



ne of the most persistent and startling findings from our work with agencies around the country is the heavy toll the perception of unequal pay takes on employees' satisfaction, productivity, engagement, and loyalty. This is true even when objectively there is no disparity, but that reality is not being communicated.

The 3% Pledge for Pay Equity began with a question: How do we get more advertising agencies to commit to pay equity—and do so openly?

In September 2018, we began reaching out to scores of agency leaders. By the time The 3% Conference rolled around in November 2018, 17 agencies had joined as Founding Members of the 3% Pledge for Pay Equity. The Founding Members represent three major holding companies, as well as numerous independents, with employees numbering from dozens to thousands. As of April 2019, three more agencies have joined and more have reached out to learn how they can get involved.

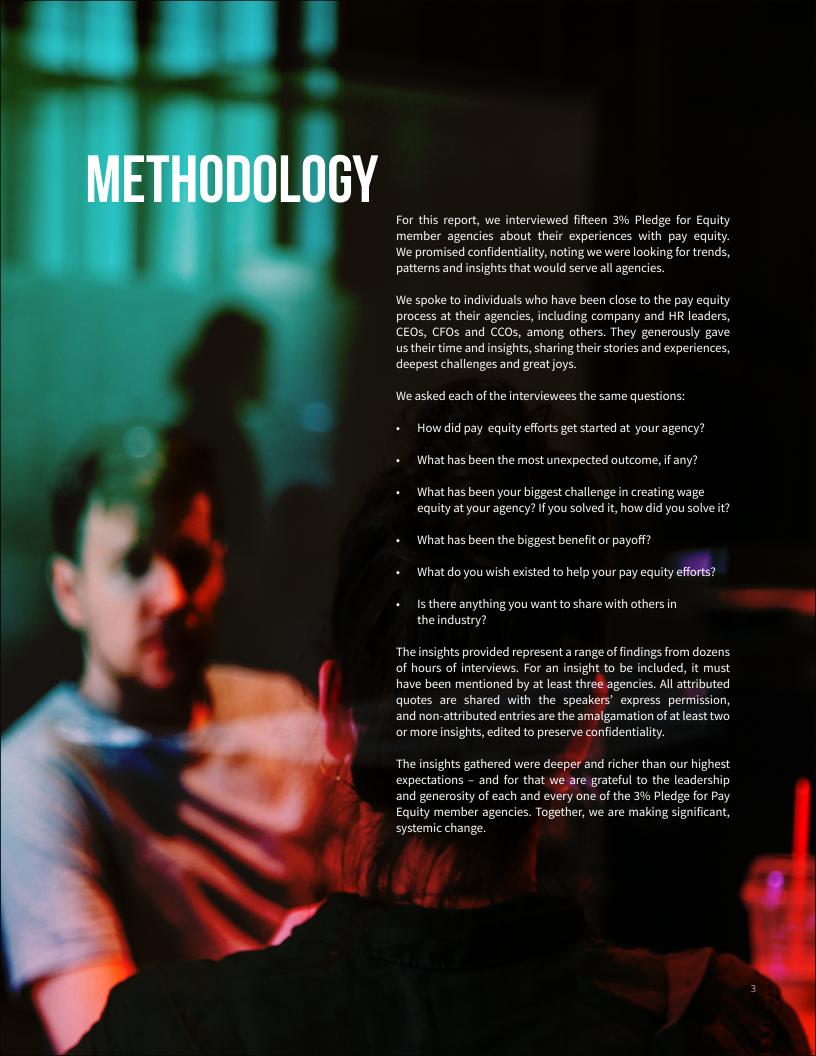
Those agencies that sign the 3% Pledge for Pay Equity commit to upholding three distinct pillars, pledging to:

- Conduct a wage review within the last two years or within the next 12 months
- Ensure true pay equity by rectifying like-for-like disparities or to do so following review
- Commit to advancing pay equity through collaboration, communication, and continued identification and promotion of best practices to close the wage gap in the advertising industry

