

HEALTH WEALTH CAREER

# PAY BAND TOOL



# DEVELOP AND COMPARE YOUR COMPANY PAY BANDS WITH THE MARKET AND MANAGE COMPENSATION ANALYSIS EFFECTIVELY

## CONSIDER THESE QUESTIONS:

1. Are you planning to manage your compensation structure by pay bands?
2. Are you looking for an analytical tool to support you in the management of your compensation structure and to allow for easy budget modeling options?
3. Would you like to utilize Mercer's or other provider's market data in a new consistent way?

## SOLUTION:

**Mercer's Pay Band Tool** helps you design pay bands based on both market and/or internal company data. It provides a pragmatic approach for managing compensation **across all your locations** through the creation of **consistent pay bands**.

The tool allows effective compensation data maintenance that can be performed on a year over year or ad-hoc basis. Different ways of presenting the results allow both high-level budget estimations and in-depth incumbent-based analysis, such as deviation from the market or internal compa-ratio. With use of this **Excel-based solution** you can model different aspects of your pay bands in a coherent manner, including the definition of mid points, pay range widths or grade overlaps for each compensation element from base salary to total remuneration.

With the ability to run analyses for multiple markets in one tool, your company can gain awareness of its global positioning while effectively managing compensation with a best-in-class solution.



Robust set of features available in the tool can help you streamline your decision-making process and communication with HR and line management.



Simultaneously, the tool allows review of internal data, providing valuable insight into internal equity.

# CLOSER LOOK

Adjustable chart content: display all employees simultaneously or **show genders separately**. It is possible to exclude some employees from the analysis and hide their data for focused review.

Survey effective date: 01-04-15  
 Date to be aged to: 01-04-15  
 Aging factor: 1.00000000

Increase rate median year of survey: 1.5%  
 Increase rate median current year: 1.6%

[Click to change applied salary increases.](#)

Overlap as % of lower grade	78%	65%	65%	63%	52%	51%	51%	51%	51%
Grade	A	B	C	D	E	F	G	H	I
Max	92,231	104,262	125,316	150,621	182,813	234,197	301,188	387,343	498,141
Midpoint	75,291	85,112	102,299	122,956	149,235	191,181	245,868	316,198	406,646
Min	58,351	65,962	79,282	95,291	115,657	148,165	190,548	245,053	315,151

Effective dates & overlap

- Country: Switzerland
- Business area: Support
- Market data source: Mercer
- Market refinement: All Data
- Payband based on: Market data
- Compensation element: Annual Base Salary
- Band width: +/- 22.5% from Midpoint

Adjust chart  
 Refresh  
 Save configuration



Customization  
 Midpoint approach: Average of  
 Statistics: Averages  
 Rounding: No roundir

Minimum incumbents to show my median: 3  
 Minimum my medians to build my regression: 5 of 7 Available my medians  
 Incumbents excluded: 0

Payband position: Standard Adjusted 0% 0% 0% 0% 0% 0% 0% 0% 0%

Bandwidth: Standard Adjusted 22.5% 22.5% 22.5% 22.5% 22.5% 22.5% 22.5% 22.5%

Pay band midpoints are selected based on a list of reference datasets covering internal or external data. At the same time the required bandwidth is chosen from the array of settings. Optionally, third party providers' data are available for selection.

The position of the pay bands as well as bandwidths can be **modelled by band** according to your requirements and compensation policy. Multiple scenarios can be tested and the **new settings can be saved** and re-applied. The original settings can be **reset with one click**.

# TOOL FEATURES

## PAY BAND DEVELOPMENT

Mercer's Pay Band Tool allows you to design your pay bands by assigning market data to your grades using a global correlation table. This supports consistent analysis across the different countries in which your organization operates, offering you a quick overview of your employees' market positioning in their respective pay band.

The basic features of the tool are administered through the user interface, allowing the selection of different parameters like country, compensation element and relevant market data source. Depending on your company's needs you can build pay bands based on either internal regression or market data of your choice. You can also work on each business function separately to ensure that the analysis captures your organization's structural diversity or specific pay trends for a given employee group.



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## PAY BAND MODELLING

You can easily model pay bands based on existing levelling structure or develop a new one just by changing the correlation between your pay bands and market data. The same feature allows you to reassign pay grades to incumbents and to test different scenarios worldwide with only a few clicks.

The Pay Band Tool offers a high degree of flexibility, as it is possible to separately reposition midpoints and redefine bandwidths for each pay band.

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## DEVIATION FROM THE MARKET AND COST IMPACT ANALYSIS

In addition to numerical and graphical analysis of your employees' positioning in the band, you can also view a detailed deviation analysis of each employee, starting from base salary up to total remuneration. For each employee you may see if he or she is below, within or above the respective pay band. The distribution of employees is shown for each pay level, including headcount and associated cost. The combination of individual deviation analysis and a comprehensive pay band summary - including gender distribution, as well as potential cost adjustments - allows for forward-looking pay planning.

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## BLENDING (OPTIONAL)

As an addition to other features, the Pay Band Tool offers the unique option to use not only data published in Mercer surveys but also from other providers. This flexibility accommodates your company's unique pay philosophy and allows you to use a customized approach that blends data from different sources, weighting the data according to your organization's needs.

