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## FINANCIAL INDUSTRY

### **Leading Mega Bank Selects Workstream Compensation to Standardize Enterprise Compensation Planning, Reducing Time and Expense**

US-based financial services giant successfully deploys Workstream's web-based Enterprise Compensation Management solution to streamline its compensation planning practices and saves \$11 million in compensation management costs.

#### **The Challenge**

##### **A Need to Standardize Compensation Planning**

With a geographically distributed workforce of over 100,000 employees amassed through a number of mergers and acquisitions, this financial services giant found themselves trying to manage a highly decentralized compensation model. One that planned compensation business unit by business unit – utilizing numerous different systems, processes and calendars for managing salary, variable pay and stock option planning across the enterprise.

As a company that highly values its workforce, they realized that compensation management doesn't just impact HR. The compensation process – and problems associated with it – affects everyone in the organization.

With this perspective, the company sought to strategically re-engineer its entire compensation planning process not only to provide an integrated system for planning and managing the complexities of total compensation (salary, variable pay and stock), but also to help line-managers make better, more equitable pay decisions. Doing so would reduce turnover of top employees, streamline compensation planning cycles and gain better control of the company's largest single expenditure – employee compensation.

"By centralizing this process, we thought we could reduce cost, increase the speed, quality, and consistency of decision making, and help line-managers spend compensation dollars more effectively," recalled the Vice President of Compensation. "If dollars were better spent, we also thought we could reduce turnover of top performers."

#### **The Solution**

##### **Workstream Compensation Meets the Need**

This leading provider of financial services set out to address these challenges by implementing Workstream Compensation to offer a single, integrated compensation planning process that tackled all of the company's direct compensation needs: salary, variable pay and stock options.

The company chose a staged approach to enterprise-wide deployment due to its complex environment; a distributed workforce with managers located across thousands of sites, reporting into many different business units utilizing disparate systems.

## Financial Benefits Summary

Source of savings	2001	2002
Net savings through reduced hours spent planning compensation by line-managers	\$2.15M	\$8.7M
Net savings through reduced hours spent managing planning process during planning period by compensation department		\$550K
Net savings through elimination of multiple compensation planning systems		\$280K
Total cost savings from Workstream Compensation	\$2.15M	\$9.5M

### About Workstream

Workstream provides on-demand compensation, performance and talent management solutions and services that help companies manage the entire employee lifecycle - from recruitment to retirement. Workstream's TalentCenter provides a unified view of all Workstream products and services including Recruitment, Performance, Compensation, Development and Transition. Access to TalentCenter is offered on a monthly subscription basis under an on-demand software delivery model to help companies build high performing workforces, while controlling costs. With offices across North America, Workstream services customers including Aspen Ski Company, Chevron, EMS SATCOM, Kaiser Permanente, Nordstrom and Wells Fargo.

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The initial implementation was launched in early 2001 as a pilot program to 1,300 managers who planned for more than 8,000 employees. Working with the Workstream consulting team, the company was able to configure and implement the solution on time and within budget. In the fall of 2001, the system was deployed to a small group of managers who planned compensation on a different cycle. During this phase, they immediately began to see the strategic benefits of the Workstream Compensation solution.

After their first successful production use, the system was rolled out to additional business units in two phases throughout 2002. The first phase was in January of 2002 when a total of 4,000 line-managers used Workstream Compensation to plan merit increases, stock options and bonuses for over 26,000 employees. The second phase occurred in the fall of 2002 when 700 managers used Workstream Compensation to plan compensation for 5,000 employees on a different cycle.

For their next major compensation review cycle in early 2003, nearly 8,000 line managers used the Workstream system to plan for more than 50,000 employees. The company anticipates the system will be deployed throughout the enterprise by 2004.

## The Results

### Workstream Compensation Delivers Financial and Strategic Benefits

Employees throughout the organization are feeling the positive impact of the Workstream Compensation solution and the company has begun to realize their most important strategic benefit – standardized compensation planning.

"The strategic value of this new compensation planning approach is clearly apparent to line managers, financial managers, and senior managers," noted the Vice President of Compensation.

By using Workstream to automate, streamline and communicate compensation practices, line-managers were able to make quicker, more equitable pay decisions across the enterprise. As a result, the compensation planning cycle was reduced from 13 weeks to 5 weeks.

"We started to see line managers making more fact-based, consistent decisions," said the Vice President of Compensation. "Managers came into the planning cycle better informed and were well supported by Workstream's context-specific online advice.

"Financially, the company saved about \$2 million in increased line-manager productivity in 2001 and \$8.5 million in 2002 - well exceeding the entire cost of the software, implementation, systems and internal planning and development time. The organization broke even on their investment in Workstream only 7 months after implementation and anticipates a return thirteen times that of their original investment over a three-year period.

The compensation group also realized dramatic benefits both financially and functionally. With the adoption of one centralized planning tool, the compensation process became consistent and unified, thereby eliminating duplicated effort. At the same time, the Workstream solution enabled the central compensation group to retain the flexibility and decision making to which they were accustomed by allowing them to configure compensation plans and budgets that reflected each business unit's need.

In addition, compensation managers spent far less time on tedious administration tasks required to support their separate systems and were able to redirect their time to providing strategic compensation planning advice to line managers.

The company also eliminated a \$280,000 planned system enhancement cost for one of the business unit's homegrown compensation planning systems including annual support charges for other custom-built systems.

As detailed in the table, this organization saved a total of over \$11 million by using Workstream Compensation in the 2001 and 2002 compensation planning cycles and has seen the strategic and financial benefits of implementing Workstream grow steadily since their first pilot test in 2001.