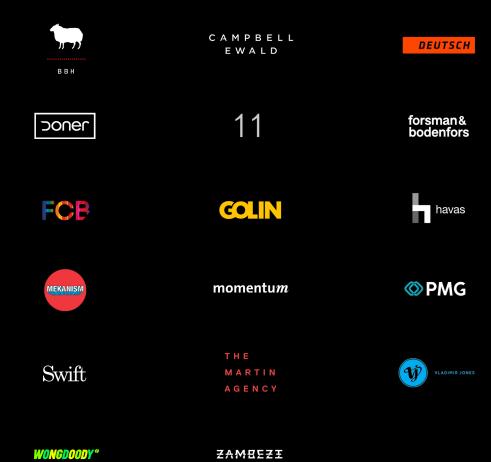
THE 3% PLEDGE FOR PAY EQUITY IS IMPACTING NEARLY 20,000 PAYCHECKS ... AND GROWING. SUNLIGHT, EVERYDAY. In partnership with the current 3% Pledge for Pay Equity agencies, we have created this report to shed light on the opportunities and challenges of delivering fair pay to our talent so that no one can say "It can't be done."

We are on a mission to move the entire advertising industry towards pay equity. An admittedly audacious goal, but an aspiration built on the fertile soil of The 3% Movement and its fierce community of women and men. It's about transparency and leadership and fairness. Together onward!

Amanda Enayati, Head of Culture Innovation The 3% Movement



THE 3% PLEDGE FOR PAY EQUITY FOUNDING AGENCIES



2019 3% PLEDGE FOR PAY EQUITY AGENCIES

GIANT SPOON



POSSIBLE

10 TAKEAWAYS



There is no going back

In the wake of #MeToo and Time's Up, we are living in a watershed moment in our culture. Power is no longer vertical, but rather democratized across departments, companies, and even industries. Employees have online tools such as Fishbowl or private Facebook Groups to share experiences and wisdom, as well as complaints and concerns. There is no going back to the way things were and pay equity is at the top of the list of talent concerns.



Transparency is the norm

Millennials and Gen Z are radically open about how much they make and are changing long-standing workplace rules and etiquette around pay. Who is being paid what is no longer a side conversation. Sharing and discussing what you make is fast becoming the norm. Like it or not, transparency is here as a powerful force with the potential to create trust and goodwill or to serve as a destructive force, depending on the realities of your culture.



Today's talent expects both fair pay AND a great culture

Talent was once willing to make tradeoffs such as unwieldy work hours in exchange for big paychecks. But HR leaders are seeing a resistance among rising talent to the notion that there is a tradeoff between higher pay and culture or perks. Employees are altering their expectation of the employer/employee contract. To be "all-in," they won't take anything less than a culture that aligns with their values, including healthy work/life integration, a sense of belonging, AND fair pay.



Pay equity is tangible proof of your culture

Millennials and Gen Z are driven to work for companies whose values align with their own. Most companies extol their purpose, values and culture. But what does it look like in practice? Pay equity puts action against words and intentions.



Pay equity reflects the values of the leaders

If the people at the very top do not believe in pay equity, the effort falls apart. And, if the CEO doesn't believe in pay equity, it doesn't happen. Pay equity as a priority—or its absence—is a powerful indicator of the kind of leaders you have at your company. Wage equity can't be isolated in HR. It must be owned by everyone at every level starting at the top.

10 TAKEAWAYS CONTINUED



Pay inequality impacts engagement and loyalty

Whether they are facing real or perceived pay inequality, employee satisfaction and productivity is deeply impacted. Lack of transparency around pay equity also takes a heavy toll on talents' engagement and loyalty. At a time when the need for retaining top talent has never been greater, pay equity is a powerful salve for your current talent and can be a powerful recruiting tool for those whom you are trying to attract.



The pay equity process can be hard

Make no mistake, achieving pay equity is a heavy lift and requires ongoing vigilance. There appears to be a correlation between pay equity as a value and the health of your company's diversity, inclusion and belonging initiatives. Additionally, there is evidence that pay equity gets easier as the health of your D&I efforts gets better. In other words, pay equity is foundational to creating cultures of belonging and cultures of belonging make pay equity easier over time.



