

## A living wage roadmap for large employers: 7 critical steps



As of July 2015, Living Wage Waterloo Region already had sixteen organizations recognized as Living Wage Employers. This includes not-for-profits and for-profit businesses. The smallest has three employees and the largest more than 175.

Living wage employers make the commitment to pay all of their direct and in-direct employees at least the living wage rate for Waterloo Region. These employers want to make sure all of their employees are compensated fairly. The living wage helps employers do that. The living wage calculation is based on what it actually costs to live in a specific community. Those costs are used to calculate the hourly pay an employee needs to earn in order to cover those costs.

For smaller organizations, incorporating the living wage is relatively straight forward. Often most employees are already paid above the living wage rate and it only requires increasing the pay of a small number of employees.

Implementing a living wage policy for a large organization can be more complex. Fortunately, [Vancity Credit Union](#), one of Canada's pioneer living wage employers, has created a "roadmap" based on their experience to help other large employers implement the living wage.

[A Living Wage roadmap for large employers](#) identifies seven critical steps to become a certified Living Wage employer. Some of the information in the *Roadmap* is specific to the Living Wage for Families program in British Columbia (the living wage rate in the lower mainland and the Living Wage for Families on-line benefits calculator, for instance.) However, the roadmap can also serve employers in Ontario Living Wage communities such as Hamilton, Waterloo Region, Windsor, Toronto and Guelph-Wellington.

### Step 1: Gain leadership support

Implementing the living wage for any organization requires the commitment and support of senior leadership. This is especially true for large organizations. Experience has shown that "it is not the cost of becoming a Living Wage employer which is the biggest challenge, but the time involved in dealing with suppliers, inserting Living Wage clauses into long-term contracts, and raising the issue in long-term relationships." Senior leadership support, from the CEO, ED or an influential board member, has proven key to getting over whatever hurdles arise in the course of implementing the living wage.

### Step 2: Form a working group

The next step is to form a working group across departments such as human resources, facilities, purchasing/procurement, legal and communications. "This group should include relatively senior staff who can make decisions on policies and procedure within your business or organization." This is the group that will assess the organizations readiness to apply for certification and the changes and resources needed to be certified as a Living Wage employer.

### Step 3: Review current employee base

In Waterloo Region, the next step is to contact Living Wage Waterloo Region to complete a “Living Wage Workplace Survey”. The Survey helps employers identify how many of their full-time, part-time and contracted staff are paid the living wage or above. The calculation takes into account non-mandatory benefits, such as extended health benefits, that employers may provide. Living Wage Waterloo Region staff can answer question you may have in determining the number of staff paid at least the living wage rate.

### Step 4: Analyze your supply chain

Living Wage employers pay direct employees and in-directly contracted service employees a living wage. This step involves analyzing service contracts that provide more than 120 hours a year of service for your organization. Specifically, this refers to suppliers who provide labour support – such as cleaning services, security and food services. These are the service contracts that will need to include a living wage clause as the contracts are renewed, specifying that contracted workers are paid a living wage while working for your organization. This is a critical feature of living wage employer program both in order to improve the working conditions of contracted service workers and the quality of services provided. According to Vancity: “Experience showed that if our service suppliers paid a higher wage, they’d have lower staff turnover, attract better quality staff, which means better service.”

The real difference to be made in our communities is when we start to influence the supply chain, so that janitorial services, security outfits and other suppliers in the traditionally low-waged groups start to see the competitive advantage of paying a Living Wage. – A Living Wage roadmap

### Step 5: Set a budget figure

While experience shows that paying a living wage confers benefits on organizations, implementing the living wage does require upfront costs. Vancity found that budgeting for the implementation of the living wage was another critical step. “It is very useful to have senior leadership approve a one-time budget for adjustments associated with certification, so that the Working Group can reassure business leads that any cost associated with wage increases will be covered by a separate budget allotment and will not just be carved out of existing operations.”

### Step 6: Apply for certification

The next step is to apply for certification. While it is important to work through steps 1 – 5 of the process, it is not necessary to fully implement the living wage before applying for certification. In fact, the Living Wage Employer Program in Waterloo Region is designed to recognize employers that achieve different milestones on the road to being recognized as Living Wage Champions. And Living Wage Waterloo Region staff and Employer Engagement Committee are happy to provide resources and help organization identify steps to advance toward having all employees paid a living wage.

## Step 7: Keep current

The living wage rate is updated annually to reflect changes in the cost of living, taxes, credits and the cost and availability of public services. Living Wage Waterloo Region releases the updated living wage rate in November. Living Wage Employers have six months to bring employees and contracted staff into line with the new wage rate. So, it is helpful to build the living wage update into your organizations planning.