

# Managing Compensation

July 2016

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Deposition Exhibit 50

Deponent: K. Waggoner

Date: July 27, 2018

Reporter: Jane Grossman, CSR No. 5225

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Exhibit P-152

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# Program Agenda

## ***Compensation Systems Fundamentals***

- Oracle Job Table
- Career Level Tracks
- Salary Ranges
- Compa Ratio
- Sales Comp Mixes

## ***Pay Decisions***

- Principles of Managing Pay
- New Hires
- Internal Transfers
- International Transfers
- Promotions
- Off-Cycle Salary Adjustments
- Business Justifications

## ***Compensation Programs***

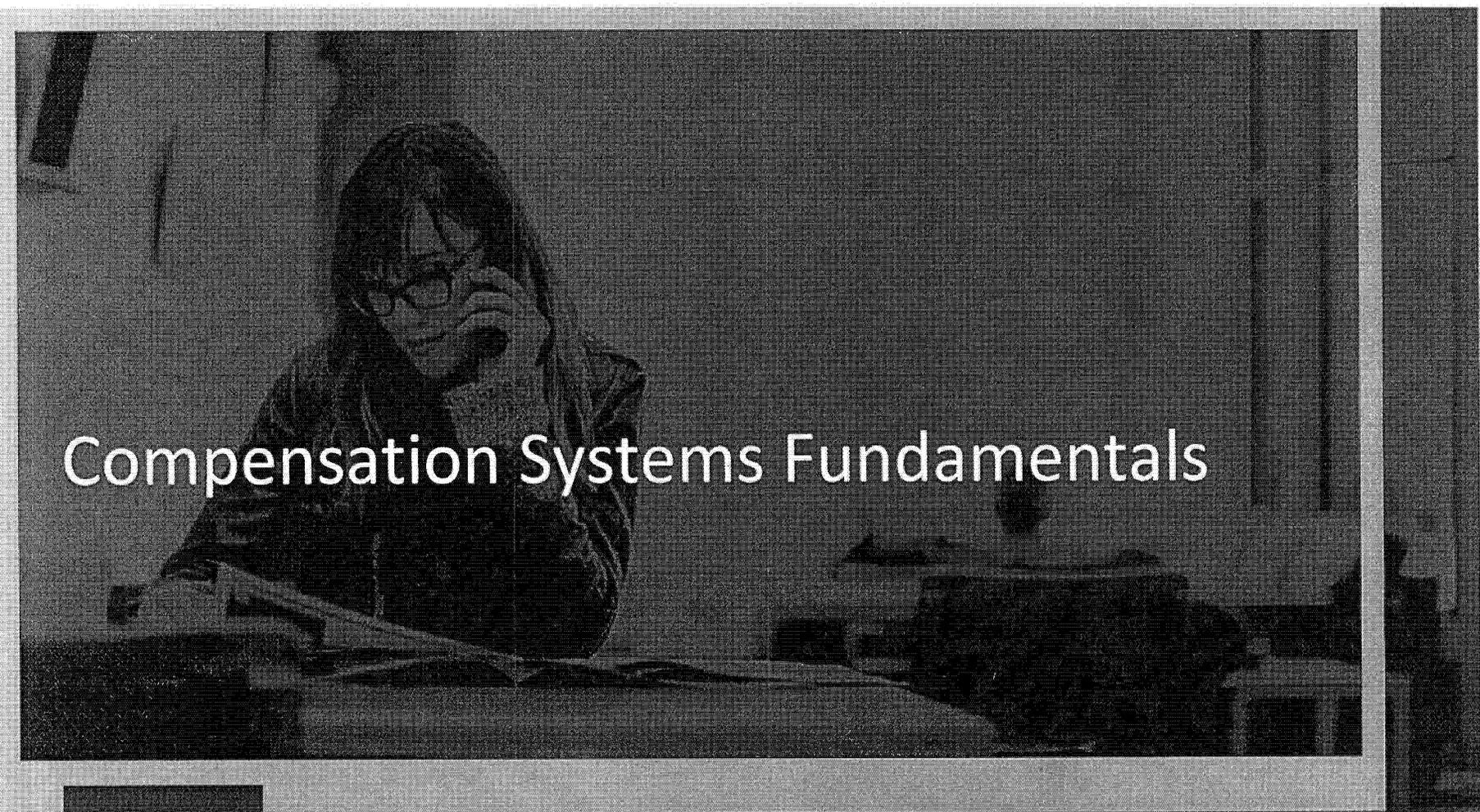
- Annual Equity Program
- Global Corporate Bonus
- Sales and Non-Sales Salary Increases
- Workforce Compensation Replaces Compensation Workbench

