



CONDUCTING THE EMPLOYEE INCUMBENT ANALYSIS

PROCESS STEP NOTES

Refer to the steps on the Base Pay Analysis Overview marketing collateral piece.

Step 1 – Obtain a Current Employee Census: The first step in conducting an employee incumbent analysis is to obtain a current employee census from the client (*refer to Blank Employee Census template*). The blank census should be prepared and sent to the client at the same time the client is sending company organizational charts and descriptions and/or Job Description Questionnaires of the jobs being benchmarked.

1. Most, if not all the data needed to complete the employee census report can be obtained through a download of the clients' HRIS system.
2. The census will contain the following information for **all** employees included in the base pay project.
 - a. Employee Name (Last Name, First Name): It is recommended that the employee's name be completed as Last Name, First Name.
 - b. Current Job Title: This is the current job title of the employee.
 - i. Hopefully, the job titles in the client's HRIS system will align with the job titles on the Consolidated Market Data Summary (*refer to Step 5: RESEARCHING AND PULLING BENCHMARK MATCHES business process document*). However, this does not always occur and will require a reconciliation between the employee job titles as indicated in the employee census and the benchmark job title(s). *See Step 2 in this document – Comparison of Benchmarked Job Titles to Completed Employee Census to resolve this situation.*
 - c. Department: The department in which the employee works.
 - d. Supervisor Name: It is recommended that the employee's supervisor's name be completed as Last Name, First Name.
 - e. Hire Date (Enter as m/d/year - e.g., 1/20/2016): The date on which the employee began employment with the client company.
 - f. Current Date: **The consultant is to complete this field.** Enter the current date in which the census is being sent to the client. The date should be entered as m/d/year e.g., 3/20/2021.
 - g. Years with Company (This field will calculate based on hire date and current date columns):
 - i. The blank census should be sent to the client with the excel formula prepopulated in the cell. Once the client enters the employee's hire date (*Step 1: 2e.*), the field will automatically calculate the years of experience.
 - ii. The excel formula to be entered into the field is as follows:
=DATEDIF(Hire Date (Enter as m/d/year - e.g., 1/20/2016) *column*,Current Date *column*,"y") & " years, " & DATEDIF(Hire Date (Enter as m/d/year - e.g., 1/20/2016)



- column*, Current Date *column*, "ym") & " months ". This formula is built into the Blank Employee Census Template.
- h. Annualized Salary Based on Hours Worked Per Week: The client should enter the annual salary based on the number of hours the employee works.
 - i. If the employee is part-time, the annual salary should reflect the annual salary based on the number of hours worked per year, *not as a regular full-time employee*.
 - i. Hourly Rate of Pay: This is this hourly rate of pay for each employee listed on the census. The hourly rate of pay should be entered with 2 decimals, e.g., \$16.87.
 - j. Hourly or Salaried (Use H or S): This column denotes whether the employee is hourly or salaried. Often, client will use the notation exempt and/or non-exempt. Hourly vs. non-exempt and salaried vs. exempt are the preferred entries.
 - k. Part-time or Full-time (Use PT or FT): This column is extremely important. Each employee **must** have a designation as to being either full-time or part-time.
 - l. # of Hours Worked per Week, e.g., 40, 37.5, 25, etc.: This column indicates the typical number of hours the employee works in each workweek.
 - i. It also provides information as to the client's standard workweek.
 - ii. Not all clients utilize 40 hours (2080 hours annually) as their standard workweek.
 - iii. It is important to know the client's standard workweek as it impacts the calculations used to conduct the employee incumbent analysis. **(See Step 4, 1a. and 1g. in this document)**
 - iv. If the employee's workweek fluctuates from week to week, the client should enter the typical and/or average number of hours the respective employee works per week.
3. When preparing the template for the client, save the file with the client's name, e.g., Client XXX Blank Employee Census XX.XX.XX *(date)*.
 4. It is highly recommended retaining the ordering of columns in the same order as provided on Blank Employee Census template as it will make conducting the incumbent analysis easier.
 5. The blank employee census **must** be password protected prior to being sent to the client as once it is completed and returned, it will contain sensitive confidential employee information.
 - a. Be sure to provide the client with the password.
 - b. Inform the client the same password will be used for all files throughout the project that contain confidential project and/or employee information.
 - c. In that various projects will likely be conducted concurrently, an easy password to use for all clients is the current year and "comp", e.g., 2021comp. By using this password or similar one, it will avoid having to maintain an on-going list of client passwords. It is not uncommon for Clients to contact the Consultant



years after completion of the project and inquire as to the password used for a particular file!

