in similar stages of growth.

**Level 3: Knowing the rationale for salary decisions**

1:1 discussions about the policies and the reasoning for different salaries can be held open. Employers must be available to discuss why they can or can't match salaries being paid by another company.

**Level 4: Knowing your salary in comparison to the range**

To reach this stage, companies need to have a defined salary structure. An employee knows the range earned by people in similar positions in the company & knows what they need to do to make more.

**03****Level 5: Knowing It All**

The final step of the pay transparency spectrum is about putting all your calculations out for public viewing. Employees know how much they make in comparison to others. Everyone else does too.

Transparency inspires trust and makes employees feel in control of their salaries – they know that they might not be getting the best salary right now, but they can see the growth potential.

### *Your Internal Salary Band Communication Checklist:*

#### Getting started

- Know your communication targets & the most effective way to share news with them
- Consider tailoring your message based on your target audience
- Identify a clear space and/or contact for feedback and/ questions

#### Make sure that you explain

- Why are you building salary ranges?
- How have you built your ranges? Why are you doing it this way?
- How are the bands included in company processes (hiring / salary review / promotion)
- How transparent will you be about your bands and why (all bands to all, team bands at team level, individual ranges to individuals)

## **04** *Creating your external communications plan*

Your communication work isn't over yet. With pay transparency regulations coming into play, this is the place for your fairness & work to shine!

**Figures Fact:** Salary transparency on job descriptions can improve application rates from anywhere to 30% to 100% (as some candidates now are reporting they won't even apply without knowing the salary first).

Here are some best practices for your team to consider once you have your salary bands ready to communicate and shine to the world.

**Leverage Job Descriptions:** Incorporate salary band information within job descriptions when posting job openings. This practice sets expectations upfront and helps potential candidates self-assess their fit within the range.

**Provide Context and Justification:** Accompany salary band information with context and justification to help external parties understand the factors influencing the ranges.

Highlight the organization's commitment to pay equity, market competitiveness, and internal salary structures to foster trust and credibility.

If you're [proud of your data source](#), then you shouldn't be ashamed to share it as well for further justification.

**Consider Local and Legal Requirements:** Be aware of local laws, regulations, and any legal obligations related to salary disclosures. [Ensure compliance with all applicable laws](#), including privacy and equal opportunity legislation, while sharing salary band information externally.

**Monitor, evaluate and adapt:** Establish channels for receiving and addressing feedback regarding salary bands. Encourage open dialogue with candidates, employees, and external stakeholders to address concerns, clarify any misunderstandings, and continuously improve the communication process. Continuous evaluation and improvement help ensure that external communication remains transparent, fair, and aligned with the organization's evolving needs.

Now that you know what to do, how to communicate, all that's left is to learn how you can do it in the most efficient & compliant way...

# 06

## Meet Figures Salary Bands

*Attract and retain talents through the most efficient and compliant way.*

*It's time to say goodbye to using Excel for your salary bands.*

Most HR and C&B teams are tired of what happens when using Excel:

- Making costly mistakes due to errors in formulas or typing
- Wasting time trying to update with your HRIS (newcomers, leavers) and/or Market Data
- Getting headaches when scaling or updating bands
- Complications for sharing certain confidential employee data

*Say hello to Salary Bands by Figures!*

A simple & efficient solution to build, maintain and share your salary bands.



“Salary bands play a crucial role in establishing fair compensation practices.

Leveraging Salary Bands by Figures allows us to present our compensation model in an interactive and captivating way, improving communication within our organization and beyond. With real-time salary data integrated, we can now conduct semi-annual salary reviews with remarkable efficiency.

Effective communication is of utmost importance, especially for a company focused on remote access, which is why it's a priority for our company and Salary Bands by Figures helps us to make it that much easier.”

- Bastian Heisler, Team Lead People at Eduki

# Automate bands generation based on real-time Market Data in a few clicks

- **Customizable and flexible salary grid structure** to fit your compensation philosophy and company size.
- **No messy calculations:** Figures is taking this tedious process off your hands and provides you with expert guidance.
- **Huge amount of time saved:** once initial configuration has been done, bands are created in a minute, while it can take hours or days in Excel!

Always accurate and competitive, in line with your compensation philosophy, the market and your current employee positioning.

