

MARCH 2004

The Hidden Value in Benefit Communications

Important Points to Communicate with Employees



The Hidden Value in Benefit Communications

Important Points to Communicate with Employees

Employers must choose how to communicate employee benefit information in terms that make sense both to their business and to their employees. Too often these traditional, often mandatory, communications become routine, leaving their potential contributions unrealized. Human Resources executives who recognize the power of communications look for ways to leverage the full value of the tool to foster other company objectives and enhance corporate culture. Benefit communications—done right—can make a meaningful difference in improving worker satisfaction and morale, fostering employee retention, and increasing benefit plan participation to the advantage of the balance sheet as well as to individuals.

The key to harnessing the power of benefit communications is not in costly, elaborate printed materials or extravagant program rollouts. Nor is the answer hiring more benefit staff to spend long hours on the phone with employees and program carriers. Companies maximize the value of benefit communications by providing information at the important points when employees need it the most, and by using the communication vehicles employees prefer.

This paper explores the effectiveness of typical communication vehicles used for benefit programs. It addresses how to multiply hidden value by using each vehicle when and where it will be most effective to advance corporate objectives.

What is the hidden value in employee communications?

The simple truth is that employees want communications from their companies, and companies benefit when their communications, especially about benefits, are executed properly. What better way to build stronger ties with your employees than to make greatest use of an opportunity that already exists? Companies are required to convey benefit information—and by doing this exceedingly well, they can serve multiple business objectives.

Improving Employee Satisfaction and Retention

Research shows that employees who think their companies are good communicators are less likely to actively search for another job. Results of a 2002 Mercer Human Resources Consulting survey of 2600 representative workers concludes:

“Among employees who say their organization does a good job of keeping workers informed about matters that affect them, just 15% say they are seriously considering leaving their organization, and 6% say they are dissatisfied with their organization. Among employees who say their organization does not keep them informed, 41% are thinking about leaving and 42% say they are dissatisfied.”

And many studies have equated improved employee satisfaction and company morale with increased productivity. Focusing on benefit communications best practices can build a productive, loyal workforce committed to their roles and their company.

Increasing Benefit Program Participation

Flexible spending accounts, 401(k) plans and various other benefit programs are important parts of a comprehensive benefits offering. Increasing participation in these programs can represent a significant benefit—both to employees and the companies they work for. Corporate and personal tax

savings are directly affected by the levels at which employees participate in these programs. Utilizing effective communications strategies has been shown to increase general participation and contributions, and improve the total value of corporate tax relief.

Why are benefit communications special?

Companies that use employee communications strategically have seen results, proving the adage: What gets measured; gets improved. In a June, 2003 presentation to the IABC International Conference, Shel Holtz, Accredited Business Communicator, stated that many organizations found it worthwhile to align their employee communications with their strategic goals and measure how effectively their communication tactics influence employees to support those goals. Holtz explains that trust and the quality of the content (knowledge provider) in the communications contribute the most to enhancing employee commitment to the company. And trust, he states, is the single, leading factor affecting job satisfaction.

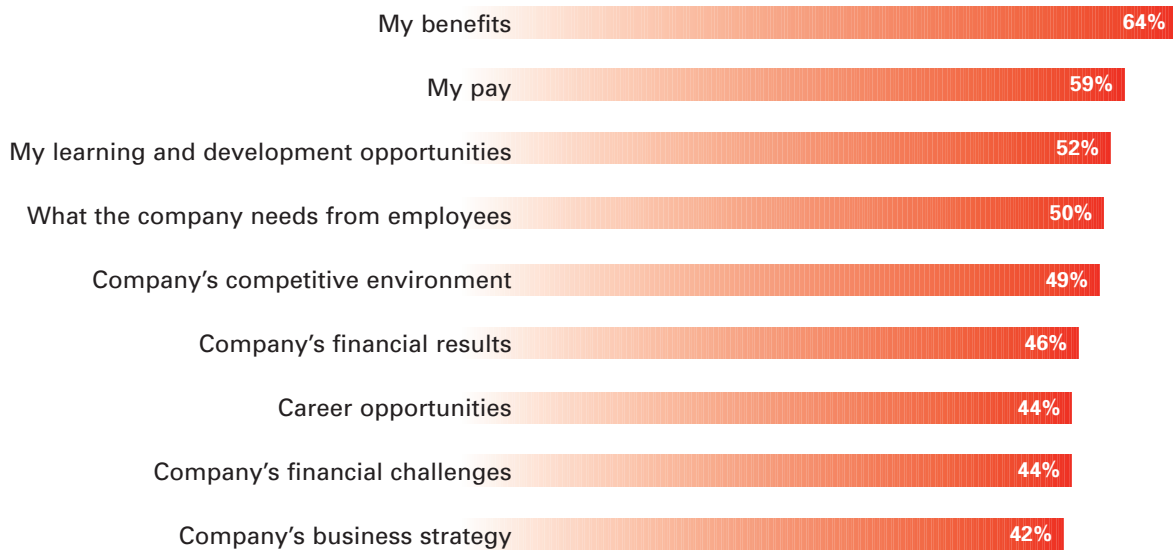
This bodes particularly well for benefit communications, since benefits information is the most trusted. A Towers Perrin survey of 1,000 workers conducted in 2003 shows benefit communication is the clear winner for trustworthiness. The survey finds the majority (64%) of respondents believe that of all their company’s communications, benefit information is the most open and honest (See Figure 1). In this same survey, workers also revealed that pay and benefit communications had the highest level of understanding.

