Western Union: Restructured for global growth
Brand, employees most powerful assets

DENNIS T. LEONARD is senior vice president of Global Human Resources Operations for the Western Union Company. He is responsible for the Global Total Rewards strategy including compensation, benefits, payroll and human resources information system for over 6,000 people in 50 countries. He is based in Englewood, Colorado at Western Union’s global headquarters. He holds a BS in business administration from Central Connecticut State University and an MBA in corporate finance from the University of Dallas. Leonard’s professional designations include: Senior Professional Human Resources (SPHR), Certified Employee Benefits Specialist (CEBS), Chartered Financial Consultant (ChFC) and Certified Financial Planner (CFP). He is on the global advisory board of UC Denver’s Institute for International Business.

The Internet and cheap long distance phone rates have done away with the need for telegrams but not for the need to send and receive cash. Western Union’s global money transfer business is flourishing and “the brand is the company’s most powerful asset with the exception of our employees,” said Dennis Leonard speaking at UC Denver’s International Executive Roundtable.

At 365,000 agent locations in 200 countries, the trusted Western Union brand means help is on the way for millions of migrants and nationals alike.

Leonard described Western Union as an “old new company” with roots dating back to 1851. In 1995 the company became a subsidiary of privately held First Data Corp., which spun it off in 2006. The “new” Western Union is now a Fortune 500 public company, positioned to grow its brand, offerings and partnerships on a global scale potentially more lucrative than ever before.

“At the time of the spin off, we had 5,000 employees; we now have 6,000 and annual revenue of about $5 billion. Third quarter 2008 revenue is up 10 percent over the previous quarter.”

The major revenue engine for Western Union is its consumer-to-consumer (C2C) money transfer segment. Recently, the company added a new segment to provide consumer to business (C2B) bill paying services.

Internally, divestiture created challenges as the new Western Union took off. The human resources (HR) structure that worked for First Data with 33,000 employees did not work for Western Union with its far smaller numbers. “We had different payroll structures in different countries throughout the world which added a lot of overhead and costs to our organization,” said Leonard.

“We needed to create a consistent and flexible HR structure that would support our rapidly growing business and allow us to develop and deploy our people in ways that would facilitate global mobility and growth.”

Global rewards framework

According to Leonard, the revamped structure was designed to “increase world class retention through reduction in perceived inequities. It is built around a market supported approach to a global rewards framework.”

■ Clear career paths. “We want our employees to stay with us as long as possible, providing they’re doing a great job,” said Leonard. “As we look at succession planning, we ask: Do we have the right people in the right jobs? Are we giving them the right opportunities globally to move up in the organization so they can then help us to expand?”

“People need to visually understand where they’re at in the organization, where they want to be and the path they need to take to get there. Opportunities need to be fair across borders and across the corporate hierarchy. We’re trying to create additional career opportunities for people by facilitating movement among and between the various levels.”

■ Global approach to job titles. “Multiple job codes existed for the same work depending on location and needed to be standardized.” This affected compensation as well as personal objectives. “For example, accountants in one country had different target bonus opportunities than accountants in another country although they all performed the same functions,” said Leonard. “We have now leveled and calibrated all jobs globally.”

■ Standardized compensation plan.

HOW WE PAY PEOPLE

We need to be able to compete in the market for talent and that means paying people fairly and giving them an opportunity to earn compensation that they think is commensurate with what the marketplace offers.”

■ Consistent short-term incentive program. “If you don’t have an adequate bonus program then you see salaries start to creep up which then adds to your fixed costs vs. variable costs based on the company’s performance,” said Leonard.

■ Consistent long-term incentive program. “The same equity grant guidelines now apply to all regions and are tied back into our core values from an HR standpoint. Western Union is a pay-for-performance culture where high performers are recognized and rewarded accordingly and where the work environment provides everyone with opportunities for personal growth.”

“We believe in a common approach to structuring our jobs. How we pay people in those jobs will help strengthen our presence as an independent global leader and position us for continued growth and achievement.”

A guest asked if it were fair to use enthusiasm as a measure of an employee’s commitment. “Might that be a move toward too much measurement?” Leonard suggested that in addition to making an evaluation based on data, “use your gut reactions and trust your managers on the ground.”

As for job prospects in foreign countries, “the market has tightened considerably,” said Leonard whose company recently hired graduates from UC Denver Business School’s MS in international business program.

He added, “The job opportunities that exist are in domestic assignments that involve global projects.”