Step 2 – Comparison of Benchmarked Job Titles to Completed Employee Census:

Once the census has been completed and returned by the client, compare the job titles that are listed on the Consolidated Market Data Summary to those in the completed census (column titled “Current Job Title”).

1. Sort the file from A to Z based on the Current Job Title column (*Column B*).
2. Do the job titles align exactly with the job titles on the Consolidated Market Data Summary?
3. To what degree are the job titles different? Many times, the employee’s job title may have an abbreviation e.g., Jr., Sr., Mgr., Dir., VP, etc., whereas the benchmark job title will have the title spelled out, e.g., Junior Accountant, Senior Accountant, Director of Accounting, etc.
 - a. If the jobs on the completed employee census have been abbreviated and the titles on the Consolidated Market Data Summary are spelled out, two options exist for reconciling the two spreadsheets.
 - i. Option 1: Change the titles on the Consolidated Market Data Summary to align to those on the Employee Census. *This is the most efficient approach to reconciling the two spreadsheets.*
 - ii. Option 2: Save the employee census file sent by the client under a different file name. **Always maintain the original file copy the client submitted. Do not make any alterations and/or modifications to the file provided by the client.**
4. Next, insert a new column in the newly save spreadsheet between Current Job Title (*Column B*) and Department (*Column C*) and title the column “Benchmarked Job Title”. This column will now become Column C in the spreadsheet.
 - a. In the newly inserted column (*now Column C*), reconcile the two spreadsheets by typing the job title as it appears on the Consolidated Market Data Summary. The titles in this column should mirror the titles illustrated on the Job Family and/or Pay Grade sheet(s).
 - b. Are there any job titles listed on the employee census that are not on the Consolidated Market Data Summary? If yes, color code the cells with the employee’s name and current job title so that the data in the cells stand out.
 - i. If applicable, copy the title into the column titled “Benchmarked Job Title” and again color code the cell so that the job title in the cell stands out.
 - ii. If there are a significant number of jobs that are not listed on the benchmark job title listing, it may be necessary to inquire as to the reason the jobs are not being benchmarked.
 - iii. Roles not listed on the Consolidated Market Data Summary will be “Slotted” into the base pay structure.



Step 3 – Reconcile Annualized Salary Based on Hours Worked Per Week Provided by the Client for Part-time Employees (See Step 1. 1h. in this document): In addition to reconciling the job titles, review the information to confirm the Annual Salary Based on Hours Worked Per Week has been calculated correctly.

1. Sort and/or use a filter to show the Part-time employees (*Part-time or Full-time (Use PT or FT) column*).
2. To verify the annual salary is correct, use the formula below. (Calculation can be done via a calculator or in a new excel spreadsheet).
=Hourly Rate of Pay times # of Hours Worked per Week, e.g., 40, 37.5, 25, etc. times 52
 - a. For example: If the employee is earning \$15.00/hour and works 20 hours per week, the employee’s annual salary should reflect \$15,600.
 - b. If the **Annualized Salary Based on Hours Worked Per Week** column reflects a different \$ figure, then either the PT or FT designation is incorrect and/or the number of hours worked per week is incorrect. Ask the client to verify the data for the employee(s).
3. Not all PT employees’ salaries need to be verified, however, verifying the PT employees’ salaries upfront may eliminate erroneous data issues discovered later in the analysis.

Step 4 – Add Columns to the Completed Employee Census Spreadsheet: Once the pay grade structure has been developed and approved, and the completed Employee Census has been obtained from the client and data cleansed, the next step in the process is to conduct the actual incumbent analysis. At this point in the project, pay grade and/or job family pay grade sheet(s) have been prepared. Using the completed employee census and/or the census file used to reconcile the benchmarked job titles and verification of annual salaries of Part-time employees, create a copy of the respective file, and save it with the file name “Client XXX – Employee Incumbent Analysis XX.XX.XX (*Date*)”. Change the header in the file to “Client XXX – Employee Incumbent Analysis XX.XX.XX (*Date*)”. A summary of calculations used in conducting the incumbent analysis will follow in **Step 5 in this document**.

