
PAYdata

Why Benchmark?

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The whole benchmarking process is time consuming and can be costly. So why do it?

The most popular answer is to improve the organisation's ability to recruit, motivate and retain the people it needs. There is a belief that unless your terms and conditions are competitive: -

- People will not be attracted to work for the organisation; and/or
- The best people will leave to join another organisation for a better package.

Before deciding to participate in or buy a specific salary survey, there are a series of decisions you need to make that have a material impact on the outcome. The main questions to answer are: -

- What are the benefits of benchmarking?
- Who should we benchmark against?
- How do we choose which surveys to use?
- How do we interpret the results?

What are the benefits of benchmarking?

Benchmarking provides an understanding about whether your existing approach is competitive. You can use the information in the survey to:

- Reinforce or question your current approach to your reward spend;
- Identify opportunities to reposition your reward strategy against your competitors; and
- Provide the momentum necessary for implementing change, not simply within the reward package but in determining your overall employment proposition.

Who should we benchmark against?

Start by asking the simple question, "Where do the people we recruit come from and where do they go when they leave us"? Add to this list those companies you see as direct competitors in your business sector.

Finally consider the companies that you would like to recruit talent from to enhance your organisation's skills.



The answers will be different for different groups of employees. You may find you have to participate in a variety of surveys to give you a complete picture of your comparators across local and national markets, job functions and business sectors

How do we chose which surveys to use?

There is a lot of benchmarking data available and it breaks down into two main categories:

1. **Primary sources:** These are surveys where the publisher collects data from employers (often on an employee-by-employee basis). These surveys generally have a job matching approach based on defined jobs and/or classes of job and may be supported by an underlying job sizing methodology.
2. **Secondary sources:** These are surveys that may contain recruitment data, details of salary ranges (as opposed to actual pay) and surveys that rely on employees providing data about their jobs and their pay.

When choosing which surveys to buy, start off by asking the survey publisher to provide you with a list of jobs covered, some details about the job-matching approach, a

participant list and a sample report. Ask yourself the following questions:

1. Does the survey contain jobs that are relevant to my organisation?
2. Is the job matching approach robust?
3. How easy will it be for me to match my jobs to the survey jobs?
4. Are the survey participants relevant to my organisation?
5. Is the survey report easy to use and does it provide the data I am looking for?

It's very likely that only a small number of the surveys that are available will tick all the boxes. You may have to use several sources to cover all your roles, because some surveys focus on specific industries, some on specific functions, and some on specific locations.

How do we interpret the results?

Having participated in the right surveys, you need to review the information provided. Most surveys analyse the cash elements of the package individually e.g. base pay, bonus payments, etc., some combine all the cash elements into a total compensation figure. Many examine the key benefits e.g. holidays, private medical, pension scheme, company car etc. ►

To maximise the value of the survey, you need to be clear about your desired market position.

Analysis of the data will then inform you as to where your reward policies and practices sit in comparison to your preferred position and the levels paid by your comparator groups. From this you can then review the approach to your cash and non-cash elements to create a well-balanced overall package.

In summary salary benchmarking is neither an art or a science, it's both! Considering the information provided requires both interpretation and decision making skills to enable you to use the results appropriately. The data will be telling you a story; it's then all about how you translate this into your reward approach to gain competitive advantage.

What Surveys do we Provide?

We have several types of survey to meet different needs.

Club Surveys

These usually focus on pay for specialist roles in an industry sector or in a local area. Job profiles are agreed by club members and reports tailored to their needs. Club members often meet during the year to exchange views.

Bespoke Surveys

We design a special survey to collect and analyse the information you need. This might be a salary survey for a specific role or sector, a benefit study or a policy report.

PAYanalyst

Our PAYanalyst database holds pay data for around 1,000 roles. Data is held by job family and job level. You can buy the whole survey or just the number of jobs you need.

Executive Reward

This service is available either as a salary survey for your own use, or as a Remuneration Committee report.

Membership Surveys

These surveys collect information from members of professional associations and trade bodies. The focus might be on pay, careers, or just views and opinions.

Find Out More

If you would like to find out more about pay benchmarking contact Tim Kellett by email at timk@paydata.co.uk or phone +44 (0)1733 391 377.

You can find additional information on our pay benchmarking service by visiting paydata.co.uk/services/pay-benchmarking ►

Our Full Range of Services



PAYdata offers a wide range of services to assist you in your pay review as well as a number of consulting services.

If any of these services would be of interest, or you would like to find out

more, please get in touch by email at timk@paydata.co.uk or call on +44 (0)1733 391 377

For more information can also visit www.paydata.co.uk

Thank you

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