

HEALTH WEALTH CAREER

NVCG COMPENSATION & BENEFITS BENCHMARKING

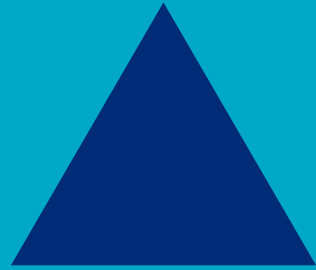
July 2017



BACKGROUND TO PROJECT

- Mercer Consulting South Africa was approached by National Veterinary Clinicians Group (NVCG) to benchmark 8 proposed roles. There were 4 identified veterinarian and 4 nursing roles identified
 - The nursing roles are as follow :
 - Junior Nurse
 - Senior Nurse
 - Expert Nurse
 - Matron Nurse
 - The veterinarian roles are as follow :
 - Junior Veterinarian
 - Assistant Veterinarian
 - Senior Veterinarian
 - Owner Veterinarian
- Mercer applied the International Position Evaluation grading system to evaluate the roles which in turn informed the benchmarking.

WHAT IS MERCER INTERNATIONAL POSITION EVALUATION (IPE)?



MERCER IPE METHODOLOGY

Mercer's proprietary International Position Evaluation (IPE) methodology is a consistent process for measuring the value a job creates within the context of the organization's unique operations.

- IPE **emphasizes a job's relative contribution to overall results**, rather than inputs, and measures the value created at each level
- **Recognizes differences in business size and complexity**
- Provides a **responsibility-based view** of the organization which aligns with today's business environment
- Provides foundation for **job grading, career paths** and a framework for **promotion and succession planning**
- Supports the establishment / confirmation of **program eligibility**
- Provides an objective reference for solving **job titling** issues
- Provides a **link to external market data** through Mercer market survey reports

MERCER IPE METHODOLOGY

PROCESS AT A GLANCE

1

DEFINE
THE BUSINESS



PRODUCTS

OR



SERVICES

OR



FINANCIAL SERVICES

2

SIZE THE
ORGANIZATION



HEADCOUNT



ECONOMIC VOLUME



ECONOMIC VALUE CHAIN

3

EVALUATE
THE JOB



IMPACT



COMMUNICATION



INNOVATION



KNOWLEDGE



RISK

4

GOVERN
THE PROCESS

Centralized vs. Decentralized



GOVERNANCE MODEL



REQUIRED RESOURCES



PROCESS

IPE METHODOLOGY OVERVIEW

IPE UTILIZES 5 FACTORS AND 12 DIMENSIONS

EVALUATE THE JOB



IMPACT



COMMUNICATION



INNOVATION



KNOWLEDGE



RISK

EVALUATION
DIMENSIONS

**ORGANIZATION
IMPACT
CONTRIBUTION**

**COMMUNICATION
FRAME**

**INNOVATION
COMPLEXITY**

**KNOWLEDGE
TEAM
BREADTH**

**RISK
ENVIRONMENT**

FACTOR
DESCRIPTIONS

- Organization contribution (e.g., strategic, tactical, operational)
- Type and size of the organization (i.e., scope)

- Nature of communication (e.g., convey, influence, negotiate)
- Audience and context