1. In column D, Row 3, insert and bold the comment “**Note: The incumbent analysis reflects the associated implementation costs based on the employee census provided by the client.**”
2. In column D, Row 4, insert and bold the comment “**The implementation cost (below min and over max) may be slightly different when the pay changes are actually implemented due to the rounding of data.**”
3. Next, insert the following columns into the spreadsheet.
 - a. Annualized Salary if 40 hours Per Week: This column should be inserted to the left of the column titled “Annualized Salary Based on Hours Worked Per Week”. (*It will become column J if the Benchmarked Job Title Column C was added when reconciling the benchmarked job titles, otherwise it will be column I.*)

- i. If the client has a standard workweek other than 40 hours, change the column heading accordingly, e.g., 35, 37.5, etc.)
- ii. Knowledge of the client's standard workweek can typically be obtained by review of employees with the designation FT and the # of Hours Worked per Week, e.g., 40, 37.5, 25, etc. columns.
- iii. If for some reason, the client failed to include the # of Hours Worked per Week, e.g., 40, 37.5, 25, etc. for employees working full-time, use the chart below to determine the total number of hours typically worked in a year.

Standard Workweek	Calculation	Client's Standard Annual Total Hours
40 hours	=40 x 52	2080
37.5 hours	=37.5 x 52	1950
35 hours	=35 x 52	1820
30 hours	=30 x 52	1560

- iv. Next, in the same column, calculate the employee's annual pay by multiplying the employee's hourly rate of pay times the client's standard annual total hours, e.g., 2080, 1950, 1820, 1560, etc. **This calculation should be completed for all employees in the census regardless of an employee's FT or PT status.**
- v. Once completed, perform a comparison of the newly calculated Annualized Salaries if 40 hours Per Week to that the client provided for regular full-time employees (Annualized Salary Based on Hours Worked Per Week column).
- vi. Sort the file and/or filter the Part-time or Full-time (Use PT or FT) column to show only FT employees. Are the Client's annualized salaries based on hours worked per week equal to that calculated in Annualized Salary if 40 hours Per Week column? If no, research the discrepancies. Any discrepancies **must** be resolved before finalizing the employee incumbent analysis.
- vii. Upon review, there may be differences between the client's annual salary and the calculated figure. This can be due to rounding issues and/ or how the annual salary is calculated by the client's HRIS system. This is generally not a major concern and can be explained to the client. It is mentioned only as an item to be aware of when discussing the results of the incumbent analysis. ***If there are significant differences that cannot be explained by rounding, clarification from the client needs to occur.***
- viii. Lastly, if the client has a standard workweek other than 40 hours (2080 annual hours), add documentation to the incumbent analysis indicating calculations have been based on a standard workweek of X (i.e., 37.5, 40) and client's standard total number of annual hours of Y (i.e., 1950, 2080).



- b. Job Family (If applicable): The name of the Job Family, e.g., Support, Professional, Management, etc. *If a job family structure has not been created, omit adding this column.*
- c. Pay Grade: The newly created pay grade and/or job family pay grade assigned to the job title.
 - i. Some clients may prefer a different nomenclature other than Pay Grade.
 - ii. Column may also be referred to as Salary Grade and/or Pay Band.
- d. Annual Salary Range Minimum: The newly created annualized minimum salary for the pay grade based on the client's standard total annual hours worked stated as a whole number, no decimals.
- e. Annual Salary Range Midpoint: The newly annualized midpoint salary for the pay grade based on the client's standard total annual hours worked stated as a whole number, no decimals.
- f. Annual Salary Range Maximum: The newly created annualized maximum salary for the pay grade based on the client's standard total annual hours worked stated as a whole number, no decimals.
- g. Base Salary as a % of Midpoint: Compares the current employee's Annualized Salary if 40 hours Per Week as a percent of the annualized newly created salary range midpoint.
 - i. Calculation should be expressed as a whole percent, e.g., 90%, 99%, 106%.
- h. Hourly Salary Range Minimum Rate of Pay: The newly created hourly salary range minimum rate of pay expressed with 2 decimal places. Be sure to use the client's total annual hours standard workweek figure, e.g., 2080, 1950, 1560, etc. when calculating this figure.
- i. Hourly Salary Range Midpoint Rate of Pay: The newly created hourly salary range midpoint rate of pay expressed with 2 decimal places. Be sure to use the client's total annual hours standard workweek figure, e.g., 2080, 1950, 1560, etc. when calculating this figure.
 - i. This column can be omitted if desired in that the analysis does not use this column for any specific calculation. Some clients prefer to have this column included in the file.
- j. Hourly Salary Range Maximum Rate of Pay: The newly created hourly salary range maximum rate of pay expressed with 2 decimal places. Be sure to use the client's total annual hours standard workweek figure, e.g., 2080, 1950, 1560, etc. when calculating this figure.
- k. \$\$ Diff of EEs Below Minimum: The dollar difference between the hourly salary range minimum rate of pay and the employee's current hourly rate of pay.
- l. \$\$ Diff of EEs Over Maximum: The dollar difference between the hourly salary range maximum rate of pay and the employee's current hourly rate of pay.
- m. Annual \$\$ To Min PT - **Delete column prior to sending to Client:** The annual dollar difference to increase an employee's salary to the new pay grade hourly



