

Whether you work in HR or are the owner of a small company, this salary increase template is set up to help you review increase requests compared to internal averages, internal ranges and market data. This salary increase template has everything you need to analyze salary increases within your organization, and a nice ready to print format that can be presented to the next level up for approvals if needed.

The template consists of 3 pages, each formatted differently to account for hourly vs. salaried changes:

- Salaried to salaried position promotions and adjustments
- Hourly to hourly position promotions and adjustments
- Hourly to salaried promotions

Simply choose the page you need based on the specific situation.

Within each page there are different color-coded sections:

Current Position – Here you fill out the name, date of hire, current position, current band and salary or hourly rate (depending which page you're in)

New Position – For promotion changes here you will enter the new position, band, and the requested salary or hourly rate.

New Position Salary Range – here you can enter the range minimum, midpoint and max, the market rate and internal average.

HR recommendation – this is default to equal the requested rate entered in the new position section, but you can override the amount when changes are needed.

Recommended Salary Stats – This section will calculate key metrics for:

- Increase amount
- Compa-Ratio
- Range Penetration
- Market Index

At the end is a section for tracking the approvals and dates approved, if needed.

Printing

Each page will hold 30 promotions or adjustments and are all set to print on 1 page. There are a lot of columns included in 1 page, so the print might be small. You can easily hide the columns that you don't need and then it should print larger, if preferred. Or you can change it to print on 2 pages.

Cheat sheet for Increase Metrics

Compa-Ratio – This would be showing the **recommended salary** divided by the **mid-point of the range**, which is also referred to as the market. Some people prefer to use market rates per position, instead of range midpoints which are related to the salary band and contain a group of positions/jobs.

A compa-ratio at 1.0 or 100% means the individual is paid at the midpoint of the range or market. A compa-ratio of .8 or 80% or less, means they are paid 20% or more below the midpoint. Anything above 1.0 or 100% and they are above the midpoint of the range.

Market Index – This is the individuals **recommended pay** divided by the **market rate**. The market rate is usually determined through several sources of salary surveys that you can purchase or sometimes receive free when you participate in the survey process.

This is similar to the compa-ratio, except you are not looking at the internal salary structure, but the external labor market for a similar position/job. A salary range could cover many positions in an organization, but the external market rate looks to compare very similar jobs/positions and the going rate for those. Where a company wants to stand in their market rate could vary – do they want to pay at 25th, 50th or 75th percentile – these are various targets to review. Which companies or industries to choose for salary surveys that contain the market data will also vary per company.

Range Penetration – This considers the individual's recommended pay in relation to the entire salary range. The formula used to calculate is:

$(\text{individual's recommended pay} - \text{new range min}) / (\text{new range max} - \text{new range min})$