

Category: Retirement

Organisation: BT

Date: October 2007

EFA overview

Removing fixed retirement age in 2006 was the end of a journey for BT which took over six years. As a founder member of the EFA, BT had long believed age diversity was essential for long term business success. Irrespective of the legal requirements introduced by the Age Regulations, giving employees flexibility to choose when to retire was for BT a policy founded on pragmatic business sense. Careful in-depth consultation was essential to derive and embed a sound business case for retaining the skills of older workers and the wider benefits of age diverse teams. Survey evidence was used to dispel fears and negative preconceptions. By 2007 the number of employees over 60 had increased to well over a thousand, up from a couple of dozen merely two years before.

The initiative

Develop and implement a policy of no normal retirement age (NRA).

Aims and purpose

- To create age diverse teams in an environment unlimited by age stereotypes
- To remove BT's fixed approach to retirement age
- To retain experience, skills and strengthen customer/employee relations
- To meet the needs of both the workforce and a diverse customer base
- To achieve good brand awareness
- To preserve an approach to age legislation exceeding mere compliance

Business drivers

- Obtaining real competitive advantage by the complete removal of a NRA
- Maintaining a best practice approach to HR process and employee costs
- Achieving a simple and straightforward process that was easy to understand and cost effective

The approach taken

The policy change was owned and managed by the People & Policy (P & P) team in corporate HR. The retirement policy was initially relaxed as early as 2001 when the first flexible retirement programme was launched following increasing numbers of requests from employees to continue working past age 60. At this time BT, like the rest of the telecommunications industry, was dealing with specific resourcing and cost issues stemming from the burst of the dot-com bubble. This meant that the time was not right to introduce a completely open policy to retirement. However the initial flexible approach

allowed management and staff the space to create a case for the retention of those who wanted to stay on.

Building on this, the concept of managing without an NRA was communicated to key stakeholders in discussion documents compiled by the People & Policy team. The policy was actively supported and endorsed by the new Chief Executive and Chairman. The P & P team was tasked with presenting papers to the Operating Committee (attended by the group CEO and the CEOs of the BT businesses), having evaluated all the benefits, opportunities and costs associated with the change. Numerous presentations and individual meetings were needed for the business case to be agreed. Government consultation on the scope and form of age legislation was still in progress, with many key issues as yet undecided; as a result there was a nervousness about making pre-emptive changes that might have to be reversed once the government's position became known. There was however a strong desire to enable further working past age 60 and reap the benefits of retaining vital skills and experience. By July 2005 there was acceptance that the focus of the existing policy should shift: managers were now required to make a case for non-retention and continued working became the new norm. This interim policy continued until the final change – the removal of the NRA – was implemented in October 2006 to coincide with the introduction of the Age Regulations.

The People & Policy team owned and managed the policy and procedure changes, gaining agreement with the Unions, working with Accenture, the provider of BT's outsourced HR process, and communicating the changes across the company. The process change was subjected to full internal audit review.

Barriers

Some members of the HR team and a few in the senior management team were initially pessimistic: their attitude was driven by negative perceptions founded on outdated stereotypes of older workers, a reluctance to change a retirement policy they had fought hard to introduce, and facing issues centred on the impact of change on their personal retirement plans.

These fears were overcome by conducting a survey amongst employees aged 50+, to get their views on when and how they would like to retire from BT. Whilst 43% of respondents said that they would like to stay on after 60, 98% of this group stated that they planned to retire before age 65. This helped to neutralise fears that people would stay on indefinitely.

Impact

The numbers of people staying on past 60 increased to 1384 by July 2007 and this group is now over 1% of the workforce. At the time the interim changes were made in 2005 the number was no more than 25, and significant progress has been made in meeting the needs of both employees and customers.

As an example, a helpdesk has been resourced with older employees specifically to provide support to older customers with broadband packages. This followed feedback that older customers were adopting the technology but often finding it difficult to 'plug in' as they had little experience of technology.

They were also being put off having to call a helpdesk and speak to what was being perceived as less empathetic younger adviser.

The policy change also had a favourable effect on attitudes across the business by demonstrating the contribution of people of all ages and the collective power of mixed aged teams.

Monitoring

BT regularly monitors statistics via its HR database system to see the numbers staying on over 60 and the impact on its age profile. This system is also used by Resourcing to identify future people and skills needs.

BT's intranet news pages regularly feature articles, asking for people to tell their stories and feed back views on policies and practices.

The annual employee engagement (CARE survey) also provides a barometer of what employees think of working for BT – as for other demographic dimensions, the results are analysed by age as a matter of routine to detect age specific differences.

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