

JOB EVALUATION & APPRAISAL SYSTEMS

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INTRODUCTION

- About me
 - HR Business Partner in YS for 4,5 years
 - Responsible for Compensation & Benefits
- About Y Soft Corporation
 - Headquarters in Brno, Czech Republic
 - 400 employees globally
 - Established in 2000
 - SafeQ – print solution



AGENDA


WHAT IS GOING TO BE ABOUT TODAY?

- What is Compensation & why is it important
- Specific Compensation topics:
 - Job evaluation
 - Incentives & Rewards
- Mixture of theoretical background + how do we approach it in Y Soft
- Anything else you would like to know about this topic 😊

- We will use sli.do
 - > vote at [slido.com](https://www.slido.com) with code **#233898**

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What percentage of the company expenses are personal costs in Y Soft?

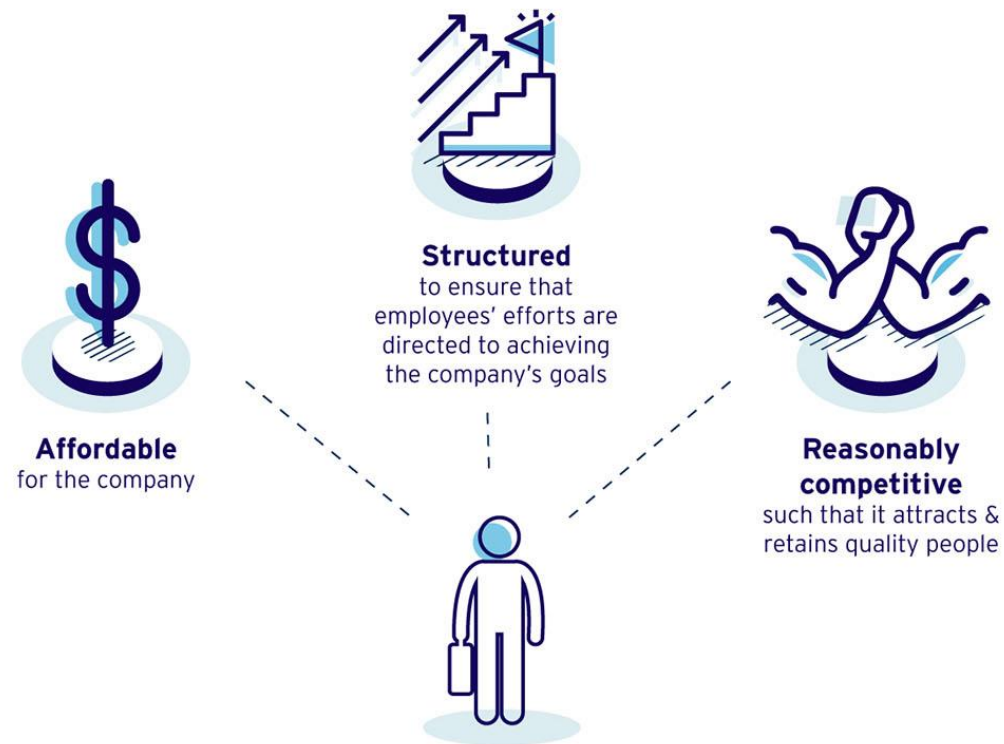
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WHAT IS COMPENSATION AND WHY IS IT IMPORTANT

- total cash and non-cash payments that you give to an employee in exchange for the work they do for the business
- Huge impact on the costs
 - > maximize an organization's return on its human resources investment

