

# Does your organisation have an annual salary review between now and April 2012?

For most HR teams, the annual salary review process is one of the major activities on the calendar and usually one of the most business-critical and labour intensive processes to administer. Many organisations are now starting to think about that process for the next pay review and all of the activities it involves...

NorthgateArinso Reward Solutions commissioned a survey of private sector organisations with more than 500 employees and over 42% indicated that it took them between 2-4 months of intensive activity to complete, and a further 5% indicated it took them more than 4 months to complete! Our survey also indicated that more than 90% of the responders used a manual spreadsheet approach to salary planning, primarily as there were a lot of calculations and complex 'what if' scenarios on their pay proposals, bonuses and other long and short term incentive plans, which were difficult or indeed impossible to complete using their corporate HR information system.

If you currently use or have used spreadsheets for the review process, you'll be aware of the many reasons why they aren't the most practical solution to the salary planning process, namely:-

- Often the data is of poor or inconsistent quality
  - Spreadsheets don't easily support an authorisation process
  - Spreadsheets often provide very subjective localised decision making
  - Many organisations need to support multi-currency arrangements
  - For the HR team there is no overall view of the review process and no easy reference to outstanding submissions
  - It can be very difficult to report on the process outcome, unless you are an excel expert!
- There are often dozens or indeed hundreds of spreadsheets to distribute and collate back
  - They are very time consuming to prepare and amend
  - It can be difficult to communicate the review process to the business via spreadsheets
  - There can be a security risk with sensitive data being emailed around the network
  - It is very difficult to reference market data and compa ratios without lots of manipulation
  - They are prone to error & tampering by managers

## NorthgateArinso has a solution to the above problems

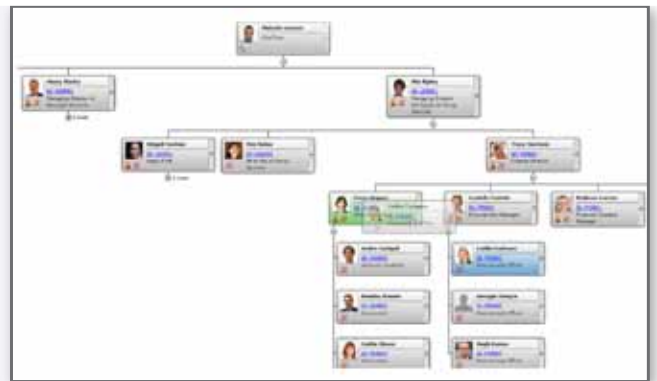
Built upon our proven web based platform 'Compensate'. It is available as either an in-house or hosted solution and consists of three integrated modules – Salary Planning, Salary Benchmarking and Job Evaluation. The system is very flexible and our experience has shown that we can accommodate the most complex of client requirements and we've significantly shortened and simplified the pay review process, whilst providing more strategic information such as easily referencing market data and detailed budget summary reporting.

If you are interested in seeing how Compensate can save you time, effort and replace the spreadsheet process please get in touch by calling **01244 572722** or email [rewardinfo@ngahr.com](mailto:rewardinfo@ngahr.com)

## How does Compensate work?

Essentially there are five stages to the process:-

**Stage 1 Get the Data Needed** – This is critical to the success of the project and data often comes from a combination of HR, Payroll, Finance, Performance Management solutions or data held separately in excel. Compensate has no fixed concept of mandatory fields but allows organisations to model scenarios based on their own criteria, not dictated by the software. The system also has a user friendly organisation chart for authorisation of the process which can be taken from the corporate org chart and can be 'dragged and dropped' to reflect the review structure.



**Stage 2 Apply the Pay Policy** – Once the Compensate system has been configured with the data and calculations to the organisation requirements, multiple 'what if' scenarios can be modelled before the chosen pay model is activated.

**Stage 3 Devolve to Managers** – The budget can be cascaded down via workflow for the reviewing Managers and the budget can be amended by percentage or value. Managers can then make their proposals for pay and other reviews such as bonus and incentive plans. Pay can be linked to performance and proposing Managers can justify the awards, whilst monitoring the costs of their proposals against a budget.



**Stage 4 Authorisation Process** – Compensate has built-in workflows and tasks which are configured with your mail server to advise when actions need authorising. This includes authorising managers receiving a mail and being asked to authorise or reject submissions, whilst having visibility of any outstanding submissions.

**Stage 5 Process Compliance** – The sign off of the process and the production of Management reports, letters and the extract file to allow the import of data back into the HRIS or payroll.