

CAP Glossary

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COLA...stands for Cost of Living Allowance, typically an annual adjustment to wages to account for inflation, typically based on a Consumer Price Index set by the government or its agencies.

Corporate Plan...also known as the Protect the Downside or Bonus Plan. This is the default compensation plan for Raise employees in whole-focussed roles, i.e. those whose impact is across teams. Examples of people on the corporate plan include finance, marketing, compliance, IT employees, as well as sales, recruitment, and Core Ops employees who do more coordination than individual contribution. It is less common for those whose contributions are primarily within one CCT, such as

account managers and recruiters. One exception is those working in highly speculative work, where an individual plan would be difficult to structure. The details of the corporate plan can be found [here](#). You'll see that the compensation plans combine a base salary, a guaranteed bonus, and a variable component that is based on the bottom-line performance of all our companies.

Correction or adjustment...a salary change outside of a normal increase for experience or contribution, for example due to a significant change in roles or responsibilities or external pressure in high demand areas.

Demonstrated Contribution... looking back, all the things you have contributed to the organization. A polarity with potential contribution, where it has been the informal norm in the company to make CAP decisions based on demonstrated contribution.

ESOP...stands for Employee Share Ownership Plan, an employee benefit plan that gives workers ownership interest in the company. Read Karen Mann's announcement about pursuing an ESOP at Ian Martin Group, attached below.

Green Circle...if an employee is "green-circled," this indicates that they are being paid at a rate that is below the minimum of the salary range associated with the pay grade their job has been assigned to.

Internal Comparators...internal employees who do a similar job, have similar skills, and/or provide similar value as you do. The peer mentor and advisors will help the CAPper get this information.

Market Value...many Raise employee have hybrid roles and responsibilities which are hard to compare to a market standard; for CAP purposes, your market value is the value of the job that you could reasonably secure after leaving Raise. Here are some suggested pay comparator sites:

Pay Comparator Sites

Canada	Ghana	India	US	Philippines
• Salary.com • Payscale • Glassdoor • Indeed	• World Salaries • Payscale • Glassdoor	• Payscale • Glassdoor • Indeed • Ambition Box	• Salary.com • Payscale • Glassdoor • Indeed	• Jobstreet • Indeed • Glasdoor • Payscale

Pay position...how an organization's compensation compares to market compensation. A pay position is described as lagging, matching, or leading the market. The informal norm at Raise has been to lag the market by 5-10%, i.e. workers are paid 5-10% less than they would make in an equivalent role elsewhere.

Pay Range...a range of pay rates, ranging from minimum to maximum, established for a pay band; here's an example one from the internet:

Potential Contribution... looking forward, all the things you might contribute to the organization. A polarity with demonstrated contribution, where it has been the informal norm in the company to make CAP decisions based on demonstrated contribution.

Profit Sharing...these plans are what they sound like: a portion of company profits are paid out to employees. Read Karen Mann's announcement about pursuing profit sharing at Raise below.

Red Circle... if an employee is "red-circled," this indicates that they are being paid at a rate that is above the maximum of the salary range associated with the pay grade their job has been assigned to, often until the pay range catches up with the individual's compensation.

Replacement Value...In the CAP self-assessment, the CAPper puts their manager cap on to answer these questions: if I were to leave the company, how would the company replace me? What sort of resource would the company have to hire (or shift internally) and what would be their salary?

Profit Sharing and ESOPs

Here is a quick overview of what these plans are:

Profit-Sharing Plans

These plans are what they sound like – where a portion of company profits are paid out to employees.

There are many ways to set up a profit-sharing plan, but the most common is to take company profits earned over and above a base amount (that is needed for debt coverage, taxes and minimum required reinvestment in operations), and pay a portion of these profits to employees. A portion of these profits would also be kept in the company to pay tax obligations, invest in the business, and strengthen the balance sheet.

Employee Share Ownership Plans (ESOPs)

An ESOP is a plan where employees can obtain shares (ownership) in the company – and in that way share in the long-term success of the company.

There are different ways for employees to obtain shares – the most common would be to either buy them or to have them included in compensation or profit-sharing plans.

The process of setting up an ESOP is complex and involves legal, tax and business valuation considerations.