

Deloitte.

Job architecture

Laying the building blocks
of effective Human Capital
Management



Cornerstone first

When organizations examine core Human Capital practices, they tend to start with programs that address economic issues and the alignment of employee actions to business strategy. This analysis can lead to the redesign of total rewards programs. Starting here, however, is like starting in the middle. What deserves attention first is the underlying issue, which is generally tied to job architecture.

Job architecture (sometimes called job structure, job catalogue, or leveling) refers to the infrastructure or hierarchy of jobs within an organization. Job architecture encompasses job levels, job titling conventions, grades, career paths, spans of control, the criteria for career movement, and equitable compensation programs based on job value. Job architecture not only serves as the foundation of effective pay program design but also provides the infrastructure for the human capital and financial practices that drive the business, including total rewards, workforce planning, career paths, learning and development, and succession planning.

Effective job architecture should provide:

- A sound, easy-to-use system for determining the value of jobs based on talent drivers, business needs, and market practices.
- A consistent methodology and decision support for assigning job levels and titles that are based on enterprise-wide criteria, which eliminates guesswork and promotes trust and confidence in the organization's job assignments and rewards practices.
- Workforce planning and career paths that are logical, transparent, fiscally responsible, and support employees and strategic business needs.

Without a systematic analysis of job architecture, organizations run the risk of building their people-based financial systems, such as compensation structures and variable pay programs, on a faulty foundation.

Case in point: Standardizing for the future

What?

An integrated health care organization with approximately 25,000 employees in more than two dozen US locations initiated a job architecture project as part of a broader HR transformation. The purpose was to support the organization's strategy, improve employee engagement, and reduce costs by developing a framework to describe job titles, progression levels, and pay rates in a standardized manner.

Why?

In order for the organization to operate as a true "system," instead of many distinct facilities, it needed consistent language, titling methodologies, and compensation practices to enable parity and mobility among employees. Instead, a high degree of variation in roles and inconsistent use of job titles and codes created challenges in defining similar roles and responsibilities and standardized processes and procedures. Tellingly, 80 percent of the organization's HR and Finance job titles had only one assigned employee.

How?

To correct these issues, the project team:

- Analyzed the current job architecture to evaluate where consolidation, consistencies, and efficiencies could be achieved.
- Validated the existing compensation philosophy and used compensation benchmark data to design market-competitive salary structures.
- Developed an implementation approach and conducted organizational readiness activities.

Outcome

The project revealed the need for tools (e.g., a job leveling guide and job title glossary) and continued guidance to implement job standardization beyond the HR and Finance functions and across the organization. Further, by updating and streamlining its job architecture, the organization uncovered significant cost-savings opportunities by adjusting pay structures to reflect job values.

Cracks in the foundation?

Job architecture is not a new tool, but rather the evolved, 21st-century progression of job classification. Rather than simply analyzing and classifying jobs, job architecture places further importance on a consistent approach to identifying job levels, career paths, mobility criteria, and pay values. When an organization's job architecture is outdated or misaligned, workforce management becomes more about reacting than planning, and people practices can no longer leverage individuals' skills and abilities or meet changing business needs.

Other typical triggers for a job architecture project:

1. **Human Resources (HR) technology is being implemented or updated.** The effectiveness of a technology implementation depends on the integrity of the data that will be integrated into the system related to employees, jobs, levels, and hierarchies. Poor data, such as multiple titles for the same work and job titling structures that do not support consistent leveling or valuing of jobs, lead to inaccurate and less than useful HR reporting. Additionally, outdated or unclear job progression impacts the effectiveness of talent programs, such as recruiting, learning and development, and performance management.
2. **Substantial changes are being made to the organizational structure to support business needs.** Job architecture helps the organization determine the most effective organizational design needed to support the business, such as the optimal number of organizational levels and their spans of control. Growth, consolidation, M&A activity, and the natural maturation of the business over time can all signal the need to re-examine job architecture.
3. **The organization's compensation programs are being redesigned.** These projects often expose a need to redesign not only the pay structure but also the foundation of that structure, which is the job hierarchy.

Getting started: How far, how fast?

Organizations are often prevented from addressing job architecture due to a lack of resources, compressed time frames, and the often overwhelming size and complexity of such projects, which can vary in scope and duration. Organizations can choose to work within their current job structure, optimize that structure, or completely transform it. Project scope is influenced by a number of factors, including degree of desired change, resources, budget, timing needs, and the current state of human capital programs associated with job architecture.