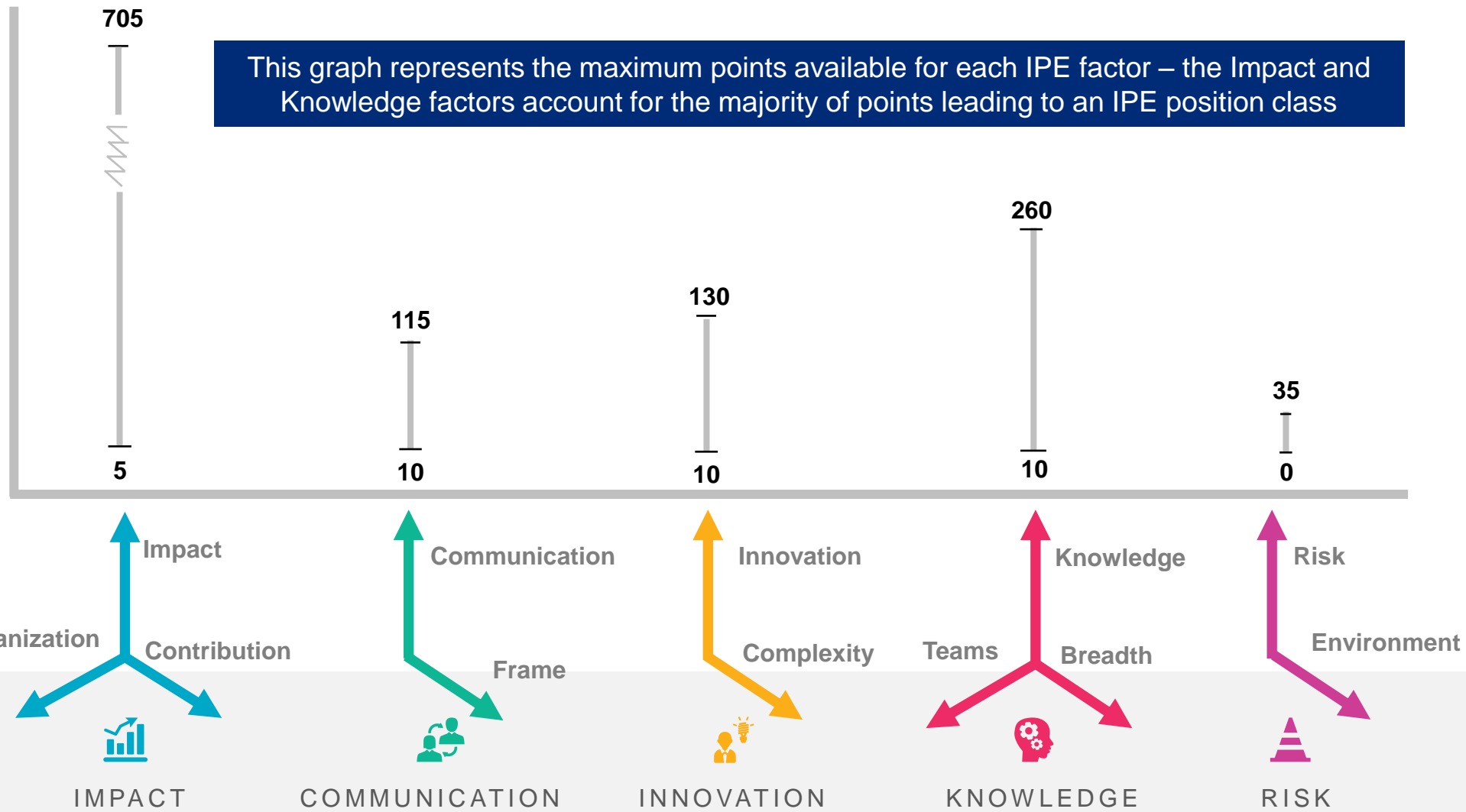
- Requirement to develop new ideas, methods, techniques, products and/or services
- Complexity of innovation required

- Application of knowledge acquired through education / work experience (e.g., fundamental, specialist, expert)
- Team role – member, leader or manager of teams
- Geographic context (e.g., domestic, regional, global)

