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How reward strategy helped JT drive growth

JT (formerly Jersey Telecom) has over 120 years' experience in telecommunications and is dedicated to delivering world-class services. JT operate internationally and employ nearly 500 staff across three continents. It is 100 per cent owned by the States of Jersey.

THE ISSUE

In 2011 JT developed a new business strategy to help them aggressively grow their revenue streams over a five-year period. To achieve their ambitious growth targets JT identified that they would need to fundamentally change the way their people were incentivised and rewarded in order to foster a high-performance culture. We suggested a root and branch review of JT's pay and reward policies, practices and processes that would culminate in the creation of a new reward strategy and would support the achievement of the business strategy.

OUR SOLUTION

The reward strategy that we helped JT to develop focused on three core recommendations.

Recommendation 1 – an underlying structure of job families:

First, we recommended that JT introduce an underlying structure of job families built around broad-bands, replacing the outdated narrow-graded structure that had become unfit for purpose. The job family structure allowed JT to reward the acquisition of competence and skill, which had been identified during the discovery stage as something the organisation valued and was therefore prepared to pay for. It also provided a framework for clear career planning and progression.

Recommendation 2 – a pay matrix approach:

Second, we recommended that JT adopt a pay matrix approach that provided the biggest pay increases to high-performing individuals relative to their position against the market. This replaced the existing time-served increments that rewarded length of service. Adopting a pay matrix approach allowed JT to use base pay to drive performance, which helped them foster a high-performance culture and supported the achievement of the business strategy.

Recommendation 3 – a company-wide bonus scheme:

Third, we recommended that JT introduce a company-wide bonus scheme that rewarded a combination of individual and business performance, replacing an existing scheme that solely rewarded individual performance and was only open to managers. The company-wide bonus scheme allowed JT to reward people relative to their contribution towards the achievement of individual as well as business objectives. It also helped to create a sense of fairness because it was open to all staff.

JT

HOW IT WORKED

To develop the reward strategy we followed three key stages.

Stage 1 – Discovery:

The discovery stage involved a structured interview with each executive director in order to understand the business strategy, the context in which the business operates and the culture the reward strategy needed to support. A series of workshops were held with senior and middle managers to understand what rewards they found useful as managers and what rewards they thought employees valued. This stage also involved a number of employee workshops to gather their views and opinions on what motivated them and what rewards they valued. JT recognise a trade union and they were also invited to express their views and opinions during the discovery stage.

Stage 2 – Development:

The development stage involved collating and analysing the data we collected during the discovery stage in order to pick out the key trends and any differences of opinion. We then developed a draft reward strategy that we presented back to JT.

Stage 3 – Finalisation:

The finalisation stage involved working with JT to modify and shape the reward strategy based on their feedback. Once the reward strategy was finalised we then presented it to the executive committee for their approval and sign-off.

After the reward strategy had been approved we assisted JT with its implementation. This included creating a bespoke salary survey in order to provide JT with the local-market salary data that it needed. It also included creating the job family structure, pay modelling and salary scale development. We also provided support to the Group Remuneration Committee regarding pay and reward matters for executive level roles.

OUTCOME

Over the subsequent three-years since the reward strategy was implemented JT has:

- Increased its revenues by 70 per cent from £90m to over £153m; and

- Doubled the enterprise value of the business from £150m to over £300m.

In addition to financial growth JT has also grown the business:

- Geographically – over the past three-years JT has made acquisitions in London, Boston and Melbourne; and

- Technically – in 2012 JT initiated the Gigabit Jersey programme, which will bring superfast broadband to every home and business in Jersey making it one of the best connected places in the world.

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The new Pay & Reward framework is now in its third year, and has had a notable impact on driving performance across the JT Group. In the Best Companies annual staff engagement survey, despite tough trading conditions, the 'Fair Deal' pillar has improved as a direct result of the new framework. On a personal level, I would say that Paydata are up there with the very best providers of Reward Consultancy services, and I feel that the service and advice I receive is bespoke and proactive, which is why we use them as our preferred global reward partner."

RICHARD SUMMERFIELD
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JT

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