Unlock the power of data in your Compensation Strategy

Today's speakers

Jack Jones
Principal Compensation Consultant

Mercer

Michele Maner, CCP
Lead Compensation Analyst

Payscale

Today’s agenda

- How to evaluate and analyze your current data
- How to start the conversation around new data
- How to select data that meets your goals
- Using market data effectively

How to evaluate and analyze your current data

Payscale

Data cleanliness is key

Scrub your data

- Use pivot tables to compare job codes to job titles, families, etc.

Identify and correct inconsistencies

Keep data updated

Audit your employee data

- Define a regular audit cadence
- Analysis is impossible if internal data is off
- Sets you up for success as you tackle other comp milestones (i.e. survey participation)

Poll: How often are you auditing HRIS data

A. Weekly

B. Bi-Weekly

C. Monthly

D. Quarterly

E. Annually

F. Other- let us know in Q&A

G. Unsure

Quick data analytics on your employee census data

The AVERAGEIFS formula can provide insights into the current state of your employee data

Gender Analytics	Outlier Identification
Review ratio of male to female pay • By department • By level • By job code Ex = AVERAGIFS(Gender,"Female",Dept,"Finance")	Find salary outliers among job titles • Calculate average for each job • Divide employee pay by average • Sort from high to low Ex = (EEPay / AVERAGIFS(JobCode,"EEJobcode")) - 1
Hot Jobs & Cool Jobs	**Compression Analysis**
Find most and least competitive jobs • External look: average market variance using market data • Internal look: average compa-ratios Ex = AVERAGIF(compa-ratio,Dept,"Finance")	Identify pay compression with VLOOKUP • Requires Supervisor ID column • Use a VLookup to find supervisor salary • Compare salaries to find compression Ex = (EEpay / VLOOKUP(SuprvID,EEID,EEPay,FALSE)) - 1

Payscale

How to start the conversation around new data

Payscale

A good compensation strategy is built on data. But raw data is NOT always enough.

Payscale

Organizations lack confidence in their pay practices

44% of HR and business leaders have felt vulnerable in a pay conversation due to a lack of accurate data insights.

71% of HR leaders say they believe more reliable data insights would strengthen their standing with the C-suite.

Organizations don't have the right data

When evaluating market data, organizations are most interested in data specific to their industry and geography.

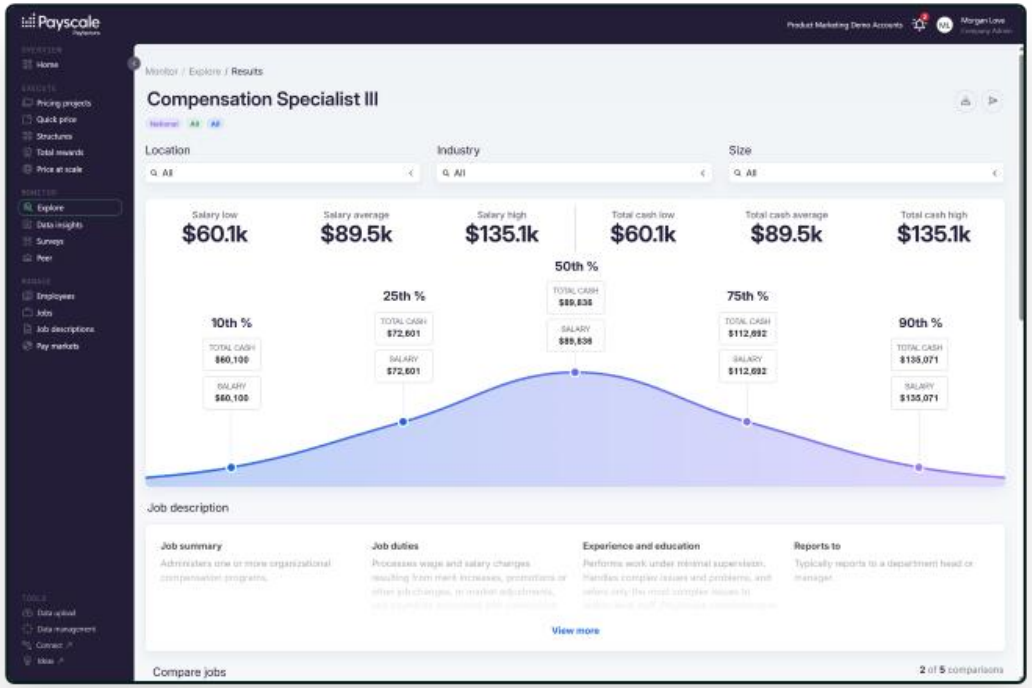
64% of HR and business leaders say they would turn to AI to fill critical compensation data gaps.

