

## The Art and Science of the Match, or Why Job Matching Keeps Me Up at Night

By **Kenneth R. Cardinal**

*"Oh, look! The salary survey input manual just arrived!"*

*For busy compensation and benefits managers, these words often cause a Pavlovian-like response. They look around, spot the new staff member and making a quick project assignment: "Here. You're new and you haven't done this before. Gather the information and fill out this survey."*

*While perhaps a great developmental opportunity for new employees, leaving this important (albeit time consuming) work to someone with little background or training can be a serious mistake that has real consequences to the credibility of the HR and compensation and benefits organization - as well as the company's finances.*

This article discusses job matching, a vital salary survey activity that, more than anything else, determines whether a survey contains good or bad information. Getting the right match, or ensuring that the skills, effort, experience and working conditions of a particular job are approximately the same as a job described in the survey, is the very basis of every salary survey. As the saying goes, "Garbage in, garbage out."

But matching is as much art as it is science. No two jobs, even within the same organization, are likely to be identical. Position requirements vary and most jobs quickly become reflections of the current incumbent. That leaves compensation and benefits professionals with the task of finding the best match. Of course, not all jobs are match-capable. Jobs that share primary characteristics and are common across employers become benchmark jobs, and all others are set aside for later intra-company comparison and *analysis*.

Where commonality exists, matching benchmark jobs requires two critical steps:

- Identifying the type of work (typically referred to as a job family)
- Identifying the level of work being performed (individual contributor or manager at levels from entry to senior).

Making a mistake in either case can cause problems down the road, and some mistakes have

### Quick Look:

- While a great developmental opportunity, leaving the task of job matching to a junior staff member who has little background or training can be a serious mistake with real consequences.
- Position requirements vary and most jobs quickly become reflections of the current incumbent, leaving compensation and benefits professionals with the task of finding the *best* match.
- When possible, compensation and benefits managers should be involved in face-to-face job matching sessions with peers and the survey vendor.

greater consequences than others.

For the following example investigation, the Clark Consulting SC/CHiPS Professional & Managerial Total Compensation Survey was used as a baseline for information. There are five-six levels of individual contributor (ICI-5 or ICI-6, depending on the job family), and three levels of management (M1-M3). A fictitious company, XYZ Inc., was created that mirrored the average participating organization in terms of number of employees by job family and level within that job family. XYZ Inc. also has average revenue and income and, because it is an average, the company's compensation fits the interpretation of "competitive" to a tee. Figure 1 shows the general characteristics of XYZ Inc.

What would happen to XYZ if it made some matching "mistakes"? Specifically, what if the company erred in its selection of job family and chose one technical family instead of another, or a non-technical family instead of technical one? What happens if the match is

**Figure 1: The Characteristics of XYZ Inc.**

Worldwide Revenue	\$5,611,000,000*
Worldwide Shares Outstanding	881,000,000*
Worldwide Employees	19,685
U.S. Employees	7,172
U.S. Total Cash Compensation at 100% Performance	On market
Percent of Employees Matched into Benchmark Jobs	55%
Competitive Position	0% variance to market — competitive

\* Average of the firms that disclosed this information in the original survey.

off one level, up or down, on: one relatively unpopulated job family, one heavily populated job family, every third job family and, finally, all the job families?

This article shares the results of two of these "mistakes": the mismatch of several highly specific and more technical job families for a somewhat less technical but similar job family and, second, the mismatch of leveling of one heavily populated job family. To start, XYZ Inc.'s matching was adjusted to simulate these errors. Then, the aggregate market position of the changed job families and the total U.S.-based organization was re-computed.

### Job Family Mismatch

For the experiment, the Marketing Communications, Product Marketing and Product/Brand Management job families (94 incumbents, or 3.8 percent of the benchmark population) were taken and, retaining the same leveling, the incumbent were matched to a generic, default Marketing job family. This would be an unfortunate but seemingly possible mistake.

Running the numbers, the mismatched incumbents now displayed an average 2.2 percent gap (or deficit) to market. Owing to its small proportion relative to total benchmarked jobs, the company's overall competitive position moved from being precisely on-market to a negligible (0.1 percent).

In this case, the cost of the mismatch of several focused and technical marketing job families to a less technical marketing family had relatively little impact and is unlikely to have significant negative consequences for the company as a whole. However, resources may still be inappropriately allocated in the form of directing additional compensation spending to those positions that display a detectible, negative gap to market.

### Job Level Mismatch

In the second example, a

single job family - the Software Engineering job family - is mismatched. When adjusting up, XYZ Inc.'s ICI-1s were matched to ICI-2s, ICI-2s were matched to ICI-3s, and so on. Note: Company ICI-6s simply were not matched. The same logic was followed for managers. Figure 2 demonstrates how job levels were matched to the survey in this case.