- Risk of mental or physical injury

IPE METHODOLOGY OVERVIEW

FACTOR POINT TOTALS



IPE METHODOLOGY OVERVIEW

QUANTIFYING THE RELATIVE VALUE OF JOBS

ILLUSTRATIVE EXAMPLE

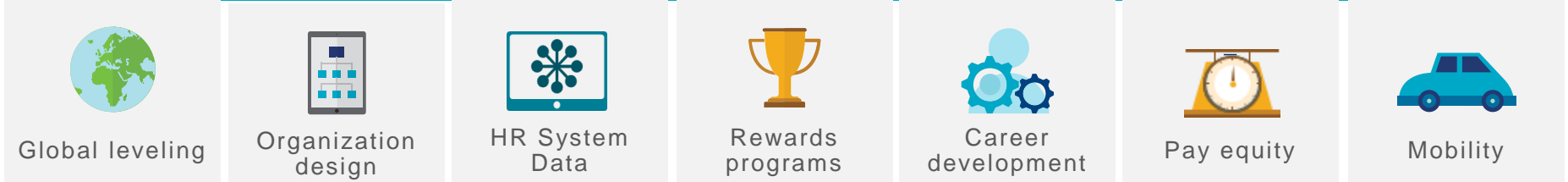
- Evaluating a job using IPE results in a “Position Class” value which is used to identify the relative hierarchy of jobs
- A job’s position class value is influenced by the size of the organization it supports as well as how the job is scored by factor/dimension
- As organization complexity and size increase, the level of knowledge required to be successful in the job may increase as well

Global Lead - Finance		Org A	Org B	Org C
IMPACT	ORGANIZATION SIZE	5	10	15
	IMPACT	4	4	4
	CONTRIBUTION	3	3	3
COMMUNICATION	COMMUNICATION	4	4	4
	FRAME	3	3	3
INNOVATION	INNOVATION	3.5	3.5	3.5
	COMPLEXITY	3	3	3
KNOWLEDGE	KNOWLEDGE	6	6.5	7
	TEAMS	3	3	3
	BREADTH	3	3	3
RISK	RISK	0	0	0
	ENVIRONMENT	1	1	1
POSITION CLASS:		60	64	69

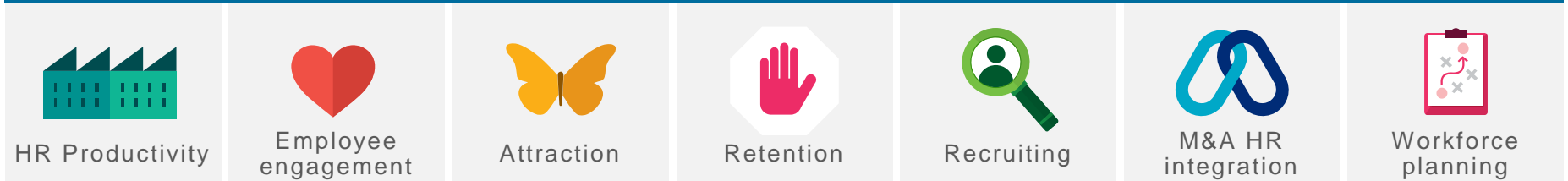
MERCER IPE METHODOLOGY

JOB EVALUATION DRIVES BROADER ORGANIZATIONAL IMPACT

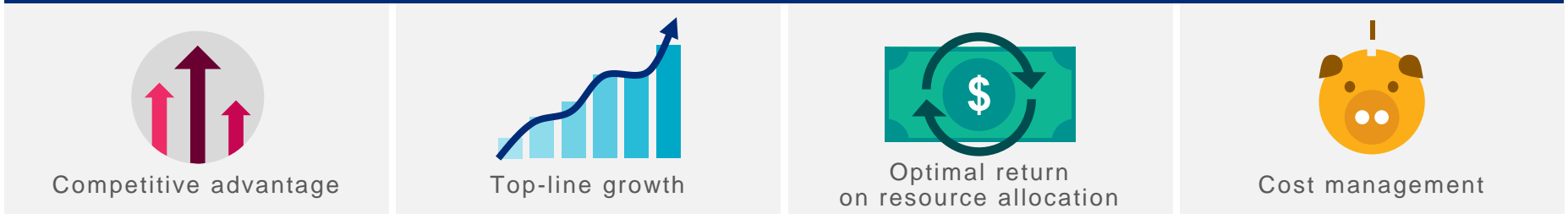
JOB EVALUATION IMPACTS...



WHICH AFFECTS THESE HR OUTCOMES...



