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About This Document

owner	HR
access & use	Restricted to HR
what it is	<p>A guide that:</p> <ul style="list-style-type: none"> ◆ Outlines the step-by-step process for conducting annual salary reviews. ◆ Clarifies who is responsible for each step. ◆ Provides point-and-click access to the documents needed for each step, along with instructions and examples.

Overview

- ◆ What factors do we need to consider when conducting an annual salary review?
- ◆ Who determines the recommended % increases? How are they calculated?

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Who Does What?

The annual salary review process is primarily managed by HR. However, the process relies on input from:

- ◆ **CUSTOMIZER: Executive Team/Senior management team** works with HR to determine the optimum compensation strategy based on external market data.
- ◆ **Managers** finalize performance ratings for the direct reports and identify ‘must keep’ individuals.
- ◆ **Finance** determines the annual budget for employee salaries.

Guidelines & Steps

Step 1. Analyze External Market Data & Internal Salary Structure

When conducting a salary review, it’s important to gather relevant data from other employers in our industry and geographic region. Armed with this information, we can review our internal salary structure and ensure we remain competitive enough in our industry to attract, motivate, and keep high-performers.

It’s also important that we maintain salary equity within the Company. We want our employees to feel that they’re rewarded fairly, according to the relative value of their positions within the Company, and compared with other employees in similar positions in the Company.

► HR

1. Collect and review market salary data gathered from external salary surveys.
2. Compare external data to our internal salary structure and note any areas where our Company salaries lead or lag relative to the other companies in our industry and region.
3. Highlight where changes may need to be made to our internal salary structure. For example, are there positions, job families, or job levels that have been difficult to fill?

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Step 4. Update Reference Tables in Annual Salary Review Spreadsheet

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2. On the **Matrix & Salary Structure** worksheet:
 - a. Update the **External Market Data** table to reflect the data gathered in **Step 1. Analyze External Market Data & Internal Salary Structure**.
 - b. Update the **Internal Salary Structure** table and **% Salary Increases Matrix**, as per the decisions made during the meeting with **CUSTOMIZER: Executive Team/Senior management team**.

Step 5. Gather & Update Departmental Data

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2. **Update departmental data:** In the *INSTRUCTIONS. Annual Salary Review Spreadsheet*, follow the instructions provided in **Step 3. Update the Master Spreadsheet**.

Step 6. Finalize & Obtain Approval for Employee Salary Increases

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1. Schedule a meeting with the **CUSTOMIZER: Executive Team/Senior management team** to review your completed *Annual Salary Review Spreadsheet*.

During the meeting:

- a. Identify instances where your suggested 'actual' salary increase differs from the spreadsheet's auto-calculated 'recommended' increase. Typically, these will be because:
 - The position requires a salary change to maintain internal equity.
 - The position is difficult to fill and requires a salary increase to ensure we continue to attract, hire, and retain top talent.

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