



Compensation Workbench making life easier in HR

What is the range of your company's compensation plans? How are your company's compensation plans measured? Are they related to performance or are they standalone?

Whatever the size of your organisation, compensation plans are often quite complicated. At iTrain Consulting, we have found that Compensation Workbench can help HR departments become incredibly more efficient.

What is Compensation Workbench?

Compensation Workbench is a part of a larger suite of HCM applications that work seamlessly with Performance Management, Payroll, Human Resources and Finance.

The main functions of Compensation Workbench are as follows:

- ▶ Management and allocation of Annual Review Payments and Performance Awards
- ▶ Bonus Awards based on targets or awarded on an ad-hoc or standalone basis. This is often utilised in strong sales driven environments where short term incentives and awards are used to motivate and encourage employees.
- ▶ Blanket allocation of Stock options to all the workforce or allocation to specific groups of people
- ▶ Purchasing of additional employee benefits over and above the standard benefits such as annual leave. Examples of these benefits will vary between organisations and may include Private Medical Healthcare Insurance, additional annual leave, Childcare discounts or vouchers, Travel season ticket loans or discounts or Retail discounts.
- ▶ The management of employee promotions such as the increase of salary or an increase to annual benefits that are received by the employee.

Under what circumstance would I use Compensation Workbench?

The following two scenarios reflect common instances that iTrain consultants encounter when meeting with HR departments and ways in which Compensation Workbench can help solve any issues.

Scenario One

A new starter has joined your corporation recently. Within their grading, they are entitled to 4 weeks basic annual leave (20 days) and their basic salary as specified in their contract of employment. What their grade also entitles them to is £5000 a year of a selection of additional corporate benefits. Using compensation workbench the

employee can choose how to spend their entitlement – with options including Family Health Insurance Benefits and additional Annual Leave.

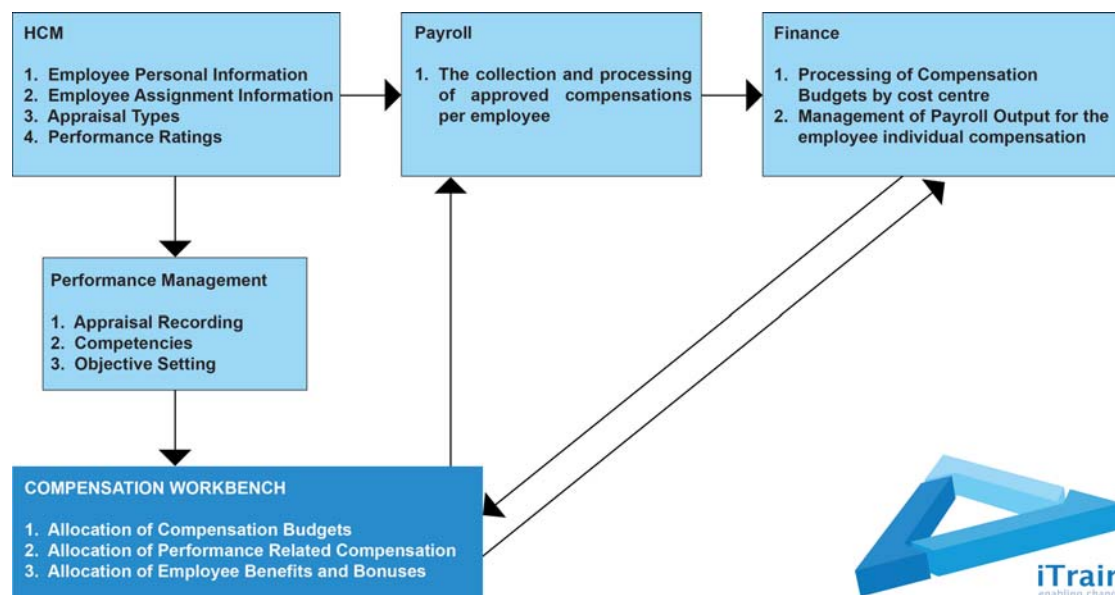
Scenario Two

It is the year end and every line manager in the organisation will be responsible for the completion of the annual performance review with each member of their teams.