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Price: In order to discuss your requirements, available support and price, contact your local Mercer consultant or Tomasz Mazur:

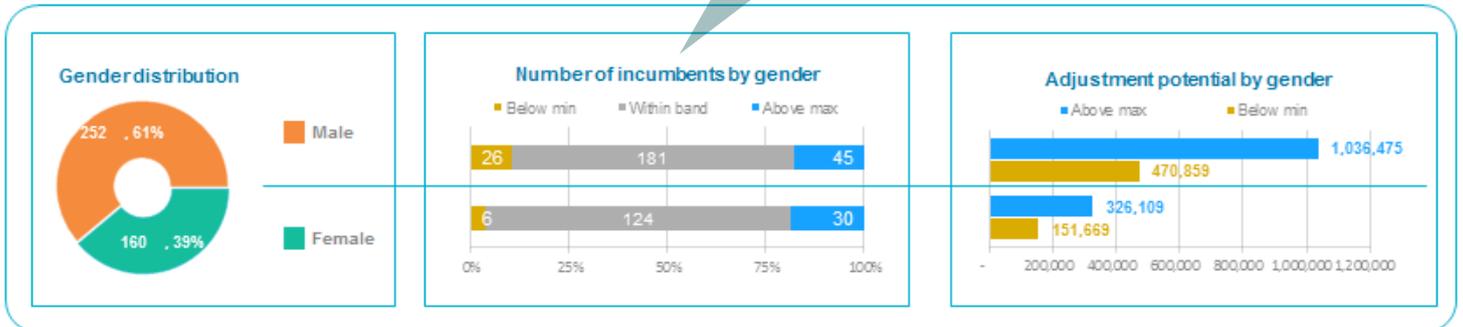
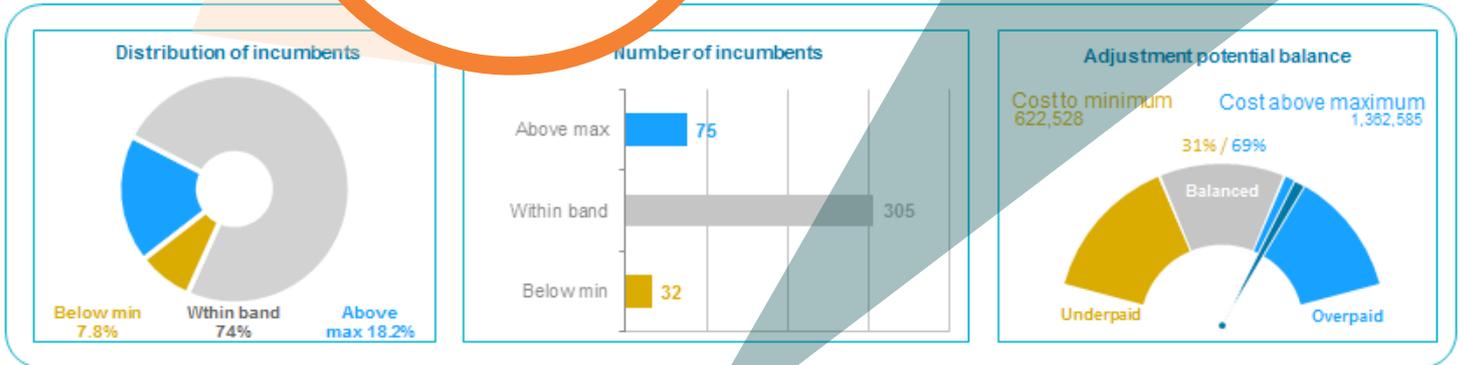
[tomasz.mazur@mercer.com](mailto:tomasz.mazur@mercer.com)

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Distribution of employees within and outside of a developed pay band displayed by number and by percentage. A **summary of values** below bands' minimums and above band maximums supports informed budget decisions.

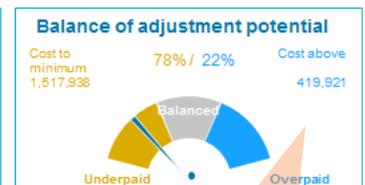
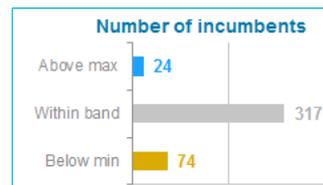
Values outside of bands are **displayed by gender** to help identify potential gender-based discrepancies.



Report based on current "Setup" configuration

Instruction

Country: Switzerland  
 Business area: Support  
 Market data source: Mercer  
 Market refinement: All Data  
 Payband based on: Market data



Company data							Currency CHF	Deviation %	Position against payband	Payband - Annual Base Salary		
#	ID	Internal position title	Business area	Division	Refinement / Family	Grade	Annual Base Salary		Below min / Within band / Above max	Min	Mid	Max
148	CH0148	Team Leader	Support	EMEA	Support	E	132,761	--	Within band	115,657	149,235	182,813
149	CH0149	Team Leader	Support	EMEA	Support	E	138,000	--	Within band	115,657	149,235	182,813
150	CH0150	Team Leader	Support	EMEA	Support	E	161,000	--	Within band	115,657	149,235	182,813
151	CH0151	Team Leader	Support	EMEA	Support	E	218,500	20%	Above max	115,657	149,235	182,813
152	CH0152	Team Leader	Support	EMEA	Support	E	109,250	-6%	Below min	115,657	149,235	182,813
153	CH0153	Team Leader	Support	EMEA	Support	E	136,850	--	Within band	115,657	149,235	182,813
154	CH0154	Team Leader	Support	EMEA	Support	E	164,450	--	Within band	115,657	149,235	182,813
155	CH0155	Team Leader	Support	EMEA	Support	E	146,050	--	Within band	115,657	149,235	182,813

Detailed analysis including employee's position in the selected market and comprehensive positioning description.

Adjustment potential to identify and manage costs below bands' minimums and above bands' maximums.







For further information, please contact your local Mercer office  
or visit Pay Band Tool website at:  
[www.imercer.com/products/pay-band-tool.aspx](http://www.imercer.com/products/pay-band-tool.aspx)

For more information, please contact:

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