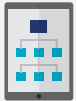
LEADING TO THESE BUSINESS OUTCOMES...



MERCER IPE METHODOLOGY

JOB EVALUATION DRIVES BROADER ORGANIZATIONAL IMPACT

PROCESS



Organization design



Rewards programs



Career development



Mobility



Leadership reviews



Succession planning

HOW JOB EVALUATION WILL SUPPORT

A Job Evaluation methodology allows you to **analyze your organizational structure**. Do you have too many or too few jobs in parts of the organization? Can it support your desired **career paths**?

Robust link to and **better use of market data**. Rational allocation of benefits. Supporting view on **program eligibility**.

Establish **clear career levels** and understand which elements of the job change as an incumbent moves within the career path. Empower managers to more easily **communicate career opportunities**.

Go beyond job titles to **understand job relativities across locations**. Use this framework to ensure meaningful movements between Business Units or countries. Establish a robust **link to mobility data and tools**.

Understand **how each job contributes to the business** and assess incumbents against what really matters.

Establish the **natural feeder jobs** for your key managerial population and ensure that a healthy **talent pipeline** exists to manage the business in the future.

EVALUATIONS OF ROLES

- The nursing roles have been evaluated as follows:

- Junior Nurse	44
- Senior Nurse	46
- Expert Nurse	48
- Matron Nurse	53

- The veterinarian roles as follows:

- Junior Veterinarian	48
- Assistant Veterinarian	50
- Senior Veterinarian	54
- Owner Veterinarian	58

BENCHMARKING OF ROLES

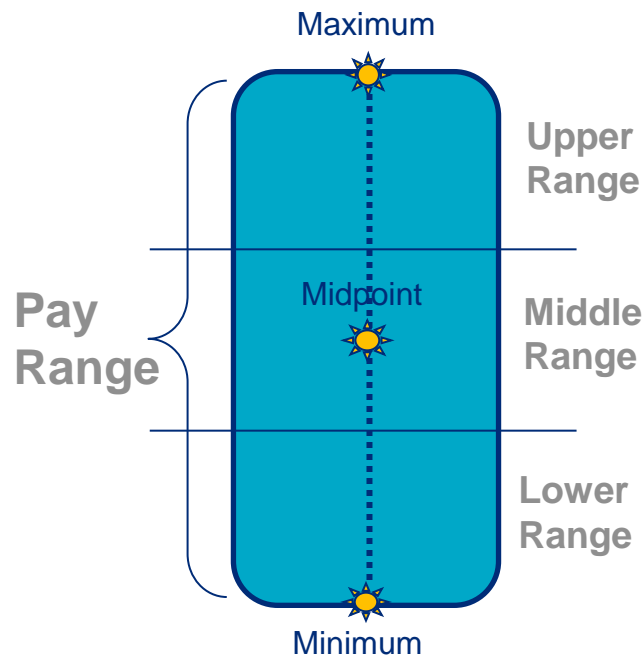
- The roles have been benchmarked using a +/- 1 Position Class Methodology
 - This approach covers for potential misalignment in grades and provides for a more robust benchmark
 - Junior Nurse 43 / **44** / 45
 - Senior Nurse 45 / **46** / 47
 - Expert Nurse 47 / **48** / 49
 - Matron Nurse 52 / **53** / 54
 - The veterinarian roles as followsw :
 - Junior Veterinarian 47 / **48** / 49
 - Assistant Veterinarian 49 / **50** / 51
 - Senior Veterinarian 53 / **54** / 55
 - Owner Veterinarian 57 / **58** / 59

MARKET DATA

- **Market Competitiveness**
 - **Anchor Point:** Competitive is based on the 50th percentile
 - Leading is around 75th percentile
 - Mercer extracted the **50th Percentile** market data
 - The pay philosophy may be changed to a higher benchmark position
- **Range:** Proposed range spread is 67% which means 67% pay opportunity from the minimum to the maximum. This is to allow for compensation growth, but also flexibility to allow for junior staff to be placed at the entry level of the pay band if they are not yet fully competent. They can then progress within the pay band as their competence develops.
- **Data:** The Mercer 2016 Total Remuneration Survey had 214 participants from which remuneration data was collected
 - Data is aged to January 2018
 - 2016 market movement is 7%
 - 2017 market movement is 7%
 - The values represent Guaranteed Package Values – which includes all elements of compensation, but does not include any variable compensation like a bonus.