Source: Payscale Pay Confidence Research, May 2025

Payscale

How AI can fill in your data gaps

Payfactors Explore
powered by Payscale Verse



We rely on data to help inform our compensation strategy, but there are times when data is just not available. Here are some examples of where AI can fill in those data gaps:

- **Very location specific**: If it is a sparsely populated area, enough data in the traditional sense may not be available (i.e., data reported by at least 5 different companies).
- **Emerging or niche role:** There just may not be enough companies currently employing this role to report robust data.
- **Specific industry:** Are you in an emerging industry that you want to benchmark against but there just aren’t enough companies reporting data yet?

How to get leadership buy in for data

When you're having trouble recruiting/retaining jobs, **show ROI** of specific data sources and how they will help:

- **Cost/time to recruit/replace** highly specialized jobs – will this cost more than purchasing even ONE survey?
- You will probably pay more for the new hire than the employee who left – on average, people increase their pay by **10%** by changing jobs, even at the same level

There are **affordable options** out there, other than crowd-sourced data, for smaller companies/those on a more limited budget. Even a small investment in validated data can pay for itself if it retains a few employees.

How to select data that meets your goals

Payscale

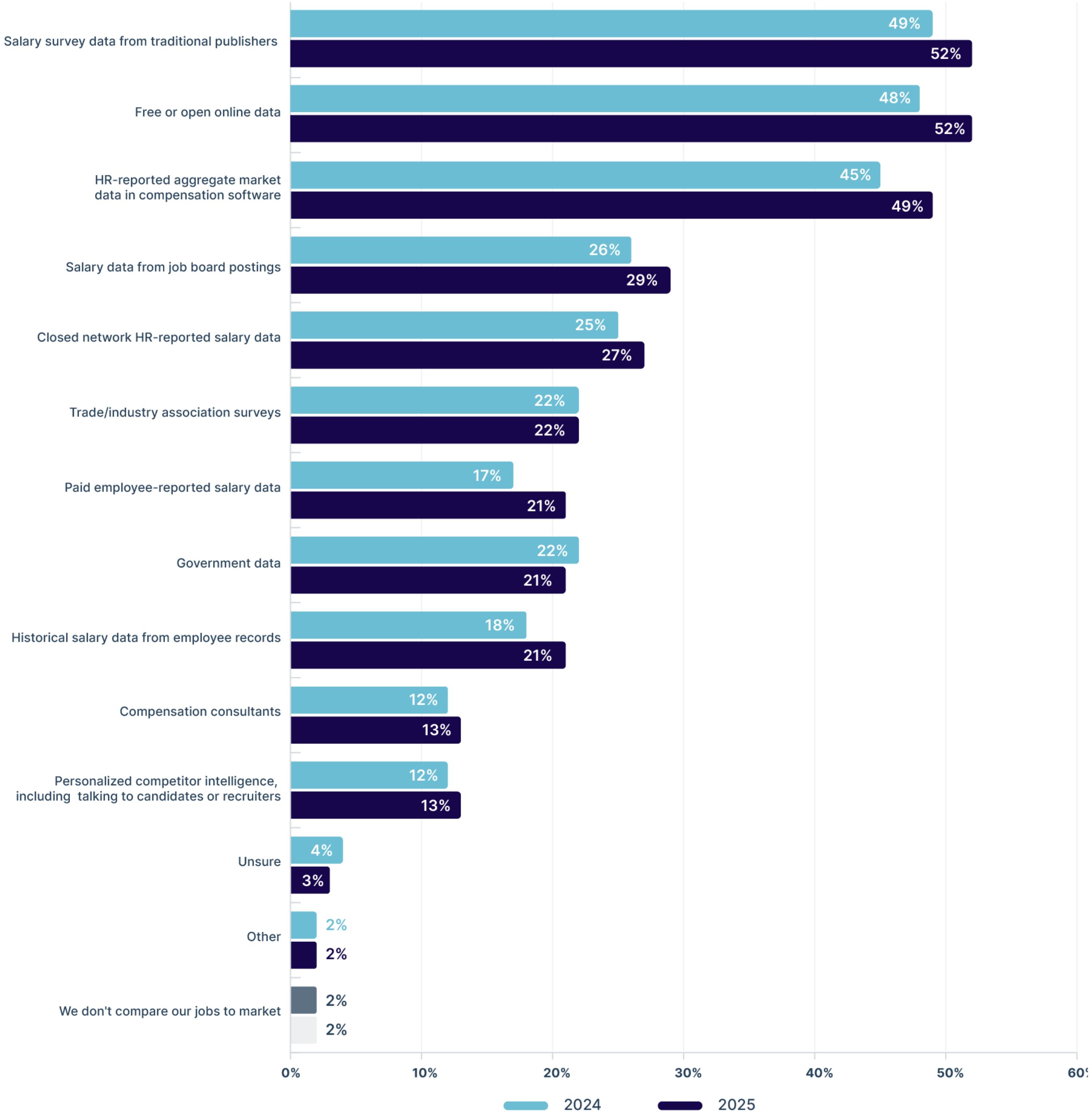
Poll: Which sources do you use to obtain market data? (Select all that apply)

