



CASE STUDY

Skill-Based Compensation

Manufacturing Company raises the bar through development and implementation of an integrated compensation structure and career ladder.

Issue

An international manufacturing Company recognized the need to ascertain the reasonableness of their total compensation, as compared to current market data, and to have equitable and competitive salary ranges and salary grades for their staff, while having the flexibility to provide specialized training for employees, and reward those who obtained such skills. The Company wanted to ensure they had a program in place that would be competitive, equitable, and have the ability to attract, retain, motivate, and keep employees engaged, going forward.

Solution

Working with the Company, Cowden assisted in identification of peers for benchmarking and, through the use of detailed job descriptions, completed a national and regional market analysis covering a fair cross section of positions. Armed with the results of the market survey, Cowden provided an alternate pay grade system, design considerations, and a career ladder structure.



Result

Using the tailored design, the Company now had in place:

- An alternate compensation structure that reflected market practices and new salary grades
- Identified job skills necessary to perform each job function and the criteria for advancement
- Flexibility in pricing jobs and targeting certain positions at higher market ratios
- Available options, for consideration, on how to migrate their existing programs to these options.

The combination of the added feature of a career ladder, detailing the expectations and skills needed to advance, and compensation opportunities resulted in a total alignment. Combining this program with a specific location, pay-for-performance incentive model fostered engagement (as well as attraction and retention), while affording the Company a variable cost feature.

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