



# **Metropolitan Government of Nashville and Davidson County**

## **Compensation and Benefits Program Study Interview Theme Summary Report**

Deloitte Consulting LLP

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# Executive Summary

- Deloitte Consulting conducted 8 key stakeholder interviews with leaders representing various levels and functional areas within Metro. Information was gathered on leaders' current understanding of various compensation and performance management program elements at Metro and any pain points or opportunities for improvement they were experiencing.
- Our key findings and themes are summarized on the following pages. The categories listed below are the areas we focused on during the executive interviews:



## List of Departments Represented

1. Codes
2. Finance
3. Fire
4. General Service
5. Historical Commission
6. Health Department
7. Human Resources
8. Information Technology Services
9. Justice Information Systems
10. Law
11. Mayor's Office
12. Parks and Recreation
13. Planning
14. Police
15. Public Library
16. Public Works
17. Sheriff
18. Social Services
19. Union Leadership
20. Water Services



## Executive Interviews: Key Themes

- Feedback from the interviews fall into the following three key themes:

### Attractive culture

- Metro is consistently described as an organization where people want to work.
- While responsibilities are very high, Metro is able to maintain a family-oriented, collaborative, and dedicated culture.
- However, many employees feel that they are overworked.

### Ability to compete with market

- While benefits are rich, employees feel they are paid far below the market median.
- Low pay has the potential to become a retention issue, as Metro's top talent could be recruited elsewhere at higher salaries.
- Metro's top competition for talent is mostly local.

### Ability to recruit top talent

- Low compensation and limited training opportunities makes it difficult for Metro to attract new, young talent.
- It is often difficult to find candidates that have an appropriate combination of experience and functional skills.

### Consistency

- Since employees are split between open range and step systems, not all employees are given the same opportunities for increases in pay.
- There are pay discrepancies between departments for similar positions.
- Budgetary constraints prevent Metro from implementing the pay system as intended.



## Interview Details: Attractive Culture

Key Theme	Stakeholder Feedback
<p><b>Most employees are very dedicated</b></p>	<ul style="list-style-type: none"><li>■ Department heads agree that employees are motivated to perform well because they are dedicated and proud of their work.</li><li>■ Many stakeholders see Metro as a desirable place to work. Some department cultures are described as:<ul style="list-style-type: none"><li>– Family-oriented</li><li>– Collaborative</li><li>– Supportive</li></ul></li><li>■ Employees feel that the job is not all about money.</li></ul>
<p><b>Many employees feel that they are overworked</b></p>	<ul style="list-style-type: none"><li>■ General feeling is that Metro gives its employees a greater level of responsibility than similar positions in other industries or cities.</li><li>■ Some departments seem to be short-staffed, which leads to a heavier workload for each employee.</li><li>■ Many departments, particularly IT departments, have seen an increase in business.<ul style="list-style-type: none"><li>– While business is increasing, the staff level stays the same.</li></ul></li></ul>



## Interview Details: Attractive Culture

### Key Theme

**There has been very low turnover in recent years**

### Stakeholder Feedback

- In recent years, most departments have touted low turnover rates.
- Employees see working at Metro as a long-term career.
- Employees are enticed to stay at Metro for some of the following reasons:
  - Rich benefits program
  - Greater levels of responsibility than in the private sector
  - Many departments offer flexible working arrangements
- However, some types of positions find that they can earn a much higher salary, have a better work life balance, and have fewer responsibilities (accompanied by less stress) in the private sector.
  - The most “at risk” employees are the top performers, people in the most in demand professions (e.g., IT and Finance), and those who have not reached the minimum vesting period for the pension plan.
- Turnover is lowest in Safety—usually when people leave it is to start a different type of career.



## Interview Details: Attractive Culture

### Key Theme

Employees must feel appreciated

### Stakeholder Feedback

- Both overall Metro management and individual department heads recognize the importance of making employees feel that they are appreciated.
- It is acknowledged that Metro is a great place to work, but it expects a lot of its employees for lower pay.
- This project is a testament to the fact that Metro wants to fairly recognize employees for their work.
- Need to better market the total compensation package to employees—emphasizing benefits.
- Many employees are committed to staying at Metro, but want opportunities to grow.
  - Some stakeholders mentioned the need for better succession training



## Interview Details: Ability to Compete with Market

Key Theme	Stakeholder Feedback
<b>Most of Metro's competitors are local</b>	<ul style="list-style-type: none"><li>■ The following organizations are Metro's major competition for talent:<ul style="list-style-type: none"><li>– Private sector companies</li><li>– Vanderbilt University and other higher education organizations</li><li>– State government</li><li>– Vendors</li></ul></li></ul>
<b>Compensation is "below market" for most positions</b>	<ul style="list-style-type: none"><li>■ Most employees feel they are underpaid.<ul style="list-style-type: none"><li>– Many department heads argue that staff can earn higher salaries in the private industry</li><li>– Largest discrepancies between Metro and private industry pay are with Finance, Information Technology, Clinical, and Legal professionals</li></ul></li><li>■ Low compensation prohibits many departments from hiring the best staff.</li><li>■ Since Metro has skipped multiple step increments, some employees believe that eventually pay will be "caught up".</li><li>■ There was an understanding that pay increases took a backseat when the economy was doing poorly, but now employees are beginning to wonder when they will see raises.</li><li>■ New employees get hired in at higher starting rates—meaning that in some cases they earn more than more tenured employees.</li></ul>



