

## Unifying Rather Than Divisive Pay Strategies Within Organizations

By David Westminster Associates

What's required to create a work force that is made up of employees who work together toward common goals of their organizations?

According to David Wudyka, president of Westminster Associates, a human resources and compensation consulting firm based in Wrentham, MA., the answer is unifying pay strategies.

“Effective pay strategies that unify rather than divide a work force are critical to the future success of all organizations as managers confront various work force issues, including a shrinking labor pool and intense competition to attract the best workers,” stated Wudyka.

Wudyka made this statement at a workshop he conducted during the recent Annual Rhode Island Conference on Labor Management Relations that was held at the Rhode Island Convention Center in Providence, R.I. The title of his workshop was “Unify or Divide?: The Role of Pay Strategy.”

He added that the whole concept of utilizing employee compensation as a unifying strategy is a new and different way of viewing pay that can help organizations achieve both short-term and long-term goals.

“For companies of all sizes, the focus should be on developing and implementing pay strategies that bring employees together to achieve company goals instead of creating obstacles for them through divisive or neutral pay strategies, like merit pay, entitlement-based pay and others,” Wudyka stated.

He added that there is often a direct correlation between company success and unifying pay strategies. To support this theory, Wudyka cited several examples of successful companies that have used pay systems as a competitive advantage, including Southwest Airlines, Wal-Mart, Tyson Foods, Circuit City, and Plenum Publishing. He added that these same companies also provided the biggest return to their shareholders over a 25-year period.

“There are a number of factors that contributed to the success of these companies, like management leadership and marketing,” Wudyka said, “but effective pay strategies played an important role, too. Although there's a lot we can all learn from these examples, many organizations continue to view pay as a ‘necessary

evil,' as opposed to a 'strategic weapon' for achieving competitive advantages and business goals.”

During his workshop, Wudyka also identified the three types of equity that effectively-managed pay programs achieve: job, market and pay equity. To implement effective pay systems, Wudyka then named the six steps that are involved: detailed job analyses, comprehensive job descriptions, systematic job evaluations, regular industry pay surveys, pay ranges for all jobs, and in-grade pay policies.

“To develop an equitable pay system is a time-consuming process that often requires the guidance and assistance of an expert in this area, but the benefits are worth the effort,” Wudyka added. “Organizations that create equitable, formal pay programs produce a unified work force that pulls together to achieve common goals.”

Established in 1983, Westminster Associates is a human resource and compensation firm that specializes in pay, performance and productivity issues. It has assisted a variety of companies and organizations, including the Raytheon Company, Swarovski, A.T. Cross, Hasbro, CVS, and Johnson & Johnson. David Wudyka is the firm's founder and managing principal, and has designed, developed and implemented compensation and management development programs for major companies in the manufacturing and service sectors. In addition, Wudyka is one of the first 200 professionals in the United States to be certified in the field of compensation.

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