

The job market is changing....are you ready?

Participating in and purchasing a wage and benefit survey will help.

Today some employers are having difficulty finding quality candidates. We are hearing concerns that there is a supply and demand challenge for some positions. We are learning that fewer young people are attending four year college programs in science and engineering. Many of you have positions that do not require a four year degree but have become more technical and utilize technology that requires additional skills and knowledge.

The economy is changing and the job market is improving. Talented workers can now more easily move from one job to another. Are you prepared? Do you have pay and benefit practices that are competitive? Do you know what other companies are paying for each of the positions within your company? Has healthcare reform impacted the balance of pay and benefits in your organization?

With the challenges facing Manufacturing organizations today it is even more important to ensure that your pay and benefit programs are competitive. Accurate market data ensures that your pay practices help your organization retain the "best and the brightest". Good market information is current and specific to position, industry and geographic area. Market data is best acquired through Salary Surveys conducted by independent organizations who gather actual pay rates and practices from real companies.

While compensation may not be a top motivator for most employees, your pay levels (compared to the market) should not create dissatisfaction that overshadows other efforts to promote a healthy environment where engaged employees feel successful and rewarded. As we are all aware, engaged employees mean a higher quality product or service, better efficiency and more money to the bottom line.

What are the elements of an effective pay and benefits program?

1. Total Rewards Philosophy: (examples)
 - a. We pay at the 50th percentile of the market or
 - b. Our cash compensation is slightly below market, but our benefits package is better than market or
 - c. Our base pay rates are below market but our incentive plan brings the total compensation level to above the 50th percentile of market...
2. Internal Equity: Ensuring positions are paid based on the work performed and the skills required by comparing positions within our organization based on common factors or elements used to determine ranking.
3. External Equity: comparison of our total rewards practices against those in the marketplace where we recruit our talent.
4. Program design: Pay tied to performance at the individual and/or corporate level...is the program legally defensible and does it align with the strategic goals of the organization?
5. Performance Measurement: Individual and corporate performance measurement tools....are we measuring the right things in the best way.
6. Benefits: Are the benefits we offer what our employees value and how do they compare to others in our industry and local market?
7. Market Conditions/Budget: Can our total rewards program flex with the market conditions we face as an organization and be managed within a budget?

Competitive pay and benefit programs make it easier to attract and retain quality employees and most components of an effective total rewards program require current, accurate and sufficiently specific information from the marketplace.

Wage and benefit surveys provide needed market data to determine competitive pay levels and help in the design or evaluation of your total rewards program. Participating in independently conducted wage and benefit surveys ensures that there will be quality data for all of us...the more companies (of all sizes) that participate in providing information to the independent survey the better the results.

Informal data collection practices such as conversations with colleagues in the same industry or conducting a survey by calling “friends” and “counterparts” in the industry could mean you both are in violation of confidentiality policies and sometimes federal anti-trust laws.

Independently conducted wage and benefits surveys are essential to a successful total rewards program in any organization and the return on your investment in surveys along with the use of design experts in Total Rewards can be substantial.

This article was submitted by Debra Englund, CEO of HRExpertiseBP, a Minneapolis based Organizational Effectiveness consulting firm specializing in Process Design and Human Resources. For more information on Debra or HRExpertiseBP, please visit their website: www.hrexpertisebp.com or reach out to Debra by email at Debra@hrexpertisebp.com.