

We at Bergeron Associates wish you a healthy and happy holiday season!

Last month we shared some tips on compensation philosophy. We identified the advantages of implementing compensation packages which contribute to employee retention. This month our focus is on benefits. Benefits are an additional form of compensation and can play a huge role in the relationship between an employee and employer. While there is a tremendous amount of information on how to manage benefit cost hikes it is imperative that employers choose to create value for employees while balancing those costs. Obviously, this is not an easy task due to the continued escalation of benefits costs over the past decade. Employers must make difficult decisions in order to provide benefits that apply to their employee population. Too often benefits budgets are wasted on benefits that employees neither want nor need. In those situations, there is no value and no contribution made to employee retention. When designing benefits offerings you must constantly ask yourself "Do our benefits help our employees effectively deal with the challenges of work / life balance"? The answers to this question will vary greatly from one organization to another. We have a few ideas on how to get started on putting value back into employee benefit offerings.

Co-author of this month's newsletter is Jane Tessier. Jane has over twenty three years experience in strategic and operational human resource management across industries.

Note to AOL 9.0 users: Please add Carol_Bergeron@mail.vresp.com to your address book so you are sure to see all the great features of our newsletter.

PUTTING VALUE BACK INTO EMPLOYEE BENEFITS

By Carol Bergeron and Jane Tessier

Benefit costs are escalating. As an employer, you must make the most of your benefit investments. Employees should value the benefits you provide. It takes time and effort to keep a pulse on evolving employee benefit preferences, products available in the marketplace including their affordability and how your offerings compare to other employers courting the same talent. While there is no right answer when it comes to benefits design, we offer leaders a thought provoking approach to customizing a design that fits your organization.



To put your benefits philosophy into practice we suggest the following approach:

- Articulate your benefits philosophy
- Gather relevant information
- Outline your desired benefits portfolio and approach to implementation
- Select and implement benefit changes
- Communicate, communicate, and communicate

What is your organization's philosophy on benefits?

1. As an employer, what are your overall objectives in providing benefits to employees?
2. How competitive should your benefits package be?
3. What are your core level benefits? What other types of benefits will you provide?
4. Who should receive benefits?

5. How much flexibility will employees have in choosing their benefits?
6. How will benefits be funded?
7. What benefits will be outsourced?
8. Write down your benefits philosophy, review it and let it govern your actions.

Gather relevant information

1. What does **external research** tell you about upcoming trends? Learn about benefits that are available and gaining popularity in the marketplace. Be sure to check the "Resources" section of this newsletter for a starting point.
2. What are the **demographics** of your employee population? What cultural values exist? Is there anything unique about the population that could influence what benefits are valued? Recognize employees are people first and employees second. Their roles and responsibilities outside of work may have tremendous impact on the benefits they value.
3. What do **employees want**? Some companies conduct employee benefit surveys to answer this question. Composing surveys that are not intrusive to employee lifestyle and thoughtful so as not to raise employee expectations unnecessarily is an art, so use surveys with caution. An alternative approach is to ask employees to rank order, based on importance, a list of employee benefits. Do not forget to add a comments section as a way to gather unique thinking on benefits. Simply talking with managers and human resources to learn insights they have gained through daily employee conversations or conducting informal interviews and focus groups can also be informative.
4. What are your **current benefit offerings** and their **costs**? In addition to reviewing each benefit, its' design and costs at annual renewal time, we suggest that you look at your complete benefits portfolio. Deficiencies, redundancies or opportunities for enrichment are easier to spot as are opportunities for streamlining and saving.
5. Are your **support mechanisms and infrastructure** sufficient for adding or changing benefits? For instance, does your payroll and human resources information system have the required capabilities? Do you have resources to ensure your benefits are compliant with federal and state laws?

Outline your desired benefits portfolio and approach to implementation

1. Given the results of your philosophy development and data gathering, **create a list of benefits** available in the marketplace that make the most sense for your organization and prioritize them.
2. **What benefits will be added**, if any? Are there current benefits that should be enriched, reduced or eliminated since others would be valued more? If so, does it make sense to discontinue one while simultaneously adding another? From an employee relations standpoint, recognize that adding benefits is easier than eliminating them.
3. **Do you need help** in managing the bidding, selection and implementation process? Select third party brokers or specialists and benefit from their knowledge and networks. They assist in getting cost projections and negotiating rates. Determine what you can afford and when.
4. Determine how you will handle the **legal compliance issues** associated with the benefits changes.