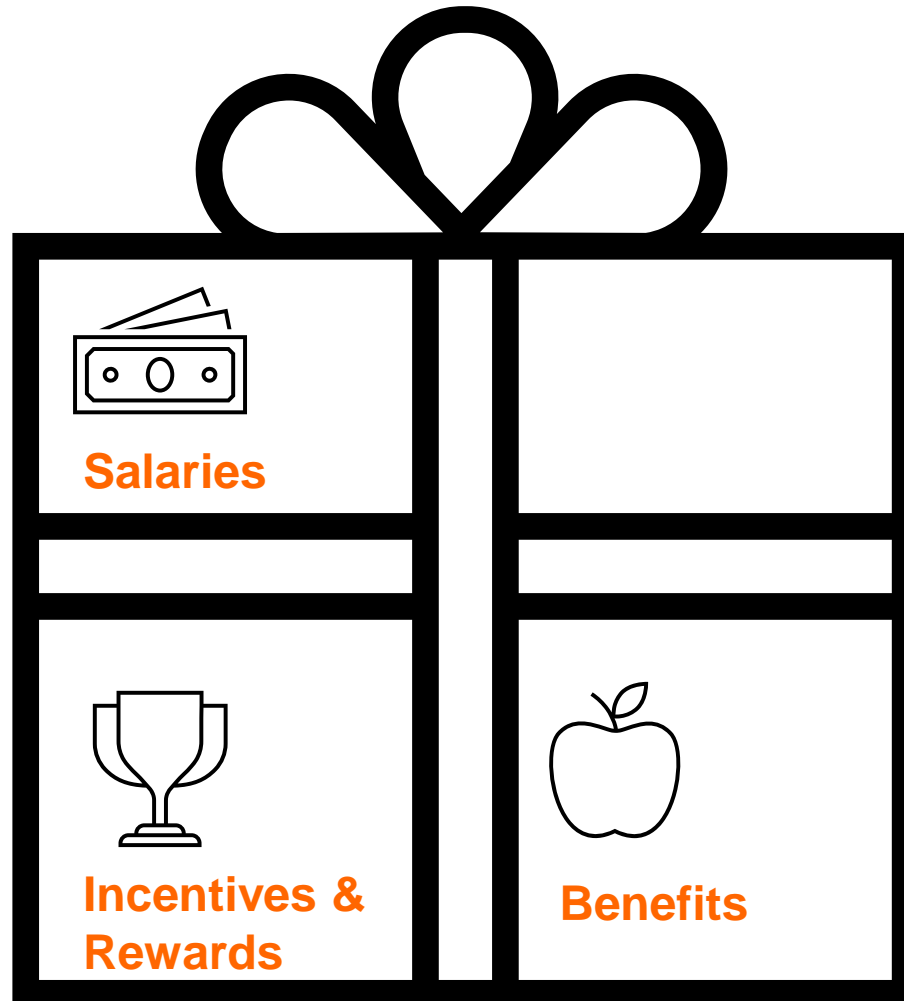
STRATEGY

WHAT NEEDS TO BE CONSIDERED



Compensation strategy

COMPENSATION PACKAGE



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Imagine you open your own bussiness and you need to hire an assisstant. How would you determine her salary?

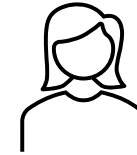
 Start presenting to display the poll results on this slide.

HOW TO SET UP SALARIES

- Get data from the market
 - Salary surveys – Korn Ferry, Radfords, Mercer,...
 - **Jobs need to be evaluated – assign grades**
 - Decide on your market position
 - Set up salary ranges
- Match with individual expectations, negotiate
- Make sure you can afford it

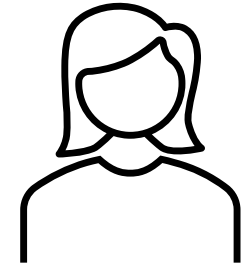


Assistant in
a Company A



Grade 12

Assistant in
a Company B



Grade 13



QUESTIONS?

JOB EVALUATION

JOB EVALUATION

WHY IS IT IMPORTANT?

- To enable accurate market pricing
- To meet legislative requirements (Equal Value)
- Internal & External equity
- Outcome: Job map / Job structure / Job architecture

