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## BT

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### **Using reward principles to guide the development of a new reward strategy.**

The issue facing BT was that its reward structure for managers had not developed to keep pace with the rapid change within the organisation. The use of grades, which had been developed from the time when BT was part of the General Post Office, made it difficult to maintain market competitiveness and provide employees with meaningful career paths. This increasingly became an issue as pressure on budgets required greater focus on the distribution of reward spend.

Analysis of the annual employee opinion survey showed dissatisfaction with the way reward was managed. In addition, it was hard to demonstrate that rewards were linked either to the external market or to performance. This had implications for both the recruitment of new staff and retention of existing staff.

In order to address these issues, BT developed a set of reward principles to guide the development of a new reward package. These principles included performance differentiation, market competitiveness, employee choice and transparency. A series of changes were introduced, of which the main ones were:

- The creation of job families based on functional roles
- The publication of market pay ranges, bonus levels and core benefits for each role
- The introduction a new bonus scheme hard-wired to business and individual performance
- The introduction of salary sacrifice benefits
- The production of on-line total remuneration statements for all

The process of introducing the changes involved both the unions and a number of managers. Through this process, a greater understanding of the changes was developed, which helped to make them more effective. One of the key benefits seen was an improvement in the employee opinion survey scores for reward. In addition, the use of transparent market based pay ranges, allowed both internal and external recruitment to be more aligned to the external market