In general, a job architecture project can typically take four months to a year to complete, depending on the scope of change required and the appetite for change. The culture of the organization will also set project pace, regardless of project scope, by defining the level of consultation required with key stakeholders. In some cases, it may be appropriate to work with a small group of key stakeholders; other projects may require extensive consultations to achieve stakeholder buy-in.

Supporting a job architecture review: Organization resources required

In Deloitte's experience, job architecture projects require participation and support from multiple levels and functions across an organization, including senior executives, HR, and job subject matter experts. A knowledgeable working group helps ensure that the wide-ranging implications of job architecture are fully considered and aids in the subsequent adoption of program changes. The following diagram outlines the key roles.



Key roles in a job architecture project

Executive Team			
Human Resources		Job Subject Matter Experts	Other Business Leaders
Compensation & Benefits <ul style="list-style-type: none"> Typically the project owner Provides organizational data to review job architecture Provides input to an appropriate framework (job function, job family, titling taxonomy) Assesses how updated job architecture impacts current pay program Reviews/Updates job descriptions 	HRIS <ul style="list-style-type: none"> Assesses impacts of the new job architecture framework on HRIS May be required to redesign HRIS to accommodate the updated framework Assesses how these changes may impact the approach for collecting and reporting HR data 	<ul style="list-style-type: none"> Provide feedback on job titling structure, leveling criteria, job progressions, and alignment with business needs Provide input on mapping employees to the updated job architecture 	Finance <ul style="list-style-type: none"> Determines affordability of potential changes in compensation programs
Talent & Recruiting <ul style="list-style-type: none"> Provides input to an appropriate framework and links to career paths Provides input to HRIS about potential impacts on the recruiting system 	Employee Relations <ul style="list-style-type: none"> Where union jobs exist, determines if union representatives will need to be consulted before the updated job architecture is implemented 		Internal Communications <ul style="list-style-type: none"> Develops strategy and approach for communicating changes
			Legal <ul style="list-style-type: none"> In the United States, may advise on FLSA reclassification issues Outside of the US, may advise on impacts to employment contracts and need for consultation and/or notifications

Executive team support and commitment help confirm the project can be properly performed with “no exceptions to the rule.”

