

Pay For Performance at the FDIC
13 Lessons On Changing Culture

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Pay For Performance at the FDIC

- ✦ **Executives & managers under
“pay at risk”**
- ✦ **Non-bargaining-unit employees in a
5-level system (CBC)**
- ✦ **Bargaining unit employees in a
2-level system (CSA)**

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✦ **The FDIC twist:**

A pass/fail performance appraisal system with pay raises based on comparative contributions for those who pass

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✦ **Executives & Managers:**

-- **0% to 10% annual pay raise**

-- **Half can receive 2% to 8% bonus**

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✦ **Non-bargaining unit employees:**

Group I (10%): 5.5% raise + 2% bonus

Group II (15%): 4.5% raise +1.5% bonus

Group III (25%): 3.5% raise + 1% bonus

Group IV (45%): 3.2% pay raise

Group V (5%): zero pay raise

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✦ **Bargaining unit employees:**

--Everyone gets 3.2% pay raise

--Top 1/3 of contributors gets an additional 3% pay raise

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- ✦ **First pay-for-performance system began on October 1997**
- ✦ **We are on our 4th iteration**
- ✦ **We negotiate compensation with NTEU**
- ✦ **Will negotiate a new system this summer**

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✦ **Lesson 1:**

The cultural divide is between pay for *performance* and pay for *longevity*

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▸ Lesson 2:

**You have to have the *money* to
reward good performance**

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▸ Lesson 3:

**You need the means, *and the will*,
to make significant distinctions**

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✦ Lesson 4:

**You need to make significantly
*different rewards***

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✦ Lesson 5:

**More graduated *levels of rewards*
are better than fewer levels**

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▸ **Lesson 6:**

Do it *first for executives, then managers, then employees*

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▸ **Lesson 7:**

Know that you will need to adjust, change, and *evolve*

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✦ **Lesson 8:**

The *size* of the pools matters

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✦ **Lesson 9:**

***Listen* to employee feedback**

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✦ **Lesson 10:**

Group employees by grade levels

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✦ **Lesson 11:**

There will be unintended structural anomalies that you will need to correct

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▸ **Lesson 12:**

There is value in *stability*

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▸ **Lesson 13:**

**Better to have the *union* along for
the ride**

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• If you have questions later, or if you want an electronic copy of the slides, e-mail me at

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