- salary range minimum rate of pay based on the number of hours the employee works per year.
- n. Annual \$\$ Over Max PT - **Delete column prior to sending to Client:** The annual dollar amount for an employee whose salary is above the new pay grade salary range maximum rate of pay based on the number of hours the employee works per year.,
 - o. Annual Cost of EE's Under Minimum: Column will show the annual cost by employee to increase his/her salary to the minimum of the pay grade with all formulas removed.
 - p. Annual Cost of EE's Over Maximum: Column will show the annual cost by employee whose salary is above his/her pay grade maximum with all formulas removed.
 - q. Comments: Column can be used to denote "Slotted" roles and/or any other relevant employee information which can be used in explaining various nuances observed in the employee incumbent analysis, e.g., long-term employee, employee recently promoted, employee demoted, etc.

Step 5 – Summary of Calculations used in Conducting the Actual Employee Incumbent

Analysis: The table below summarizes the calculations to be used in conducting the actual Employee Incumbent Analysis.

Column Heading	Calculation
Annualized Salary if 40 hours	=employee's hourly rate of pay multiplied by the client's standard annual total hours, e.g., 2080, 1950, 1560, etc.
Annual Salary Range Minimum	No calculation required; use pay grade / job family sheet(s) to enter the minimum, midpoint and maximum annual salaries that correspond to each of the benchmarked job title as well as any "slotted" roles
Annual Salary Range Minimum	
Annual Salary Range Minimum	
Base Salary as a % of Midpoint	=Annualized Salary if 40 Hours Per Week divided by Annual Midpoint Salary
Hourly Salary Range Minimum Rate of Pay	=Annual Salary Range Minimum divided by Client's annual standard number of hours worked per year, 2080, 1950, 1560, etc.
Hourly Salary Range Midpoint Rate of Pay	=Annual Salary Range Midpoint divided by Client's annual standard number of hours worked per year, 2080, 1950, 1560, etc.
Hourly Salary Range Maximum Rate of Pay	=Annual Salary Range Maximum divided by Client's annual standard number of hours worked per year, 2080, 1950, 1560, etc.
\$\$ Diff of EEs Below Minimum	=ROUND(IF(Employee's Hourly Base Pay<Hourly Minimum Rate of Pay,SUM(Hourly Minimum Rate of Pay-Employee's Hourly Base Pay),""),2)
\$\$ Diff of EEs Over Maximum	=ROUND(IF(Employee's Hourly Base Pay > Hourly Maximum Rate of Pay,SUM(Hourly Maximum Rate of Pay-Employee's Hourly Base Pay),""),2)
Annual \$\$ To Min PT - Delete column prior to sending to Client	=\$\$ Diff of EEs Below Minimum times # of Hours Worked per Week, e.g., 40, 37.5, 25, etc. times 52 <i>Cell should be formatted as US currency; text color black.</i>
Annual \$\$ Over Max PT - Delete column prior to sending to Client	=\$\$ Diff of EEs Over Maximum times # of Hours Worked per Week, e.g., 40, 37.5, 25, etc. times 52



	<i>Cell should be formatted as a negative US currency, e.g., (\$2,345.67); text color red</i>
Annual Cost of EE's Under Minimum	Copy, paste special values from column called "Annual \$\$ To Min PT - Delete column prior to sending to Client " to this new column, then remove all #VALUE!; only \$\$ figures should remain in column. <i>Cell should be formatted as US currency; text color black.</i>
Annual Cost of EE's Over Maximum	Copy, paste special values from column called "Annual \$\$ Over Max PT - Delete column prior to sending to Client " to this new column, then remove all #VALUE!; only \$\$ figures should remain in column. <i>Cell should be formatted as a negative US currency, e.g., (\$2,345.67); text color red.</i>

Step 6 – Conducting the Actual Employee Incumbent Analysis: Using the table above, in each of the respective columns, perform the calculations in the Employee Incumbent Analysis spreadsheet.

1. Start by assigning a job family pay grade / pay grade to each of the jobs in the file.
 - a. Next, enter the salary range minimum, midpoint and maximum that corresponds to the job family pay grade / pay grade.
 - b. Assign a job family pay grade / pay grade to all jobs which have been slotted into the pay structure.
2. Once all roles have been assigned a pay grade and corresponding salary range, perform the remaining calculations.
3. Ensure the calculations pull data from the correct columns. Failure to double check the data and calculations will result in errors in the incumbent analysis.