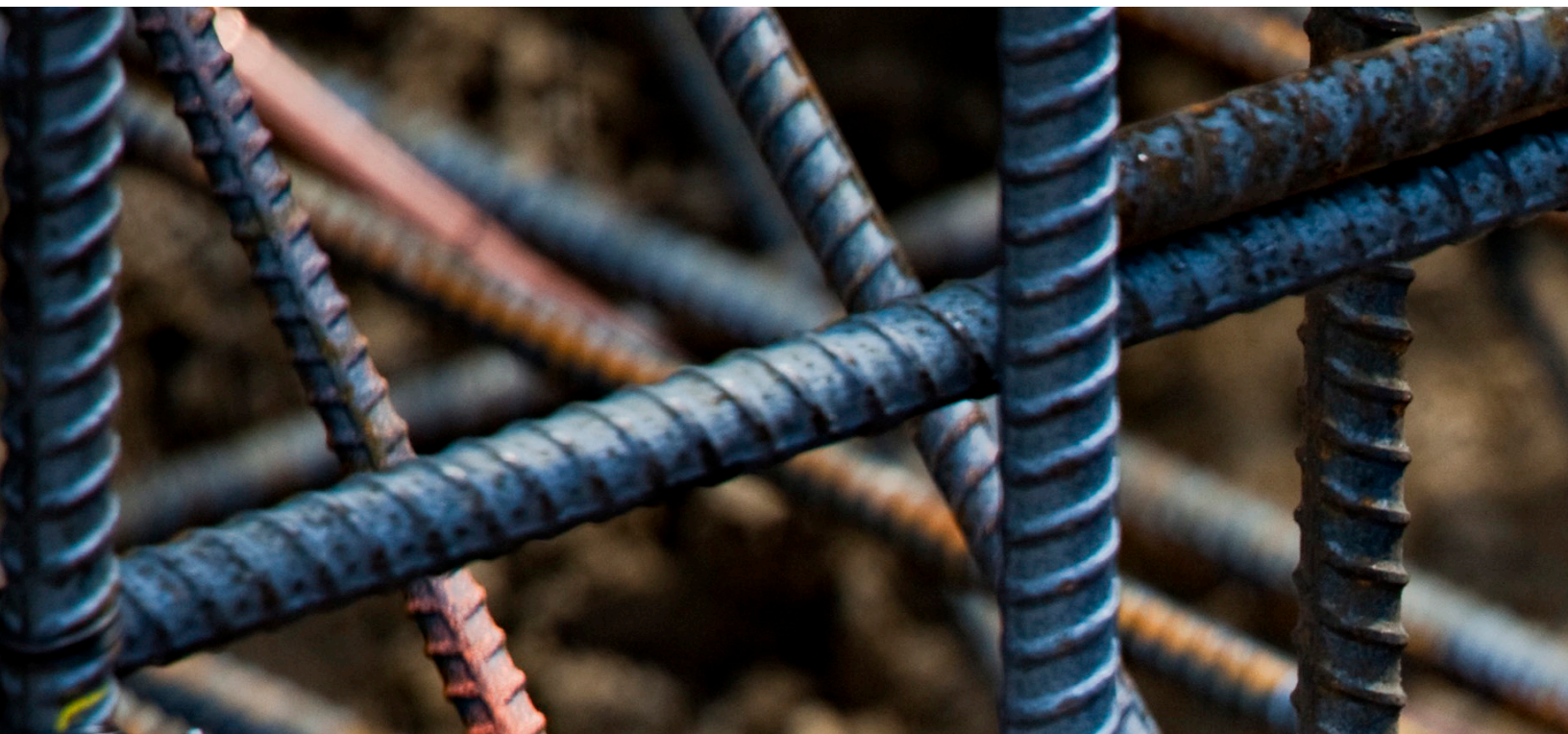
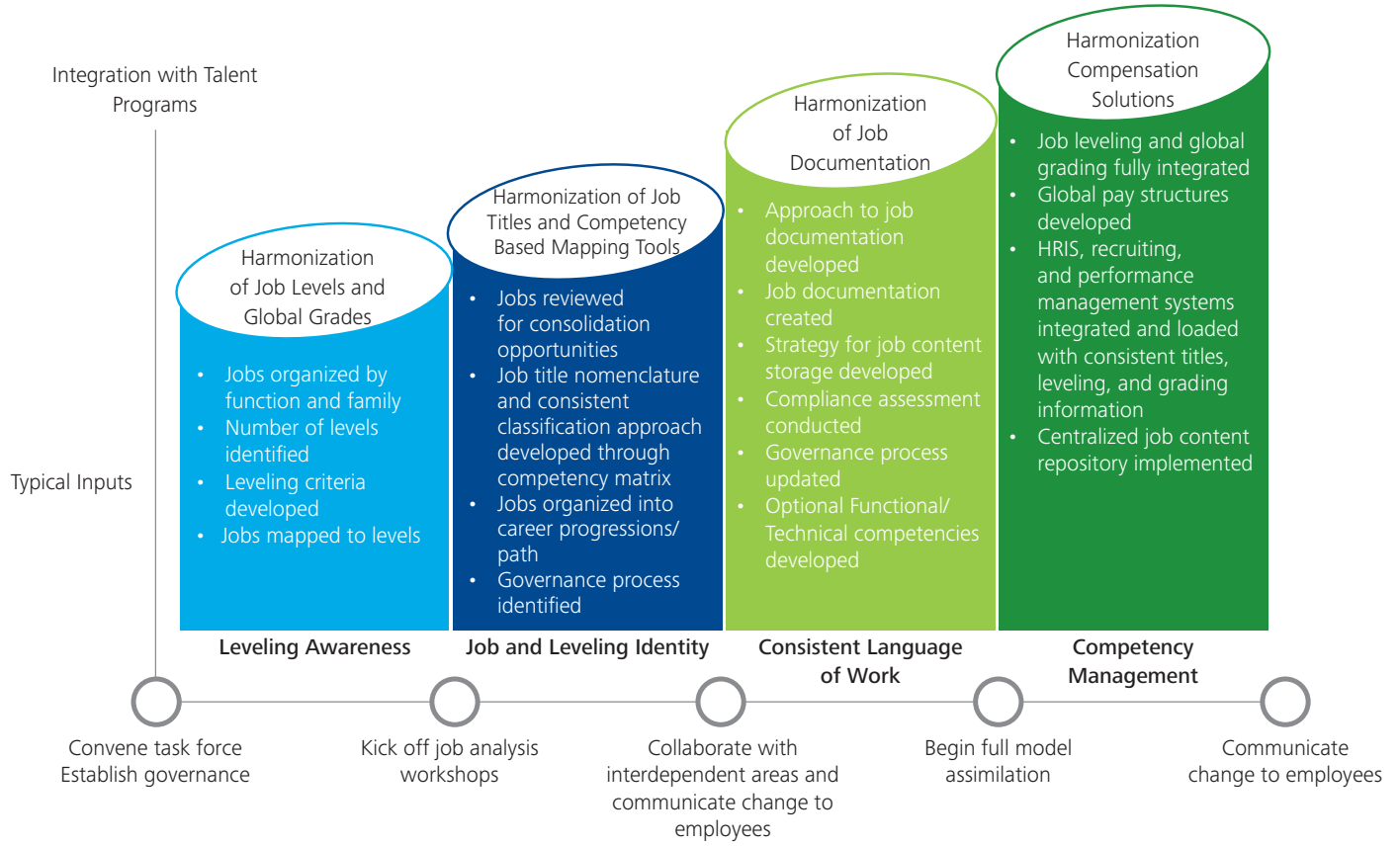
A knowledgeable working group consisting of HR, job subject matter experts, and other business leaders helps confirm relevant issues are fully considered.