WHAT IS A PAY RANGE?

- How does the organization decide how much an employee should be paid?

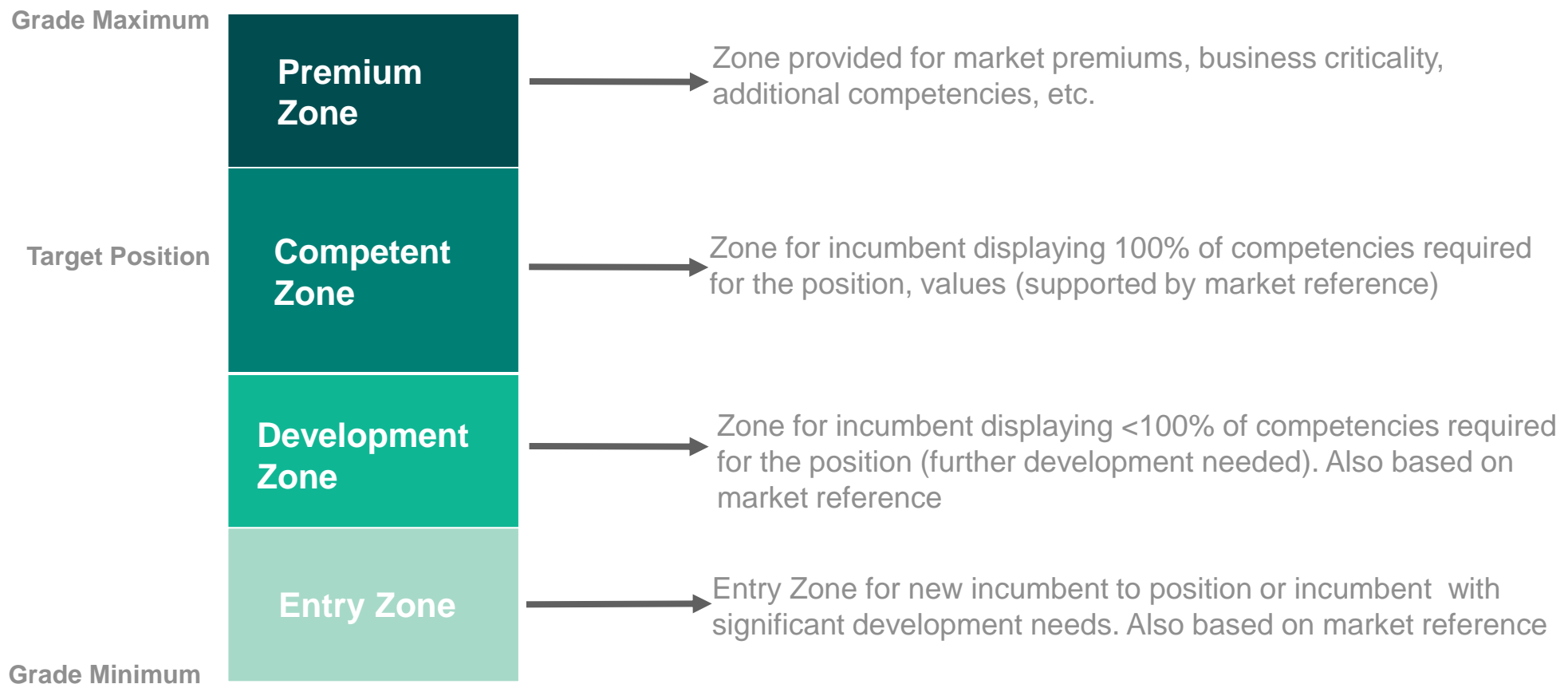


A Pay Range can be divided into three equal parts:

