

# FIA

# SOLUTIONS

Compensation Consulting Since 1995

Volume 10, Number 4

## Market Data Software

Visit our website for past newsletters, clients in your area and other items of interest, or to e-mail us a question.

[www.foxlawson.com](http://www.foxlawson.com)



FOX LAWSON & ASSOCIATES LLC  
COMPENSATION AND HUMAN RESOURCES SPECIALISTS

In our last newsletter we discussed making sense of market data, what do you do with it to arrive at meaningful and valid conclusions?

Market pricing is a simple philosophy but one which can require a lot of work to administer. When organizations run into difficulty in their market pricing process, the problems are usually practical rather than theoretical in nature, and often revolve around issues of market data management.

Software can simplify and resolve many of these market data management issues and so, as a service to our clients, we have recently formed a relationship with Link HR Systems, Inc., a leading supplier of compensation software. We asked Darwin Hanson, Link's Vice President, Technical Services, for his advice on how software can enhance the market pricing process.

"If you're like most people" according to Darwin "you'll first consider market pricing software as an aid to simplify the sophisticated number crunching, but there's a lot more that it can and should do. Good market pricing software should enable you to age and weight the data according to your own policies and preferences and do regression and other statistical calculations for you. But in addition to simplifying the work, software should also help you to improve the quality of your conclusions."

"The old saying 'garbage in, garbage out' applies with full force in market pricing. While there are

many quality issues to contend with, you should be especially careful about outliers. When combining multiple survey results to get a market average, outliers (extreme values) can skew the results considerably. As a rule, if removing a single data point has a big impact on your estimate of the market price for a job, the data is suspect. Likewise, watch out for extraneous zeros when working with electronic data. Missing data can sometimes be interpreted as zeros (for example, for jobs where a survey vendor has insufficient information), with a big distortion in market rates resulting. Good software should help you check for outliers and potentially, remove the data to mitigate their influence."

Darwin likewise cautioned that "you shouldn't let the crush of work compromise the quality of your effort, especially when it comes to job matching." "If you're like most organizations, you receive multiple requests for salary data all at the same time. In the crush to meet deadlines, the quality of job matches often suffers. Further, in the when participant report is received, the details of the job matches that were made several months earlier sometimes get forgotten."

"Organization and preparation are the keys to quality results in market pricing. You will earn big pay-offs if you take the time to prepare your matches carefully at the time of data submission. Just as important, take the time to document your matches thoroughly so the same results can

*continued on next page*

**Fox Lawson  
& Associates LLC solves  
strategic compensation  
and human resources  
issues of organizations  
experiencing significant  
change.**

**We assist organizations  
to align their  
compensation, benefits  
and human resources  
systems to their  
organization objectives.**

**We have solutions for  
people who pay people.**



**FOX LAWSON & ASSOCIATES** LLC  
COMPENSATION AND HUMAN RESOURCES SPECIALISTS

Offices:  
1335 County Road D. Circle East  
St. Paul, Minnesota 55109-5260

Phone: 800-383-0976  
Fax: 651-635-0980  
E-mail: [jfox@foxlawson.com](mailto:jfox@foxlawson.com)

P. O. Box 32985  
Phoenix, Arizona 85064-2985

Phone: 602-840-1070  
Fax: 602-840-1071  
E-mail: [blawson@foxlawson.com](mailto:blawson@foxlawson.com)

be used for salary planning and future year's data submissions. This is another area where market data management software can be an invaluable aid."

Finally, software can streamline the survey data submission process. "If your software already contains your incumbent pay information and the matches between your jobs and those of your survey vendors, then you should be able to completely automate the survey submission process"

"Link has nearly 300 clients worldwide for its Pay Modeler compensation analysis and planning software. When

we introduced the new Market Modeler™ option last year, we tried to address all these critical market pricing issues including job matching, statistical calculations, outlier management and vendor data submission."

If you would like more information on Link Market Modeler, please contact Darwin at [d.hanson@link-hrsystems.com](mailto:d.hanson@link-hrsystems.com) or toll free at 1 (866) 546-5797. You can also register for a free, web demonstration by visiting [www.link-hrsystems.com](http://www.link-hrsystems.com) to register.