A clear governance framework will help define the scope of the project and key responsibilities at each stage of the project.



Getting it done: A phased approach

Deloitte's Job Architecture Maturity model helps organizations prioritize and phase projects by working along a continuum that drives increasing levels of organizational maturity at each step. Not every job architecture project will require all the options shown.



Case in point: Accommodating growth

What?

A technology company with approximately 6,000 employees in 29 countries was projected to double in size in the next 3 to 5 years through acquisition and organic growth. To prepare for the implementation of a new technology platform, the company wanted to develop a global job architecture and compensation structure.

Why?

With no consistent approach to job architecture and no framework for managing acquisitions, job titles and compensation processes were “bolted on” as acquisitions occurred, causing internal equity concerns, a proliferation of job titles (approximately 1,000), and a mixed approach to compensation. Furthermore, HR was using a single compensation survey source as the basis for job coding, titling, and structure design; when the survey methodology changed, it became clear that this was not a sustainable method for managing jobs. Finally, lack of clearly defined career paths was limiting employees’ desire to take international assignments.

How?

To correct these issues, Deloitte worked with the company’s HR team to organize jobs into job functions and families, identify job consolidation opportunities, develop career paths, and create a job hierarchy. The team:

- Created a full job architecture framework, including leveling guides, titling approach, and governance guidelines.
- Developed market-based global pay structures and slotted jobs into the structures based on job-leveling criteria, market value, and internal equity.
- Analyzed jobs for FLSA compliance.

Outcome

Having clearly defined career paths and a consistent approach to classifying jobs facilitates employee mobility and a more equitable, consistent approach to managing base pay. The company also uncovered and addressed inequities in pay administration and incentive plan design. Newly enacted compliance processes also reduce the risk of US-based compliance issues.

Organizations can choose the phases of the maturity model most important for their situation by taking stock of what currently supports or impedes business goals. This will help determine the components of job architecture that should be reviewed, including:

- **Job Levels.** A critical input to job architecture is identifying the optimal number of job levels that support business and career progression. These criteria should be customized to the organization’s business needs, culture, and structure, with an eye to the future.
- **Job Titles.** Designing market-based job titles is a big step in developing a standard language of work. A “less is more” approach resonates well with many organizations that seek to streamline job title nomenclature so titles for administrative to executive positions become clear indicators of a job’s level, role, and responsibility.
- **Job Documentation.** The market is trending to broad job documentation versus detailed job descriptions. Job documentation should support talent initiatives for compensation benchmarking, recruiting, and talent management, and set expectations around broad job responsibilities, accountability expectations, and entry requirements for education and experience.
- **Compensation Solutions.** Once the job “structure” is defined, pay programs can be designed to reflect the external and internal value of the organization’s jobs. Discrepancies among an organization’s pay practices, job design, and market values for those jobs often surface in job architecture projects, creating an opportunity to recalibrate pay practices to better reflect market practices, the organization’s ability to pay, and its total rewards philosophy. The outcome is often the redesign of pay grades and assigning jobs to these grades to reflect the organization’s updated job structure and career progressions. This helps to ensure that pay is administered based on a job’s level and responsibility, and that pay grade assignment reflects job value.

