



BT improves their pay review process with Cezanne Software



Cezanne's Pay Review software is used by BT to manage pay review for over 40,000 people across 7 lines of business and 30 countries across the globe, including Europe, the Americas and the Asia Pacific region.

BT is one of the world's leading providers of communications solutions and services operating in 170 countries. BT uses Cezanne's web-based Pay Review software solution to improve HR efficiencies, achieve greater transparency and provide huge advantages to its pay review team.

Employing over 108,000 people across the globe, BT's turnover in 2008 was over UK£20 billion. Their success is acknowledged by the fact that 70% of Fortune 500 companies are BT customers.

In the UK, BT serves over 16 million business and residential customers. With more than 93,000 employees based in the UK, BT plays a major role in the UK's economy, business community and society on both a national and regional level.

BT's pay review process

For BT, the pay review process is of critical importance. It is the one process within HR that simply cannot fail; it always has to happen.

BT's manager pay review process grew considerably from some 17,000 people in 1995 to over 34,000 in 2004, and became more and more difficult to manage.

Each pay review was an extremely time-consuming process; it involved gathering input from thousands of managers in five business units across the globe. The process became so prolonged and inefficient that in 2004 BT switched from using Excel spreadsheets to Cezanne's web-based Pay Review application. This significantly improved the process by automating data generation. It also made the process transparent for the first time.

Mark Gardner, BT's Reward Specialist who has been with the company for over 18 years explains: "Before we decided to purchase Cezanne's Pay Review software, BT's pay review process for its 34,000 managers worldwide was managed using over 300 spreadsheets. BT first established the business rules for each of our five lines of business, and then modeled the data into spreadsheets. These were then sent to the relevant specialists, who would refine and split the data into the review groups, cascading the information down until it reached the individual reviewing managers so they could make their recommendations."

"We then had to co-ordinate and consolidate all the information from the 300 spreadsheets into one. That meant having to amend numerous spreadsheets that came back in different formats with additional columns; the whole process was extremely complex, labour intensive and inefficient."

"The spreadsheet approach meant high administrative overheads, data fragmentation and opportunity for error. We also had little visibility of or control over the process, so weren't able to proactively address issues. There were also obvious concerns about security. The other key driver for change was our move to a new reward framework where managers are remunerated in comparison with market rates. It was important to us that people making pay review decisions could access consistent benchmark data. In essence the business recognized that it needed a new system."



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Selecting a solution

After completing a comprehensive procurement process, BT’s project team selected Cezanne’s web-based pay review system. The system manages all the information required to support pay review through a single, easy-to use web-based application. Once the process is initiated, all reviewing managers are automatically sent an e-mail containing a URL. This gives them secure browser-access to the relevant subset of data and functionality needed to make recommendations for their employees’ base and variable pay.

Cezanne’s software has evolved in line with BT’s business needs and requirements. Mark explains: “Where we are now with Cezanne’s Pay Review software is a massive improvement compared with the dark old days of managing pay reviews via spreadsheets. Even from the early days we have continually evolved the system, which means our pay review process keeps on improving. Additional functionality is being added to manage even more processes. Cezanne’s software has given us the confidence to extend the system and achieve even more time and cost savings in other areas.”

A global, transparent and intuitive system

Cezanne’s Pay Review software is now used to manage pay review for over 40,000 people across 7 lines of business and 30 countries across the globe, including Europe, the Americas and the Asia Pacific region. The whole process is workflow driven and Cezanne’s graphical Organisation Charting software (HRCharter) provides BT with the tools to build the hierarchy that starts the whole pay review process off. Different parameters are used to build the hierarchy, which allows managers to know who they are responsible for reviewing.

Reviewing managers can see their employees in the context of colleagues who are in the same role, as well as in the context of pay in the external market. The system also provides information on the manager’s overall budget. The reviewing manager submits their recommendations automatically to the next manager in the hierarchy who authorizes it and it then goes up the approval chain. Because data is held in one place and updated in real-time, BT’s reward specialists have, amongst other things, total visibility of progress, budget, allocation, over runs and review timelines. For example, if there is a problem in any part of the chain, such as an absent manager, the local HR manager can step in to ensure the review goes ahead on time.

The HR specialist at the top of each of the seven parts of the business analyses the final outcome (including aspects such as pay compared to employee diversity) and takes it to the CEO of that part of the business for sign off.

The pay review process starts in earnest in October and has to be finished in June to meet the payroll target. Mark comments: “We have a finite time to manage the review process, but Cezanne’s software makes reviewing managers’ jobs so much easier. It is a testament to Cezanne that year after year our massive pay review is a huge success.”