Pay equity is hardest in the creative departments

The belief in the exceptionalism of creatives has created a Wild West reality for how they are paid. He who negotiates best, wins. How to fairly pay and promote creatives, including structured compensation systems and salary ranges, are baffling nearly everyone. Agencies of every size are desperate for collaboration on this front. Guides that are currently available are seen by many as incomplete, inaccurate or dated, but "they're the best we have right now."



Women are negotiating better

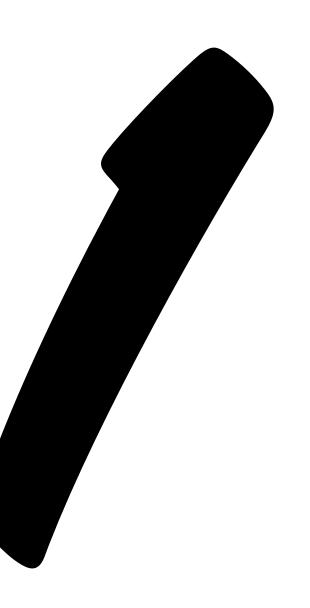
HR leaders continue to see women undervaluing themselves during salary negotiations (at hiring and during promotions), but they also report seeing women and younger generations negotiating more and better because of ongoing education and awareness campaigns by organizations like 3%. Taking advantage of an individual's inability to negotiate the best for themselves threatens hard-won pay equity efforts. It is also increasingly seen by HR leaders as unacceptable. Savvy companies are filling in the blanks and offering talent what they rightfully deserve and the result is high loyalty and satisfaction.



Pay equity is justice

Engaging in wage inequality is akin to seeking profitability "on the backs of women and people of color." If we pay certain employees more than others in order to maintain our balance sheets, the question of whether or not to ensure you have pay equity comes down to – who do we, and who don't





THERE'S NO GOING BACK

We had been talking about pay equity for a long time. What changed for us in the past few years is the conversation around it because of the climate of the country. Because of #MeToo and Time's Up, the conversation changed overnight.

The laws are catching up and we felt we needed to get ahead of the laws.

If people aren't going after pay equity, it's probably because they know they have giant pay gaps – but even aside from it being fair and just, you have to ask yourself, how long can I outrun this?

It's so different than 20 or even 10 years ago. People talk.

We are all losing so much talent to clients and tech, and practices like wage equity can really help us create a united front from an industry standpoint to keep our talent.

IT'S NOT JUST ABOUT GENDER;
WE ARE COMMITTED TO GENDER
AND RACE, AGE, TENURE. IT IS
ABOUT INTERSECTIONALITY AND
THE FULLY INCLUSIVE APPROACH.
SOMETIMES IT CAN FEEL LIKE
THE WILD WEST."

Michele Prota
 Global Board Member, Talent, Forsman & Bodenfors

TRANSPARENCY IS THE NORM

Millennials and Gen Z are radically open about how much they make and they are changing the rules of the workplace.

It's increasingly impossible to hide what you're paying people. I grew up in an era where you didn't talk to people about how much money they make – not friends externally and certainly not the people you work with. But it's a different world now and you can't avoid the visibility issue.

If you fear transparency because you worry about litigation and liability, then you have bigger concerns than transparency.

I'd hate to have a woman – or anyone else for that matter – finding out she makes less and telling that story publicly.

We are transparent when we talk about wage equity. It was uncomfortable at first, but now it's very much a way of being. It was freeing for the members of our team who have come from other agencies.

There was always the whisper of people's compensation but because of the [3% Pay Equity] pledge, it has become much more acceptable to have those conversations and it's easier for HR to have those conversations. It's been good for us.

I'd hate to have a woman leave us because she finds out we're paying her male peers more.

The transparency has dramatically reduced office politics.

The amount of goodwill generated from an open and transparent culture is immeasurable. The payoff is in the recruitment and retention of talent.

TRANSPARENCY IS CRITICAL TO CULTURE. THERE ARE TWO KINDS OF PEOPLE: ENERGY GIVERS AND ENERGY TAKERS. I'M TRYING TO BUILD A CULTURE OF ENERGY GIVERS, AND TRANSPARENCY IS KEY FOR THEM."