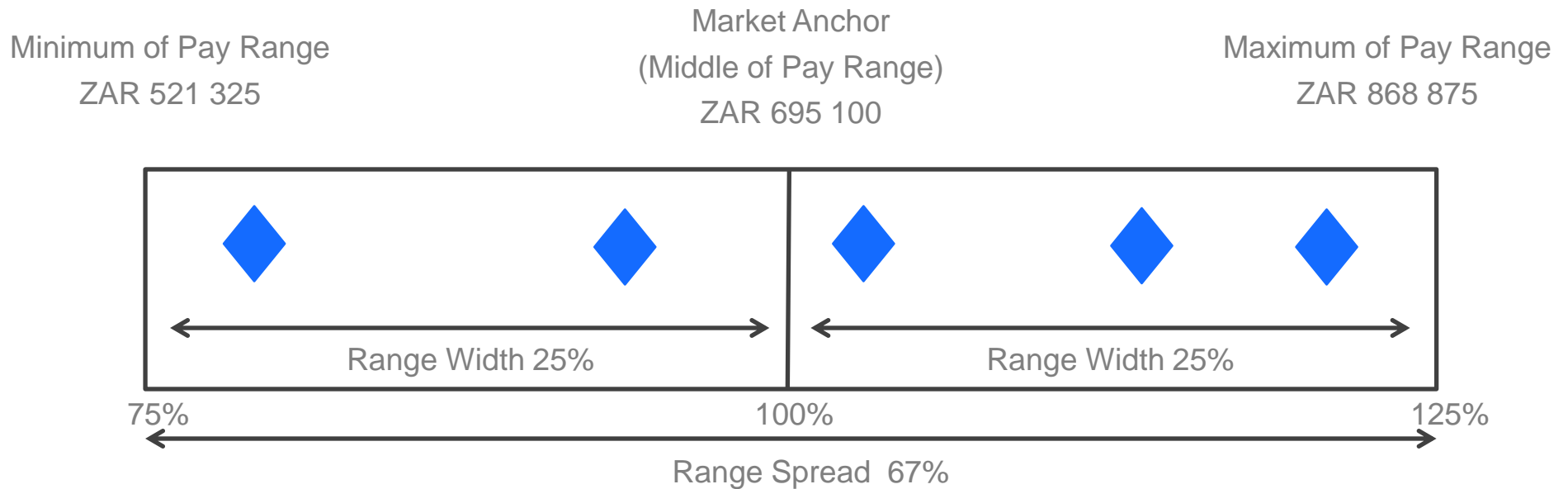
- **The upper third** - reserved for a more senior or experienced employee whose performance is consistently above the norm or exceed expectations.
- **The middle third** - defines the acceptable range of pay for a fully qualified employee whose performance meets expectations.
- **The lower third** - reserved for new hire or developing employee.

EXAMPLE OF INDIVIDUALISED PAY WITHIN A REMUNERATION RANGE

Based on a mix of criteria, including business criticality, organisation values and market factors



INTERPRETING A PAY BAND – EXAMPLE ROLE ASSISTANT VETERINARIAN – ALL PROVINCES



- Calculate Range spread | $(125\% - 75\%)/75\% = 67\%$
- Range width is +/- 25% around the market anchor
- ◆ Employees can potentially be placed within the range based on various factors
 - The above is an example of 5 employees placed within the band

Veterinarian Roles - Guaranteed Package per annum	Assistant Veterinarian		
	Min of Range	Market Anchor	Max of Range
All Provinces	521 325	695 100	868 875

NURSING ROLES

- Below table reflects market related compensation data on the above mentioned +/-1 position class outcomes for all provinces and then per province.
 - It is Mercer’s recommendation to follow “All Provinces” data.
- Market anchor represents the 50th percentile. NVCG may opt for a different market percentile for the purposes of benchmarking i.e. 25th, 40th, 50th etc.
- The range width is +/- 25%, thus from Minimum to Market anchor is 25% and from Market anchor to Maximum of Range is 25%.