Linking to organization design and rewards

A job architecture framework provides a common language for organizational levels, spans of control, and career paths. This information is often outlined in a job-leveling guide that specifies job complexity, scope of impact and responsibility, and other criteria used to define the level of a job. An organization may use separate leveling guides for different job categories, such as support, professional, and management jobs. For example, a management leveling guide will define the scope of supervision required for a “manager” versus a “director.” Similarly, the guide will define the progression of these jobs, for example, supervisor to manager to senior manager to director.

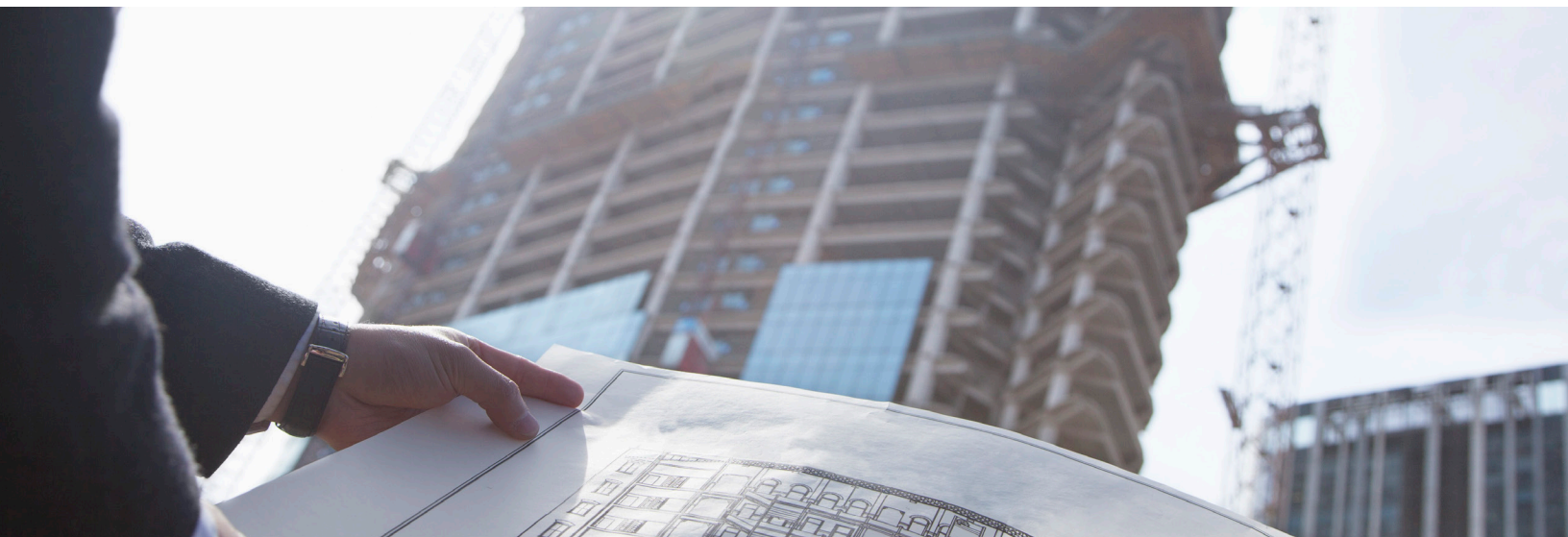
An organization’s compensation programs are often reviewed when job architecture is redesigned. At a minimum, most organizations will review base salaries. Some organizations will also revisit the fundamental aspects of their compensation philosophy and structure, such as examining the links between compensation and business strategy or determining the employee populations a grade structure should cover.

Learning from experience

We find that a factor often limiting job architecture projects is a reluctance to disturb the status quo. Because of the high value employees place on job titles and compensation, decision makers can be reluctant to “rock the boat” and have difficulty envisioning and championing the long-term advantages of a job architecture project to the organization’s financial health and employee engagement. Therefore, early executive support is especially critical to a project’s effectiveness. Results are often limited when the project is labeled an “HR” project and led solely by the HR team.

