



Maximize The Value of Your Employee Benefits Spend

What CEOs Need to Know



INTRODUCTION

CEOs at early-stage or rapidly growing business need to have a strong grasp of exactly what their organization needs, both from a financial and a human capital point of view, in order to grow and succeed in a scalable, profit-minded way. Finance and HR each bring their unique expertise and lens to help build a picture of what an ideal team looks like in terms of budget, skills, and potential, but it's the CEO who must balance priorities in order to create a vision of the organization that wholly accounts for both sets of values.

Employee benefits are a perfect example of an area in which HR and finance often have trouble speaking the same language. HR is rightly entrenched in the culture of building value for employees, while finance is focused on ensuring benefits are scaled with profitability for the business in mind.

Without the right CEO, that push-pull can lead to internal friction and, ultimately, benefits programs that

don't satisfy the employees or the employer. That's why it's so crucial that CEOs overseeing growing organizations know the basics of maximizing their employee benefits investment.

Moving forward, we'll be exploring what CEOs need to know in order to be impactful, growth-minded leaders in a way that speaks both to the financial and humanistic aspects of employee benefits.

We'll discuss:

- Why more isn't always better in the world of employee benefits
- Why an emphasis on plan design is crucial to controlling costs
- How to understand which benefits have the greatest value and why
- Why you must leverage employee benefit education
- Why your relationship with your broker is crucial to success



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WHY “MORE” ISN’T ALWAYS BETTER

One of the biggest benefits mistakes organizations of all sizes make is piling on perk after perk and program after program in the name of being employee-centric. While that kind of stacking makes an impressively long list on paper, it doesn’t always translate to actual increased employee benefit, and it invariably ties the organization up with a variety of financial obligations.

Lost Value, Lost Profit

While the big, long list of benefits offerings seems like a valuable tool when you’re trying to land a potentially impactful hire, it immediately transforms into a heavy and costly anchor once they’re on board and elect to only take advantage of traditional coverage or insurance options.

Never Losing Sight of Mutual Benefit

Your HR leaders understand the humanistic side of everyday work within your organization in a way that most other senior leaders simply don’t. At the same time, your CFO or finance director understands the bottom line better than anyone. Your job as CEO is to help them budget for and create employee benefit packages that make both of them extremely happy.

That means your benefits can’t just be employee-facing offerings; they must be planned and chosen with workforce maximization in mind.



- Which wellness programs will keep your employees and their family feeling ready to succeed in work and school?
- Which retirement or life insurance offerings will make people feel truly supported in a way that builds authentic buy-in?
- Which workplace cultural values or perks will keep people energetic and motivated from day to day?

Employee benefits are indeed employee benefits, but when it comes time to selecting benefit offerings, it’s a useful exercise to ask yourself:

“How will this program improve our team members’ lives in ways we’ll be able to observe and celebrate in the workplace as well?”

When you can answer that question, you’ll have a much better understanding of which benefits are truly impactful and mutually beneficial in a way that supports business.

THE IMPORTANCE OF PLAN DESIGN

Ultimately, creating a benefits program that attracts, delights, and motivates employees while remaining scaled to company growth objectives comes down to plan design.

Although benefit plan design is one of any HR department's most important responsibilities, it's often treated like a chore. In fact, if you're a CEO at a growing organization, you'll probably find there's a high chance that things have always been handled on the fly and there's never been a consistent, well-articulated approach to benefits or employee compensation. Fixing that and building a consistent, thoughtful approach is one of your most important tasks.

To get there, though, you will need to leverage the expertise of some key colleagues and foster a culture of cross-departmental planning and work.



The Power of Partnering Finance & HR

Your CFO, Director of Finance, or Controller may not seem like a natural Human Resources ally at first blush, but their understanding of the company's value proposition, business goals, and overall financial operations is crucial to your work in creating a mutually beneficial benefits program.

When you bring finance into the plan design process, you arm yourself with the expertise of some of your organization's most important and plugged-in leaders, and you can create plans that are built with alignment in mind from step one.

It's the HR representative's responsibility to serve as an advocate for your team throughout this process. They're plugged in on company morale and employee culture, which means they can bring an understanding of the subtle, downstream ways the value of benefits is reflected in daily work.

By working together and not leaving benefits planning to any one department or leader, you can greatly clarify the exact nature, value, and importance of the work at hand and significantly increase the chances that you come away with a benefits program that's strong from all angles.

UNDERSTANDING WHAT'S VALUABLE TO EMPLOYEES

"Know your audience" is a valuable axiom when it comes to building an employee benefits package. If you're creating a program that's of real value to your team members, you can't possibly do it without a deep understanding of their actual needs, goals, and insecurities. In fact, if you're planning on sitting down with finance to talk about plan design, a great first step is to conduct a little research to figure out exactly which benefits your employees truly need and value.



Employee Surveys

Workforce surveys are a quick and easy way to build a data pool about overall satisfaction with your existing benefits program or to build a better understanding of what employees say they need to feel supported and do a great job.

