

## A start-up success story Built on a solid compensation plan

Harley-Davidson, HP, Disney, Facebook, Amazon and Apple. They all started from humble beginnings. Many in a garage, a shed, a college dorm or at the kitchen table.

Everyone loves these success stories ... how they started with a great idea, but had to overcome obstacles and challenges in order to succeed. The underlying key for these successful start-ups and greatest challenges they faced was how well they adapted to change as they experienced growth.

One of our MRA members, a successful start-up manufacturing company, was also experiencing the challenges associated with rapid growth. Forty years ago the CEO had started the organization from his garage, so he handled compensation issues close to the vest. It was his company – his baby – and he wanted to maintain tight control to ensure success and realize his vision.



As the company experienced exponential growth, his compensation practices became a detriment to his business. He didn't have a formal compensation program in place so employee pay practices were haphazard, to say the least. The CEO's concerns mounted as turnover increased, recruitment became increasingly difficult, employee complaints about unfair pay surfaced, and managers struggled to explain pay practices to employees. To help with these challenges, the CEO turned to his trusted partner, MRA.

The CEO knew he needed a structured and comprehensive compensation plan for his 200-plus employees, but he didn't have the time or tools to figure it out on his own. That's where MRA stepped in! Our compensation professionals conducted a competitive market analysis, worked with the organization to develop a compensation philosophy, facilitated discussions on allocating total rewards dollars, developed guidelines for pay administration, and conducted manager communication meetings.

The results helped put the company on a solid foundation to continue to grow and to be able to attract and retain top talent:

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- ✓ The compensation philosophy provided direction for developing the overall compensation plan and ongoing pay decisions that saved the company tens of thousands of dollars.
- ✓ The market analysis showed the organization was paying below market rates by as much as 10 to 15 percent for most jobs and above market by as much as 10 to 20 percent for others. The market data provided the necessary information to develop a pay structure that would be competitive, fair, and consistent.
- ✓ Better hiring decisions saved the company approximately \$150,000 in just the first year, and is projected to save the company substantially – by more than five times – in hiring, turnover, complaint/lawsuit and other ongoing costs over the next 10 years.
- ✓ A formal, written compensation policy provided guidelines for handling new hire pay rates, promotions, annual increases, and more.
- ✓ Professional communication materials and executive meetings gave managers the tools and understanding they needed to explain the program to employees.

Today, the organization continues to excel and is highly profitable. MRA updates the organization's competitive market analysis every two years and recommends structure adjustments each year. When the organization adds a new job title, MRA conducts a market analysis and recommends grade placement.

So whether your business is a start-up or has achieved great success, if you haven't had your compensation plan reviewed in a while, it may be a good time to have MRA's compensation professionals take a look. Building a solid compensation plan can help businesses save money and continue to grow by attracting and retaining the right talent.

**Call MRA to assist your organization with its compensation program:  
Contact [MemberRelations@mranet.org](mailto:MemberRelations@mranet.org), 800.488.4845.**