

# OVERVIEW OF THE KORN FERRY BENCHMARKING METHODOLOGY

Board of Directors Meeting

Monday, July 20, 2020



# Agenda

- 1 WHAT IS KORN FERRY?
- 2 JOB EVALUATION METHODOLOGY
- 3 MARKET BENCHMARKING APPROACH
- 4 KORN FERRY & NJSIG PARTNERSHIP



# What is Korn Ferry?



## Organization strategy

We combine the art of organizational design with the science of motivation to help you set a clear strategy that sticks, inspire your people to support it, and set everyone up to exceed your expectations.

## Assessment and succession

We help organizations identify the talent they need, the talent they have and how to close the gaps.

## Talent acquisition

Whether you're looking for 1 person or 100, for the shop floor or to run your organization, we've got the expertise, market knowledge, tools, pay and assessment data to find, benchmark and attract the right people for your organization.

## Leadership development

Leadership development is about change. So, we begin by asking one question: what's the change you need to see in your leaders and why? Then we partner with you to make it happen.

## Reward and benefits

We get your business needs in line with the rewards your people value. So, you're in the best position to energize your teams, improve performance and grow your business.



## Korn Ferry's job evaluation methodology

- Korn Ferry was the first organization in the world to develop an approach to **understand and compare job content**
- One of the fundamental factors that contributes to the success of this methodology is that this method **measures job-related factors exclusively**, independent of incumbent characteristics, current salary, or other factors unrelated to job content
- **Federal and State courts have upheld this methodology** as a reasonable and objective way to measure job content and link to market data
- Enables **comparison of work based on content, not title**
- Enables each position to be **compared to each other and the market, even if the job design is unique**
- Enables the **comparison of compensation data across companies and even across industries**
- **Can recognize unique market practices for functions or industries**

### *Job Evaluation:*

*(def.) A means of determining the relative importance of jobs in an organization within a structured, orderly and consistent manner, which takes account of job content and organizational context*



## Job evaluation factors

- **Job Evaluation relies upon three main factors to determine job size**
  - **Know How:** required knowledge and skills of the role
  - **Problem Solving:** the kind of thinking needed to solve problems in the role
  - **Accountability:** the job's impact on end results of the organization
- The focus is on the nature of the work, **NOT** on the person doing the work

### 3 Factors of Job Evaluation

#### Output:

What is the contribution of the role to the results of the organization?



#### Input:

What does the role need to know to identify and handle the problems?

#### Throughput:

What problems does the role need to solve?