A. Salary survey data from traditional publishers
B. Free or open online data
C. HR-reported aggregate market data in compensation software
D. Salary data from job board postings
E. Closed network HR-reported salary data
F. Trade/industry association data
G. Paid employee-reported salary data
H. Government data
I. Historical salary data from employee records
J. Compensation consultants
K. Personalized competitor research (including talking to talent/recruiters)
L. Unsure/Other

Payscale

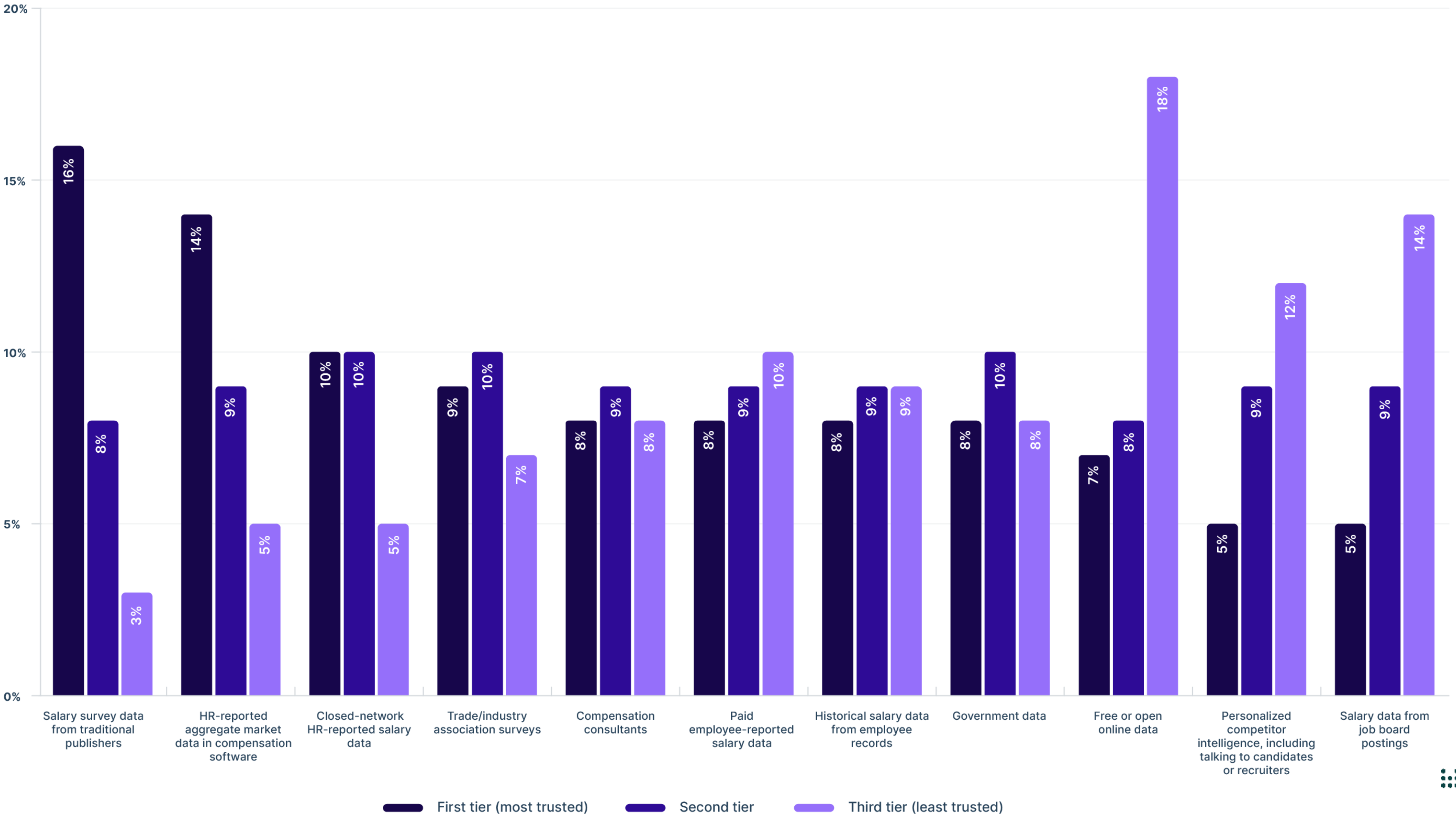
Compensation Best Practices Report Data

Which sources do you use to obtain market data? (Multiple answer choices allowed.)



Compensation Best Practices Report Data

Rank sources by how much you trust and rely on them for accuracy in market pricing.



Payscale

Factors that impact a job's market pricing

When selecting market data for a particular job, consider the factors below and how they may have different impacts on different roles. As data gets more and more refined, sample sizes become smaller and smaller

Industry

Market Data specific to an industry: survey scope cut or industry survey

- **Most relevant** for industry specific jobs
  - Healthcare data for nursing roles
  - NFP data for fundraising roles
  - Education data for teaching roles
  - Many more examples
- **Least relevant** for common jobs
  - Finance, IT, Human Resources talent can reasonably plug into any industry
  - General industry data is best for these

Org size

Market Data specific to the size of a company: revenue, headcount, etc.

