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Accelerated Pay Raise Policies

Companies are seeking ways to combat the great resignation. One way is to accelerate pay raises. Here's what some CFOs have done to quicken the pace of pay increases.

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1. I'm the CFO of an art museum. We did accelerate our hourly workers on average about 20%. They had not received a raise in about five years prior to this. For the salaried employees, we have given raises on a case-by-case basis. Again, a great majority of the employees had not seen a raise in about five years. Hard to say if this has helped stem the tide of employees leaving as we just did this in the last pay cycle.

2. We are for profit but we did accelerate our raise cycle. What would have happened in July of 2022 we did in January 2022. We also increased our target overall raise from 3% to 5% and prioritized our key employees even more than usual.

3. We have not accelerated our raises, which occur January 1st each year. We only give merit raises and we were able to increase our merit pool this year from 2.5% to 3%. We also haven't offered retention bonuses. What we are doing this year, not yet known to our staff, is giving a one-time bonus to help with the cost-of- living increase. It's not huge, but every little bit helps.

4. We didn't accelerate any option vesting but did account for the tighter labor market by increasing our merit increase percentage range. We have team members in US, UK and India. We started by gathering market intelligence on overall inflation and salary bands (both done by HR teams) and then targeted mid- to high end of inflation range for this year's pay cycle review.

5. We have used retention bonuses for some of our client services people. They would range from $6-$25k, earned over 2-3 years, depending on seniority. They have been "medium" in terms of effectiveness. In the past few years, I think they (combined with competitive salaries) helped retention. However, in this market, if someone making $60k can go make $80k at another company (which we're seeing a lot), a $10k bonus payable in two years isn't going to keep them around. We've also accelerated raises, particularly with our foreign subsidiary where inflation is even higher than the US. That also has been of medium success. Certainly, hasn't hurt.

6. We are a non-profit and I keep pushing on this, I think there is some flavor for it but I don't know at this exact moment. We are facing more and more retention issues, which is occurring at the director level too. Maybe I'll have a better idea in a few weeks but I know it's a problem.

(Source: CFOLC)