Formulating the Compensation Strategy Harvard Case Solution & Analysis

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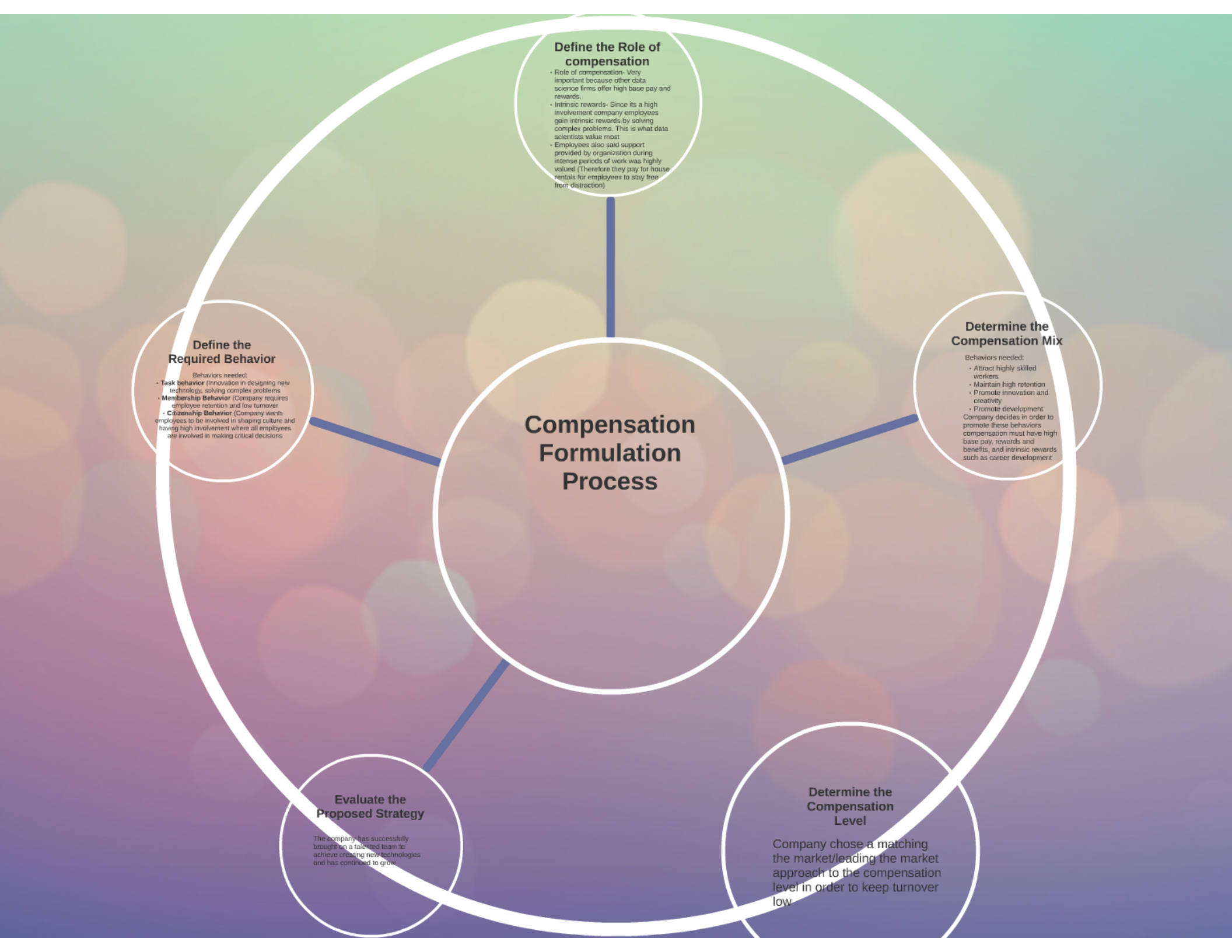
Formulating the Compensation Strategy

How would a start-up data science company formulate their compensation strategy?

- Objective: Need to attract and retain highly skilled workers
- Solution: formulate an effective compensation strategy


Define the Role of compensation
• Role of compensation- Very important because other data science firms offer high base pay and rewards.
• Intrinsic rewards- Since its a high involvement company employees gain intrinsic rewards by solving complex problems. This is what data scientists value most
• Employees also said support provided by organization during intense periods of work was highly valued (Therefore they pay for house rentals for employees to stay free from distraction)
Define the Required Behavior
Behaviors needed:
• Task behavior (Innovation in designing new technology, solving complex problems
• Membership Behavior (Company requires employee retention and low turnover
• Citizenship Behavior (Company wants employees to be involved in shaping culture and having high involvement where all employees are involved in making critical decisions
Compensation Formulation Process
Determine the Compensation Mix
Behaviors needed:
• Attract highly skilled workers
• Maintain high retention
• Promote innovation and creativity
• Promote development
Company decides in order to promote these behaviors compensation must have high base pay, rewards and benefits, and intrinsic rewards such as career development
Evaluate the Proposed Strategy
The company has successfully brought on a talented team to achieve creating new technologies and has continued to grow
Determine the Compensation Level
Company chose a matching the market/leading the market approach to the compensation level in order to keep turnover low

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