

## Making your benefits work harder

Employee benefits are typically one of a company's largest employment costs. However, often there is little or no measurement of the return-on-investment companies receive from this spend.

In times of economic turmoil, all company costs come under increasing scrutiny as companies look for areas where savings can be easily made. It is therefore more important than ever that you seek to not only accurately measure, demonstrate and evaluate the effectiveness of your reward spend, but also have a strategy of how you can make your benefits work harder, to improve your return-on-investment.

### Eight point plan to drive more value

Below is an eight point plan to help get you started.

- 1) Measure your spend** - Our research (Employee Rewards Watch 2009) shows that around six in ten companies do not even know how much they are spending on employee benefits. Without this basic information you cannot possibly demonstrate a return on that investment.
- 2) Review what you have in place, why and what is working** - Much of the time when speaking to new clients we find that there are some benefits in place which were put in place for historic reasons and have never been reviewed (for example Permanent Health Insurance). Actively review each of the benefits you have in place, determine what the need is for it and whether it is meeting that need.
- 3) Actively manage your benefit costs** - Whether you have an adviser to broke your benefits or you deal directly with the providers make sure you actively manage your benefit premiums. If you have an adviser get them to prove that they test the market each year - see the evidence. It is a Financial Services Authority requirement not an option. Make sure you also look at the terms on which you are offering group risk benefits, for example the deferred periods, claims periods, and benefit basis. Do not accept that your rates need to rise when you implement flexible benefits. There is no evidence to support this and indeed if anything the evidence points towards the fact that employees take much more care in their selections in a flexible benefit arrangement.
- 4) Look for other areas where savings can be obtained** - A good example of other savings that can be made are through salary sacrifice benefits. Make sure that you actually measure the savings that you make and communicate this to your finance function.
- 5) Total reward** - make sure that you communicate the value of an employee's total reward package to move their focus away from just base salary and to ensure they appreciate the full worth of their benefits.

**6) Take every opportunity to communicate your benefits** - Although this is a time when many companies may need to make redundancies, remember you need to motivate and engage employees remaining with the organisation. For example:

- Include your benefits in job adverts/career sites;
- Survey each year to see what your people really think/want;
- Make the benefits really clear when new people arrive at induction;
- Consider one to one meetings;
- Introduce a three year rolling communication programme (remember your staff do turnover);
- Become marketeers - deliver mini benefit campaigns throughout the year.

**7) Administration** - consider implementing employee benefits software to eliminate paper based administration which is both costly to run and leads to data errors.

**8) Health and wellbeing strategy** - By introducing a well thought out health and wellbeing strategy, you can not only make your employees more healthy and engaged, but you will find sickness levels decline and most importantly employees become more productive.