TODAY'S TALENT EXPECTS BOTH FAIR PAY AND A GREAT CULTURE

It's delightful to free people from being worried about what's happening across the office or desk, and instead, focused on the impact that they can have.

Since we announced pay equity, we have noticed that people have been more diligent about asking, "is what I'm making fair, relative to what my peers are making?"

One trend I see as interesting is when the millennials were coming up, they were okay taking a lower salary because of the perks. We're seeing a shift and now it's less about the perks and more about doing their research and choosing a company based on that company's values and what it stands for.

People perk up when I tell them we donate a percentage of our company's resources. They are really excited about the ability to do something for others.

The biggest benefit was being able to put a stake in the ground and say we signed the pay equity pledge and if you have a problem, please reach out to HR and have a conversation. It's out in the open and transparency is good for our culture.

It started as an organic outgrowth of our conversation around the kind of organization we want to be. We have a lot of female leaders and gender equity is really important to us. So [we asked ourselves], what's next? WHEN IT COMES TO ISSUES
LIKE THIS, IT'S EVEN MORE
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YOUR EMPLOYEES
DESDOND TO THAT"

Chris Sinclair
 Vice President, People & Culture, PMG



For us, pay equity became one way to measure the health of our diversity, inclusion and belonging initiatives. I think the people we're trying to recruit and our clients will be using it to measure the value of our organization and our leadership—if they aren't already.

Wage equity is as much a mindset as it is a functional benefit. So you have to recalibrate the way you think of your most

important asset, which is the people who work for you. That's where all the relationships and ideas come from. It's changing the mindset from a function of payroll to a function of inspiration. It is a radically different way of going about it.

You can talk about your company values around diversity and inclusion all you want, but ... we have

noticed a correlation between pay equity as a value that's actively being worked on and how our diversity and inclusion initiatives are working. Which makes sense if you think about it.

Internally we are proud. There is peace of mind. If the salaries got printed out and someone accidentally saw something, I want there to be a justification that myself and department heads can defend.

Generally speaking, we have an open and transparent culture, but when it comes to more senstitive issues like this, being vulnerable and open is even more powerful.

Transparent cultures are good for retention and engagement; pay equity is our strategy for attracting and retaining top talent.

THE IMPORTANT PAY EQUITY ISSUE RIGHT NOW IN OUR INDUSTRY AND OUR COUNTRY IS ABOUT TURNING GOOD INTENTIONS INTO ACTION."

Megan Blacksher
 Chief Talent Officer, WongDoody

We all talk a good game about our values, but pay equity became a way for us to measure whether we're living them.

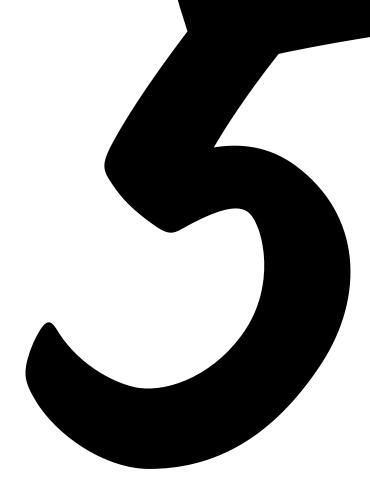
From the beginning, we believed in the business impact of pay equity and we have not been wrong.

Good intentions don't pay the bills and don't make up the 20%+ wage difference, so let's create a safe space

where people can audit their pay practices, learn where their blind spots are and try to get ahead by making a plan to improve things rather than waiting for good intentions to carry us through.

It has helped empower employees at every level of our organization to not only feel they're being taken care of at a baseline – that's table stakes – but it's empowered them to step up and advocate for themselves.

PAY EQUITY REFLECTS THE VALUES OF THE LEADERS



Whether or not pay equity is a priority is as good an indicator as any I've seen about the kind of leaders you have at your company.

With an initiative like pay equity – and any company value-based initiative – if the person at the tip top doesn't believe it's a priority, it falls into a certain department. And then it becomes impossible to do. Our CEO and CCO firmly believe in pay equity and it has been good for us. They talk openly about it and feel passionately about it.

