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.

For more information visit: www.imercer.com/products/pay-band-tool.aspx
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.

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.

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.

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.

DEVIAATION 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.

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.

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

tomasz.mazur@mercer.com         Desk +48 22 376 55 06 / Mobile +48 695 010 126
### Distribution of employees within and outside of a developed pay band

- **Below min**: 7.5%
- **Within band**: 74%
- **Above max**: 18.2%

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

### Number of incumbents by gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Below min</th>
<th>Within band</th>
<th>Above max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>26</td>
<td>181</td>
<td>45</td>
</tr>
<tr>
<td>Female</td>
<td>6</td>
<td>124</td>
<td>36</td>
</tr>
</tbody>
</table>

### Adjustment potential by gender

- **Above max**: 32%
- **Below min**: 10%
- **Underpaid**: 32%
- **Overpaid**: 8%

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

### Company data

<table>
<thead>
<tr>
<th>#</th>
<th>ID</th>
<th>Internal position title</th>
<th>Business area</th>
<th>Division</th>
<th>Refinement / Family</th>
<th>Grade</th>
<th>Annual Base Salary</th>
<th>Deviation %</th>
<th>Position against payband</th>
<th>Payband - Annual Base Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>148</td>
<td>Team Leader</td>
<td>Support</td>
<td>EMEA</td>
<td>Support</td>
<td>E</td>
<td>122,781</td>
<td>-</td>
<td>Within band</td>
<td>115,857 - 149,235 - 182,813</td>
</tr>
<tr>
<td></td>
<td>149</td>
<td>Team Leader</td>
<td>Support</td>
<td>EMEA</td>
<td>Support</td>
<td>E</td>
<td>138,300</td>
<td>-</td>
<td>Within band</td>
<td>115,857 - 149,235 - 182,813</td>
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<td>Team Leader</td>
<td>Support</td>
<td>EMEA</td>
<td>Support</td>
<td>E</td>
<td>161,900</td>
<td>-</td>
<td>Within band</td>
<td>115,857 - 149,235 - 182,813</td>
</tr>
<tr>
<td></td>
<td>151</td>
<td>Team Leader</td>
<td>Support</td>
<td>EMEA</td>
<td>Support</td>
<td>E</td>
<td>218,500</td>
<td>20%</td>
<td>Above max</td>
<td>115,857 - 149,235 - 182,813</td>
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<td>Team Leader</td>
<td>Support</td>
<td>EMEA</td>
<td>Support</td>
<td>E</td>
<td>109,250</td>
<td>.6%</td>
<td>Below min</td>
<td>115,857 - 149,235 - 182,813</td>
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<td>Support</td>
<td>EMEA</td>
<td>Support</td>
<td>E</td>
<td>128,850</td>
<td>-</td>
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<td>Support</td>
<td>E</td>
<td>164,450</td>
<td>-</td>
<td>Within band</td>
<td>115,857 - 149,235 - 182,813</td>
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<tr>
<td></td>
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<td>EMEA</td>
<td>Support</td>
<td>E</td>
<td>149,950</td>
<td>-</td>
<td>Within band</td>
<td>115,857 - 149,235 - 182,813</td>
</tr>
</tbody>
</table>
For further information, please contact your local Mercer office or visit Pay Band Tool website at: www.imercer.com/products/pay-band-tool.aspx

For more information, please contact:

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