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Communication

Increasing the effectiveness of financial benefits through better communication and financial education

Tony Morgan, 30th September 2008

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Agenda

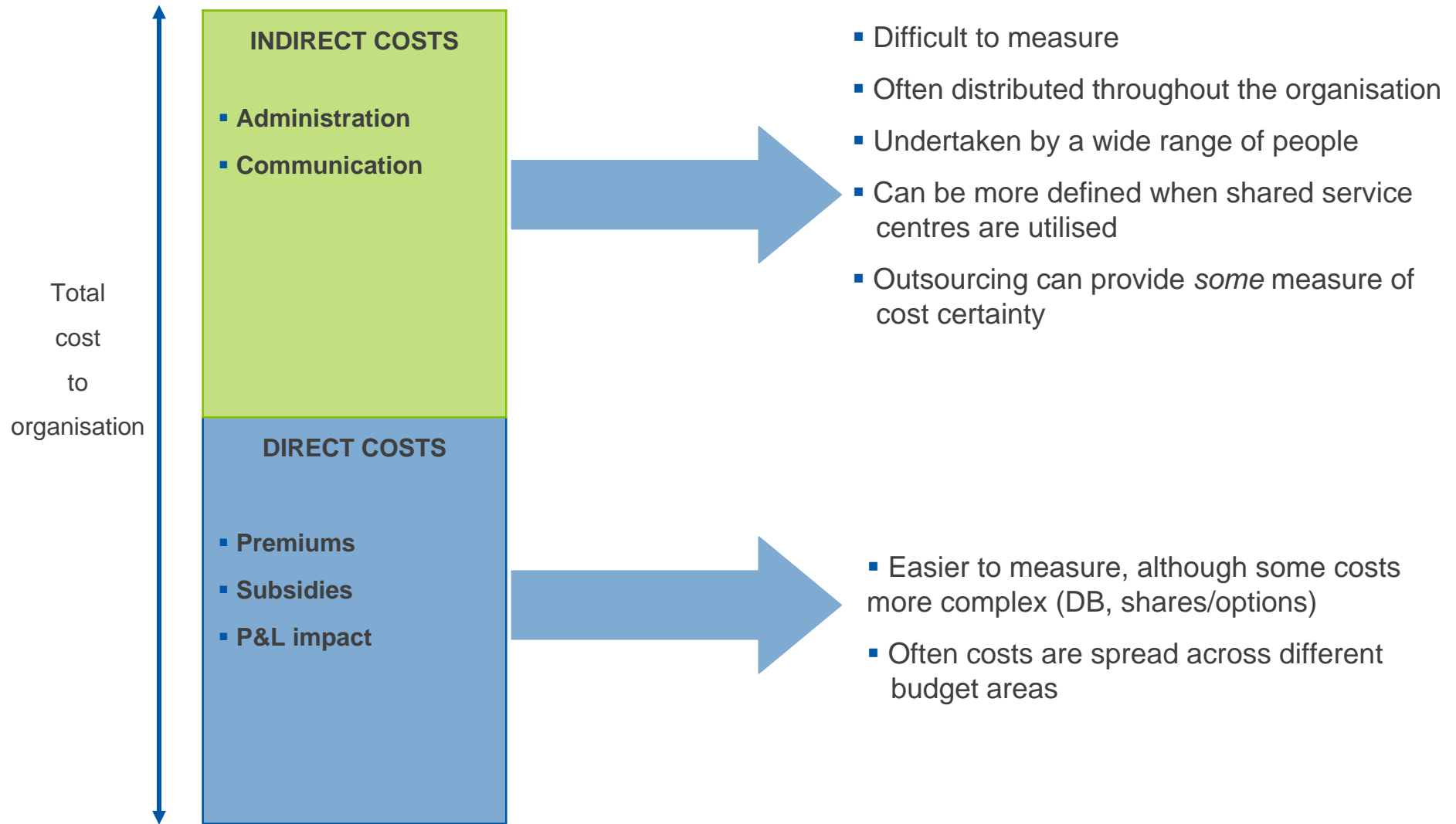
- Calculating expenditure on benefits
- Measuring the impact on HR and business objectives
- Increasing the effectiveness of expenditure
- Communication methods