These findings not only underscore the importance of benefit communications, but they also strengthen the argument for their strategic application. To get the most from the hidden value, companies must design strategies and build channels not only to communicate the information they want employees to understand, but also to convey culture-enhancing messages they want employees to “get.” This is done most effectively when companies offer appropriate communi-

Figure 1:

Q. To what extent do you believe the communications you receive from your company are open and honest for ... ?

(% completely open and honest)



*Towers Perrin survey

cations options and make the means of knowledge transfer as effortless as possible.

How do employees want communications?

Predictably, not everyone wants benefit communications delivered through the same medium. Further complicating the issue, the same people often don't want the same communications medium for every occasion. Workers say it depends on the information need or "event" being addressed at the time.

Whenever possible, companies should determine employees' preferences. Many employee satisfaction surveys ask about communication preferences, and a national Towers Perrin HR survey highlights the current trend (See Figure 2). Employees' do have preferred sources—the ones they are most likely to

rely on for credible information on work-related issues. Their supervisor or manager was the first choice for 37% of respondents and was also selected among the top three favorites by 75% of surveyed workers.

Naturally, it would be cost-prohibitive to supply all employees all their preferences, but companies looking for ways to foster loyalty might consider providing multiple options. Employers need to offer the right mix of communications to reach most employees in the ways they prefer and in ways that will engender loyalty and support for company objectives.

Managers can't do it all

Employee preference for face-to-face communications outweighs all written formats by far. Most managers would agree that meeting face-to-face with employees about their pay and performance issues is clearly in their job description.

Figure 2:

| Most likely to rely on for credible information on company issues: | | |
|--|--------------|-----------------------|
| | First choice | Selected in top three |
| Manager/supervisor | 37% | 75% |
| Co-workers | 17% | 55% |
| Employee meetings | 14% | 55% |
| Print | 7% | 32% |
| Company website | 6% | 28% |

*Towers Perrin survey

However, even though employees may prefer face-to-face manager communications, it quickly becomes impractical for the wide range of benefit communications.

Typical benefit communications companies offer

There are a variety of mediums available for delivering benefit communications, each with its own inherent benefits and tradeoffs.

Call Center. Conducted by informed representatives on the phone, this vehicle is similar to face-to-face meetings but without the inefficiency of scheduling, misinformation and demands on productive time. And, although less personal and still resource-intensive, this form of communication carries great weight and value when benefit-related events cause employees undue stress or frustration and when issues may involve special circumstances.

Print materials. Many benefit programs mandate printed Plan Summaries and documentation as the only communication choice. In other cases, the complexity of the information or the need for side-by-side comparisons makes printed information the most appropriate and effective. The tradeoff, of course, is the cost and effort for writing, print production and distribution to employees.

Online information. Here convenience wins hands down for reaching workers in locations across the country or around the world. Anytime, anywhere access to benefit information offers advantages to workers and benefit administration staff. The obvious inherent drawback is being able to reach workers who do not have or know how to use computers or are without access to the Internet.

Interactive online. Self-service benefit communication is a great time-saver for everyone. Employees can research programs, adding and changing personal data quickly when they want. This empowers employees and significantly reduces benefit managers' administrative burden. Some companies, however, do not have the necessary applications in-house or the technical resources or environment to support this type of communication medium.

Interactive IVR. One of the easiest to implement, phone-automated benefit communications can serve many employees relatively cost-effectively. Its advantage of universal accessibility, however, is somewhat offset by its limited capacity to effectively communicate large volumes or complex benefit information.

Balancing selection criteria

Beyond employee preferences, companies must also consider a list of other factors before selecting and establishing effective employee benefit communication tools and channels. These include:

- Cost-effectiveness
- Staff resource restraints
- Timeliness of need for information
- Legal requirements
- Company culture
- Confidentiality
- Size of organization and number of locations
- Established distribution channels
- Technical environment

Maximizing hidden value with the right mix and timing

As companies sought ways other than higher salaries to attract the best employees, they turned to more comprehensive benefit packages for competitive advantage. As a result, where once a well-trained benefits staff could manage standard benefit offerings, today's options are complex and anything but standard. Businesses found that increased employee requests for information were focused at certain key points within an employment cycle, and additional resources were needed to service those peaks. In many cases HR departments outsourced a number of programs; some augmented ranks with temporary staff; and most added some type of automated communications vehicle to serve those important communication points.

