

Total compensation plan essay sample

[Business, Management](#)



Riordan Manufacturing is a leader in the plastics manufacturing industry. As a fortune 1000 company, this employer of over 500 employees has not only made an investment into the products that roll off the production lines but most importantly the employees who help produce these products (University of Phoenix, 2013). In addition to the annual salary or hourly compensation these employees receive, Riordan makes additional investments in employees to better their wellbeing inside and outside of work. The complete benefit package offered by Riordan is known as the total compensation package. As outlined on Riordan Manufacturing's website, Riordan's key objectives are our customer relationships, our employees, and our future. These three key objects tie into our employees. We must hire the best employees; retain these employees in order to keep moving forward, and to maintain our customer relationships. In order to do so, Riordan offers a nice compensation package. For our part-time employees this package includes Social Security, workers' compensation, state disability, and unemployment insurance. This package is also included with the full-time employee's compensation package.

For our regular full-time employees our compensation package is quite generous. The full-time employee compensation package includes "flexible spending accounts, 401(k) savings plan, dental insurance, educational financial assistance, flextime scheduling, health insurance, holiday, life insurance, and vacation benefits," (University of Phoenix, 2014). Our total compensation plan supports our key objects in several ways. At Riordan we feel that it is necessary to have a good compensation plan in order to attract the best talent, recruit the best talent, and to keep the best employees. If

the employees are happy our turnover rate will be low and our employee morale will be high. With a low turnover rate, we will be able to maintain and build upon our customer relationships. Additionally, with high moral comes a higher level of productivity which will help our company grow and develop over the years.

In order for Riordan Manufacturing to keep a competitive total compensation plan the company closely watches the benefit plans to make sure the plans meet or exceed the plans that the other companies in their market have. In this way Riordan Manufacturing can adjust their plans so that they attract and retain employees. Riordan strives to maintain a team-oriented and innovated working environment. By providing a focus on the long-term ability of the company to maintain its potentialities, the employees are assured that they will be well informed and properly supported. Since Riordan leads the industry in identifying industry trends R&D is critical to the mission and exceeding the standards of ISO 9000 are important. The company stays on top of what is offered to outside employees so that the company stays in line on what or what not to offer potential employees as far as benefits and salary goes.

The company can also look at different measuring tools to keep track of growing trends. For the future Riordan says, “ We must be focused in achieving and maintaining reasonable profitability to assure that the financial and human capital is available for sustained growth,” (Apollo Group, Inc., 2013). Services can be compensation for employees too because compensation does not entirely come from non-monetary and monetary

benefits. The employees that go to other countries for sales and other duties will get food provisions, housing, travel expenses, and for visiting the country the employees would receive expatriate education. There are discretionary benefits that consist of protection programs which employees can receive and those are long-term disability or short-term disability. The disability insurances are also offered to the employee's spouse and children. The Work/Life Balance offers employee's the opportunity to deal with everyday issues through paid vacations, unpaid leave, sick leave, daycare assistance, family medical leave, and employee and family assistance programs.

There are other programs that may help employees deal with issues of life and work as well. Budgeting for all expenses is needed for a successful organization like Riordan. Wages paid to employees ties into job performance, job satisfaction and future recruitment of talented employees. Wage management and the rationale behind the expenses in this budgeting category impact the total compensation package of employees (MBA Articles, 2009). Careers within Riordan and other companies are rejected or accepted based on the total (tangible) salary. In order to stay competitive within the plastics manufacturing industry, a wage management process and rationale for wages must be conceived prior to the successful implementation for total compensation package. Human resources along with top executives for the company must determine wage and salaries, nature of the work performed, and merit increase to make sure the wage management process is fair and competitive with similar companies, (MBA, Articles, 2009).

In order to stay competitive within its' own market, Riordan Manufacturing not only recruits the best potential candidates within the market, but they also offer one of the top compensation plans in order to attain and retain employees. The company also believes that another important factor in attaining and retaining employees is having a competitive retirement plan. The leaders of Riordan understand that having a quality retirement plan is the peripheral carrot that will encourage productivity and loyalty. Riordan's top retirement plan is 401(k) savings plans with the one goal in mind, helping an employee retire, (Martocchio, 2009). The 401(k) plan is accessible to full-time employees who work at least 30 hours within a work week. An employee must work for the organization for at least 12 months and be at least 21 or older to qualify for this plan (Apollo Group, 2013). The company's pension plan is currently done through open enrollment though the process may change in the near future to automatic enrollment.

