



CASE STUDY

Consolidation of Multiple Compensation Structures

Manufacturing company with multi-state divisions consolidates compensation structures to implement uniformed program accounting for each unique division.

Issue

A manufacturing company with divisions across multiple states, each operating under their own compensation structure, recognized the necessity to develop a uniform compensation system throughout the organization, regardless of location. The new structure would reflect the unique operating nature, contributions to profit, and the cost-of-living/labor differentials of each division.

Solution

As an initial step, Cowden worked with the company to understand the current and unique characteristics of each division as well identify the key positions that drive value. Armed with this information and after completing a review of detailed job descriptions, Cowden conducted a national and regional market comparison covering a fair cross-section of positions and compensation information, both actual and target for the past three years. The analysis allowed Cowden to identify general market trends and provided insight to create pay concepts, pay levels, pay mix, and performance-to-pay relationships.

Result

Through this process, Cowden provided the company with:

- An enterprise compensation structure that aligns with the company strategy, reflecting the unique operations and locations for each division
- A roadmap of action plans to convert from a separate divisional structure to an overall compensation structure for the entire company
- Alternative arrangements, including an analysis of the specific positions that warranted the most immediate concerns
- A system that retained flexibility while laying out the rationale for job pricing across all divisions that was aligned with the company's strategies



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