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# Compensation Systems Fundamentals

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# Global Job Table

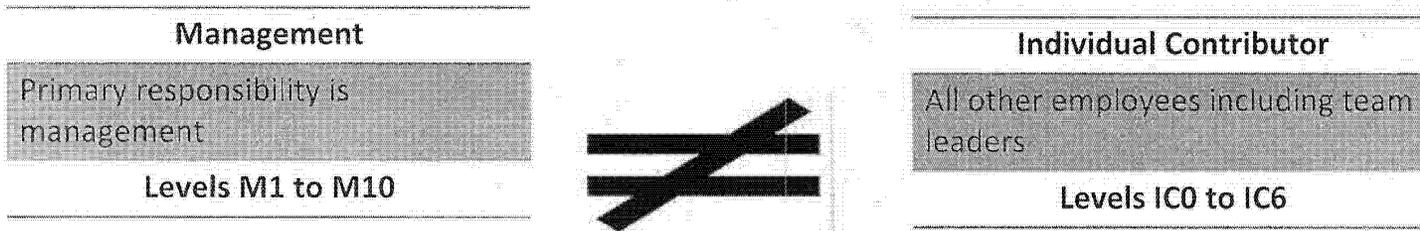
Unique number	System job title	Type of work performed (not LOB specific)	Specialty	Global Career Level - Broad hierarchal category
Job Code	Job Title	Function	Specialty Area	Career Level
3313	Applications Sales Representative IV	SALES	SPECPROD	IC4
10530	Software Developer 3	PRODEV	SWENG	IC3

Every employee with same Job Code will have the same Global Job Title, Function, Specialty Area and Global Career Level



# Global Career Levels

- Global career levels are a set of broad, hierarchical categories related to the level at which a job is performed
- Responsibilities, contribution and job complexity increase from one job level to the next in the hierarchy
- The global career level structure has two paths: Management (M1-M10) and Individual Contributor (IC0 – IC6).  
**There is no correlation between M and IC level**



# Global Career Levels

## Individual Contributor (IC) Career Levels

Career Level	Job Title	Discretionary Title	Responsibilities
IC1	Software Developer 1	Associate Member of Technical Staff	Little to no experience, gaining competence in own area with direct guidance from management.
IC2	Software Developer 2	Member of Technical Staff	Understands role, performs moderately complex problem solving with guidance from management.
IC3	Software Developer 3	Senior Member of Technical Staff	Fully competent in own area. May have project lead role.
IC4	Software Developer 4	Principal Member of Technical Staff	Leading contributor individually and as a team member, provides direction & mentoring to others.
IC5	Software Developer 5	Senior Principal Member of Technical Staff	Provide leadership and expertise in development of new or changes to products/services/processes.
IC6	Software Developer 6	Architect	Acknowledged expert within company and/or industry. Provides strategic leadership in development & direction of products/services/processes.