Step 7 – Prepare Overall Summary Results: Once the incumbent analysis has been completed, at the bottom of the spreadsheet calculate various summary figures.

1. An average of all employees Base as a % of Midpoint.
2. Total annual cost to adjust employees whose salaries are below the new salary range minimums to the minimum of the new pay grade.
3. Total number of employees whose salaries are below the new salary range minimums.
(This figure should be in the row directly below the total annual cost of employees below minimum.)
4. Annual cost to adjust employees whose salaries are above the new maximums of the new pay grade.
5. Total number of employees whose salary are above the new salary range maximums.
(This figure should be in the row directly below the total annual cost of employees below minimum.)

Step 8 – Helpful Hints in Conducting the Actual Employee Incumbent Analysis: Below are some helpful hints to conducting the incumbent analysis.

1. When entering the job families and/or pay grades into the spreadsheet, sort the file by job title and/or benchmark job title. This will save time and ensure all employees with the same job title are assigned to the same job family pay grade / pay grade.



- a. Remember, all employees with the same job title must be assigned to the same pay grade and corresponding salary range.
2. Hide columns so that the job title and/or benchmark job title is adjacent to the column job family pay grade /pay grade.
 - a. Using the job family pay grade /pay grade pay grade sheet(s), copy the pay grade and the annual salary range minimum, midpoint, and maximum rates of pay into the appropriate columns.
 - b. Continue this step until all jobs have been assigned a Pay Grade, Annual Salary Range Minimum, Midpoint and Maximum.
 - c. There may be positions on the job family pay grade /pay grade pay grade sheet(s) that do not currently have employees assigned. This is perfectly acceptable and is not a reason for alarm. Often roles are benchmarked that are anticipated to be filled in the future and/or the role is vacant due to a resignation and/or termination.
 - d. If any positions have been “slotted” into the pay grade structure, add a notation that the role has been slotted in the Comments column.
 - i. If “slotted” roles have not been assigned a pay grade prior to conducting the employee incumbent analysis, use the employee’s annual base salary as a guide for recommending a pay grade placement as a starting point for discussion with the client.
 - ii. The client may upon review choose to move the “slotted” role to a different pay grade. This often occurs and should not pose a reason for concern.
3. In conducting the cost analyses for each employee, the calculations **MUST** use information based on the hourly rates and specific Part-time employee information.
 - a. Failure to conduct the analysis using Part-time employee information will over inflate the implementation costs (below minimum and above maximum) for those Part-time employees.
 - b. Depending upon the number of Part-time employees included in the project, the over inflated costs may be substantial.
4. Once the employee incumbent analysis has been completed and overall summary costs calculated; review the annual dollar impact of those employees’ salaries are below the new pay grade minimum rate of pay and above the new pay grade maximum rate of pay.
 - a. Do any totals stand out as being excessive?
 - b. Are any specific roles driving the overall costs for employees below minimum or above maximum?
 - c. Is it possible the role(s) was benchmarked and/or “slotted” incorrectly?
 - d. Are the costs being driven by newly /recently hired employees and/or long-term employees?
 - e. Attempt to understand the possible reasons for costs that appear substantial.



- f. Be prepared to discuss the observations when reviewing the Employee Incumbent Analysis with the Client (*see Step 9: 5 in this document*).

Step 9 – Send a copy of the Completed Employee Incumbent Analysis to Client: Upon completing the employee incumbent analysis, make a copy of the analysis and title the copy “Copy of Client XX Employee Incumbent Analysis XX.XX.XX (*date*)”.

1. Remove all formulas from the entire spreadsheet.
2. Delete the columns titled “Annual \$\$ To Min PT - **Delete column prior to sending to Client**” and “Annual \$\$ Over Max PT - **Delete column prior to sending to Client**”.
3. Password protect the file and send to the client.
4. Share with the client a follow-up phone call will be scheduled to discuss the employee incumbent analysis and next steps.
5. Discuss the incumbent analysis with the client.
 - a. During the teleconference, the client may choose to move a job(s) to a different pay grade upon understanding the cost impact.
 - b. Should this occur, update the incumbent analysis and corresponding job family / pay grade sheet(s) with the change(s).
 - c. Sent the client an updated / revised copy of the completed incumbent analysis as well as updated / revised copy(s) of the job family / pay grade sheet(s).
6. Confirm with the client agreement has been obtained relative to the changes. Once the client accepts the results of incumbent analysis, send the email #5 “Incumbent Analysis Completed”.