COMPANALYST MARKET DATA
Methodology Overview
Overview

CompAnalyst Market Data addresses the universal need for access to accurate, up-to-date market pricing information. Unlike compensation surveys, which report data effective as of a fixed date, CompAnalyst Market Data is a report of a continual research study that blends data from multiple sources for a complete market picture.

Benefits

The methodology behind Salary.com’s CompAnalyst Market Data is a state-of-the-art process for benchmarking and analyzing jobs that builds on the professional industry standards employed by compensation analysts. When adding jobs to the CompAnalyst Market Data database, Salary.com’s team of compensation consultants selects and validates surveys, benchmarks jobs to multiple surveys, aggregates data, and reviews and adjusts results, as necessary, to produce accurate results for every job, every time. To determine the true market rate for each job reported in CompAnalyst, the Salary.com team reviews all available market pay data on a monthly basis, ensuring that CompAnalyst users have access to up-to-date, accurate market data.

With this unique methodology, Salary.com is able to publish an up-to-date estimated salary range for any position in any market, even when individual surveys do not have sufficient data for that job or market. Using the new CompAnalyst architecture, which defines relationships between job family, function, and focus, Salary.com is able to fill in the gaps left by traditional compensation surveys, producing accurate estimated salaries for jobs that other data sources do not cover.

The summary below briefly highlights the key steps in the methodology behind CompAnalyst Market Data.

1. The Salary.com compensation team creates a job description that summarizes the key aspects of each job in the CompAnalyst data set. Each job is categorized into a family, function, and focus to group related jobs together in the CompAnalyst architecture.
2. Salary.com identifies and purchases the most current compensation surveys available, selecting only those surveys published by leading compensation data firms that adhere to the standards set by WorldatWork.
3. Salary.com’s compensation consultants match job descriptions to the most comparable jobs from each available data source. Each job must be matched to multiple survey sources to be published in CompAnalyst.
4. Expert compensation consultants create a composite view for each job with each set of scopes, taking into account the statistical reliability and the effective date of the data. The team further analyzes the data for any industry, geography, or company size biases that could be inherent in a given survey report. This ensures a comprehensive analysis of the compensation market for each job for which the data is sufficient to report.
5. The Salary.com team identifies those scopes for which data is insufficient. Combinations that do (or may reasonably be assumed to) exist, but for which specific data is not available, are identified manually. For these jobs, the team uses information on similar jobs or similar scopes to interpolate or extrapolate a best estimate of a reasonable market salary ranges. For each individual job title, the compensation consultants create a series of adjustment factors that reflect the relative impact that industry, geography, and company size have on the market pay for that job. During this process, if the team identifies irregularities (e.g., dentist
in the media industry), salaries are reported as “not applicable.” More information about this process can be found in the Data Analysis section of this report (page 06).

6. The Salary.com compensation team consistently updates the data every month to incorporate the most current information available and to reflect salary movement. As Salary.com identifies and incorporates new surveys, the team replaces extrapolated market information with data based on the new market information. Job titles are updated and new jobs are added to the database during these reviews.

Data Sources

Survey Selection
We select surveys based on the breadth and depth of the data they provide, the methodology they use, and the industry reputation of the data provider. These surveys include large national surveys covering a broad collection of jobs, as well as more niche reports that provide deep information cuts on specific job families, industries, and geographies. Salary.com compensation consultants review each survey to make sure it reports data that is complete and reasonable for the scopes represented.

Job Selection
To ensure jobs are appropriately matched, Salary.com analysts benchmark jobs based on job description content, not simply on job title. A job is considered a match if the responsibilities, education, experience, reporting relationship, and degree of discretion and latitude are proximal. When mapping survey data to our job descriptions, Salary.com’s compensation consultants take into account how closely the participating employers reported their incumbents matched to the benchmark descriptions.

Job Classification
The new CompAnalyst architecture defines relationships between job family, function, and focus to clearly group related jobs in the database. This allows for easy searching within the database, as well as enhanced visual career pathing and job relationship identification.

