



Benchmarking executive pay arrangements for a senior team

PJD Group is one of the UK's largest independent mechanical engineering specialists, delivering an innovative range of repair, maintenance, manufacturing, upgrade and new construction services. First established in 1984, PJD employs over 250 full-time staff.

PJD is part-owned by LDC, the Midlands leading private equity provider and is a member of the Engineering Construction Industry Association (ECIA) - the principal trade and employers' association for the UK Construction industry.

THE ISSUE

PJD's Remuneration Committee wanted to benchmark the pay arrangements for their senior team. This comprised Executive Directors and the other most Senior Executives. Separately, they also needed to benchmark the daily rates typically paid to Non-Executive Directors.

They wanted to know where they stood against the market for base pay. Furthermore, they were interested in looking at the proportion of variable pay in the Senior Executive package. They also wanted information on current market practice in terms of main benefits such as cars, annual leave and pensions.

OUR SOLUTION

Paydata's Executive Benchmarking service enables the Remuneration Committee to make informed decisions when it comes to executive reward, offering solutions tailored to their specific needs and requirements.

We are able to access data from a number of sources. We apply

this data using our own approach to job matching. For Senior Executive roles our methodology examines the factors that have the greatest influence on pay. These typically include:

- Annual turnover;
- Business autonomy;
- Range and mix of business activities;
- Reporting level within the organisation;
- Board membership; and
- Role scope.

We then present our analysis of market practice on:

- Base salary and total cash earnings;
- Bonus and long-term incentive arrangements; and
- Cars, pensions and other key benefits.

We can also provide a commentary for the Remuneration Committee on the general economic and executive pay trends.

Personalised for each customer, our Executive Benchmarking reports are designed to be simple to interpret as a key part of the Remuneration Committee decision-making process.

HOW IT WORKED

When it came to PJD, we worked closely with them to make sure we had robust job matches. Initially working from job descriptions, we applied our methodology to gain an approximate fit. We then refined this through a series of discussions with PJD. These were particularly useful in clarifying the scope of roles.

For data sources we tapped into data from a survey we operate exclusively for the ECIA. In addition, we used our own Executive Salary Survey Database that includes information from organisations primarily operating in the Construction industry including the Building, Civil Engineering, Mechanical & Electrical and Facilities Management sectors.

We added data that we had extracted from the latest published reports and accounts and other publicly available data – this was especially useful when considering the Non-Executive Director roles.

On benefits we used data relating to Executives that we hold in our Benefits database relating to cars, pension contributions, holidays and private health-care.

OUTCOME

Our final report brought together the market data on base pay and total cash for each Senior Executive, showing the pay market guidelines as a range. This was supplemented with the current actual pay, expressing this as a ratio of the market median. This made it easy to see how the current pay was positioned and where there were issues that needed further examination.

Specific market guidelines were provided on incentives, pensions and other key benefits. A separate section examined the Non-Executive roles where we needed to adopt a modified methodology to arrive at the format required in our remit, i.e. a daily rate. Meanwhile, appendices included a useful background commentary.

Presented in a simple to interpret format, alongside a useful one page Executive Summary, the report was used as the major input to the PJD Remuneration Committee's deliberations.



I found Paydata very professional and responsive to what we needed and our tight timescale. Their report was easy to read and contained relevant data which enabled our Remuneration Committee to take appropriate decisions in a timely manner. We shall most certainly use them again."

MICHAEL BUSTARD

Non-Exec. Director & Chairman PJD,
Industrial Division
PJD Group

To discuss how we can help
with your needs, please call us
on

+44 (0)1733 391 377
info@paydata.co.uk