5. Put together a **realistic time table** for rolling out the benefit changes. Often phasing in changes over time is most effective for employees and those managing the changes.

Select and implement benefit changes

1. What is your **objective for each benefit**? Who is eligible? What is the level of coverage desired? Clarifying these points will make it possible to request comparable quotes from multiple providers which will then allow you to assess and select an appropriate carrier.
2. Analyze the quotes and **determine the best value** for your organization. The lowest cost is not always the best value so be sure to carefully evaluate the service provided as well as the actual benefit coverage among providers.
3. Define the implementation plan and **roles and responsibilities**. How are the responsibilities dispersed among you, the broker, the provider and the employees? What timeframes will be involved with the roll-out of the new plan?
4. What **communication venues** and materials are needed for implementation?

Communicate, communicate, and communicate

1. How will the value of benefits be communicated to employees on an on-going basis?
2. How do you communicate with new hires?
3. How do you communicate with terminated employees who have a narrow window of opportunity to make benefit decisions?
4. How do you notify employee dependents of benefits?
5. What communication venues will you use to keep a pulse on what employees value?

The world of benefits is dynamic so plan on reviewing your benefits portfolio on an annual basis or more often if you feel something needs reevaluation and adjustment. It will keep you in touch with evolving employee desires and demographics which will position you to provide benefits that are truly valued by employees. No organization can afford to provide benefits that are not valued by employees. At annual renewal for each benefit, start early enough to explore new products offered by multiple benefit providers.

Similar to establishing a compensation strategy, putting your benefits philosophy into practice requires thought, conversation and deliberate action. Factoring employee desires and demographics into benefit selections and routine communication are critical success factors to providing benefits valued by employees.

DEMAND CONTINUES FOR WORK / LIFE BALANCE BENEFITS

By Jane Tessier and Carol Bergeron

Remember employees are people first and employees second. Employees are people who have many roles outside of work. These roles may include: sole or dual income provider, spouse, parent, care taker for an elderly relative, volunteer, etc. The various responsibilities that go along with each role an individual has can collide with



one another. Employees are frequently challenged on how to maintain work / life balance.

By providing work / life balance benefits you will assist your employees in becoming more efficient in all aspects of their lives and that is of great value to you as an employer. People like to help people through challenging times. Working through work / life balance issues is no exception because we all have challenges. Reducing employee time away from work or decreasing stress means your employee is more focused and productive on the job.

Here are some ideas on work / family benefits that continue to gain in popularity and are relatively low cost. Do any of them make sense for your organization?

Employees pressed for time may appreciate services like:

- postal services
- food services / cafeteria
- already prepared take-home meals
- dry cleaning services
- travel planning services
- concierge services
- employer sponsored shopping discounts
- charitable contributions program
- release time for volunteering
- health screenings / fair
- access to conveniently located gym or on-site walking programs
- massage therapy services at work
- self-defense training
- credit union
- financial planning
- time bank of vacation leave (donate vacation leave to other employees)
- vacation purchase

Employees with family commitments may appreciate:

- flextime
- job sharing
- telecommuting
- compressed workweek
- elder care referral service
- child care referral service
- dependent care flexible spending account
- bring child or pet to work in an emergency
- lactation program in a designated area
- 529 Plan – saving for education
- college / school selection & referral
- educational loans for members of employees' families

Make wise investment selections by: providing a basic benefits plan and designating funds to support the needs and demographics of your employees as a proactive approach to promoting employee retention.

RESOURCES

Society for Human Resource Management Research. **2003 Benefits Survey**. Alexandria, VA. SHRM, 2003.
<http://www.shrm.org>

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INVITATION FOR FEEDBACK

I invite you to share your ideas on how you effectively put value back into employee benefits. With your permission I will include your ideas in our next newsletter so all readers can benefit. Be sure to let me know if I may disclose your name, company name or industry. Phone me at 781-376-4071 or send email to: carol@bergeronassociates.com

ABOUT BERGERON ASSOCIATES

Bergeron Associates provides talent strategies and solutions to prepare your workforce to effectively execute business strategy. We develop and implement talent solutions designed to attract, develop, reward and retain the talent you need.

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