Data Analysis

Interpolation and Extrapolation
CompAnalyst effectively creates and applies a multi-dimensional contour map of scope adjustment factors for each job. This mapping, based on regression analysis, comparative research, and compensation experience creates a smooth and consistent perspective of the overall pay practices for each given job. Sometimes it is not possible to derive a clear and conclusive opinion from perfect matches. This generally occurs for one of three reasons: data insufficiency, geographic implausibility, or functional implausibility. Salary.com consistently applies methods of interpolation or extrapolation appropriate to each of these cases.
Data Insufficiency

Where available published data is insufficient to establish a clear and conclusive opinion, Salary.com’s compensation consultants apply mathematical algorithms to interpolate missing or insufficient values. One technique for filling these gaps involves the application of regression formulas to interpolate data for organizations of different sizes from those for which the original data is more robust. The data is validated based on relevant, related, and/or similar businesses - for example, data for a medium-sized high-tech firm can be interpolated by examining data for small and large high-tech companies. Regressions can also be developed based on a sufficient number of known compensation amounts for similar or related jobs. These regressions provide a strong indicator of the effect a given scope factor has on the market pay rate for a given job. By reporting these estimates CompAnalyst is providing the user with a reliable number without requiring the user to do extensive research to estimate the amounts.

If CompAnalyst has estimated compensation information based on data that partially matches the user’s selections, the number of organizations and incumbents will reflect the low end of the range of total organizations and incumbents considered. This number is footnoted with a dagger (†) to indicate the match is not perfect.

Geographic Implausibility

Some jobs are unlikely to be offered in certain geographic areas, but are theoretically possible, such as a subway driver in rural South Dakota. Data on such jobs is potentially valuable to businesses contemplating greenfield expansions into new markets and is not harmful to the integrity of the data as a whole. In the case of geographic implausibility, Salary.com applies mathematical algorithms to known values from other geographic areas to extrapolate what the market value would be in a geographic area for which the data is insufficient or absent. The adjustments are based on the actual pay data for the same or very similar jobs in known geographies.

For entrepreneurial organizations siting businesses in new areas, estimated data is sometimes the only available source of compensation information. Salary.com’s adjustment factors provide a good approximation of a fair pay range for a given job regardless of how many people have that job today. This research can be very useful in determining the value of a job that has not been offered in a given area before. For example, if a new factory is opening in a rural area, there might be no comparable pay information for many of the factory worker jobs, but they nevertheless need to be filled and compensated appropriately. Without estimations like those used in CompAnalyst, there would be no readily available data for these positions.

Regressions can also be developed based on a large number of known compensation amounts for similar and/or related jobs. These regressions provide a strong indicator of the effect a given scope factor has on the market pay for a given job. By reporting these estimates, CompAnalyst is providing the user with a reliable market salary rate without requiring the user to do extensive research to estimate the amounts.

CompAnalyst data that includes estimated compensation information based on data that partially matches the user’s selections will denote the number of organizations and incumbents in the data set. This number will reflect the low end of the range of total organizations and incumbents considered, and is footnoted with a dagger (†) to indicate the match is not perfect.
Salary.com reports a full set of salary information for extrapolated data, but does not report the number of organizations or number of incumbents for those jobs. The number of organizations and number of incumbents are each labeled with a double-dagger (†) to allow users to identify them as strict estimates. Although these data points are extrapolated, they do provide users with a valid starting point for their compensation planning and research.

**Functional Implausibility**

Some jobs are functionally impossible, like a dentist in the media industry. In the case of functional impossibility, Salary.com does not interpolate or extrapolate a value; “N/A” is reported, meaning “not applicable.”