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## Global Career Levels

### Manager (M) Career Levels (2 or more direct reports)

Career Level	Job Title	Discretionary Title	Responsibilities
M1 - M2	Software Development Manager	Manager, Software Development	Leads dev. team of individual contributors. Minimal people management experience.
M3	Software Development Senior Manager	Senior Manager, Software Development	Leads dev. Team of individual contributors. Generally has 2 or more years of people management experience.
M4	Software Development Director	Director, Software Development	Strategic leadership across functional areas through a team of individual contributors and managers.
M5	Software Development Senior Director	Senior Director, Software Development	Strategic leadership across functional areas through a team of individual contributors and managers. Broad functional exp, enabling mgmt of PM, QA, Dev, etc.
M6	Software Development Vice President	Vice President, Development	Strategic leadership across functional areas through a team of directors. High conceptual complexity, significant intangible or external factors.
M7 – M10	Snr VP, Exec VP, Pres	Senior VP, Exec VP, President, CTO& Chairman	Senior Executive Staff



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# Choosing the Correct Job Code

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## Choosing the Correct Job Code

- The Job code selected should be the job which most closely reflects the role in the organization

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## Choosing the Correct Job Code

- The Job code selected should be the job which most closely reflects the role in the organization

**Why is this so important?**

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## Choosing the Correct Job Code

- The Job code selected should be the job which most closely reflects the role in the organization

**Why is this so important? What might be impacted by inaccurate job mapping?**

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## Choosing the Correct Job Code

- The Job code selected should be the job which most closely reflects the role in the organization

**Why is this so important? What might be impacted by inaccurate job mapping?**

- Salary Range

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## Choosing the Correct Job Code

- The Job code selected should be the job which most closely reflects the role in the organization

**Why is this so important? What might be impacted by inaccurate job mapping?**

- Salary Range
- Bonus eligibility

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## Choosing the Correct Job Code

➤ The Job code selected should be the job which most closely reflects the role in the organization

**Why is this so important? What might be impacted by inaccurate job mapping?**

- Salary Range
- Bonus eligibility
- Overtime eligibility

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## Choosing the Correct Job Code

- The Job code selected should be the job which most closely reflects the role in the organization

**Why is this so important? What might be impacted by inaccurate job mapping?**

- Salary Range
- Bonus eligibility
- Overtime eligibility
- Visa eligibility, systems access, and more

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## Salary Ranges

Job Code ➡ Salary Grade ➡ Salary Range

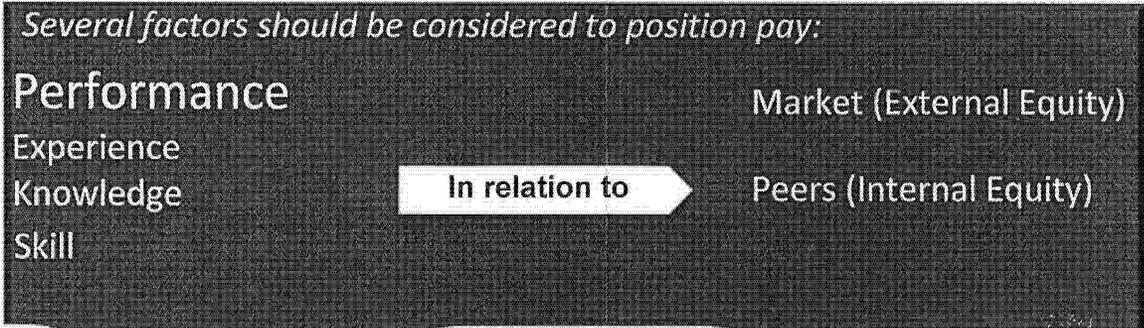
- Salary ranges are a tool to assist managers in making decisions about pay
  - Broad ranges allow managers to account for differences in experience, skills, competencies and performance of candidates and incumbents
  - Salary ranges are developed at the country level
    - Some countries may have multiple ranges because of within country pay differences
      - US – HQ and Non-HQ
  - Salary ranges are developed locally using 3<sup>rd</sup> party salary survey information
    - Market data is reviewed relative to the particular job and it is typical to find a variance between functions. For instance, market data for the sales function differs when compared to market data for the support function.

