



Using Spreadsheets

to Manage Compensation Isn't Worth the Risk

The way HR teams think about compensation has changed a lot since the nineties. So why would they still rely on software that peaked when scrunchies and mullets did?

It's time to move on – no ifs, ands, or SUMs.

Using spreadsheets to manage employee pay isn't just backward, it's reckless. While second nature to many of us, tools like Excel or Google Sheets shouldn't be relied on to manage something as important as employee compensation. There are more sophisticated alternatives that make compensation management easier and more effective. Read on to learn why you should avoid using spreadsheets and consider specialized, cloud-based [compensation review software](#) instead.

1 Spreadsheets are error-prone.

We've all heard the marketing line about spreadsheets being manual and error prone. But cliched as it sounds, the point has been proven true, again and again.

A study by the University of Hawaii found that nearly [90% of all spreadsheets have errors](#). And because tools like Excel are often used to manage money, those errors can be costly – really costly. During the height of the 2008 economic crisis, [Barclays](#) lost millions after a junior employee accidentally “unhid” cells that were meant to stay hidden. Cut and paste errors in Excel cost Canadian power generator TransAlta and JP Morgan [\\$24 million](#) and [\\$6 billion](#), respectively.

Employee compensation is sensitive and personal. When errors happen, they result in individuals being underpaid, feeling under-appreciated, or looking for the exits. Dedicated compensation management software serves as your company's “one source of truth” and doesn't come with the version-control issues inherent to static spreadsheets. What's more, calculations in Compright happen on the back end, minimizing human error in an area where mistakes are unacceptable. Calculating merit increases, bonuses, equity grants, and other pay variables is a tall order for even the most well-trained spreadsheet warriors. Don't guess your way through an equation when it comes to employee pay.

2 They don't facilitate collaboration.

Spreadsheets don't scale, especially when it comes to collaboration. As teams grow, employee pay decisions increasingly involve more stakeholders. While HR teams are often responsible for processing changes, making recommendations, and ensuring everyone adhere to guidelines, it's not unusual for managers, finance, legal, or even your CFO to weigh in.

Ever email a spreadsheet (or any working document) to a group of people? Besides the other shortcomings listed in this article, version control is a nightmare. Stakeholders have no way of collaborating in real-time, and each individual ends up working within in their copy of the file.

Even if the spreadsheet is saved in the cloud, there's always the possibility that a team member might accidentally overwrite the file.

Cloud-based software like Compright empowers collaboration between the C-suite, HR teams, and managers by serving as your central hub for employee pay. Provisioned users can easily pull the self-service reports and run the calculations they need to weigh in. This also saves you time, as data shows that companies who use compensation management software can shorten their salary planning cycles by [nearly 65%](#).

3 Spreadsheets don't integrate with your HR tech stack.

Despite what the marketing might say, truly "all-in-one" HR platforms don't exist. The responsibilities of today's HR teams are simply too broad to fit under one platform. According to [HRWINS](#), an HR Tech research firm, HR teams use an average of nine different applications. Benefits administration tools, payroll platforms, and performance management software account for just some of those.

[Dedicated salary review tools](#) integrate with your existing software, making it easy to analyze employee pay across multiple datasets. Spreadsheets don't come close to offering that functionality. If you want to generate total rewards statements using Excel, you'll have to manually export and consolidate data from at least three different systems. Running a pay equity audit would require a similarly messy process, requiring you to reconcile commission, bonus, and demographic information. Cloud-based compensation management software makes this easy by seamlessly integrating into the tools you already use.

4 They're a security liability.

Of all the data your team manages, employee compensation ranks among the most sensitive. No matter your stance on [pay transparency](#), it's safe to say that you don't want that information accidentally being sent out to the wrong employees or outside the organization.

While using spreadsheets to manage pay is a bad idea for a host of reasons, it's above all insecure. [Almost annually](#), hackers discover another major spreadsheet exploit that could put your company's data at risk. Just [last year](#), investigators determined that hackers could hijack legitimate features within Excel to steal data and cripple internal systems.

And let's be honest: We've all accidentally sent that email we wish we hadn't. Even when bad actors aren't at play, employees can mistakenly share spreadsheets with unauthorized peers. That kind of unintentional breach can't happen with a cloud-based compensation review tool. Compright allows you to securely provision users and their permissions on demand. If you do need to cut off access, you can accomplish that quickly and easily.

HR teams have enough on their plates. They shouldn't have to worry about managing hundreds of Excel files – especially when working on something as important as employee compensation.

Compright was built to streamline the way companies manage employee pay. Our compensation review software makes it simple to build variations of base pay, bonus, and stock plans to fit your company's needs. Our salary review tool also makes it a breeze to view compensation ratios and even run a pay equity audit. Let's see if your spreadsheet's formula bar can do that.

To see how our salary review software takes compensation management out of the nineties into the 21st century, schedule a [product tour](#) today.