Feedback is so important

In April, after the pay review is completed, BT's project team sit down with Cezanne's team to review the whole process, the system and the support received. Each member of the review process is surveyed about their experiences and the feedback is used to look at ways of continually improving the system. The flexibility of Cezanne's solution allows BT to expand its functionality and to increase its use within the business.

For the 2007 review, BT extended the system to manage their long term incentive plan (LTIP). BT managers make recommendations on share incentive plans for the senior people within the business, which again had traditionally been completed using spreadsheets. Now, when the manager completes the pay reviews he or she can also undertake the share review, all managed by Cezanne's software. The time taken for managers to complete their review process is considerably reduced, which frees up additional time for them to become more effective in their business units.

Simplifying the process

Once the pay review process has been completed, the review letters are automatically generated from the system. This has not always been a simple process. Previously, managers had to go into each individual's letter and insert or correct specific paragraphs from a series of templates depending on the outcome of the relevant employee's pay review. The administration overhead of completing this task was huge and inevitably mistakes were made. Cezanne's software has greatly simplified and expedited the process.

Mark explains: "There are over 40 different letter templates, so the process is now so much more efficient and seamless. Each template includes different tags, formulas and business rules written by Cezanne, allowing the right information to be automatically included in each letter. The number of templates outside of the UK will increase this year as part of the on-going enhancements we are undertaking. Previously, only a small number of countries were able to automatically generate the letters from the system; this year all countries (unless there is a legislative reason) will have all their letters automatically created by the system too."

Mark continues: "The amount of time and effort saved is considerable; duplication of work is reduced, as too is the level of error. BT's review process now achieves continuity across the company with no inconsistencies."

The importance of workflow

Workflow is inherent in Cezanne's software, and is an invaluable tool in developing improved business processes. Every task, approval and communication is driven by the system and all workflows are audited centrally to ensure that no one person holds up the pay review process, which could reduce efficiency. Any forms that were completed manually are now completed on line, which decreases the process times and reduces the paper flow around the office. Importantly, functionality in the system also allows for the workflow elements to be turned off. This is required for testing purposes before the process goes live.

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A consultative approach

Cezanne's project team has a wealth of experience in delivering successful high profile projects and their commitment to customers is long term. Cezanne's consultative approach is built around a robust implementation methodology and underpinned by ISO9001 certification.

Mark comments: "It is extremely refreshing to find a software company who provide a consultative approach and has a genuine philosophy of helping the client. After the review process, regular feedback sessions take place between BT and Cezanne to discuss any essential and "wish list" changes to the system that are needed the following year to ensure that the pay review process continues to be a success. For example, the organisation charting tool was introduced on the advice given to us by Cezanne's project team."

Mark explains: "At the end of the pay review in 2006, during our review with Cezanne and all of the reward managers for each of BT's line of business, it became very clear that in order to improve the process we needed help in building our review hierarchies, which was managed using over 150 different spreadsheets."

"It was extremely cumbersome and took a considerable amount of time. An added difficulty is that, as the pay review takes place at year end, there can be a lot of movement around the business – just when we are up against tight deadlines to deliver the pay review. We needed something to build the hierarchy, but we also needed the flexibility to reflect our dynamic organisation structure."

"We worked with Cezanne to look at all the possible options and the Cezanne team came up with a solution that fitted BT's complex structure based on the functionality they have in their organisation charting tool."

"Cezanne's HRCharter software now allows us to automatically build a hierarchy to around 85% accuracy extremely quickly. We then have to do a bit of manipulation on the remaining 15% to ensure that everyone is allocated correctly."

Now the business heads get together for a day and sit down around the PC and build their hierarchy together. The process is very visible, is put together very quickly and is so much slicker, because of the introduction of Cezanne's HRCharter software."

"Building our review hierarchy is now much more automated, is much easier to navigate around the groups, reduces the risk of error and saves senior manager an inordinate amount of time. The data within the hierarchy then links seamlessly into Cezanne's Pay Review software."

All new functionality is documented in a technical specification that is agreed and signed off by BT and Cezanne once both are happy that the changes in the system meet the demands of the review process. Once the new functionality is in development, user acceptance testing (UAT) then takes place to ensure that the changes on the screen deliver what BT need. Any refinements required will happen during the UAT period.

Mark continues: "The documentation that Cezanne provides is an extremely important part of ensuring that the pay review process is a success. Each year we receive a very clear functional specification from Cezanne of all the new changes and this is incorporated into one core document."

From a business perspective Cezanne's Pay Review software has helped to save a substantial amount of time and effort thereby freeing up staff to become involved in more value added and strategic activities. The cost of error is significantly reduced and Cezanne's Pay Review software provides BT with real value for money.