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# Understanding Salary Ranges



Employees who are still learning their role, or whose contribution is below the required standard

Employees who are fully experienced, competent and solid performers

Employees whose contribution is exceptionally high or ready for a promotion

1st Quartile	2nd Quartile	3rd Quartile	4th Quartile
\$36,159	\$42,938	\$49,718	\$56,498
<b>Minimum</b>		<b>Midpoint</b>	<b>Maximum</b>



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## Base Salary – Compa-Ratio

- Compa-Ratio is the ratio of the employee's salary to the midpoint of their job's salary range.

- Example:

Annual salary - \$52,000

Local salary range midpoint - \$49,718

Compa-ratio = Employee salary ÷ Range Midpoint x 100

= \$52,000 ÷ \$49,718 x 100

= 104.5

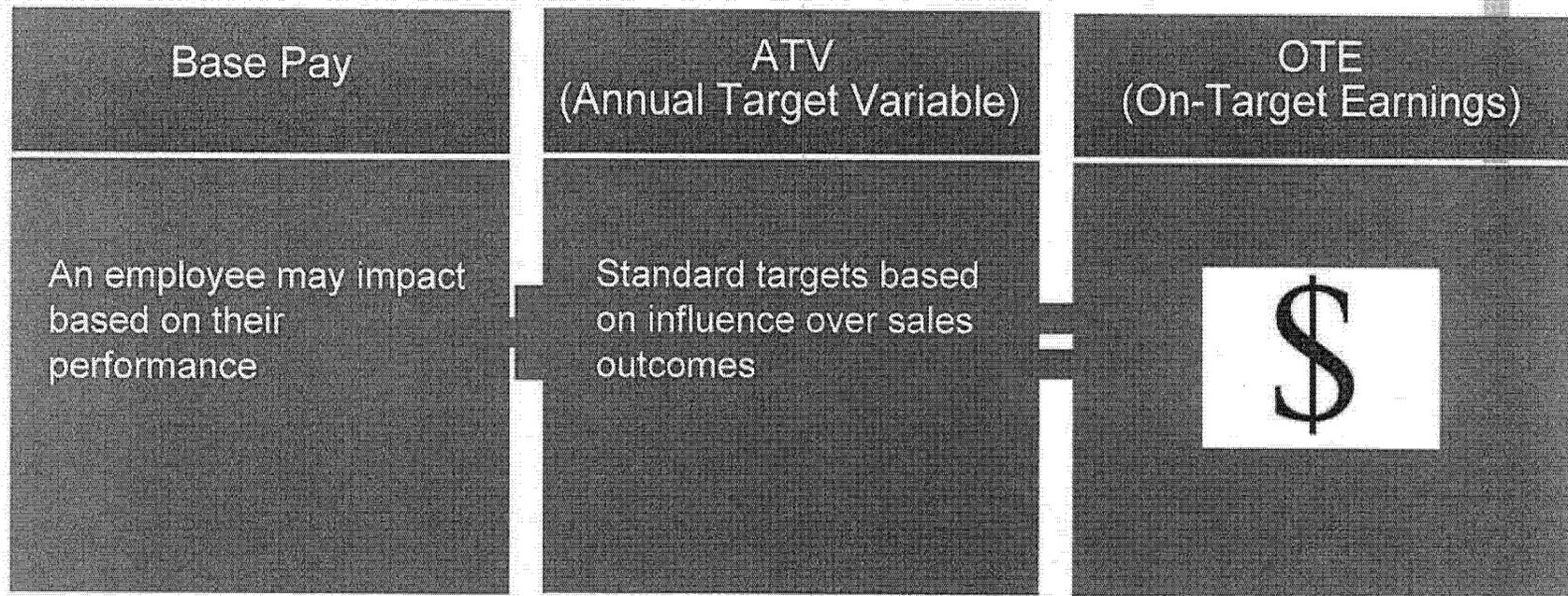
- How do we use Compa-Ratio?
  - Salary benchmarking of peers in role
  - International transfers between two countries
  - Periodic salary reviews