The idea of doing an automatic enrollment will automatically enroll each and every employee in that particular retirement plan unless the employee chooses not to after the fact. The employee would have the option to opt-out at any point within a particular deadline which is 90 days. With the current open enrollment plan, Riordan employees have the choice to choose just how much of his or her paycheck will contribute to the plan and the company will equal that amount or up to a particular dollar amount. The benefit in enrolling into the 401(k) plan is the employee's contribution is deducted before state and federal withholdings (Apollo Group, Inc., 2013). In order to involve workers and to promote worker engagement toward the 401(k) savings strategy, the company has established an interaction plan. When a

worker is first employed as a new hire, the employee will obtain the company's new hire packet.

The packet includes the employee handbook along with pamphlets involving other benefits available through the firm. More details of each benefit provided by Riordan will be provided to new employees at the time of the new hire orientation. During the orientation, a PowerPoint presentation will provide information pertaining to the 401(k) plan which should increase participation toward the plan. Employees who have been with the company for some time are able to enroll. One week before open enrollment a retirement workshop will be available to employees who possess one or more years' experience with the company in an effort to boost participation. The workshop will certainly enable the experienced employees to meet with a financial specialist along with the opportunity to ask any questions (Apollo Group, Inc., 2013) “ A company's financial condition is a key consideration for top management officials and HR professionals. Financial condition has implications for a company's ability to compete,” (Martocchio, J. J., 2009, p. 324).

Riordan Manufacturing does budgets on an October to September fiscal year. Part of the budget includes operating expenses, which are \$500, 250 a month for 2005 (University of Phoenix, 2014). How well Riordan Manufacturing does plays a large part into compensation plans. To operate the business the company must make at least the operating expense of the budget. After which the company then needs to pay for non-operating expenses such as taxes. After covering the expenses what is remaining is

profit, the higher the profit the better the financial condition of Riordan Manufacturing. In the event that the financial condition is not good, cuts have to be looked at, compensation plans would be the first cut to be made. To avoid layoffs cuts can be made to percentages of medical, dental, and vision plans that are company paid. When Riordan Manufacturing has good financial conditions, it can offer additional bonuses. “ Bonuses also represent a key component of executive compensation packages,” (Martocchio, J. J., 2009, p. 35).

Therefore, bonuses will not be awarded when financial conditions are poor, causing a cut in executives’ pay. The total compensation plan will be communicated to leadership and the employees in several different ways. To communicate to leadership the human resource department will hold a meeting with leadership. This meeting will include a PowerPoint presentation about the total compensation plan. It will include why a total compensation package is necessary, the pros and cons of the plan, and highlight what it can do for the organization. A week after this meeting is held human resources will hold a training seminar for leadership. This will teach leadership how to communicate this plan effectively and appropriately to the employees, how to overcome employee objectives, and how to up sell the plan. Two weeks after leaderships training is when the plan will be communicated to the employees.

Each manager will hold their own informational meeting. This meeting will also include a PowerPoint presentation with information about the plan, facts about the plan, frequently asked questions, and will highlight how the

compensation plan will benefit the employees. In the weeks following the meeting each employee will receive a follow-up email and there will be a poster highlighting the pros of the plan and frequently asked questions in the employee break area. Lastly, each member of management will follow up with their employees to make sure everyone understands the plan, see if the employees need help, and assist them with anything. Total compensation goes beyond the paychecks that Riordan employees receive. Riordan Manufacturing has not only found a niche in the industry they operate within but has found a niche in being an employer of choice with their employees. By offering a total compensation package that offers financial and personal benefits, individual benefits, and professional development allows this company to retain employees and attract new employees. A continual investment into employee's wellbeing will allow Riordan Manufacturing to continue to be a forerunner in the plastics industry.

References

Martocchio, J. J., (2009). Strategic compensation: A human resource management approach (5th ed). Upper Saddle River, NJ: Pearson Education.

MBA Articles, (2009). Retrieved from: <http://www.mbaarticles.com/compensation-management/>

University of Phoenix. (2013). Riordan Manufacturing (Multimedia). Retrieved from University of Phoenix, HRM. 324 website.