A few other lessons we’ve learned:

- **Involve line leaders in developing the solution.** In our experience, a project that does not get input from line leaders has a greater potential to fail. Instead, involve line leaders in reviewing draft deliverables developed by the project team and incorporate their input, as appropriate, into the final product. Giving line leaders the opportunity to provide input into the solution will likely also improve acceptance throughout the organization.
- **Keep global considerations front of mind.** In developing and rolling out a new job architecture, organizations should be cognizant of cultural differences in their employees’ understanding of job titles and leveling criteria, as well as considering local and regional requirements. For example, job leveling in Germany would be subject to works council consultation. Considerations also need to be made for employees governed by industry-wide collective bargaining agreements. The organization will need to determine if these jobs can be included in an enterprise-wide job architecture, or if they need to be excluded.
- **Recognize the talent and technology implications of the project.** Many organizations focus primarily on the technology aspect of the project (what is needed for the HRIS to “go live,” what is needed for more efficient reporting, etc.) and often overlook the tremendous impact a job architecture project has on talent programs like career ladders/paths, salary ranges and grades, and job titles. Paying attention to the talent impacts, carefully planning employee change management communication, and monitoring the impact of change are critical project elements.
- **Allow sufficient time.** The job architecture project can often be eclipsed by the larger scope of an overall HRIS effort. Setting realistic time frames for the job architecture project and using an appropriately sized team are essential to meeting project deadlines.



Conclusion: A job worth doing right

Job architecture has traditionally been viewed as the baseline for a robust compensation redesign project. It has evolved over the past couple of years to become a strategic component of effective HR technology implementations. Job architecture is also essential to accomplishing critical organizational redesign initiatives where job structure, workforce leverage, and spans of control have become outdated and no longer support organization goals.

Effective job architecture reflects future talent needs, motivates behaviors that support the organization's business strategies, and communicates a consistent language of work for employees. Some of the most visible outcomes of well-established job architecture are improved workforce planning, and compensating jobs in a consistent manner that reflects internal equity and competitive market practices. All of these help enhance an organization's investment in talent, and in turn, employees' understanding of their roles and opportunities for growth and advancement.

Contacts

Greg Stoskopf

Director
Deloitte Consulting LLP
United States
gstoskopf@deloitte.com
+1 212 618 4627

Sheila Sever

Senior Manager
Deloitte Consulting LLP
United States
ssever@deloitte.com
+1 713 982 2627

Lynda Phenix

Specialist Master
Deloitte Consulting LLP
United States
lphenix@deloitte.com
+1 213 996 4322

Tara Tays

Senior Manager
Deloitte Consulting LLP
United States
ttays@deloitte.com
+1 213 688 5244