With the support of Compensation Workbench, a suitable budget will have been allocated to each manager for the use of awarding performance related compensation. The rate of compensation can be linked via the performance rating achieved by the employee. This is a brilliant way of ensuring that the workforce is fairly rewarded in exchange for performance.

How do the HCM modules link in with Compensation Workbench?

In the diagram below, you can follow the inputs into the compensation workbench (HCM and performance management), the two way interaction between Finance and Compensation Workbench, and the full cashable benefits as output from compensation workbench to payroll.



Personal Details and Competencies are stored in HR. This information is shared with Performance Management where succession planning and objectives are outlined. The employee's appraisals are recorded against those objectives.

When the manager has completed the appraisal, the allocated budget and the compensation spine can be used to allocate the appropriate compensation (financial award) for the rating achieved during the appraisal.

At this stage the relevant pay information is processed via Payroll so that the employee payslip reflects the new salary award/compensation.

Finally, the new pay or compensation information is seen by finance.

Can you restrict the eligibility of certain compensation schemes?

Yes, all compensation schemes can be restricted to particular staffing groups, such as Bonuses only being available to management or a certain value belonging to a certain grade or employment group.

Do you have to be restricted to only one plan per employee?

No, Compensation Workbench allows you to set up a combination plan that will allow an employee to be a member of more than one plan.

A standalone plan restricts an employee to only having access to the benefits within that one plan.

What kind of things do I need to consider before implementing a plan?

The important tasks that need to be considered when implementing Compensation Plans include the following:

1. Budgets – How will the money be distributed?
2. Performance Rates – What performance Rates will be associated?
3. What kind of approvals and who will be the receivers of the approvals, will the approvals be driven by a supervisor hierarchy or a position hierarchy?
4. Eligibility - Who will be a receiver of the Compensation and Benefits?
5. Cut off Dates – For example, with performance reviews you'll need to consider submission deadlines, review timetables, levelling timetables, and of course payroll timetables.

Summary of Key Benefits

Manage compensation across different areas of the business both Locally and Nationally

Allocate budgets to the varying areas of the business from local variations of terms and conditions or to different global entities.

Transparency and Fairness

Compensation Workbench ensures that each member of staff is benefitted using the same scoring structure, ensuring a fair reward system. It also provides complete transparency to the organisation of how benefits and rewards are being managed and which benefits are most commonly adopted, ensuring that the organisation is investing wisely.

Manage the various types of compensation as when required

Compensation will manage a broad range of compensation types from pay awards based on merit or promotion, bonuses and commissions, one off rewards and employment benefit packages

Meet the needs of the business

All businesses require a system that will do more than simply manage the established compensation plans. They require a system that is easy to manipulate and allows them to create new compensation plans in line with the changes and demands that a business will face on an annual basis. The Oracle Compensation Workbench is flexible enough to be configurable to cope with frequent movements and changes of a multi national or global business.

Control Parameters

Compensation Workbench will allow an organisation to apply parameters to a specific allocation of compensation ensuring that the correct group of people or individual receive a benefit or compensation for the right reasons, whether that is due to Performance or Grading. All relevant and pertinent Legal or Corporate Policies can be implemented within the plans as a means of control. Equally, the allocation and application of approved budgets using Compensation Workbench control where expenditure is being applied and ensure the process is transparent and traceable both for the benefit of the employees and the organisation.

Summary

Irrespective of whether you are a global company that has to manage a number of varying compensation plans for each business unit or a mid range company that is looking to apply some structure and reporting functionality to your company benefit plans, compensation workbench will support your needs. It will give staff visibility of what benefits they are entitled to and what they can aspire to achieve, it supports fairness in the distribution of compensation and benefits and finally allows the organisation to control its budgets.

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Nina is an iTrain Practice Manager and Consultant with skills across both Oracle and SAP ERP applications. Nina's Oracle expertise covers Recruitment, HR, Payroll, Oracle Learning Management and Discoverer. Nina's knowledge of Payroll and HR systems, processes, rules and regulations was gained while working on major national projects for both the public and private sector.