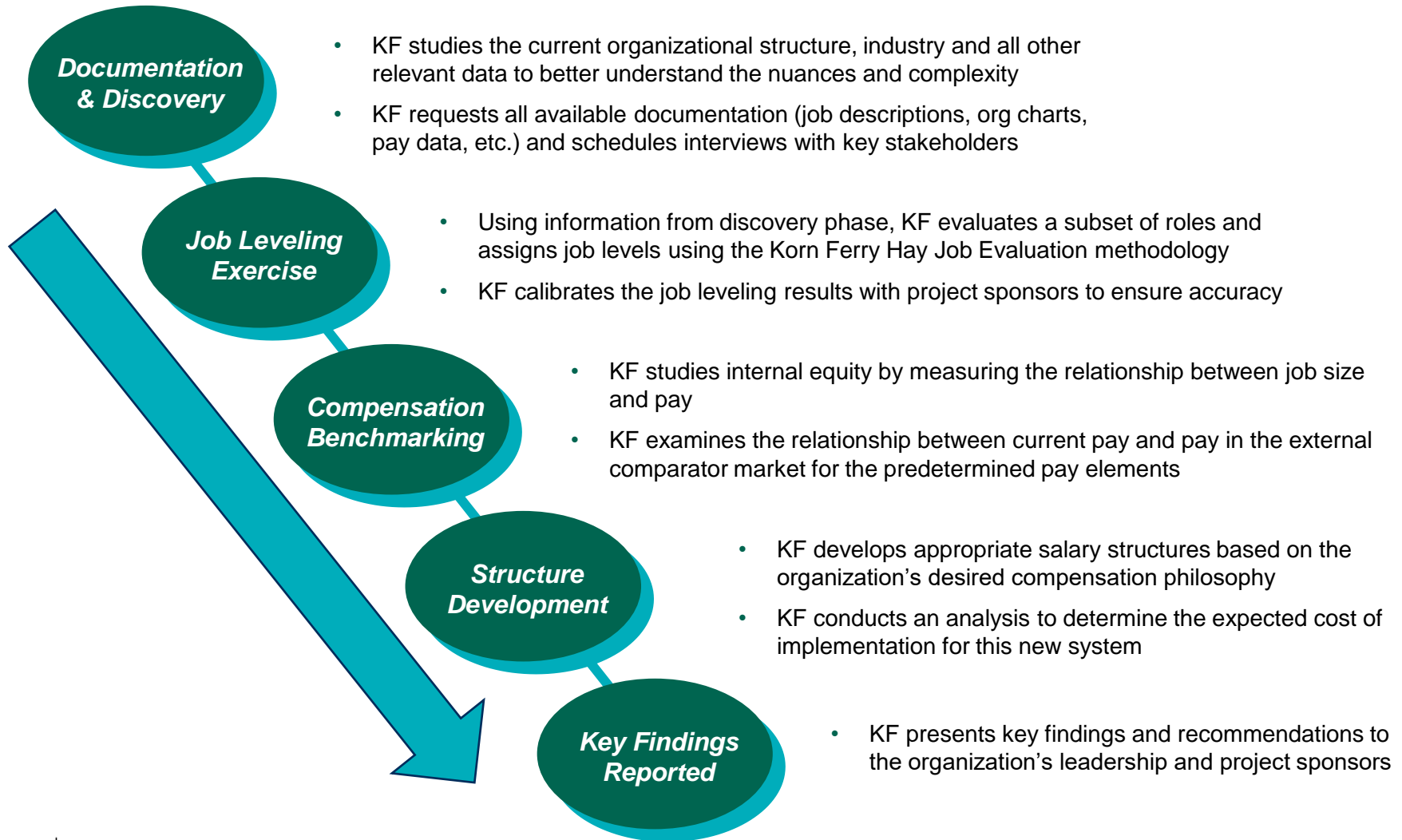


## Why should you evaluate jobs?

- To **reflect the values** of the organization
- To **clarify organization structures** and job accountabilities
- To **determine hiring criteria** and qualifications
- To develop a basis for **performance management**
- To establish a **credible and consistent hierarchy** of job values to the organization
- To **support legal compliance** efforts
- To facilitate the **development of pay structures** and programs
- To enable comparisons to be made to **assess internal pay equity** based on measured job content
- To enable pay comparisons to the **external labor market**
- To capture **organizational nuances**