# Interview Details: Ability to Compete with Market

Key Theme	Stakeholder Feedback
<p><b>Benefits are very rich</b></p>	<ul style="list-style-type: none"><li>■ Benefits were deemed an unchangeable aspect of the total compensation program.</li><li>■ Longevity pay is seen as a “sacred cow”.</li><li>■ Many departments offer flexible schedules and the ability to work from home.</li><li>■ Employees seem to value their pension plans above all.<ul style="list-style-type: none"><li>– They acknowledge that this is a rarity in the private sector</li><li>– The value of the benefits program should be marketed to potential candidates to help attract the best employees</li></ul></li><li>■ However, some acknowledge areas where the benefit program could be improved:<ul style="list-style-type: none"><li>– 401k matching program</li><li>– Vacation program is same across all levels</li><li>– 100% employee paid vision coverage</li></ul></li></ul>



# Interview Details: Ability to Recruit Top Talent

Key Theme	Stakeholder Feedback
<p><b>Difficult to attract top talent to Metro</b></p>	<ul style="list-style-type: none"><li>■ While many of Metro’s current employees are tenured with a low risk of turnover, Metro has found that hiring new employees is becoming increasingly more difficult.</li><li>■ Many departments are in need of new staff members, but they do not have the resources to hire additional people.</li><li>■ Low starting compensation is a deterrent to candidates.<ul style="list-style-type: none"><li>– Candidates (particularly those that specialize in IT or Finance) are usually able to find much higher salaries in the private sector</li><li>– There is not an opportunity for employees to earn a bonus</li><li>– Historically, salary increases have been minimal</li></ul></li><li>■ Benefits are competitive, but not as attractive to younger candidates.<ul style="list-style-type: none"><li>– Health benefits are less of a concern to young people, who are generally in good health</li><li>– Metro does not have a 401k program, which is more attractive to employees who do not plan to work at the organization long enough to be eligible to receive a pension</li></ul></li><li>■ Metro lacks sufficient training programs, which would be a major draw for new employees.</li></ul>



## Interview Details: Ability to Recruit Top Talent

### Key Theme

**Trouble finding candidates with appropriate background**

### Stakeholder Feedback

- Given the level of pay that Metro can offer candidates, it faces difficulty finding people that have enough experience and the proper skill sets.
  - Many departments do not have the proper training programs in place to hire less experienced candidates

**Higher pay than State employees**

- While Metro employees perceive their compensation as low compared to the private sector, their compensation tends to be more competitive than employees at the State level.
  - Metro obtains some of its talent from the State, whose employees are looking for higher pay
- The State government has a richer longevity pay program.
  - Many employees question why Metro's longevity pay is not more substantial



## Interview Details: Consistency

Key Theme	Stakeholder Feedback
Compensation is not linked to performance	<ul style="list-style-type: none"><li>■ In addition to feeling underpaid, employees feel that compensation is not linked to performance.</li><li>■ Bonuses are mostly non-existent at Metro.<ul style="list-style-type: none"><li>– While there are some policies in place allowing departments to offer bonuses, this is difficult to actually administer</li></ul></li><li>■ Compensation is linked more heavily to tenure.</li></ul>
Parity in compensation between departments	<ul style="list-style-type: none"><li>■ Similar positions in different departments at Metro are not compensated equally.</li><li>■ While turnover is low overall, many employees transfer between departments, seeking higher pay.</li><li>■ There is not a consistent practice for offering education differentials or education requirements.</li></ul>



# Interview Details: Consistency

Key Theme	Stakeholder Feedback
<b>Implementation of open ranges is problematic</b>	<ul style="list-style-type: none"><li>■ Department heads agree that, in theory, open ranges seem to be a good option.</li><li>■ In recent years employees have not seen raises, meaning salaries have not been increasing as many feel they should.<ul style="list-style-type: none"><li>– Open ranges are not being funded</li></ul></li><li>■ There have been step increases, which has led to compression.<ul style="list-style-type: none"><li>– In some cases, supervisors (who are on open ranges) are making the same or less than the people they supervise (who have had step increases)</li><li>– Funding for increments does not address management level employees</li></ul></li></ul>
<b>Budgetary constraints</b>	<ul style="list-style-type: none"><li>■ While people are frustrated with the lack of raises in the past few years, they understand that there are budgetary constraints.</li><li>■ When Metro is looking to save money, funding of open ranges and step increments are some of the first areas to take a hit.</li></ul>



# Interview Details: Consistency

## Key Theme

## Stakeholder Feedback

**Difference  
between  
classification and  
functional title**

- Metro uses a set of overarching “job classifications” for classification and benchmarking purposes.
- However, these classifications are very broad, and more specific “functional titles” exist at the department level—classification descriptions tend to be very broad and nondescript, whereas functional titles are specific and detail a job’s actual duties and responsibilities.
- There is concern that the classification descriptions are not appropriate for compensation benchmarking positions.

# Deloitte.

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