

Compass HR Consulting, LLC

CASE STUDIES

Electronics Manufacturing Systems Business

Situation

The business sold and serviced equipment used in the manufacturing of electronic equipment and components. It was experiencing above market average turnover in its sales and service staff and difficulty attracting replacements.

Opportunity

The senior management team including the HR business partner diagnosed the problem as having two root causes. The problems stemmed from inequitable compensation, below market pay practices, and the performance management process. These lead to pay inequities and poor morale.

Actions

A new compensation plan was developed with a Total Compensation Focus. Jobs were market priced, new job grades and salary ranges were developed, and all jobs were placed in grades based on their contribution and market rates. Incentive compensation was included based on the market analysis. For entry level and lower paid jobs virtually all compensation was base salary. Professional, managerial, and sales jobs included variable compensation based on organization and individual results. Managers were trained in performance management and appraisal including establishing SMART objectives and evaluating results.

Results

The plan was well received by managers and employees. Compensation inequities were significantly reduced in the first year and multi-year action plans were in place for all others. Turnover was reduced by one-third. A review of performance appraisals showed improvements in the quality of the documentation and in the distribution of ratings. Merit increases were linked to performance appraisal results and the merit increase budget. Improved business performance resulted in the incentive compensation providing solid recognition of business and individual results.