Having a lot of female leaders helped kick off the conversation for us.

We're over 50% women and have a strong female and leadership presence in our city.

Our [male] CEO came up to me and said, I feel strongly about this. Can we do it? And I said, of course we can.

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CLOSE THAT CAR"

Amanda Speer
 Senior Creative Recruiter, Mekanism

We have a female co-founder and from the beginning there was never a question of one person being paid more or less. All our hiring followed suit.

Our holding company provided us with a pay parity survey.

It was not an active topic prior to 3% reaching out, but when it came up, it was easy to say yes.

Our board is progressive and smart, and it is one of the things that sets our culture apart and moves us forward.

Women and people of color already know this is a problem. What we need is men, who are in these positions of power, using their voices to solve for equity. Men are going to be the largest advocates for change – and not just because so many are in positions of power. This isn't a problem that will be solved by women or people of color alone, but it can and will be solved by us collectively.

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PAY INEQUALITY IMPACTS ENGAGEMENT AND LOYALTY

We found the amount of goodwill generated from an open and transparent culture to be immeasurable. The payoff is in recruitment and retention of talent.

Doing the right thing is the obvious benefit of wage equity. Aside from that, it's a retention and attraction issue for talent.

Pay equity is also about creating a culture of trust and fairness. If they trust you, people will stay engaged and that's even more important for women and people of color.

The goodwill and engagement of the employees definitely benefited. Everyone participated in our effort in their own way. We will continue to have benefits in terms of engagement and retention and recruitment of talented female leaders.

This is not exactly an industry known for low turnover. I don't know that we've seen it yet, but it will be fascinating to watch turnover rates for agencies with pay equity.

THE BIGGEST CHALLENGE IS TIME. THIS WORK REQUIRES NUANCED THINKING AND YOU CAN'T JUST FLIP THE SWITCH AND FIX IT IN ONE SWOOP. IT TAKES TIME AND COMMITMENT... EVERY STEP YOU TAKE FORWARD MATTERS."

Caroline Dettman
 Chief Creative and Community Officer, Golin

THE PAY EQUITY PROCESS CAN BE HARD

I always used to think, of course we don't have a gender parity issue here. It's not who we are. Uncovering disparity is an aha moment. And where I'm challenged and fully engaged is in figuring out the various roots of those disparities and addressing them.

From self-audits, surveys and software tools to engaging professional auditors and corporate legal counsel, there is no standard way to conduct a pay equity analysis.

When you do anything like this, you have a moment where you jump in and say, we are going to do this and it's the right thing to do. And then you hold your breath and hope there isn't anything really bad. We were prepared to go back, if necessary, and have a conversation, apologize, say here's what happened and how we're fixing it. One of the pleasant surprises was there were no holy shit moments.

We brought in outside speakers and experts to talk about how important it is to embrace being uncomfortable and we are making a go of it. You have to get people's heads around the discomfort before you make any real change. I like this, I'm on board, but what worries me is that there isn't a standardized approach so I'm out here in the wilderness doing it the best way I know how. Is there a standard, acceptable way for the industry to be measured? We need quidelines on that.

It took us a few years and then we discovered we had created another problem: a pay gap in reverse! That was easier to fix because we were now tracking it.

We anticipated there would be a strong correlation between longer-tenured employees and pay gaps; we just didn't realize how big this gap would be. So the analysis gave us data and clarity to not only address the gender pay gap, but other groups suffering from pay gaps as well.

When people are promoted internally and then we hire someone externally for the same position, we've had to make significant internal salary adjustments.

Jumping in to the pay equity process is rarely easy. It requires leadership, courage and vulnerability.

THE CHALLENGE WITH SALARIES AND PAY EQUITY IS
THAT IN OUR INDUSTRY, IT'S ABOUT ART, NOT SCIENCE.
IT CAN BE VERY SUBJECTIVE. IT'S IMPORTANT THAT
WE CONSIDER OBJECTIVE CRITERIA AS WELL AS THE
SUBJECTIVE. HOW DO YOU EVALUATE ONE PERSON'S
CREATIVE TALENT VS. ANOTHER WITHOUT BRINGING ALL
OF YOUR PREFERENCES — AND BIASES — TO THE TABLE.
THAT IS THE QUESTION WE'RE LOOKING TO ANSWER."