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# Sales – Pay Mix



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# Sales – Pay Mix

Job Code	Job Title	Career Level	Pay Mix (most leveraged)	Pay Mix (least leveraged)	Target Variable (ATV) Minimum	Target Variable (ATV) Mid	Target Variable (ATV) Maximum	On-Target-Earnings (OTE) Minimum	On-Target-Earnings (OTE) Midpoint	On-Target-Earnings (OTE) Maximum
[Redacted Content]										

- Global Incentive Comp (GIC) Team
- Standard v. Non-Standard Pay Mix



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# Pay Decisions

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## General Principles of Managing Pay

- Compensation and benefits must be in line with the standard for the job
- Balance external and internal equity
- Consider the relevant knowledge, skills, abilities and experience of the employee
- Differentiate rewards by performance but manage within your budget
- Be honest and open with communications on rewards and performance
- These principles apply globally



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## New Hires

- When posting a position
  - Choose the correct job family and career level
    - Most closely reflects the role and level of the work required
- When determining an offer
  - Make final determination of correct career level for the candidate – may differ from level of posting – one level up or down
    - Based on experience and skill set of candidate
  - Review salary range for proposed position and salary range position of existing incumbents in work group
  - Understand variable pay plan, if any eligibility
  - Review candidate and proposed package with HRBP prior to making candidate offer

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## Scenario #1

### New Hire – Choosing a Career Level and Salary

- Position posted as a M4
  - Will have 4 reports – 1 IC3, 2 IC4s and 1 IC5
- Candidate has 10 years experience including 2 years management experience
- Key factors in determining career level
  - Job Scope
  - Candidate's experience
- Key factors in determining starting salary
  - Peer salaries with similar skills, experience, and job
  - Local market salary data to ensure offer competitiveness

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## Scenario #2

### New Hire – Choosing a Career Level and Salary

- Position posted as a M2
  - Will not have any direct reports
- Candidate has 7 years experience including 1 year management experience
- Key factors in determining career level
  - Job Scope
  - Candidate's experience
  - Number of direct reports

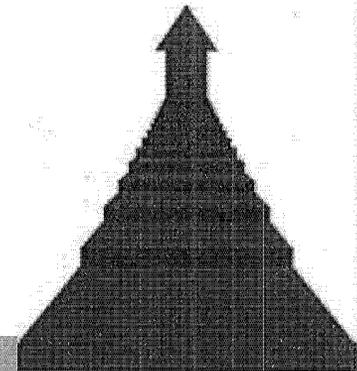
\*Taleo postings may be adjusted up or down one level from what was posted. It must be within the same IC or M career track. You cannot adjust across career tracks.

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## Promotions

- A promotion is typically a move to a new job with greater responsibility and impact to the company.
  - Some promotions are within the same job family and career path and
  - Others can be to a new job family or career path
- Promotions are not always accompanied by a salary increase
  - Salary should, however, be appropriately positioned in new salary range



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# Promotions

- Key factors for IC promotions
  - Skills, experience, and performance of the employee
  - Scope of the job
- For promotions from IC to Manager
  - No direct mapping between paths
  - Consider scope of the job and previous management experience to determine level
- Key factors for Management promotions
  - Scope of job and business need for job at new level
  - Experience, performance, and results of the employee

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## Polling Question



Under which situation would you feel a promotion is appropriate?

- A. An employee has been in the same grade for quite awhile and is due a promotion
- B. I'm concerned the employee may leave the organization
- C. The salary of my employee appears to be low and by giving them a promotion I get a chance to increase it
- D. An employee mentions to you that a colleague next to them is doing the same job but has a higher career level. They've asked to be promoted.
- E. None of the above

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## IC Product Development Promotion Template

Employee Name: _____	Manager: _____
Current Career Level and Job Code: _____	Proposed Position and Job Code: _____
# of Years in Current Position: _____	# of Years in Industry: _____
Current Salary: _____	Min Salary for New Position: _____
Performance Rating: _____	VP/SVP: _____

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Please address the following factors, including examples when recommending promotions to senior development positions in Product Development.