**Data Presentation**

The salary data for a job or group of jobs in a given scope is presented in two pieces: base pay and total cash compensation (base pay plus annual cash incentives). The market pay level is based on the median, or 50th percentile, of all salaries reported for a given job. This represents the midpoint of the competitive market rate for that job. To provide perspective on scope and distribution of pay amounts, CompAnalyst allows you to view data between the 5th and 95th percentile in increments of 5. We also provide Short-Term (Actual Bonus Target) and Long-Term Incentive values at the 50th percentile and average. Salary surveys typically report the LTI value as a percentage of base salary. The LTI dollar values shown in CompAnalyst are calculated by multiplying these percentages by the scoped base salary amounts shown on the report. LTI values are based on the actual grant value, except in the case of appreciation-based awards such as Stock Options, which are discounted to present value using Black-Scholes methodology.

Salary.com displays Long-Term Incentive Eligibility % as a data field. Long-Term Incentive Eligibility indicates the percentage of US incumbents that are eligible to receive a long-term incentive. The eligibility percentage shows how common it is for long term incentives to be provided to a specific position.

Results for each job are displayed in a graph to visually show this interquartile range. The minimum of the range is the 25th percentile, which means only 25 percent of salaries reported for a particular job fall below this level; the maximum of the range is the 75th percentile, which means 75 percent of all salaries reported for that job fall below this amount (i.e., 25 percent fall above this amount).

All data is presented in an annualized format as the default, but may also be viewed at an hourly rate. Hourly figures are calculated by dividing the annual rate by 2,080 (hours) for full-time jobs and 1,000 (hours) for part-time jobs.

To recognize that salaries increase faster than studies are printed, Salary.com uses the industry standard approach of modifying the data by applying an aging factor to adjust the data to a common date and to accommodate the movement of salaries over time. Not all salaries move at the same rate. The market data used for each job in CompAnalyst is aged to the current month at a rate consistent with the most current market information available for that job or job family.

CompAnalyst allows the user to age data further, to a time in the future or past. The user can select a custom target date and apply the aging factor that is most appropriate to move the current market data to the target date.
Organizations and Incumbents

In addition to compensation data, Salary.com reports the number of organizations and incumbents represented by the data for each job and scope included in CompAnalyst. To simplify the reporting, CompAnalyst categorizes the number of organizations ("orgs") and incumbents ("incs") into ranges. For example, "50" organizations means that data from 50 or more organizations was used in the analysis to develop the compensation numbers shown. The breakdowns of the number of organizations and incumbents reported in CompAnalyst are noted here (Figure 1 and Figure 2).

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<table>
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If the numbers displayed for organizations and incumbents are not followed by a notation, the data used in calculating the CompAnalyst market composite exactly matches the selected job, industry, company size and geographic location.
Some of the compensation information reported in Comp Analyst is based on data that only partly matches the selected scope. Compensation information reported with partial scope matches is labeled with a †, which indicates that sufficient data closely matching the selected scopes has been used in the calculation. If the number of organizations and incumbents is not displayed (†), the job selected does not exist or is not deeply researched among the specific set of the selected scope. Salary.com’s team of compensation professionals has estimated reasonable compensation figures for the combination based on all data available for that job and scope.

† Analysis based on at least this many orgs/incs that partially match the selected scope

‡ Analysis based on all orgs/incs adjusted for selected scope

Job Taxonomy

Based on industry research, feedback from our customers, and survey data classification best practices used in general and industry specific surveys, we are introducing a new job taxonomy that will organize and present Comp Analyst Market Data (CAMD) jobs in an easy-to-use structure.

The CAMD job taxonomy consists of:
- Job family
- Job function
- Job focus
- Job level

Job family

This taxonomy uses traditional job families, as well as job families that reflect emerging and changing trends in today’s talent marketplace.

Job function

The job function classifies jobs based on the core components of each job, and groups those jobs together to allow easy comparison.

Job focus

The job focus is used to further define jobs that are specific to a particular specialization or discipline within a family and function.
Job level

Job levels round out the taxonomy and are assigned to differentiate levels of similar jobs in a consistent fashion based on criteria including experience, skill level, education, organizational impact, independence or management scope.

Frequently Asked Questions

What if I can’t find the job I am looking for?

It is possible that the job you are looking for isn’t in the CompAnalyst database. If it’s not in the database, you can contact our Account Management team using the email, phone number, and/or live chat feature provided on the CAMD dashboard to ask for the job to be added. If sufficient data exists, the job may be added over time.