Nursing Roles - Guaranteed Package per annum	Junior Nurse			Senior Nurse			Expert Nurse			Matron Nurse		
	Min of Range	Market Anchor	Max of Range	Min of Range	Market Anchor	Max of Range	Min of Range	Market Anchor	Max of Range	Min of Range	Market Anchor	Max of Range
All Provinces	228 975	305 300	381 625	301 200	401 600	502 000	396 300	528 400	660 500	739 875	986 500	1 233 125

Eastern Cape	207 675	276 900	346 125	263 550	351 400	439 250	334 350	445 800	557 250	570 825	761 100	951 375
Free State	213 975	285 300	356 625	266 775	355 700	444 625	332 700	443 600	554 500	560 325	747 100	933 875
Gauteng	234 675	312 900	391 125	306 975	409 300	511 625	401 700	535 600	669 500	754 125	1 005 500	1 256 875
KwaZulu-Natal	201 375	268 500	335 625	257 175	342 900	428 625	328 425	437 900	547 375	555 300	740 400	925 500
Limpopo	217 950	290 600	363 250	269 175	358 900	448 625	332 475	443 300	554 125	563 700	751 600	939 500
Mpumalanga	229 950	306 600	383 250	309 300	412 400	515 500	416 025	554 700	693 375	872 625	1 163 500	1 454 375
North West	226 350	301 800	377 250	292 200	389 600	487 000	377 175	502 900	628 625	651 900	869 200	1 086 500
Northern Cape	197 550	263 400	329 250	255 975	341 300	426 625	331 800	442 400	553 000	634 425	845 900	1 057 375
Western Cape	199 350	265 800	332 250	261 825	349 100	436 375	343 875	458 500	573 125	615 225	820 300	1 025 375

VETERINARIAN ROLES

- Below table reflects market related compensation data on the above mentioned +/-1 position class outcomes for all provinces and then per province.
 - It is Mercer’s recommendation to follow “All Provinces” data.
- Market anchor represents the 50th percentile. NVCG may opt for a different market percentile for the purposes of benchmarking i.e. 25th, 40th, 50th etc.
- The range width is +/- 25%, thus from Minimum to Market anchor is 25% and from Market anchor to Maximum of Range is 25%.

Veterinarian Roles - Guaranteed Package per annum	Junior Veterinarian			Assistant Veterinarian			Senior Veterinarian			Owner Veterinarian		
	Min of Range	Market Anchor	Max of Range	Min of Range	Market Anchor	Max of Range	Min of Range	Market Anchor	Max of Range	Min of Range	Market Anchor	Max of Range
All Provinces	396 300	528 400	660 500	521 325	695 100	868 875	802 725	1 070 300	1 337 875	1 118 700	1 491 600	1 864 500

Eastern Cape	334 350	445 800	557 250	424 275	565 700	707 125	617 400	823 200	1 029 000	895 275	1 193 700	1 492 125
Free State	332 700	443 600	554 500	414 825	553 100	691 375	601 125	801 500	1 001 875	718 950	958 600	1 198 250
Gauteng	401 700	535 600	669 500	525 525	700 700	875 875	822 075	1 096 100	1 370 125	1 124 550	1 499 400	1 874 250
KwaZulu-Natal	328 425	437 900	547 375	419 475	559 300	699 125	595 800	794 400	993 000	879 750	1 173 000	1 466 250
Limpopo	332 475	443 300	554 125	410 625	547 500	684 375	592 875	790 500	988 125	955 725	1 274 300	1 592 875
Mpumalanga	416 025	554 700	693 375	559 500	746 000	932 500	935 475	1 247 300	1 559 125	1 830 600	2 440 800	3 051 000
North West	377 175	502 900	628 625	486 900	649 200	811 500	694 500	926 000	1 157 500	967 275	1 289 700	1 612 125
Northern Cape	331 800	442 400	553 000	429 975	573 300	716 625	674 550	899 400	1 124 250	1 213 050	1 617 400	2 021 750
Western Cape	343 875	458 500	573 125	451 575	602 100	752 625	661 575	882 100	1 102 625	984 300	1 312 400	1 640 500