- **Most relevant** for executive jobs
  - Org size (revenue, headcount, or global) is biggest driver of pay levels for executive and director roles
- **Least relevant** for professional and para-professional roles
  - Market value of a cashier at a local bookstore is similar to a big box store
  - Small, mid, and large businesses will pay similar for entry level IT support

Geography

Market Data specific to a location (either scope cut or geographic differential)

- **Most relevant** for hourly or entry roles
  - Local minimum wages impact hourly
  - Local talent pools will drive cost of labor for operational/front-line workers
- **Least relevant** for executives or remote workers
  - Cost of living =/= cost of labor
  - Executives typically a national search
  - Remote jobs tend to be national wage

How to select data for your compensation strategy and goals?

Get a sense for what's out there, do your research on the variety of sources available…

- General industry surveys
- Niche surveys
- Open-source data
- Job postings

Payscale

Using market data effectively

Payscale

Mercer market pricing approach

set the **strategy**

- ❑ Compensation philosophy
- ❑ Benchmark job list
- ❑ Relevant markets
- ❑ Survey selection
- ❑ Market pricing methodology

job **matching**

- ❑ Review job documentation (job descriptions, organizational charts)
- ❑ Match jobs to relevant surveys
- ❑ Review job matches with appropriate stakeholders

data **selection**

- ❑ Data cuts
- ❑ Incumbent- vs. organization-weighted
- ❑ Adjustments to survey data
- ❑ Geographic differentials
- ❑ Aging data