Why does CompAnalyst provide market data for these particular 187 metropolitan areas? What if mine isn’t covered?

CompAnalyst covers the 187 largest metropolitan areas in the United States. These are the areas for which we can conclude fair-market compensation information. If your market is not included, consider searching under your state, or using your zip code to estimate the market in your particular location.

Are the adjustment factors the same for every job?

No. Each individual job has its own complement of adjustment factors – one for each industry, each geography (region, state and metro), and each company size (revenue, assets, and FTEs).

How does pay differ based on industry?

Different industries have different pay philosophies and pay practices. Across industries, however, certain jobs require the same skills and experience, and command the same (or very similar) compensation levels. Traditionally, administrative and lower-paying jobs were the most common jobs of this category. More recently, some technical jobs have also become in universal demand and, therefore, the compensation practices have somewhat leveled out across most industries.

How does pay differ based on geography?

Pay differs by geography as a reflection of the cost of living in the geography and the market demand for a given job. Although cost of living is a major factor, the difference in pay between two geographies is not always the same as the difference in cost of living. Organizations will pay more to attract the right people and people will take less pay (on a relative basis) to work in a desirable place. Also, the more money a person makes, the less he or she is affected by the local cost of living. Much of a person’s compensation is used for items that are not affected by cost-of-living numbers (e.g., cars, boats, vacation homes, college tuition, savings, investments, etc.). For this reason, the geographic pay differentials have less impact on higher-paying jobs.
How does pay differ based on company size?

Pay differs by company size as a reflection of the scope of responsibilities, and to a lesser degree, the maturity and cash position of the organization. The scope of responsibility is generally limited to more senior people, and those whose responsibilities are significantly broader and more encompassing in larger organizations. The pay ranges for other employees generally show less variance based on the size of the company. For example, the CFO of a $10 billion company would be expected to earn much more than the CFO of a $10 million company. However, the pay for a delivery person in each of the same two companies would be similar. The above comments are the same whether the measure of size is revenue, FTEs, or assets. These measures are simply a calibration of size reflecting what makes the most sense for different organizations.

Not all jobs have significant change in pay from one industry to another or from one company size to another (e.g. secretary). How does CompAnalyst account for this?

The analysis embedded in CompAnalyst takes into account the relative impact industry has on the pay practices for each of the more than 4,000 reported jobs. Each job and scope factor combination has its own series of factors derived from actual reported matches. By looking at CompAnalyst’s industry comparison report, you will see how industry affects the pay for a given job.

Is it legitimate for a compensation professional to use an estimated market rate?

Absolutely, as long as the estimates are based on valid data, professional standards and an understanding of the market being estimated. This is exactly what a compensation professional is required to do when survey data is not published or available for a specific job and scope combination. The compensation professional must estimate the market pay for that combination. With CompAnalyst, Salary.com’s compensation professionals have performed the analysis and pre-generated those estimates, consistently applying the same methodology for all such data points. The information is immediately ready for the compensation professional to use.

How were the jobs included in the CompAnalyst data set selected?

The initial list of jobs included in CompAnalyst was created by Salary.com’s team of compensation consultants. The list is based on the most commonly benchmarked jobs and those for which reliable information is available. In addition, Salary.com continually collects data from our corporate clients, who identify specific jobs and job families they believed should be included. In addition, each year, Salary.com updates and continuously supplements all of its data with its own new and external surveys.

When will new jobs be added to the CompAnalyst data set? What will they be?

Salary.com will add new jobs and job families to CompAnalyst on a monthly basis. If there are certain jobs or job families that are not in CompAnalyst that you think are important for inclusion, please contact your Customer Success Team to ask for those jobs or families to be added. If sufficient data exists, the job will be added over time.

Which organizations’ data is included in this dataset?
CompAnalyst includes data from more than 7,500 organizations representing all industries, all types and all sizes - public and private; for profit and not-for-profit; small, medium and large; old and new.

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