Barb Rozman-Stokes
 Chief People Officer, Campbell Ewald





PAY EQUITY IS HARDEST IN CREATIVE DEPARTMENTS

The question we are all wondering is how do you evaluate what you pay creatives?

Sometimes I think it'd be easier if we had salary bands. My challenge is, you can have art directors who have been there for 15 years. Same title but the salary is really different. For us, it's not as black and white.

We're working on a solution that is not as focused on the unique features of the individual that would make them less likely to receive a fair wage and more geared toward ensuring we have consistency.

Evaluating creatives is really tricky. Should creatives be rated the same way as others, separating out the craft and focusing on how well you play with others? Creatives are different.

I've seen performance and rating systems that in reality don't work. For example, let's talk about brilliant jerks. The reality is, they exist and they move ahead. Is collaboration as important as craft and creativity? How does that impact our compensation systems? We have to be honest about that. Nothing is impossible, but from where I sit, that's where most of the hardest work will go.

MOST COMPANIES DON'T
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AND EVERY SMALL STEP."

in the door.

Helena Kwon,SVP, Talent, POSSIBLE

At my old agency, we dealt with so-called creative geniuses who constantly wanted more money. And they got it because there was the lore that those individuals are valued at a higher rate because they're so unique and original. We don't deal with that here, thankfully. It's a much more collaborative environment so we don't have this idea that one person will single-hand-

edly solve all of our business problems for us and change the dynamics. The idea here is that no one person is going to make or break the business model. They will come in and contribute to the collaborative nature of the work. The creative genius is not really who we're looking for. That wouldn't mesh with our culture. They'd realize quickly that it's not a good fit.

I think what we do and what other agencies do is "talent creep." This person wants \$20k more to come on board – and maybe they even have additional qualifications to justify that title. So we add more to their plate to make them earn their extra compensation. Suddenly we have all these people with inflated titles to justify the salaries we paid to get them

WOMEN ARE NEGOTIATING BETTER



THE NEGOTIATION STIGMA IS STARTING TO ERODE. YOUNGER WOMEN WHO ARE JUST ENTERING THE WORKFORCE ARE ASKING FOR WHAT THEY WANT. I'M SO HOPEFUL FOR THIS GENERATION OF WOMEN LEADERS. I WILL BE WORKING FOR THEM IN THE NOT-SO-DISTANT FUTURE AND I CAN'T WAIT."

— Jean Freeman Principal + CEO, Zambezi We brought someone in who asked for far less than we would have given them if they had asked. We gave them what they said they wanted. We did that, and then we came back and fixed it. Was it always women who asked for less? Yes.

You start asking yourself, why are men so much bolder about negotiating?

Women were not negotiating, but men were. It was part of this whole problem where the man was always negotiating more and so came in higher than a female in that same position. We decided we cannot be part of continuing this problem.

There are people who undervalue themselves and bring in years of experience for less money-maybe they were out for maternity. We want to bring in people for relationships that are mutually beneficial.

We come across people who undervalue themselves and want to make sure we don't.

That said, women and younger talent are negotiating more and better.

The younger generations are better at doing their research and due diligence, and asking for more money.

PAY EQUITY IS JUSTICE

The biggest shift was that it wasn't about just gender equity, but pay equity broadly speaking. It's about gender, race, age ... it's about pay for the value you bring.

What we're dealing with right now is not unlike what data and analytics professionals deal with in our industry. The challenge is reading between the lines of data and finding the

true and fair stories to tell about that. Our approach is not just about gender. We are looking at gender and race, age, tenure, and it sometimes feels like the Wild West when we're talking intersectionality.

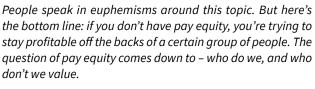
Intersectionality and the fully inclusive approach to pay equity feels like being caught in a tornado and what I'm most sensitive to is you're playing with people's money.