### **SUMMARY OF EXPERIENCE**

*(Provide a brief description of current and previous experience, education, and areas of responsibilities.)*

### **SCOPE OF POSITION**

*(Describe the scope and complexity of the technical work being performed. Describe how the position or deliverable is important to Oracle's strategic plan or revenue.)*

### **TECHNICAL ABILITY**

*(Describe the individual's technical skills: skill in solving technical problems, time needed to solve difficult problems with minimal direction, creativity in problem solving, ability to present new ideas/concepts, judgment in evaluation of alternative courses of action, reliability of design and project decisions.)*

### **TEAMWORK AND INFLUENCE WITHIN ORACLE**

*(Describe the individual's ability to be effective in a team; ability and willingness to help others when needed; ability and willingness to direct the efforts of others formally or informally; working relationships with other group members. Describe the amount and quality of inter-action with other Oracle groups and what results have been achieved. How has the position contributed to their success or how has it influenced other groups to ensure the success of their own strategic projects?)*

### **EXTERNAL VISIBILITY**

*(How much time does the individual spend representing Oracle to outside interests, such as customers, partners, press and analysts. These contacts should address a technology, product or program area that is highly visible and recognized as an independent entity.)*

### **ACHIEVEMENT**

*(Describe specific, significant deliverables or accomplishments attributed to this individual as the major contributor. Who within or outside of Oracle would know of these achievements? Also explain how the individual exhibits the qualities of leadership, technical credentials and overall ability to represent their group/ST both within and outside Oracle.)*

### **Recommendations**

*(Comments from other senior management staff, both within and outside of group) - Min of three.)*

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**Management Promotion Template**  
**Miranda Organization**

Employee Name: \_\_\_\_\_

Manager: \_\_\_\_\_

Current Career Level and Job Code:  
Code: \_\_\_\_\_

Proposed Position and Job

# of Years in Current Position: \_\_\_\_\_  
Industry \_\_\_\_\_

# of Years in

Current Salary: \_\_\_\_\_

Min Salary for New Position \_\_\_\_\_

Performance Rating: \_\_\_\_\_

VP/SVP: \_\_\_\_\_

Please address the following factors, including examples when recommending promotions to Management positions.

**BUSINESS NEED**

*(Describe Organization Structural need for a position at this level; attach proposed org. chart.)*

**SUMMARY OF EXPERIENCE**

*(Provide a brief description of current and previous experience, education, and areas of responsibilities.)*

**MANAGEMENT SKILLS**

*(Briefly describe the individual's management skills which reflect their ability to get tasks done while attracting and retaining good employees)*

**SCOPE OF POSITION**

*(Describe expanded scope and responsibility. Define how the position or deliverable is important to Oracle's strategic plan or revenue. Quantify size or complexity of the task, i.e. numbers of people to manage or influence, magnitude of product for Oracle or technical challenges.)*

**Metrics: Headcount and Span of Control**

Current Position HC: # Employees under this position \_\_\_\_\_; # Direct Reports \_\_\_\_\_; # Mgmt Level of reports \_\_\_\_\_  
Proposed Position HC: # Employees under this position \_\_\_\_\_; # Direct Reports \_\_\_\_\_; # Mgmt Level of reports \_\_\_\_\_

**SIGNIFICANCE OF POSITION AND IMPACT ON THE COMPANY**

*(Describe the position's significance and how it impacts products, revenue generation, critical technology or its importance to customers/partners.)*

**EXTERNAL VISIBILITY**

*(How much time does the individual spend representing Oracle to outside interests, such as customers, partners, press and analysis. These contacts should address a technology, product or program area that is highly visible and recognized as an independent entity)*

**TEAMWORK AND INFLUENCE WITHIN ORACLE**



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## Internal Transfers

- The starting point for transfers should be lateral – salary and career level
  - Internal transfers should not be used as means to increase salaries
  - However, if the new role has a change in pay mix or there is a change to job family, some adjustment may be appropriate



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## Scenario - Internal Transfer

- I have an internal candidate I would like to hire but he will only transfer if I promote him.
- He has the exact skill set I need for my group and we desperately need the help.
- I'm going to tell him that I'll promote him and give him a salary bump to ensure he accepts my offer.