JOB STRUCTURE

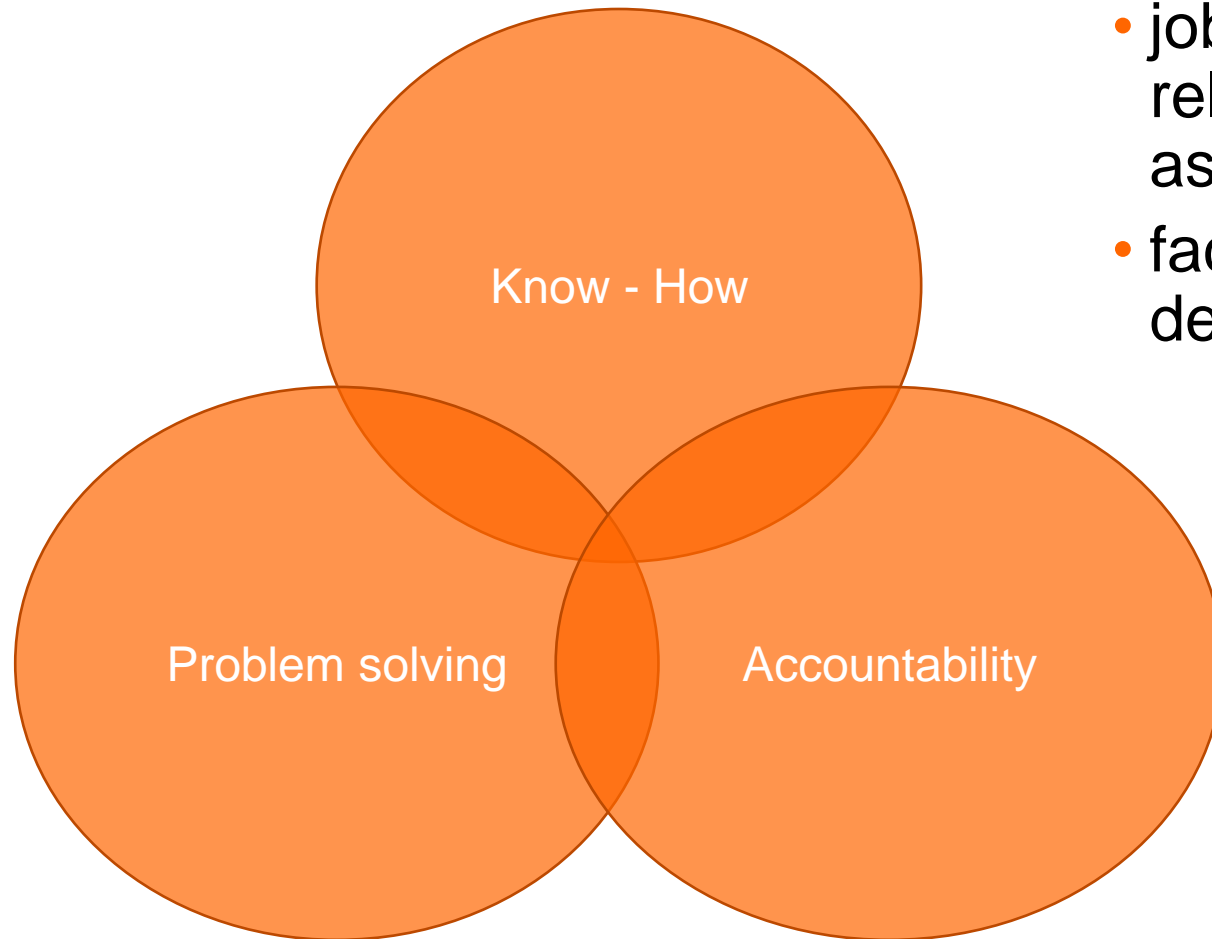
EXAMPLE

Grade	Finance, HR, Legal	Marketing, Product Development	Sales	Customer Service, Technology, Localization	Development, Virus Analysis	Grade		
25	Chief Executive Officer					25		
24	Chief Officer : Members of Top Management, member of the Board					24		
23	Vice President : Managing major division, member of Top Management					23		
22	Director : Managing major organizational unit, global role, beyond annual business plan. Member of broader management body - Executive Committee					22		
21						21		
21						21		
20						20		
19	Manager : Managing a homogeneous business function, operates within approved annual business plan.			Specialists jobs		19		
19						19		
18						18		
18						18		
17	Team Leader/ Supervisor : Managing a group of employees. Rather supervision or technical leadership than real management. Delivering rather tasks than accountabilities.			Specialists jobs		17		
17						17		
16						16		
16						16		
15	Administration, support jobs.			Specialists jobs		15		
15						15		
14						University graduates recruitment level		14
14								14
13								13
13	13							
13	University graduates recruitment level		13					
13			13					
13			13					
13			13					
12	Lowest administrative, support jobs					12		
12						12		
11	Lowest administrative, support jobs					11		
11						11		

BASIC PRINCIPLES

- **The job and not the job holder**
- The content of the job – necessary to understand it, ask questions
- Measure the job's contribution
- Standard acceptable performance (100 %)
- Consensus; top-down
- The job today

THE METHODOLOGY (BASED ON KORN FERRY)



- job's content is analyzed relative to each factor and assigned a numerical value
- factor values are then totaled to determine the overall **job grade**

THE METHODOLOGY

KNOW – HOW

- Capability or skill needed for fully competent job performance
- **Technical Know – How**
 - Depth of technical or specialized knowledge and skills needed to achieve desired results
- **Management Breadth**
 - Requirements to undertake managerial functions
 - Planning, organizing, staffing, directing, and controlling resources
- **Human Relation Skills**
 - Communicating and influencing skills