Running the numbers, the software job family now showed a 19.9 percent gap (deficit) to market. This large gap might be immediately questioned were individual increase delivery being contemplated. In the context of adding up the total competitive position, however, it is possible that the gap could be rolled up without further scrutiny. And owing to this job's fairly large proportion (14 percent) relative to total benchmarked jobs, the aggregate competitive position of the total company moved from being precisely on market to a negative 2.7 percent.

By extrapolating this benchmark position under the assumption that benchmark jobs are an effective proxy for all jobs, including non-benchmark jobs, this mistake can be translated into real money. In this case, the cost of a single job family leveling mismatch (leveling the positions too high) would calculate to a competitive gap of just over \$11 million (or 1.3 cents per share). Note that the actual calculated gap would be a function of the severity of the leveling mistake, the relative size of the population associated with the mismatch, and the particular job function(s) involved.

Accordingly, the results could be more or less. But, in any case, if the matching error continued undetected, this could translate into the unsuspecting compensation and benefits manager submitting a compensation spending proposal that misstated the true competitive gap and potentially deployed scarce financial resources in a manner inconsistent with the companies' compensation philosophy.

Of course, it's just as possible that the mistake be to match employees one level too low. In other words, an ICI-2 is matched to ICI-1, ICI-3 to ICI-2, etc. This matching approach, including managers, is shown

**Figure 2: Matching One Level Up**

Company	Original Survey Match	Revised Survey Match, One Up
ICI-1	ICI-1	ICI-2
ICI-2	ICI-2	ICI-3
ICI-3	ICI-3	ICI-4
ICI-4	ICI-4	ICI-5
ICI-5	ICI-5	ICI-6
ICI-6	ICI-6	Not matched

in Figure 3. With this mistake, XYZ's Software Developers now are 16 percent ahead of market, which translates to a total company competitive position of 2.1 percent greater than market. The same unsuspecting

**Figure 3: Matching One Level Down**

Company	Original Survey Match	Revised Survey Match, One Down
ICI-1	ICI-1	Not matched
ICI-2	ICI-2	ICI-1
ICI-3	ICI-3	ICI-2
ICI-4	ICI-4	ICI-3
ICI-5	ICI-5	ICI-4
ICI-6	ICI-6	ICI-5
M-1	M-1	Not matched
M-2	M-2	M-1
M-3	M-3	M-2

compensation and benefits manager might then recommend an overly frugal budget, perhaps a minimal budget focused on rewarding high performing employees. Again, however, there is the very real prospect that XYZ Inc. might perceive it is failing to achieve its stated compensation philosophy - this time in a different direction.

### Getting It Right

So, what can be done to reduce the likelihood of making matching errors?

#### Be Involved

Whenever possible, compensation and benefits managers should be involved in face-to-face job matching sessions with the survey vendor and with peers.

#### Ensure the Correct Job Family Is Selected

- Maximize knowledge of the job content by reviewing internal documentation (e.g., job descriptions, job postings/advertisements), interviewing line managers and discussing job matches with the survey vendor.
- Focus on the "essence" of the position when comparing to the survey job descriptions. Don't be distracted by unusual job duties that do not represent the core purpose of the position.
- Evaluate job content against that of several survey positions in the same discipline. Compare and contrast job content differences to help in selecting the most appropriate match.
- Consider where the position reports organizationally. For example, a job that resides in the internal Information Technology group would rarely, if ever, match to a Research and Development position.

#### Ensure the Correct Job Level Is Selected

- Collect and study internal documentation. In many firms, the job evaluation system (or level guide charts)

is an excellent reference for understanding requirements at each job level.

- Analyze leveling documentation for both the company and the survey. Don't depend on simple comparisons of years of experience; focus more on the scope of responsibility, breadth of knowledge and organizational impact.
- Use variance of pay to market (by level within a family) as an indicator of potential matching issues. Variance greater than about 20 percent that is not supported by anecdotal information from management about retention and hiring issues may point to a mismatch.

The survey vendor also plays a critical role in ensuring quality. The best vendors typically:

- Facilitate job-matching sessions to discuss matches with peer firms and resolve any questions or differences that may exist between positions.
- Communicate with participants regularly to answer job matching questions and issues.
- Analyze all matches - before survey publication - to identify potential matching errors. (When's the last time you got a call asking about a particular match?)

### It's Not All Caviar and Champagne

Completing salary surveys is seldom the most glamorous compensation and benefits assignment. It can require a great deal of time and energy, and often the results are invisible to all but a few people. It is clear, however, that the risks associated with making matching mistakes, particularly errors with respect to leveling, can be significant. These risks include risk to credibility of the compensation, benefits and HR functions, and the financial and retention risks associated with spending more than is required to achieve goals or in tempting fate by underpaying employees.

As with most important decisions, compensation spending decisions must be grounded in data. It's up to compensation and benefits professionals to ensure the data used to ground ourselves is data worth using.

### About the Author

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