Important Employment Cycle Points for Finding Hidden Value

1. **New employees.** Successful completion of the hiring process requires the warm welcome that only a face-to-face meeting can deliver. It's the prime

opportunity for companies to begin creating a satisfying work experience by reassuring new hires about their employment decision. Printed Plan Summaries must be given out, but can be limited to only those legally required if there are other anytime/anywhere benefit communication vehicles immediately available. Even though they create one-to-one demands on staff, face-to-face meetings with new hires give significant payback in making good first impressions.

2. **Open Enrollment.** As the heaviest information-need point all year, employees deserve a full battery of communications vehicles. The most effective Open Enrollment strategy weighs the efficiency of communications against the cost of resources and materials, legal requirements, ability to meet deadlines and avoiding duplicate efforts. If outsourcing has not been planned, then companies must find vehicles to streamline benefit administration by capturing employees' plan selection data accurately—hopefully without need to re-key into separate systems. Here the optimum communications vehicles to foster employee satisfaction and trust is a combination of print, online information, self-service online entry, and perhaps IVR phone information service.
3. **New benefit programs or carriers.** This event has many of the same information demands and follows many of the same guidelines suggested above for Open Enrollment. However, communications may be scaled back to fit less overwhelming circumstances. Again, a combination of communication vehicles will give employees the convenience that maximizes plan acceptance and participation and takes some of the pressure off benefits staff.
4. **Benefits claims.** Nothing annoys plan participants more than paying for a benefit and feeling they are not receiving the full measure of its value. Insurance

terms and conditions can be confusing and claims processes frustrating. When employees run into snags is exactly the point at which they need to talk to a person who knows how the system works and is able to help. Companies that offer “someone on their side” to guide employee claims through the process goes a long way toward engendering goodwill. This advocacy-type service is typically provided by well-staffed Call Centers or designated benefit advocates.

- 5. Life event changes.** These occasions used to mean dealing with paper forms or a series of phone calls to the right person in HR to update records. With interactive self-service, either online or IVR, this personal data can be entered into the database easily without interrupting staff or affecting other HR priorities. Employees gain the feeling of empowerment to complete the task with minimum effort and the confidence their records are current.
- 6. Retirement/401k account services.** Saving for retirement is important to most of a company's employees. Participating in retirement and 401(k) programs gives employees security for the future, and a strong sense of company loyalty today. Maximizing the hidden value in the communications about these programs can deliver broad benefit. Statements can be delivered in print or posted confidentially online to save publication costs. Regardless of the size of a company's match or the investment environment, employees anticipate these statements, which serve to strengthen employee loyalty and appreciation as well as increase their knowledge and understanding of these important programs.
- 7. New process for benefit information.** The value here depends on what's changing. If new online services are being introduced or new

outsourcers have been enlisted, a full-scale communication campaign is in order to garner acceptance and change employee behavior. A combination of communication resources can be brought into play, perhaps even sparking lagging interest in valuable programs.

- 8. Total compensation statements.** These statements can be an eye-opening experience for employees. This is an innovative way to build workforce commitment by showing employees the total monetary worth of their compensation and benefits, giving them a reassuring sense of their value to the company. Most total compensation statements are communicated in print to provide employees a tangible record, but could be presented confidentially online.
- 9. When an employee has questions.** Whether through in-house personnel or outsourced Call Center representatives, employees need to obtain answers from knowledgeable, seasoned people trained on the company's plans, provisions and environment. Demand may peak during Open Enrollment, but need remains throughout the year as issues arise or events occur. A combination of print and online information, augmented by person-to-person phone resources, can fill this need. The quality and ready availability of the service is where the potential hidden value resides.
- 10. Termination/Layoffs.** Communications for departing workers must be complete, legally compliant and easy to understand. Face-to-face meetings are customary, but due to circumstances, print comes to the fore as the best means to cover all the bases including COBRA. Print materials provide a lasting record, diminishing the need for further contact while professionally serving the needs of ex-employees.

Figure 3:

Maximizing the Value of Benefit Communications Channels

A = Best option B = Good option C = Adequate option

| | Call Center | Print/Online | Online/SelfService | IVR/Interactive |
|---------------------------|-------------|--------------|--------------------|-----------------|
| New employee | A | A | B | |
| Open Enrollment | C | A | A | B |
| New benefits program | B | A | A | B |
| Insurance claim | A | | B | C |
| Life event changes | C | C | A | |
| Retire/401k acct services | | A | A | |
| New benefits process | B | A | | |
| Total Comp Statements | | A | | |
| Employee questions | A | A | B | C |
| Termination | A | A | | |

Take advantage of the hidden value

The quality of benefit communications is important, but timing is everything. Figure 3 shows the ideal scenario combining types of communication vehicles to serve workers—and companies—without adding significantly to cost or workload. Companies that can meet the needs of employees at the precise point when need is greatest reap the most hidden value of benefit communications.

ADP Benefit Services provides integrated and stand-alone outsourced benefit administration services and tools and a fully integrated platform to combine all your human resources, benefits and payroll information. With our experience and expertise we help organizations streamline benefit administration through best practices and proven systems—all tailored for your specific needs.