Thanks to technology, surveys are quicker and easier to create and quantify than ever before. Your HR department can easily gather valuable data in this way without significantly impacting productivity or seeming intrusive.

Of course, getting good data from an employee survey requires asking the right questions and providing your staff with a clear, easy way to express themselves. Measuring satisfaction for your benefits program on the whole or for individual elements using a scale of 1-5 can be useful, as it creates easy-to-digest quantifiable data.

At the same time, any employee survey about benefits must also embrace the qualitative and humanistic. For example, if you have team members whose lives (or whose families' lives) have been changed positively by a program you offer, or whose lives could be changed by the addition of new offerings, you need to hear those narratives and take them into account.



Workforce Healthcare Utilization Data

While surveys are a great tool for learning what's on employees' minds and what they're willing to tell you, they don't tell the full story. The good news is that you can fill in many of those gaps using workforce healthcare utilization data from your insurance providers.

Specific, granular medical records and information are protected under HIPAA, but as an employer, you can still access a wealth of usage and billing data that helps you gain a more complete understanding of how widely your health benefits are being used, what they're costing your employees, and what they're costing you.

Again, your finance colleagues can be incredibly valuable in helping you mine these numbers for takeaways to inform your plan design process.

Ask yourselves:

- Which aspects of these programs are actually being used?
- What do the average healthcare needs within your organization look like?
- On average, are employees doing a good job selecting the program that's actually most beneficial to them?
- Are we currently offering any packages that are largely unused or just plain inefficient for us?



Benchmarking/ Industry Research

Once you've leveraged employee data to build an internal understanding of needs, gaps, redundancies, and excesses in your own benefits program, it can be useful to look outside your organization to understand the trends and common benefit practices within your competitors.

As we said at the outset, buying into every trend and jumping for every perk that sounds good at first blush is a crucial mistake, but if you're trying to build value for your organization and your team members, there's nothing wrong with seeing how businesses of comparable size and goals are doing the same. The exercise also gives you a better understanding of what you're competing against in talent recruiting and retention scenarios.

THE INCREDIBLE VALUE OF EMPLOYEE EDUCATION



Employee education has the power to significantly reduce inefficiencies in employee benefit usage.

Employee benefits are only as valuable and useful as they are accessible.

By maximizing each team member's understanding of their benefits, you significantly increase the chances that they will select the plan that makes the most financial sense for themselves and the business,

leverage health and wellness benefits that keep them and their families healthy and productive, and take advantage of the offerings you bring in that pack the most value.

Employee education has the power to significantly reduce inefficiencies in employee benefit usage and build a better experience for everyone.

Support your HR department and the long-term success of your benefits program by planning professional development time for each department or team in the lead-up to enrollment time, and provide a learning experience that

helps everybody understand their options, the value of the benefits you offer, and the importance for themselves (and the business) of getting the best bang for their buck.

MAINTAINING A STRONG BROKER RELATIONSHIP



One key stakeholder we haven't mentioned yet in this conversation is your broker.

The right broker is another experienced planner and a valuable ally for you and your finance colleagues

when it comes to understanding which benefit options are best scaled to your business and goals.



What a Good Benefits Broker Looks Like

Great brokers are dedicated to getting your people the coverage they need while also lowering your healthcare costs. They're strategic, innovative, and understand how emerging technologies are changing the world of medical coverage and healthcare benefits.

A great broker is a true partner who wants to build a well-scaled benefits program that improves employee experience and maximizes business potential.

They work to understand your goals, needs, and challenges, as well as those of your employees.



Why You Should Always Be Shopping

Even if you have an established relationship with a broker who has provided value for your organization in the past, it's always good to maintain your own understanding of how the marketplace is evolving and continually work toward upgrading both your own experience and the employee experience. That means not being afraid to shake things up and bring in a new perspective, especially if you are in the process of re-planning your approach to employee benefits.

More than half of businesses shop their health insurance every year because the market is constantly evolving, both from a healthcare capability standpoint and a business perspective. A CEO looking to maintain a valuable benefits program always has their ears open for the latest innovations and can't allow their vision to be limited by what one broker has offered their business in the past.

CONCLUSION/TAKEAWAYS

Scaling your employee benefits program in a way that's well-aligned with business goals and maximizes your benefits dollars spent is one of the greatest challenges HR and finance leaders are faced with. However, a proactive CEO can support their work and help the business protect profits, as long as they remember:

- The biggest, most comprehensive benefits program isn't always the most impactful
- At the end of the day, a benefits program needs to be mutually beneficial
- Maximizing value requires dedication to plan design and finance-minded thinking
- Creating a strong partnership between HR and finance is essential
- Building value for employees requires a deep understanding of wants, needs, and actual behavior
- Getting the most out of a program requires strong employee education to ensure team members know what's available and how to access valuable programs
- Your benefits broker should be a valuable strategic ally in your quest to maximize the value for your benefits dollars spent