BROADBANDING

OVERVIEW

An emerging approach to pay administration is the use of broadbands for salaried professional, technical and managerial jobs. Broadbanding is a pay structure that features fewer, wider bands than traditional pay structures. Broadbanding has developed in response to the evolution of flatter, less hierarchical corporate structures that emphasize teamwork.

Employers may adopt broadbands for a variety of reasons, such as organizational flexibility, support for a new culture and/or explicit behavioral values, a de-emphasis on traditional structures and hierarchies, an improved ability to compete in tight labor markets, support for delaying initiatives, to place an emphasis on career involvement as opposed to job "steps," and to help employees take a broader view of their responsibilities versus their “jobs.”

Employers that want to implement broadbanding must ensure that their value systems and compensation objectives support this approach. Some questions to ask are:

- What method will best support the strategies and business objectives of the organization?
- Do cultural values encompass a broader view of work?
- How ready is management for a new approach?
- What other human resource or finance programs and plans will need to change as a result of a new approach to base pay?
- Are employees and their careers viewed as corporate assets?

DESIGNING A BROADBAND APPROACH

Introduction

Broadbanding, or the consolidation of a number of salary ranges into a few ranges, is a relatively new concept. Traditional pay structures usually include numerous pay grades that correspond to levels within the organization. The range within each grade represents the potential pay differential for employees within the grade. Typically, an employee must be promoted to move to a higher grade.

Broadbanding uses only a few, large salary ranges spanning levels within the organization previously covered by several pay grades. As a result, jobs that had been separated by one or more pay grades are placed in the same band under a broadbanding system.
Program Goals

Designing a broadband structure will depend on what the employer is attempting to accomplish. If the employer adopts career bands, for example, there may be no use of control points in the bands, and there may be no maximum rate. Employers that use this approach usually have career development programs in place. In contrast, employers that use broadbands to collapse conventional structures may employ a variety of techniques, such as zones for job families, several control points within a band, or a combination. Overall, the type of structure implemented should depend on the purpose of using a broadbanding approach, and requires in-depth discussion, analysis and planning.

Successful broadbanding programs can result in enhanced job mobility, transfers, and replacements, along with fewer management complaints. Some of the concerns expressed regarding broadbanding programs are the fear of reduced control, increased difficulty in matching jobs, the perception that there are fewer promotional opportunities, a potential for inequities and EEO disparities, and insufficient communications leading to a lack of understanding. However, these concerns can be ameliorated through thorough and well-planned program design.

Steps in the design process

In general, the steps involved in designing a broadbanding program include the following:

**Feasibility study** - Companies with successful broadbanding systems conduct a feasibility study using project teams composed of members from line management and the finance and HR staffs. The questions that should be addressed in the feasibility study include the goal of making the change to broadbands, what or who is driving the initiative, whether or not the reason behind making a change is "right," the various approaches that should be considered, and the impact (if any) broadbands will have on incentive plans.

**Program design** - The design phase should answer the question such as how jobs and job families will be repositioned, whether career bands or wide bands will be used, if the bands should have control points or zones, how jobs will be slotted, and whether market data will be considered in slotting jobs.

**Pilot testing** - It is important to develop a comprehensive approach to system implementation. The use of a pilot group gives the employer a chance to test and “debug” its program before impacting on the employee population at large.

**Implementation** - Employers must determine how the broadbanding program will be implemented. Some implementation approaches include introducing the new program only to pilot jobs, to nonexempt or exempt employees, by department or division, or to all members of the workforce at one time.
Communications - The development and execution of an effective communications campaign is key to the success of a newly implemented broadbanding program. Employees should begin receiving information before the program is implemented, so that they know what is happening and how it will impact on them. Upon plan rollout, a full communications and education campaign should be undertaken, and post-implementation communications should be provided to help ensure employee and management understanding of the program and ameliorate some of the anxieties which normally occur during this type of change. In general, employers should develop small group training and education sessions that give the staff the opportunity to ask questions and gain a more complete understanding of the new program.

Broadbanding Administration

Many employers implement broadbanding systems to increasing compensation flexibility. Therefore, serious thought must be given to what methods will be utilized to administer the new program. For example, will market reference points be used to position workers within various grades, or will jobs be clustered by skills. Also, how will promotions be defined in a system with fewer bands, or "promotions in grade."

Some aspects of broadbanding administration include:

♦ Job analysis will shift to an emphasis on task analysis under a broadbanding approach, which requires careful delineation of jobs within a band;

♦ Job descriptions may change to emphasize job families and levels within a job instead of individual position descriptions

♦ Job evaluation systems often use market pricing, ranking, and slotting, instead of the traditional, more rigid reliance on points and cutoffs.

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