

## Consulting Services

### Key Facts



## Background

PAYdata provides consulting services in the design and implementation of employee terms and conditions, with special focus on reward and benefit systems that drive improved corporate performance.

## Our people

The people who work at PAYdata Limited are Human Resources professionals with extensive pay and benefits experience. Our key team has skills in the following areas:

- ◆ Reward and Benefits with in-company and consulting experience
- ◆ HR generalist skills up to HR Director level
- ◆ Database development and financial analysis expertise

## Our approach

Our approach to changing terms and conditions has four main stages:

- ◆ Diagnosing needs and developing solutions
- ◆ Gaining consensus about what needs to be done
- ◆ Detailed design work, including modelling of the cost impact of the changes
- ◆ Implementation from re-writing contracts of employment through to negotiating changes with employee representatives

## Our fees

To obtain a specific quote we would recommend meeting up on a non-commitment basis to discuss your needs in more detail.

## Case Study 1 - Defence Industry

### The Customer

The business is a Government outsourced defence business employing c.4,000 staff in the UK. A very broad range of skills and disciplines is employed, from manual workers to highly specialised technical staff, and from research to manufacturing operations.

### Project background

The business had operated a grading scheme that had fallen into disrepute. Although roles were graded, no criteria were used to support the grading decisions.

Consequently, it was very difficult to defend the grade of any particular role and there was a feeling that the organisation was experiencing "grade drift". Several attempts had been made to formalise the grading approach over a number of years but these had all been abandoned.

Before PAYdata became involved, a decision was taken to disband the grading approach and to introduce broad bands. Roles were simply slotted into the broad band structure based on the current grade level. Again no criteria was developed to support the grade decisions. This process not only formalised the historic grade levels, but also made a number of anomalies worse by ranking roles that were clearly different as now being equivalent.

This organisation also had no published salary ranges and little in the way of external market salary data. It was therefore very difficult for managers to manage pay effectively. The result was significant pay anomalies and internal relativity problems, with some areas of the business relatively well paid and other areas significantly underpaid.

### Our input

We started this project by developing a reward strategy that in a dozen or so bullet points set out what the organisation needed to achieve in order to support the business strategy. The key areas identified were the need to:

- ◆ Reward people for their contribution;
- ◆ Have a reward system that was felt fair;
- ◆ Support career and personal development;
- ◆ Provide the basis for building and retaining capability over the long term; and
- ◆ Provide a basis for determining and managing equal pay issues.

Working from this strategy we identified that a career family based approach would best meet the business need. Career families are groupings of jobs that share common characteristics or career progression levels / paths. For example, engineers in most disciplines tend to follow very similar career paths through Associate, Chartered, Senior and Design Authority.

Working with a project team made up of a representative cross-section of senior management, we helped identify and define the career families that would be used. We then worked with representatives of each of the career families to develop "Family Profiles" for each career level in each career family. These Profiles provided an indication of the knowledge and experience required, and the key competencies that needed to be exhibited, for example planning and organising skills.

In tandem with this work, we developed a bespoke points-weighted job evaluation scheme based on the factors that were the most relevant for the business. This was then used to grade the Family Profiles and to allocate them to new broadband levels, which we developed to support the implementation of the new approach. Individual roles were then allocated to an appropriate Family Profile by line management, supported by a cross-functional review process.

The main advantage of adopting this approach is that it has a much lower maintenance overhead than one in which every individual role has to be evaluated using the full scheme criteria.

The next stage of the project was to develop the pay scales. PAYdata managed the process of identifying and collecting suitable market data. We then built a bespoke database to hold both the market data and the organisation's internal pay data. Using this database, we developed the salary scales for the whole business, and calculated the cost implications both at implementation and over the following three years.

## Project review

This project took around eighteen months to complete, involving over 100 days of consulting activity, costing in the region of £120,000. It has had a major impact on the business and, for the first time, last year the organisation was able to properly target pay increases at key groups of employees in order to maximise the impact of the pay review budget.

Work is currently ongoing within the organisation to tie up the career families we developed with the introduction of a learning and skills management database in order to support career and personal development.

PAYdata continues to work with this customer, both to support the new reward system and on a number of other reward issues. For example, we have conducted an equal pay review and highlighted areas that require action and further investigation.

## Case Study 2 - Pharmaceutical Industry

### The Customer

This customer is one of the biggest pharmaceuticals businesses in the world. It has a relatively decentralised approach to management, which allows local businesses to develop key HR policies that meet their needs. The particular part of the business we worked with was a production facility employing c.500 people on one multi-disciplined site.

### Project background

The customer had introduced a number of initiatives to change the culture of the business. The aim was to increase flexibility and productivity by providing much more personal responsibility to people at all levels in the business. This was particularly true for people in the front-end roles, where a whole layer of management had been removed and people re-organised into cross-functional work teams.

A new reward approach was required to support the change in culture. The customer wanted to support the self-management aspects of their new culture by introducing a reward approach that gave employees the information they needed to support their own career development.

### Our input

Working with the customer we determined that a job family based approach was the most appropriate for their needs. This approach provides a framework for career planning, but mainly within families. It is also able to cater for different patterns of career and pay progression. Essential for this customer was progression through the job family rather than equity between job families.

We helped identify the key job families, which were broadly discipline and organisationally, based. We then worked with representatives of each family to draw up level profiles based on a common set of criteria headings. This provided the basic stepping stones for career development in each family.

Using this information, we then conducted a more detailed job analysis and developed a criterion based competency and skills framework. This was for use by individual employees and their managers to see what skills were needed in order to progress from one level in the job family to the next.

While most people in the organisation fitted into one of the new job families, a number of roles with small job populations could not be catered for. For these roles, we developed a bespoke points weighted job evaluation scheme using the same factor headings as were used in the job family profiles. We supported the process of grading these roles, working with a line management project team.

The next stage of the project was to develop the pay scales. PAYdata managed the process of identifying and collecting suitable market data. We then built a bespoke database to hold both the market data and the organisation's internal pay data. Using this database, we developed the salary scales for the whole business, and calculated the implementation costs.

## Project Review

This project took about twelve months to complete (mainly because the customer wanted to phase the implementation), involving 30 days of consulting activity, costing in the region of £30,000.

We still work with the customer and have conducted a review of the pay arrangements and suggested some modifications to the job family approach that would help the customer better manage their equal pay obligations.

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