THE METHODOLOGY

PROBLEM SOLVING

- Utilization of know-how required to achieve results
- **Thinking Environment**
 - The job's context and the degree to which problems and solutions are defined through strategy, policy, precedents, procedures, and rules
- **Thinking Challenge**
 - The nature of the problems and the degree to which thinking is required to arrive at solutions that add value



THE METHODOLOGY

ACCOUNTABILITY

- The value the job can add
- **Freedom to Act**
 - Empowerment to make decisions and take action
- **Nature of Impact**
 - Influence on organizational results
 - Remote, contributory, shared, prime
- **Area of Impact**
 - The magnitude, typically in financial terms



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Rate the following jobs based on the Accountability criteria
(the impact on the Company operations)

 Start presenting to display the poll results on this slide.

PAY STRUCTURE DESIGN

- Based on job evaluation
- Job families & subfamilies
- Market data

Market data

- Salary surveys
- Positioning on the market
- Salary range – midpoint +/- 20 %

Outcome: Job – job grade – salary range

Vrcholový management | Executive Management
Finance a účetnictví | Finance & Accounting
Informační technologie | Information Technology
Analytics and Data Science | Analytics and Data Science
Business Performance and Process Transformation | Business Performance and Process Transformation
Lidské zdroje | Human Resources
Právní | Legal
Korporátní záležitosti | Corporate Affairs
Marketing | Marketing
Category Management | Category Management
Prodej | Sales
Zákaznický servis | Customer Service
Call centrum | Call Center
Projektové řízení | Project and Program Management
Vývoj produktů | Product Development
Výzkum a vývoj | Research and Development
Technologie | Engineering
Logistika / Zásobování | Logistics / Supply Chain
Výroba | Production
Management kvality | Quality Assurance
Zdraví a životní prostředí | Health and Environment
Property Management | Property Management
Administrativa / Podpora / Služby | Administration / Support / Service
Advanced Manufacturing | Advanced Manufacturing
Documentation | Documentation



QUESTIONS?

VARIABLE PAY

INCENTIVES & REWARDS

WHAT IS THE DIFFERENCE?

Incentive = motivates or encourages one to do something

Reward = recognition of service, effort, achievement or good behaviour

Combination of both

Commissions

Retention bonuses

Referral bonuses

Spot bonuses

Performance Awards

Regular performance bonuses

Stocks

BONUS SCHEMES

- **Performance bonus**

- Based on individual performance paid regularly

- **Profit share**

- Based on company performance
- Individual performance not reflected

- **Spot bonus**

- Ad hoc for extraordinary performance

-> most common approach is to combine the above

Commissions

- Sales positions
- Percentage as a reward for closed deals

HOW TO SET UP BONUS

TARGET PERCENTAGE

Target percentage is a percentage one will be awarded assuming 100 % individual performance and 100 % company performance →

Example – target percentage based on seniority levels

FY21	Bonus pool	Personal perf %	Company perf %	PP bonus	CP bonus
Junior	12%	80%	20%	9,6%	2,4%
Senior & team leads	15%	70%	30%	10,5%	4,5%
Manager	30%	60%	40%	18,0%	12,0%
Senior manager	50%	30%	70%	15,0%	35,0%
CEO	100%	0%	100%	0,0%	100,0%

% actuals to budget	Perf. Coefficient
< 82%	
82,0%	67,2%
84,0%	70,6%
86,0%	74,0%
88,0%	77,4%
90,0%	90,0%
92,0%	92,0%
94,0%	94,0%
96,0%	96,0%
98,0%	98,0%
100,0%	100,0%
102,0%	104,0%
104,0%	108,2%
106,0%	112,4%

SPOT BONUSES

REWARDS FOR EXTRAORDINARY ACHIEVEMENTS

- Special rewards budget
- Market standard – approximately 1 % of salaries
- Defined in Company Compensation policy
- Internal approval process



QUESTIONS?

KEY TAKEAWAYS

WHAT YOU SHOULD REMEMBER

- Personal costs are a **significant part of the overall company costs** therefore it is critical to make sure to invest the money in employees efficiently
- The package – **salaries, incentives & rewards, benefits**
- To determine salary we use data from the market, in order to do that correctly, jobs must be **evaluated**
- When evaluating a job, always evaluate **the job, not the job holder**
- Job evaluation – know – how, problem solving, accountability
- Variable pay – incentives & rewards
- Bonus scheme as a combination of individual & company performance
- Come on Wednesday for more practical examples 😊

THANK YOU!

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