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The perception of Cezanne across BT

Cezanne's Pay Review software is firmly embedded within BT's HR processes and has great visibility amongst the line managers carrying out the review process as well as the BT HR partners. The members of the BT HR board are obviously well aware of Cezanne's Pay Review software and the benefits it provides their business, but this is not necessarily the case at group board level, which is no bad thing as Mark suggests:

"To be honest, until there is negative press there is no press and believe you me that is the way I would like it to remain. At group board level they are involved in business critical decisions and setting strategy for the group. It is not important for them to be close to the pay review process and their involvement would only ever be required if there was a problem. Fortunately we have never had any problems."

Mark continues: "All of BT's HR business partners have a very positive view of Cezanne and their Pay Review software. Since its introduction, the business partners have found the system to be extremely easy to use and intuitive to the extent that it becomes second nature. This is very important as most partners do not have the time to go through a new learning process each time that they use the system, particularly as some HR business partners only use the system once a year. The system's ease of use is key to the pay review process running smoothly."

The customer relationship

Cezanne prides itself on building long standing relationships with its customers and has been working with BT since 2003. Mark comments:

"BT always gets the backing that we need and the Cezanne team have the right project management skills and technical expertise to help deliver successful pay reviews year on year. It is absolutely critical for us as a business to have access to that level of expertise and understanding."

"Communication is key to the delivery of a successful project and Cezanne's team are able to communicate complex technical matters in a way that is readily understood by non-technical people. What BT ask Cezanne to deliver is what we expect them to deliver. BT could not afford to have a situation three months down the line where the delivery was not what we were expecting."

"The biggest compliment that I can pay the Cezanne team is that they are seen as an extension to the BT team."

Mission critical support

Cezanne operates a dedicated service desk, based around the ITIL framework, with experienced support consultants available to answer enquiries – by phone, by email or online.

Each support request is logged on Cezanne's support system, which records information about the company, caller, date, time, query, severity, solution and all other relevant information, allowing Cezanne to proactively track and manage all support incidents.

BT's review process is time critical and Cezanne's support has to be up to the task. As Mark suggests: "If we have questions during the pay review process, it is absolutely vital that we can get an answer within our timeframes. Cezanne always delivers. Indeed, Cezanne is extremely responsive in all areas and we have very good relationship with their team."

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Cezanne provides value for money

The key to the success of any project is that it is delivered on time and within budget and delivers the results that is expected of it. The days of unlimited budgets are long gone and business units are under pressure to achieve value for any money spent.

Mark explains: "Cezanne is very good at fitting in with our budget constraints. For example, each year we have a wish list of what we'd like to change to enhance the process and Cezanne advises us in a way that is extremely consultative. Both BT and Cezanne work as a team to try and deliver as much as we can within our budget. Cezanne offers a flexible approach and unlike a lot of software companies, our experience has been that Cezanne looks to enhance the system in the most cost effective way possible."

"We have often achieved key enhancements to the system at half the price, simply by listening to Cezanne's recommendations. Unfortunately, I have worked with some software companies where there is a tendency for them to try to find the longest and most expensive way of doing something."

"If more companies adopted Cezanne's approach and philosophy they would build strong customer relationships based on trust and mutual respect. This combination of working together to find the most effective solution within our budget constraints was again key when we introduced LTIP to the pay review process."

The system continues to evolve

Cezanne worked with BT to help them support their equal pay review in January 2008 as a secondary part of the review process. Although similar to pay review, there were significant differences around the hierarchies, which Cezanne has incorporated into the system.

BT also has a non-management population in the UK of about 65,000 people and currently their pay reviews are managed via spreadsheets, but as Mark explains: "There is a view within the business, from an HR and reward perspective, that we should use Cezanne's Pay Review software. Indeed, we are so happy with Cezanne's software that we are in the position that anything that is spreadsheet related and that has to go through an authorisation process, we want to build into the Pay Review system. That is our plan going forward, which in itself is recognition of how good Cezanne's system is. Indeed, we have people pro-actively considering what else the system can do all the time."

"We're also moving from using the system once a year to keeping it live throughout the year, so that it is fully integrated with BT's business demands relating to all pay reviews."

Summing up

Mark sums up: "Cezanne's pay review software solution is an extremely comprehensive pay module, which is functionally rich, is adaptable in that it allows us to build additional functionality, is easy to use and is very intuitive."

"The relationship with Cezanne, including both the technical and project backing that we receive is first rate. We have worked with Cezanne since 2003 and have always found them responsive to our needs and ready to act at short notice. Every year we add quite significant functionality to ensure that BT's pay review process is consistently improved and Cezanne always achieve the work on time and within budget. I have never come across a barrier when someone says we cannot do that. Cezanne has a philosophy of mutual partnership with BT, which is why our relationship with them goes from strength to strength."

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