Pay Equity & Talent Development

New Relic®

Leveling the Playing Field: Pay Equity & Talent Development

During a bi-annual performance review process, the company's Engineering Organization recognized pay discrepancies and hypothesized that they were significant by gender. They were determined to eliminate the bias with help from human resources. To complement this structural change, the company is also hyperfocused on building talent development programs that provide career training for employees. New Relic explores the impact of programs such as traditional promotions, stretch assignments, exposure to new technologies, and lateral career moves.

BENEFITS

PAY EQUITY

— Pay equity policies eliminate the possibility of bias in pay discrepancies.

— Employees recognize they are being paid the same as colleagues no matter their backgrounds.

— Managers save time and energy discussing pay bands and equity.

TALENT DEVELOPMENT

— Helps employees understand what they want in their careers.

— Provides employees the means to achieve their goals at New Relic.

— Allows employees to feel they have more control over careers.

IMPLEMENTATION

PAY EQUITY

In April 2017, Kristy Friedrichs, Chief People Officer, and Alex Kroman, Senior Vice President Engineering, implemented a pay equity model in New Relic's engineering policies. Although challenging, midpoints of compensation brackets were selected for each position. All salaries were adjusted to be the same across each title. This sometimes meant highly compensated employees saw little increase in salary until pay was equalized. New Relic holds a bi-annual off-site talent planning session where they identify, evaluate, and assess employees for possible promotions. Individuals are visualized in their roles along with their peer group in order to expose any bias. Once a year, all compensation rates are refreshed. Pay equity studies of race and gender are done twice a year.

TALENT DEVELOPMENT

Career planning was originally piloted in New Relic's Product Org but was rolled out company-wide in December 2017. New Relic's Learning and Development (L&D) team developed the approach and program, and the HR Business Partner team ensures everyone abides by the process. Engineering leaders and directors enable this process and set the tone, but the most engagement comes from the manager level. Managers hold twice-yearly conversations with employees and break down what is needed to grow. Employees are encouraged to move between teams with minimal red tape. Mobility between teams, which often use different technologies, allows for an expansion and growth of skillsets employees otherwise would not have, and helps employees connect the dots and be a part of the company's broader innovative mission.

IMPACT

Salary parity is clear at the time of hire—all candidates understand:

one salary
FOR EACH LEVEL

"Being able to validate our comittment to equity and inclusion at New Relic with our pay equity program has been instrumental in recruiting top engineer talent to the company."

–BEN GAHLSDORF, MANAGER, RECRUITING

Career planning has enabled employees and made managers more aware of the need to create opportunities.

1/3 OF GLOBAL EMPLOYEES PROMOTED IN 2017

67 EMPLOYEES MADE LATERAL MOVES out of ≈ 1100

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ACTIONABLE RECOMMENDATIONS

Recommendations and insights for implementing pay equity:

Commit to standard and clearly defined job roles and levels to ensure a successful pay equity model.

It's critical to adopt a philosophy that people doing the same job should be paid the same. Previous levels/titles are not taken into consideration, instead candidates are given the level assessed in interviews.

In-person Talent Planning Offsite helps with transparency about who gets upleveled and helps you see bias.

If you're not ready to implement a full pay equity program, **a pay equity study is a good first step.**

Recommendations and insights to create talent development programs:

Your company leaders need to be empowered to plan for career movement within the company.

Enable managers. **There has to be trust and a willingness to have conversations.**

Be OK with the fact that **some employees may be able to get higher offers at other companies.** Don't feel forced to assess them as being ready for that at your organization.

HR can help tech organizations see where nontraditional moves are possible and what other roles are available.

For managers: **Be sympathetic to ramp down period** for employees who are transferring between roles.

PAY EQUITY LEARNINGS

People thought we wouldn't be able to hire top talent if we had pay equity policies in place, but that has not been the case.

Mid-point pay ranges are a lot harder to get right than overall compensation ranges. Logical gaps must be maintained between roles; adjusted to trends in recruiting; and compared to Radford salary surveys. It's hard to keep up and implement.

CONTINUOUS CAREER PLANNING LEARNINGS

Reducing friction for transferring employees helps retain talent and moved career conversations from "How do I get promoted?" to "What am I interested in learning and how do I get that experience at New Relic?"

With conversations taking place every 6 months, employees are receiving regular feedback.

Using a company-wide platform (like Slack) to publicize opportunities eliminates silos.

COLLABORATE WITH THE TEAM >

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