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## International Transfers

- A cross border transfer is a permanent move from one country to another
- Only employees who have unique or highly specialized skills are considered for this type of transfer
- You should pay appropriately in the new country. Don't simply transfer at the current salary converted to the new currency
- Pay levels for the same job differ from country to country even where currency is the same
  - In Europe several countries use the Euro but have different salary ranges
- Generally, lateral move with no change in career level

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## International Transfers (cont.)

- To determine appropriate salary for international transfer transferring to the same position in a new country use the employee's current compa-ratio and keep it constant in the salary range of the new country.
  - This methodology places the salary at the same position in range in the new country as in the old country
  - If employee's current compa-ratio is extremely high or extremely low it may be appropriate to use the new peer group to place the salary appropriately
  - Don't convert the current salary to the new currency
  - If transfer is into a completely different job family, then determine salary as if a new hire
- $\text{Compa-ratio} = \text{current salary} / \text{midpoint of salary range}$

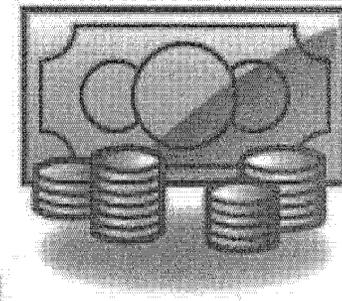
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## Off-Cycle Salary Increases

- An off cycle increase may be needed for:
  - Competitive counter offer (Dive and Save)
  - Job change with change to the variable pay plan
- Off Cycle increases in FY17 – limited
- Always Consult your HR Business Partner



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## Workflow Justifications

- An effective justification should include:
  - New Hires/Transfers
    - Description of the job and the business need for it
    - Skills and experience of the candidate and how they meet the requirements of the job
    - Data used to determine salary offer
  - Off-Cycle Promotions
    - Attach relevant information on the scope of the new job
    - If an increase is proposed, position in new salary range and comparison to peers
  - Dive and Saves
    - Performance and results
    - Impact to business if employee leaves organization
- Justifications should be thorough yet concise and be based on facts not feelings

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## Recap

- Each situation should be reviewed on a case-by-case basis but the principles should be applied as consistently as possible
- There are no absolute right or wrong or “one size fits all” answers
- Look at the whole picture, not just the position in the salary grade
  - Internal equity
  - Skills, Knowledge, Competencies, etc.
- Reasons for the decision should be documented
- The salary and benefits should be set correctly for the new position
- The increase/change in status should not be backdated
- When in doubt, consult your HR Business Partner

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# Compensation Programs

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## Global Compensation Programs

- *Annual Equity Program*
  - May/June timeframe
  - CHOICE – 100% stock options, 100% RSU's or 50% options/50% RSU's
- *Global Corporate Bonus*
  - Program announced after fiscal year end earnings announcement
  - Planning generally during July/August timeframe
- *Sales and Non-Sales Salary Increases*
  - Sales and non-sales salary reviewed managed separately
  - Sales salary review twice annually Sept/Oct and May/June timeframes
  - Non-Sales salary review generally Sept/Oct timeframe
- *Workforce Compensation (WC) tool to manage comp programs*

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## What is Workforce Compensation?

- Workforce Compensation (WC) is an Oracle Self Service Application for managing compensation processes, allowing you to:
  - Model and allocate budgets
  - Publish (pass down) budgets to subordinate managers
  - Rate, Rank and Award individual employees
  - Review historical compensation information
  - View and download employee information for off-line work for further analysis
  - View submission status of subordinate managers
- Where can I find Workforce Compensation (WC)?
  - Employee Self Service Cloud > MyHR > My Team > Workforce Compensation

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