COMBINED PAY RANGES

Nursing Roles - Guaranteed Package per annum	Junior Nurse			Senior Nurse			Expert Nurse			Matron Nurse		
	Min of Range	Market Anchor	Max of Range	Min of Range	Market Anchor	Max of Range	Min of Range	Market Anchor	Max of Range	Min of Range	Market Anchor	Max of Range
All Provinces	228 975	305 300	381 625	301 200	401 600	502 000	396 300	528 400	660 500	739 875	986 500	1 233 125

Eastern Cape	207 675	276 900	346 125	263 550	351 400	439 250	334 350	445 800	557 250	570 825	761 100	951 375
Free State	213 975	285 300	356 625	266 775	355 700	444 625	332 700	443 600	554 500	560 325	747 100	933 875
Gauteng	234 675	312 900	391 125	306 975	409 300	511 625	401 700	535 600	669 500	754 125	1 005 500	1 256 875
KwaZulu-Natal	201 375	268 500	335 625	257 175	342 900	428 625	328 425	437 900	547 375	555 300	740 400	925 500
Limpopo	217 950	290 600	363 250	269 175	358 900	448 625	332 475	443 300	554 125	563 700	751 600	939 500
Mpumalanga	229 950	306 600	383 250	309 300	412 400	515 500	416 025	554 700	693 375	872 625	1 163 500	1 454 375
North West	226 350	301 800	377 250	292 200	389 600	487 000	377 175	502 900	628 625	651 900	869 200	1 086 500
Northern Cape	197 550	263 400	329 250	255 975	341 300	426 625	331 800	442 400	553 000	634 425	845 900	1 057 375
Western Cape	199 350	265 800	332 250	261 825	349 100	436 375	343 875	458 500	573 125	615 225	820 300	1 025 375

Veterinarian Roles - Guaranteed Package per annum	Junior Veterinarian			Assistant Veterinarian			Senior Veterinarian			Owner Veterinarian		
	Min of Range	Market Anchor	Max of Range	Min of Range	Market Anchor	Max of Range	Min of Range	Market Anchor	Max of Range	Min of Range	Market Anchor	Max of Range
All Provinces	396 300	528 400	660 500	521 325	695 100	868 875	802 725	1 070 300	1 337 875	1 118 700	1 491 600	1 864 500

Eastern Cape	334 350	445 800	557 250	424 275	565 700	707 125	617 400	823 200	1 029 000	895 275	1 193 700	1 492 125
Free State	332 700	443 600	554 500	414 825	553 100	691 375	601 125	801 500	1 001 875	718 950	958 600	1 198 250
Gauteng	401 700	535 600	669 500	525 525	700 700	875 875	822 075	1 096 100	1 370 125	1 124 550	1 499 400	1 874 250
KwaZulu-Natal	328 425	437 900	547 375	419 475	559 300	699 125	595 800	794 400	993 000	879 750	1 173 000	1 466 250
Limpopo	332 475	443 300	554 125	410 625	547 500	684 375	592 875	790 500	988 125	955 725	1 274 300	1 592 875
Mpumalanga	416 025	554 700	693 375	559 500	746 000	932 500	935 475	1 247 300	1 559 125	1 830 600	2 440 800	3 051 000
North West	377 175	502 900	628 625	486 900	649 200	811 500	694 500	926 000	1 157 500	967 275	1 289 700	1 612 125
Northern Cape	331 800	442 400	553 000	429 975	573 300	716 625	674 550	899 400	1 124 250	1 213 050	1 617 400	2 021 750
Western Cape	343 875	458 500	573 125	451 575	602 100	752 625	661 575	882 100	1 102 625	984 300	1 312 400	1 640 500

MAKE



**TOMORROW,
TODAY**