Calculating your expenditure on financial benefits

Calculating expenditure

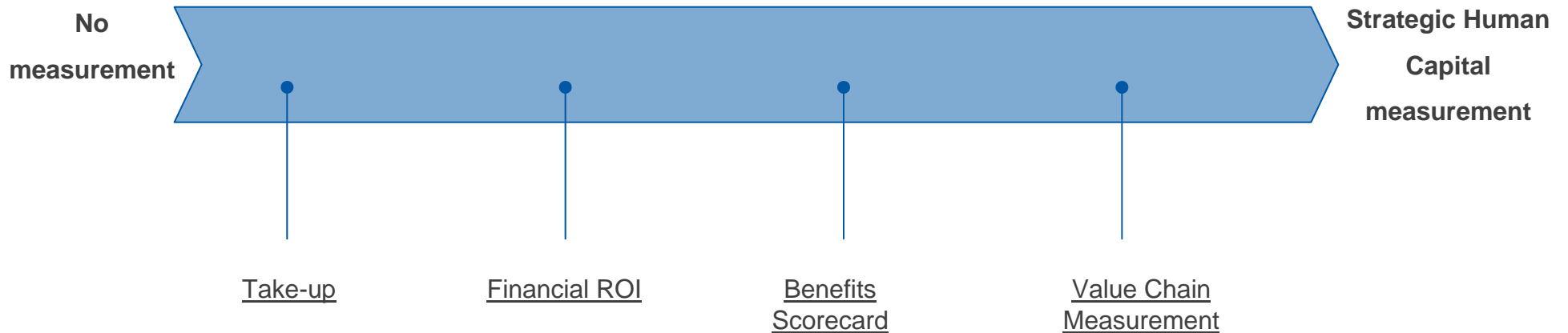
How much are you spending?



Calculating expenditure

Evolving approaches

- Typical approaches tend to focus on fairly crude, one dimensional measures, e.g. take-up
- Some organisations are pushing the boundaries ...
- Where are you/where would you like to be?



Calculating expenditure

Pros and cons

Approach	Pros	Cons
Take-up	<ul style="list-style-type: none">▪ Easiest to measure▪ Quick to implement▪ Simple to understand	<ul style="list-style-type: none">▪ One dimensional▪ Reflects whether meeting employee needs rather than ROI to organisation
Financial ROI	<ul style="list-style-type: none">▪ Easy to measure▪ Useful in supporting business cases▪ Allows articulation of value to the organisation	<ul style="list-style-type: none">▪ Financial bias▪ Links only to the financial objectives of the organisation
Benefits scorecard	<ul style="list-style-type: none">▪ More rounded approach covering multiple dimensions▪ Can be linked to business/HR drivers▪ Can be linked to employee engagement	<ul style="list-style-type: none">▪ Reflects the broader value delivered from the benefits▪ Requires longer to implement and a measurement infrastructure
Value chain measurement	<ul style="list-style-type: none">▪ The most sophisticated approach can be designed around the organisation's specific value chain▪ Can reflect the value of HR interventions	<ul style="list-style-type: none">▪ Sophisticated approach is complex to design▪ Generally requires significant investment (including technology)



