

Wikimedia Foundation Compensation Practices

Prepared by Sue Gardner, Executive Director
Prepared for Stuart West, Treasurer of the Board of Trustees
June 2010
Confidential: please do not distribute

Table of Contents

Purpose of This Document.....	2
Background and Context.....	2
General Statement of Principle.....	3
Current Compensation Practices.....	3
Planned Future Compensation Practices.....	4

Purpose of This Document

The Wikimedia Foundation Board of Trustees plans to establish a board-level Compensation Committee, with responsibility for overseeing the organizations' compensation practices. This document is intended to provide background information for Stuart and the Compensation Committee.

Background and Context

The Wikimedia Foundation was founded in 2003, and hired its first employee in 2005. Until 2008, it had fewer than 10 employees total. Salaries were low, and the organization did not offer any compensation in addition to base pay - for example, it did not offer health insurance.

The Wikimedia Foundation began expanding its staff in 2008, and currently has approximately 40 full-time permanent employees. It intends to double to approximately 80 employees, by the close of the 2010-11 year.

The Wikimedia Foundation is a small US-based non-profit that operates an extremely large and successful global internet property. During the past several years, a variety of initiatives have been undertaken, designed to develop a compensation structure that fits Wikimedia's unique circumstances.

- The Executive Director conducted an initial review of compensation surveys, to guide and inform the Wikimedia Foundation's general approach to compensation;¹
- The Executive Director launched a staff-driven compensation committee², charged with recommending adjustments to current practices supporting equity, retention and staff engagement. The committee delivered recommendations in early 2010: they were accepted and are currently being implemented;
- Wikimedia's HR manager conducted a further review of compensation practices at peer organizations, including both a literature/survey review³ and in-depth conversations with HR practitioners⁴. This work was guided by an independent HR consultant, and the outputs were provided to both the compensation committee and the ED;
- The Board Treasurer commissioned an independent consultant to review and assess compensation of several key employees. This review was provided to the Treasurer and the ED;
- The Executive Director consulted with recruiters and independent experts⁵ to guide and inform salary levels for key new hires.

This work has resulted in compensation practices that we believe are appropriate to an organization of the Wikimedia Foundation's size and age. We intend to review and refine them

1 Included 2008 Northern California Compensation and Benefits Survey (Center For NonProfit Management), 2007 Grantmakers Salary and Benefits Report (Council of Foundation), Dollars and Sense: The Nonprofit Board's Guide to Determining Chief Executive Compensation.

2 Compensation committee members: Sara Crouse, Bill Gong, Tomasz Finc, James Owen, Moka Pantages, Trevor Parscal, Daniel Phelps, Parul Vora, Kul Takanao Wadhwa, Jay Walsh.

3 Surveys and studies included 2008 Radford Bay Area Technology Survey, 2008 IPAS Bay Area Technology Survey, 2008 Opportunity Knocks NonProfit Bay Area Wages and Benefits Survey, 2009 Tech Soup Top Staff Technology Salary Survey.

4 Organizations included Kiva, TechSoup, Mozilla.

5 Included Beyer and Kelley, KornFerry, m|Oppenheim, Jane Creech, Heidrick and Struggles, Walker Talent Group, Spencer Stuart.

over time, but we have no plan to radically revamp our approach in the near future.

General Statement of Principle

The Wikimedia Foundation's compensation practices reflect its desire to compensate staff for their work in a manner that is understandable, equitable, reasonable, and consistent with our values and culture. The primary mechanism for compensation is base pay, supported by good healthcare benefits, reasonable vacation allotments, and a commitment to staff's professional development. The Wikimedia Foundation aims to avoid over-reliance on perquisites as part of its general compensation package, and does not offer special perquisites for senior staff.

Current Compensation Practices

- The Wikimedia Foundation is in the process of finalizing a set of pay bands which are designed to guide Human Resources staff and hiring managers in setting base salaries. The pay bands were developed out of the comparability research and investigation detailed above, and attempt to balance two major requirements: the desire to spend donors' money wisely and conservatively, against the desire to recruit and retain excellent staff in a competitive market. The pay bands are a guideline for hiring managers, and small deviations are allowable if justified by circumstances.
- Each July, all Wikimedia Foundation staff receive an annual cost-of-living increase, which is based on the actual increase in cost-of-living in the Bay Area. Also annually in July, staff are eligible for a merit increase. The Executive Director sets the range for increases, and managers award increases inside that range, based on the past year's performance by each individual.
- The Wikimedia Foundation offers a benefits package for all staff, which includes medical, dental, vision and life insurance.
- Staff receive an annual vacation allotment, which ranges from 5-20 working days. The Wikimedia Foundation also observes 11 paid public holiday days per year. Staff are entitled to as many as nine sick days annually, as well as special leave for circumstances such as bereavement, jury duty, and maternity/paternity.
- The Wikimedia Foundation aims to provide an environment that supports productivity. To that end, small services are provided such as coffee and soda. Food is occasionally also provided for working lunches or dinners, at the supervisors' discretion. In-office massage is provided monthly at a discounted rate.
- The Wikimedia Foundation aims to provide an environment that supports a culture of healthy engagement. To that end, once a month a staff lunch is provided. Once a quarter, a staff outing is staged. Once a year, there is a holiday party.
- The Wikimedia Foundation aims to provide an environment in which staff develop their professional skills. To that end, staff are encouraged to work with their supervisors to plan for their professional development, which might include attending a professional conference, taking a course, or working with a coach. All spending on professional development is approved in advance by the supervisor.
- The Wikimedia Foundation does not offer "luxury" perks such as car allowances, free parking, housing allowances, first-class travel, club dues, deferred compensation, extra medical benefits, entertainment allowances or subsidies for home internet use or personal technology. In some instances, temporary housing may be provided as part of a relocation package, but it is never offered on an ongoing basis.

The Wikimedia Foundation intends to continually review and refine its compensation practices, within the general statement of principle detailed above.

Planned Future Compensation Practices

- The Wikimedia Foundation does not currently offer a 401K plan with employer matching. However, it does intend to launch such a plan in 2010-11.
- Also in 2010-11, the Wikimedia Foundation intends to launch a wellness program , in which staff will be reimbursed, within a set monthly limit, for expenses related to personal health and wellness. These might include for example the costs of counselling services, massage, yoga classes, or gym memberships.
- The Wikimedia Foundation will likely explore a number of additional possibilities for fine-tuning its compensation package in future, consistent with the overall values and culture of the Wikimedia movement. Possibilities may include for example tuition reimbursements and the creation of a sabbatical program.