Peter Devlin

Partner
Deloitte Germany
Germany
pdevlin@deloitte.de
+4989290367948

Andrew Mewis

Partner
DTRAB Ltd
United Kingdom
amewis@deloitte.co.uk
+44 121 695 5071

Jorge Ponga

Partner
Deloitte Consulting Mexico
Mexico
jponga@deloittemx.com
+52.55.50806418

Philippe Burger

Partner
Deloitte Conseil
France
phburger@deloitte.fr
+33 1 40 88 24 60

Deloitte Consulting LLP contributors

Steve Chanthadavong, Rachel Ferber, and Christine Robovsky

Global Human Capital Leadership

Global

Global Human Capital Leader

Brett Walsh

Deloitte Touche Tohmatsu Limited
bcwalsh@deloitte.co.uk

Global Actuarial, Rewards & Analytics Leader

David Foley

Deloitte Consulting LLP
dfoley@deloitte.com

Global Organization Transformation & Talent Leader

Dimple Agarwal

Deloitte MCS Limited
dagarwal@deloitte.co.uk

Global Human Capital Leader, Marketing, Eminence, and Brand

Jeff Schwartz

Deloitte Consulting LLP
jeffschwartz@deloitte.com

Global HR Transformation Leader

Michael Stephan

Deloitte Consulting LLP
mstephan@deloitte.com

Americas

Americas & Chile

Jaime Valenzuela

Deloitte Audit y Consult.
jvalenzuela@deloitte.com

United States

Jason Geller

Deloitte Consulting LLP
jgeller@deloitte.com

Canada

Heather Stockton

Deloitte Canada
hstockton@deloitte.ca

Mexico

Tomas Fernandez

Deloitte Consulting Mexico
tofernandez@deloittemx.com

Uruguay, LATCO

Veronica Melian

Deloitte SC
vmelian@deloitte.com

Argentina

Leonardo Pena

Deloitte & Co. S.A.
lepena@deloitte.com

Brazil

Henri Vahdat

Deloitte Consultores
hvahdat@deloitte.com

Colombia

Beatriz Dager

Deloitte Ases. y Consulto
bhdager@deloitte.com

Costa Rica

Arturo Velasco

Deloitte & Touche S.A.
arvelasco@deloitte.com

Dutch Caribbean

Maghalie van der Bunt

Deloitte Dutch Caribbean
mvanderbunt@deloitte.com

Panama

Jessika Malek

Deloitte Consultores
jmalek@deloitte.com

Peru

Alejandra D'Agostino

Deloitte & Touche SRL
aldagostino@deloitte.com

Venezuela

Maira Freites

Lara Marambio & Asociados
mfreites@deloitte.com

Asia Pacific

Asia Pacific & China

Jungle Wong

Deloitte Consulting (Shanghai) Co. Ltd,
Beijing Branch
junglewong@deloitte.com.cn

Australia

David Brown

Deloitte Touche Tohmatsu
davidbrown@deloitte.com.au

India

Sanjay Behl

Deloitte India
sbehl@deloitte.com

Japan

Akio Tsuchida

Deloitte Tohmatsu Consulting Co., Ltd
akitsuchida@tohatsu.co.jp

Korea

Kihoon (Alex) Jo

Deloitte Consulting
kijo@deloitte.com

New Zealand

Hamish Wilson

Deloitte
hawilson@deloitte.co.nz

Southeast Asia

Nicky Wakefield

Deloitte Consulting Pte Ltd
nwakefield@deloitte.com

Europe, Middle East, and Africa

EMEA & the Netherlands

Ardie van Berkel

Deloitte Consulting BV
avanberkel@deloitte.nl

Africa

Werner Nieuwoudt

Deloitte Consulting Pty
wnieuwoudt@deloitte.co.za

Austria

Christian Havranek

Deloitte Austria
chavranek@deloitte.at

Belgium

Yves Van Durme

Deloitte Consulting
yvandurme@deloitte.com

Central Europe

Evzen Kordenko

Deloitte Advisory s.r.o.
ekordenko@deloittece.com

CIS

Christopher Armitage

CJSC Deloitte & Touche CIS
carmitage@deloitte.ru

Cyprus

George Pantelides

Deloitte Ltd
gpantelides@deloitte.com

Denmark

Anja Ellegaard Dahl

Deloitte Denmark
adah@deloitte.dk

Finland**Kirsi Kemi**

Deloitte Oy
kirsi.kemi@deloitte.fi

France**Guy Aguera**

Deloitte Conseil
gaguera@deloitte.fr

Philippe Burger

Deloitte Conseil
phburger@deloitte.fr

Germany**Udo Bohdal-Spiegelhoff**

Deloitte Germany
ubohdal@deloitte.de

Ireland**Cormac Hughes**

Deloitte & Touche
cohughes@deloitte.ie

Israel**Aaron Gutnick**

Deloitte Israel
agutnick@deloitte.co.il

Italy**Lorenzo Manganini**

Deloitte Consulting SRL
lmanganini@deloitte.it

Kenya**Kimani Njoroge**

Deloitte Consulting Ltd
knjoroge@deloitte.co.ke

Luxembourg**Basil Sommerfeld**

Deloitte Tax & Consulting
bsommerfeld@deloitte.lu

Middle East**Ghassan Turqieh**

Deloitte & Touche (M.E.)
gturqieh@deloitte.com

Nordics**Eva Tuominen**

Deloitte Oy
eva.tuominen@deloitte.fi

Norway**Eva Gjovikli**

Deloitte AS
egjovikli@deloitte.no

Poland**Magdalena Jonczak**

Deloitte Business Consulting S.A.
mjonczak@deloittece.com

Portugal**Joao Vaz**

Deloitte Consultores, S.A.
jvaz@deloitte.pt

Spain**Enrique de la Villa**

Deloitte Advisory, S.L.
edelavilla@deloitte.es

Switzerland**Sarah Kane**

Deloitte Consulting Switzerland
sakane@deloitte.ch

Turkey**Tolga Yaveroglu**

Deloitte Turkey
tyaveroglu@deloitte.com

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

As used in this document, "Deloitte" means Deloitte Consulting LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.