Legislatively, governments are helping us get there faster.

It came up in one of our other offices [in another country] before it became a thing here. As we worked to address pay equity there, it became the way forward here.

I FIND THE DISCUSSION
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Meredith VaughanCEO, Vladimir Jones





ADVICE FROM THE EXPERTS: FIVE BEST PRACTICES TO SUPPORT PAY EQUITY



Stop asking for salary history

We have continued to develop best practices in hiring and promotions/increases because of our commitment to gender pay equity. The biggest change was when we stopped asking for salary history from any candidate and this practice has resulted in greater gender pay balance for new hires over the last year.



Establish hiring and salary criteria from the outset when interviewing

One of the things we've done that I haven't seen elsewhere is establish criteria at the outset: this is our process and this is why and these are the times when employees will be up for annual pay increases, etc. Make sure there's transparency around the nuts and bolts of your process and how salary decisions are made. Explain the inputs, including tenure and market and all sorts of other things. Giving that transparency is powerful. I've worked in places where they had zero ideas of what ballparks people are in and that's not setting people up for success. You have to give employees the tools they need to advocate for themselves.



Develop salary bands

We have salary bands and everyone who is hired falls within a band. All of our positions are banded. At the beginning of each year, managers are given allocations for promotions and bonuses. Bonuses are merit-based and the creatives are evaluated based on the impact they've had on the client's business.

We pay in ranges and pay consistently across the country, by responsibility level and whether it's a local or regional role.



Conduct annual pay audits and pay equity reviews

The data can be intimidating, but change doesn't have to take place in one stroke. We first examined our practices and policies, established a timeline and then began the process of fixing any pay gaps we found.

The ongoing challenge is that this is not a static thing. If a company says they say they solved it, I'll be shocked because there are so many factors that change and dynamics we can't control – things like client budgets and what we're getting paid and market demands for talent. All these factors are changing and are outside a company's and agency's control, and balancing these constraints can be a challenge. That's why we find the annual pay equity review is so very important. It allows us to take a point in time and identify any disparities that have happened over the year and hold ourselves accountable and come up with an action plan on how to address them.



Deliver unconscious bias training around pay equity

Our review allowed us to identify blind spots and we collected a list of questions to ask ourselves at key junctures.

The implicit bias part – the constant going back and inserting the feedback loop of stepping back and watching for biases in the process – that's a big part of it for me. We have found it's really important to have a proper system in place.

We have a rating system in place, but we have to spend time trying to make sure everyone using the system understands and interprets it the same way.

A WISH FROM THE INDUSTRY: COLLABORATION

Cooperating as a group helps us stand out as an industry and protect our talent; keep them from going externally.

It is critical to address this issue where people think they have to leave your company to get to the next role. People feel they have to move to feel valuable. We need to value those who have been around. People shouldn't have to leave to get the right salary or a

fair and equal salary. So far we've done a great disservice to ourselves and our organizational models are not up to par.

How can the advertising industry come together to change the narrative on pay equity and say, guess who doesn't have wage disparities? The only way to do that is to come together, if people are willing to put their knives down and collaborate.

I want to have more of these conversations and share information with one another. Sometimes when you talk about pay practices, there are laws in place where you can't share practices. But when you help one another out, the high tide raises all ships. I don't want to share my benefits or pay practices with other

I WANT US TO WORK TOGETHER TO CREATE A SYSTEM THAT WORKS LIKE A PUZZLE, PERFECTLY. I'D LIKE TO LOOK AT OTHER INDUSTRIES TO UNDERSTAND WHAT WORKS. BECAUSE OUR NORMAL IS NO LONGER NORMAL. WE NEED TO UPDATE OUR PROCESSES AND THE WAY WE WORK."

– Jennifer Frieman Chief Talent Officer, Momentum Worldwide

agencies because I want to protect my talent and my point of differentiation, but we all benefit from having pay practices that treat people equally and with respect. We are all going to share people. People jump from agency to agency all the time so let's work as an industry to make our industry stand out from other industries.

