3 ways data and software can take the pain out of compensation management

The power of data and software — Part 1

There are three key benefits compensation professionals can look forward to from a single-solution approach to your compensation data and software.

Competition for top talent continues to intensify around the world today. Every organization wants to be an employer of choice. But equally important is to ensure that you get the best return on your human capital investments and to find ways to reduce spend. For 63% of compensation managers globally, having limited budgets is the number one challenge in delivering effective pay for performance.[1]

Nowadays, "pay" is no longer just about base salary. Most employers have at least a dozen factors to consider around pay decisions. Among these are emerging conversations around skill-based pay and benchmarking, and compliance regulations. Shareholders and regulators have heightened expectations around pay transparency, disclosure and equity.[1] The most common approach to compensation benchmarking has been industry-focused. Now compensation professionals may need to incorporate benchmark pay data from other industries or a broader market, and consider including nontraditional peers who are recruiting talent with similar skills.

These, and many other changes in the business landscape, place compensation professionals under constant pressure to assemble pay data faster than ever, and to find trends and insights within the data.

An integrated data and software platform can enable compensation professionals to be more efficient, consistent and proactive, and essentially better able to add value to your business.

Worry less and work more thanks to the power of data and software.

| Productivity and **efficiency** | Data quality and **consistency** | Cybersecurity and **data protection** |

There are three key benefits you can look forward to from a single-solution approach to your data and software.

1 **Productivity**

In today's global labor market, there is a special group of organizations that are consistently winning more of the limited talent pool. What is their "secret"? They have a data-driven strategy that is supported by data analytics and insights. Among such organizations, only 22% have difficulty attracting critical talent.[3]

On a day-to-day basis, compensation professionals spend a significant amount of their time assembling data and dealing with data submissions. It is an ongoing challenge to keep track of market data, benchmarking analyses and salary structures — on top of a host of other compensation-related tasks. For almost two-thirds of compensation managers around the world, outdated technology greatly adds to the tediousness of their administrative and manual tasks.[1]

More than ever, the leaders of today need HR to be able to provide deeper insights to support talent acquisition strategies. However, compensation managers are far too busy firefighting to look for insightful stories within their data.

There are next-generation compensation software solutions that can help compensation professionals to worry less and work smarter. With these you can:

- Streamline your data submission process and increase efficiencies in preparing data required for participation.
- Retrieve previous job matches and peer cuts, deep-dive into market data and store your benchmarks in the system.
- Market price jobs using data from multiple vendors seamlessly.
- Design new job structures within an intuitive software that supports job grading.
- Build or refresh salary structures based on market data.
- Model key compensation actions through bring-to-target and Merit Matrix analytics.

Essentially, a combined data and software solution helps create time — time for compensation professionals to:

- Look more closely at pay data and workforce analytics.
- Keep abreast with wider market, industry and job trends.
- Determine pay differentiations for "hot" skills.
- Innovate and design game-changing approaches to pay and rewards.

- Conduct a diagnostic to identify compensation gaps and make fair pay decisions.
- Craft an effective pay transparency policy and communication framework.
- Provide better snapshots, stories and valuable insights to the business.

2 **Quality and accountability**

Pay is a highly personal and sensitive subject. It has the power to impact quality of life, financial stability and family welfare. Organizations have a professional, legal and ethical responsibility to get this right.

With half of organizations worldwide still managing their pay programs on spreadsheets, there is large room for human errors and rework. Compensation managers usually mitigate these risks by using a standard versioning system and macros in their spreadsheets. However, these methods are often only known by, and therefore dependent on, a small group of individuals, which can change over time. In most cases, there isn't a sufficient process or documentation to help compensation professionals keep their workflow and tools consistent.

Errors and rework are not just disruptive to the day-to-day productivity of compensation management but also a major risk factor. Significant lapses in pay data management can lead to legal issues, which could cost your business significant dollars as well as reputational damage.

Compensation managers must strive to increase accountability and efficiency in the way this critical data are handled. The best way to start is to move the massive data storehouses out of spreadsheets and onto a secure, cloud-based platform. From this single interface, compensation professionals can control access to the data and also track the changes that specific users have made — even across time zones and locations. This ensures consistency in the data being used and how they are being used, thus preventing confusion, overwrites and errors. Furthermore, automating the data management process ensures internal quality control and business continuity.

3 Data security

Compensation data have the power to shape global job markets and business models, and hold the key to valuable insights into employee engagement and potential. Amid a competitive and volatile economy, organizations need to be extra vigilant in protecting this confidential data. This starts with creating a cybersecurity culture within your workforce. Eighty-seven percent of organizations globally say that personnel with weak cyber hygiene habits pose the greatest risk to cybersecurity.[2]

Most companies secure their compensation data by storing them in spreadsheets and using password-encryption on their files. While these methods are usually effective, pay data does not stay behind company firewalls all of the time. During salary review cycles, when data are sent out to survey providers or uploaded to third-party interfaces, a lapse in data security practices could compromise data integrity and confidentiality.

Even within safe spaces such as offices and internal networks, many compensation managers continue to do a majority of the work in spreadsheets. During the peak seasons of pay review cycles, which are usually very short, many workers may be crunched for time and take spreadsheets home or access the data from different locations.

Building a cybersecurity culture must be top of mind for leaders and should be supported through a holistic strategy that motivates employees to be part of the solution. Make it easy for compensation professionals to apply cyber hygiene habits by investing in an integrated software solution that can help store and protect pay data. This can bring huge benefits, for example:

- Data can be accessed through a secure, cloud-based platform, with significant cost savings for data storage infrastructure and long-term maintenance.

- The platform's cybersecurity technology can be managed holistically and consistently.

- Compensation managers can control who has access to the data, which parts of the data they can access and even when they can access the data.

In addition to improving productivity, data quality and cybersecurity, the right data and software solution can also support more strategic decision-making.

As we continue on this three-part journey, our next article will explore how your organization can gain deeper insights and analytics thanks to the power of data and software.

Endnote
1. 2018 Getting Compensation Right Survey Findings – Five keys to getting compensation right
2. The Cybersecurity Imperative: Benchmark your maturity
3. 2018 Artificial Intelligence and Digital Talent Survey, Digital Transformation Practices Report – Asia Pacific

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Willis Towers Watson Data Services is a leading provider of compensation, benefit and employment practice information to the global employer community. Our databases are recognized worldwide as a premier source of current data for compensation planning.

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