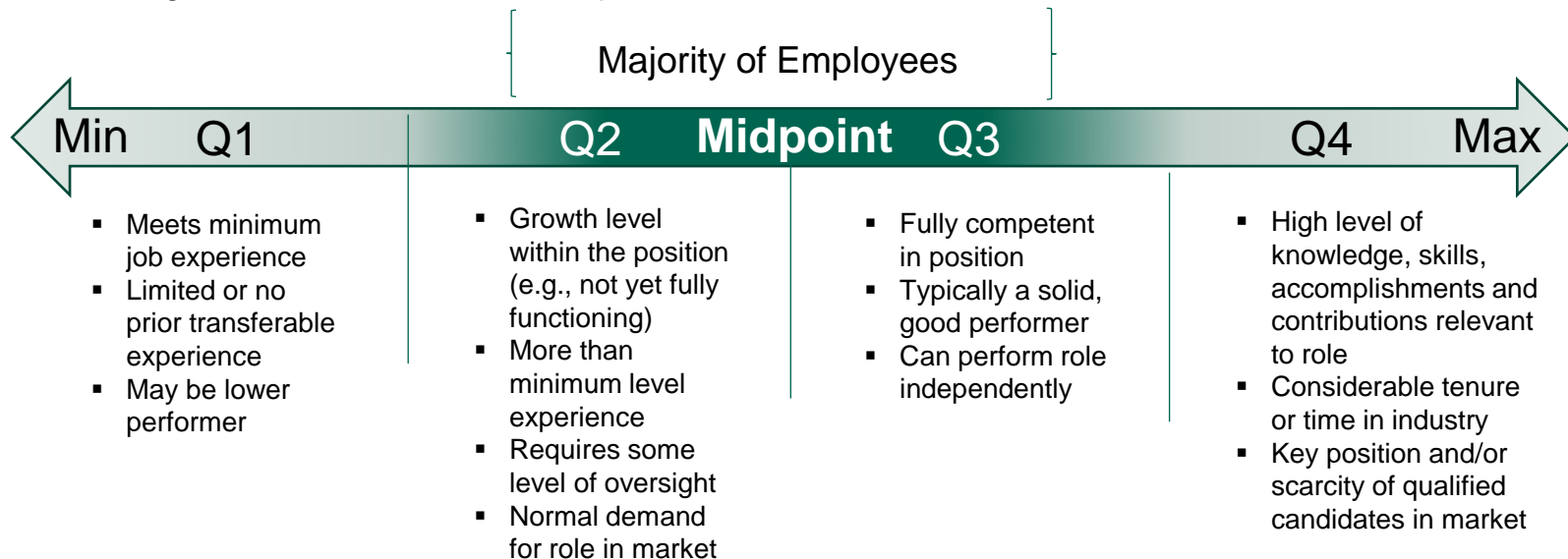


# Typical approach to benchmarking pay



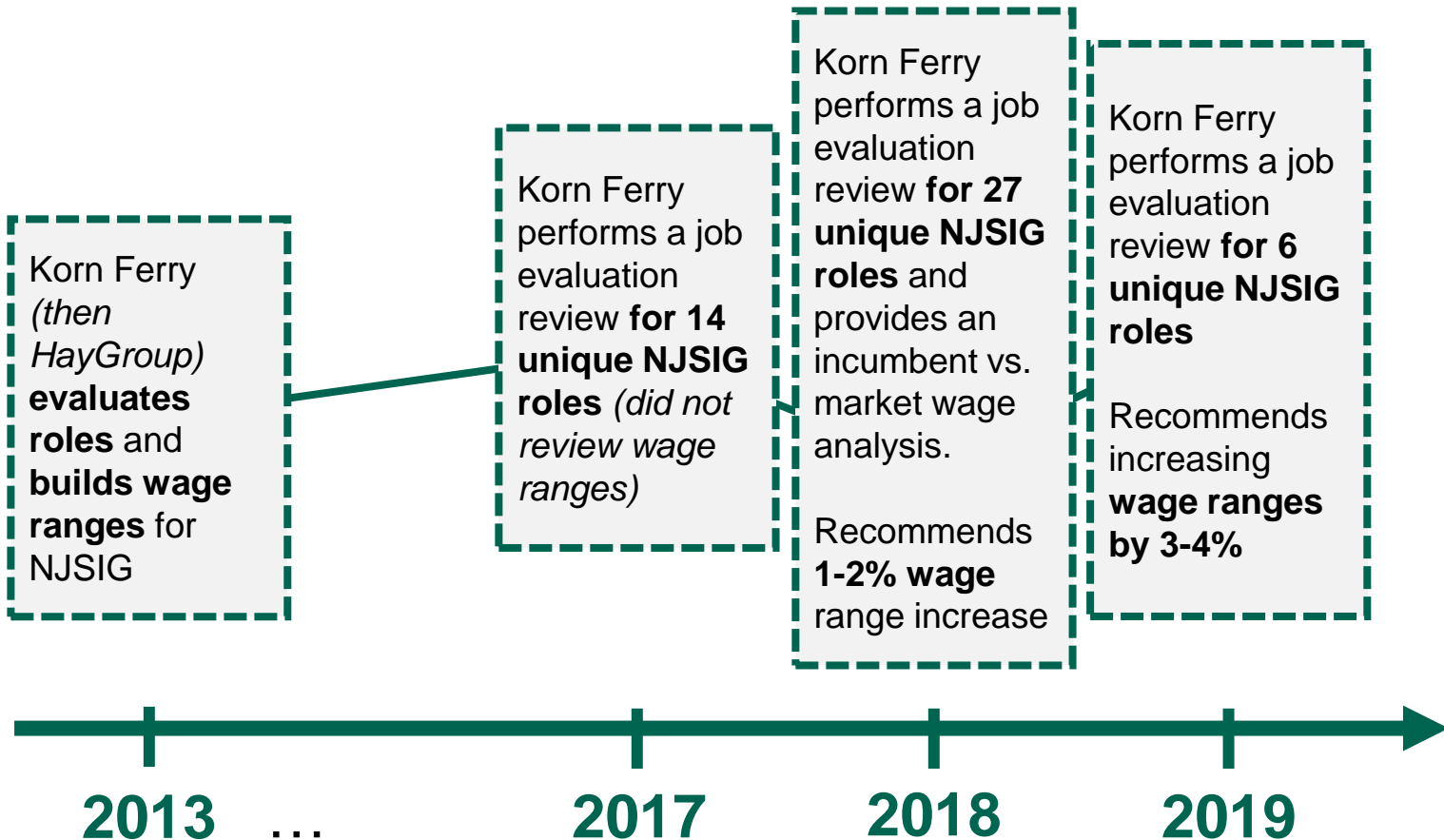
# How do we develop base salary ranges?

- **Step 1: Select your market**
  - You want to align your salary ranges to the market(s) where you compete for talent
- **Step 2: Target your desired positioning**
  - Decide whether your organization needs to pay below, above, or in line with your peers in the market
- **Step 3: Set your midpoints; then set your minimum/maximum**
  - Salary minimums and maximums (typically 20% below and above the midpoint) provide a 'range' for the organization to administer compensation in





# Korn Ferry & NJSIG Partnership



**Questions & Thank You's**