*Figures' magic & aha moment.* Once levels and grouping set up is done, your bands are built in one-click! Huge gain of time and accuracy.

### Structure

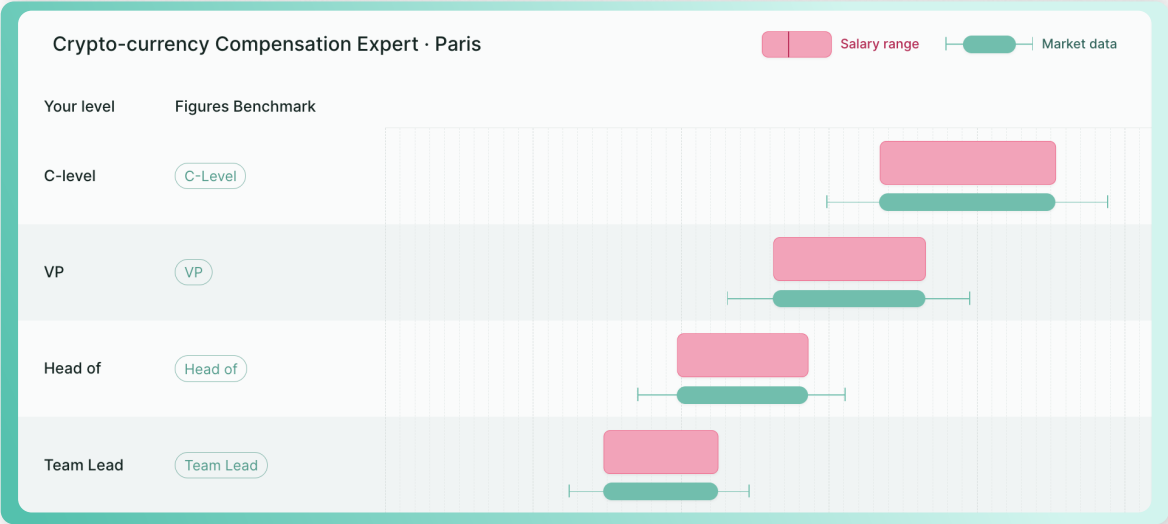
Decide the number of levels, job titles, and locations for your salary bands.

- ✓ Create your levels
- ✓ Choose your jobs
- ✓ Choose your locations

### Group / Map

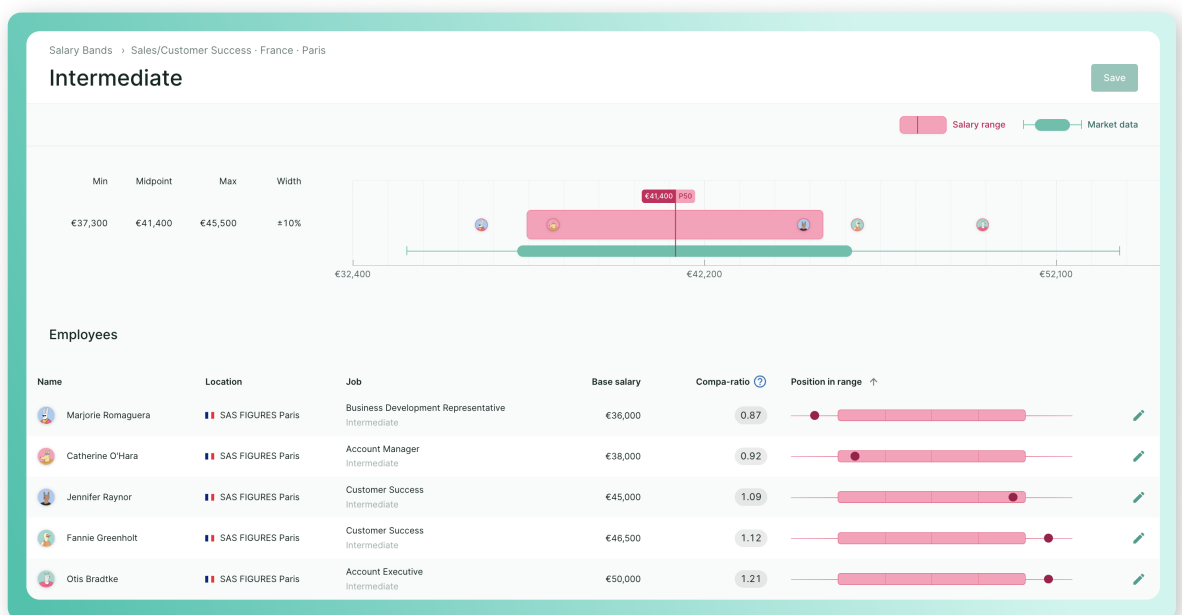
Link your HRIS data to the defined levels, job titles, and locations.