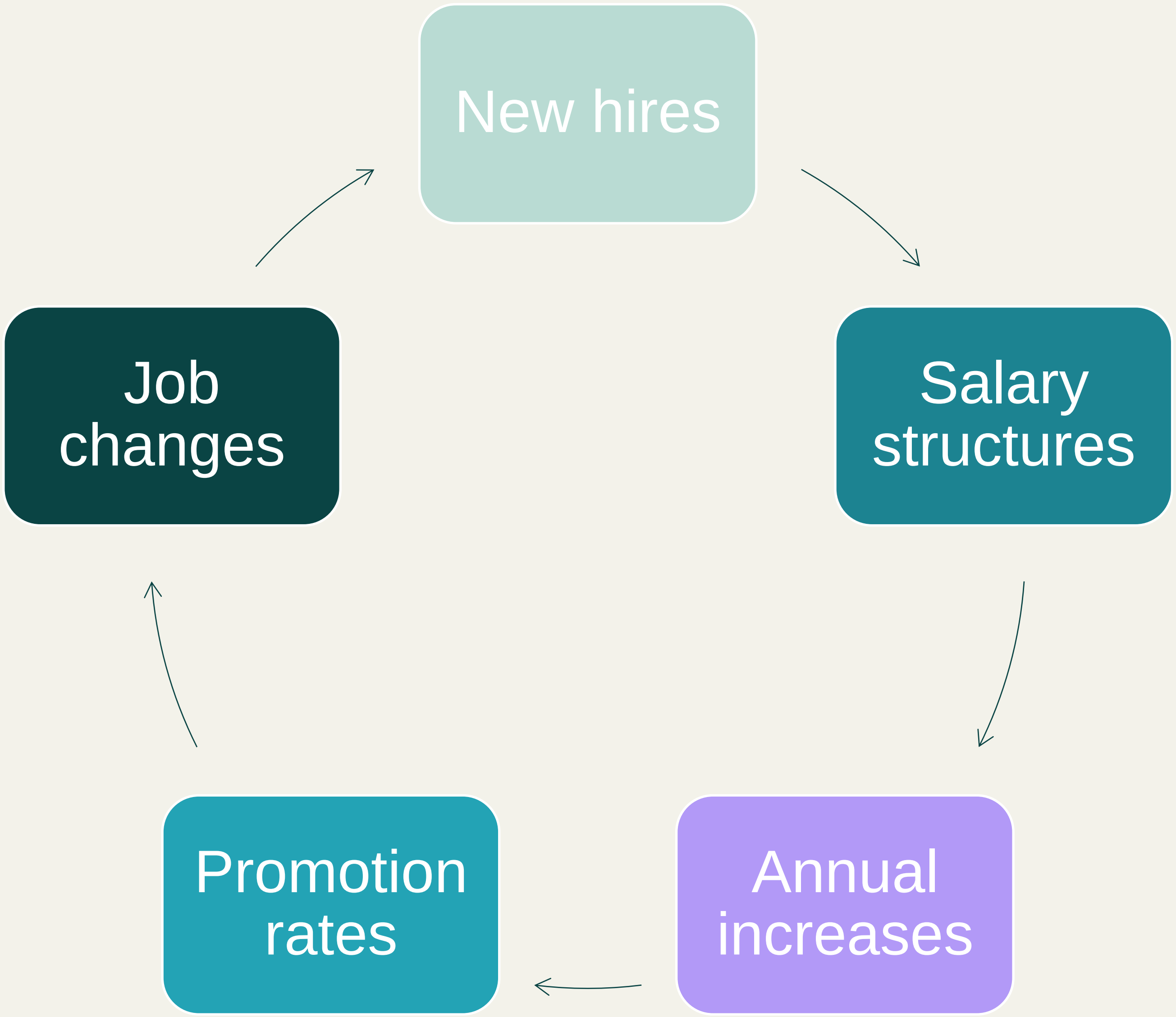
finalize the **data**

- ❑ Develop market composites
- ❑ Update based on feedback

analyze **results**

- ❑ Variance analysis
- ❑ Costing analysis

How to foster equitable practices through compensation management…



Payscale

Once this work is done, establish governance is key…

Q&A

Feel free to ask any questions in the Q&A!