- ✓ Map your levels
- ✓ Map your jobs
- ✓ Map your locations



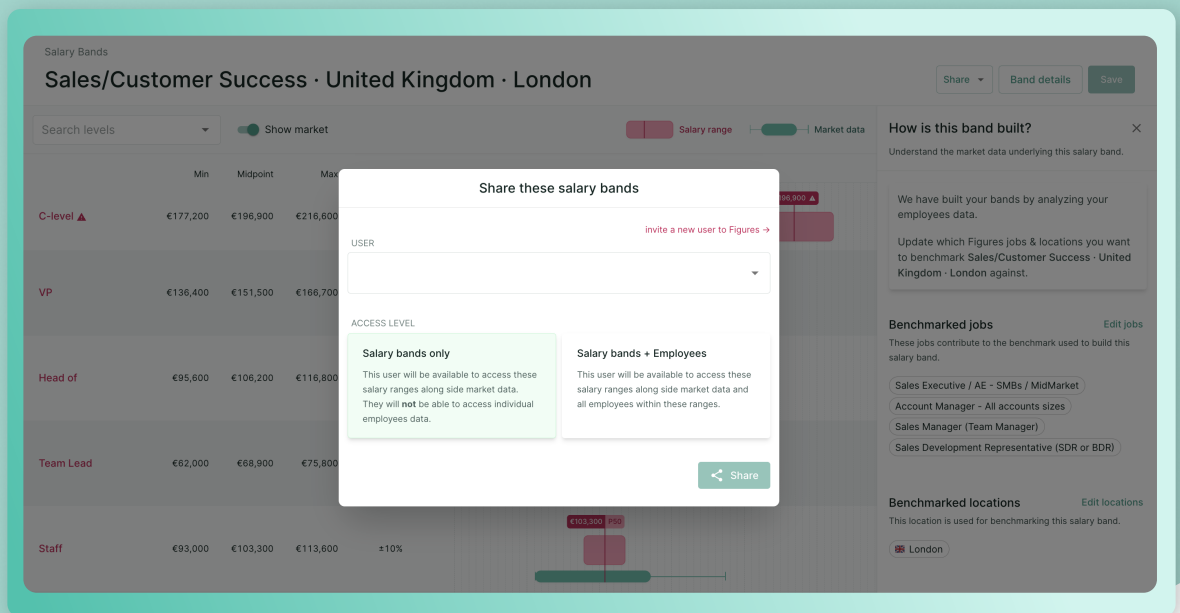
## Your bands, your way. Easily edit your bands and ensure they are always up-to-date.

- Tailor your ranges' market position, width and overlap through **your visual playground to effortlessly simulate different banding scenarios.**
- See where each employee positions into your bands and **prioritize appropriate adjustments.**
- Have **real time updates** (newcomers, leavers, promotions) from your HRIS, ensuring your comp info is always up-to-date.



## Collaborate and get full visibility to drive efficient and fair comp decisions across your organization

- Your comprehensive overview that can be **shared securely** as reference to recruiters and managers.
- **Build trust** with employees and **get buy-in** from managers and leadership
- **One single centralised source of truth** to empower the whole company for fair pay.
- **Better budget planning** for hiring plans and salary raises.



**It's time to drive fairness and constructive compensation discussions with employees using Figures Salary Bands.**

**Get in touch with our team**

### ***Ready for action?***

Congratulations on reaching the end of this comprehensive guide! You're one step closer to being an expert in salary bands and achieving your compensation goals. But don't stop here—put your newfound knowledge into practice and make a real impact.

Here's what you should do next:

- 01** Get your company onboard with the idea of creating (or improving) salary bands
- 02** Reach out to our team and learn how you can get started using Figures Salary Bands
- 03** Stay up to date with all the newest HR & compensation trends [by following us on LinkedIn](#)

**figures**