Measuring the impact on HR and business objectives

Benefits Scorecard

The four perspectives

FINANCIAL

- ROI
- Employee Value
- Cost Management

PROCESS

- Access
- Automation
- Self Service

CUSTOMER

- Survey results
- Take-up
- Feedback

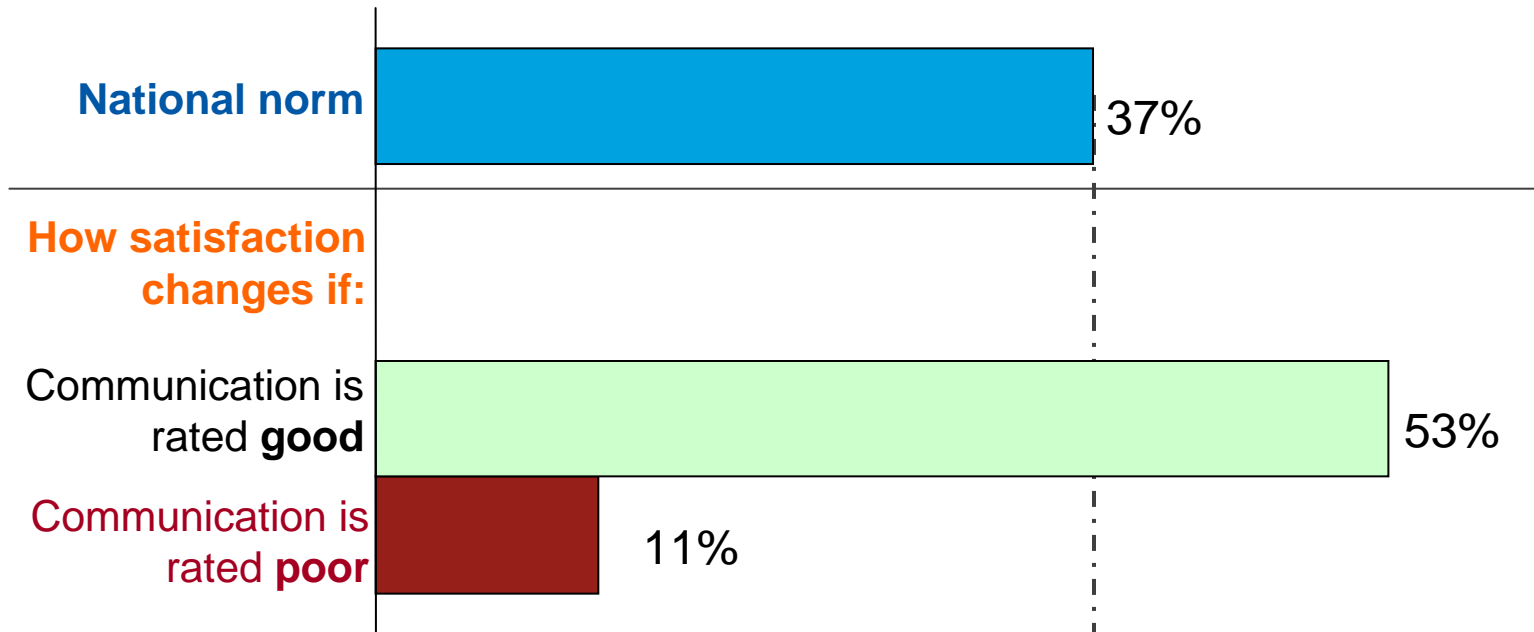
EDUCATION

- Recognition
- Improvement
- Engagement

Communication and employees' satisfaction

Making the positive impacts

Percentage of employees satisfied with their rewards

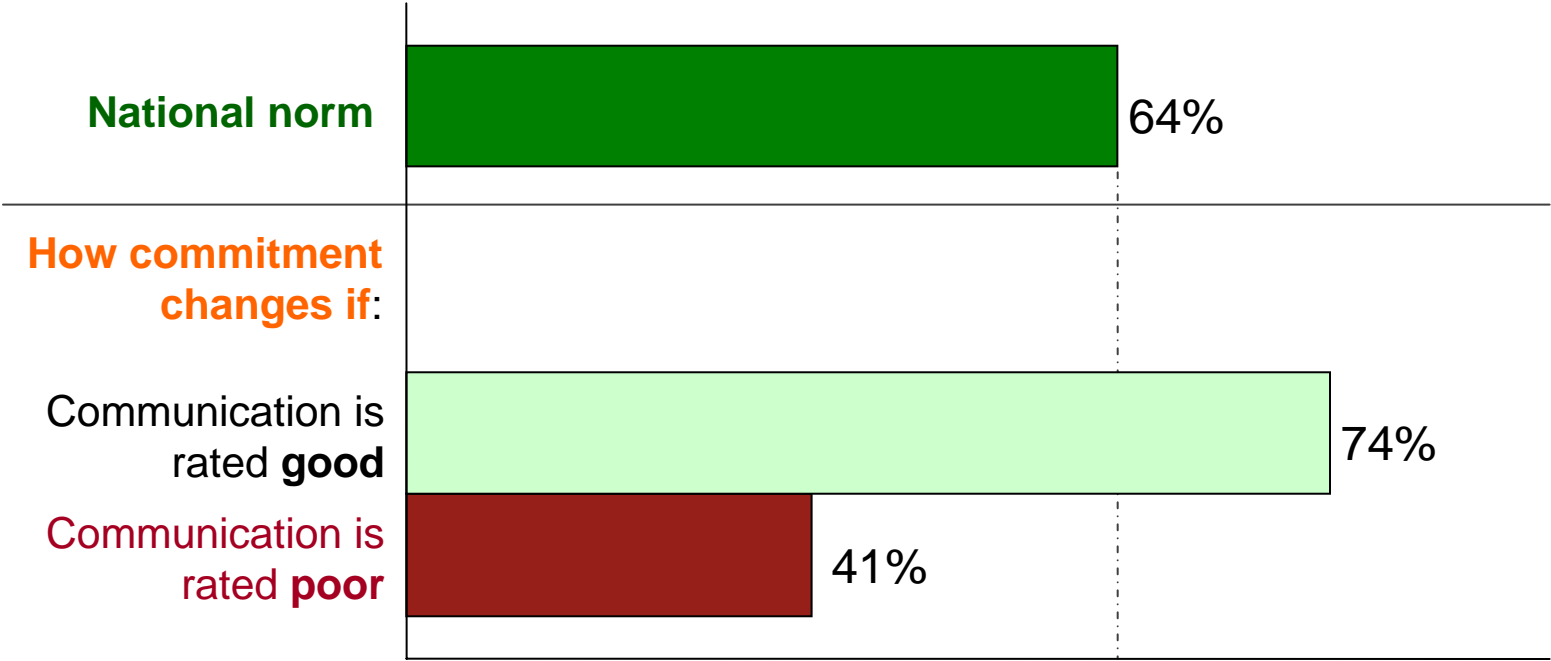


Source: Mercer's 'What's Working' study 2005/6. European data cut (Czech Republic, France, Germany, Hungary, Ireland, Poland, Portugal, Spain, Sweden, United Kingdom).

Communication and employees' commitment

Making the positive impacts

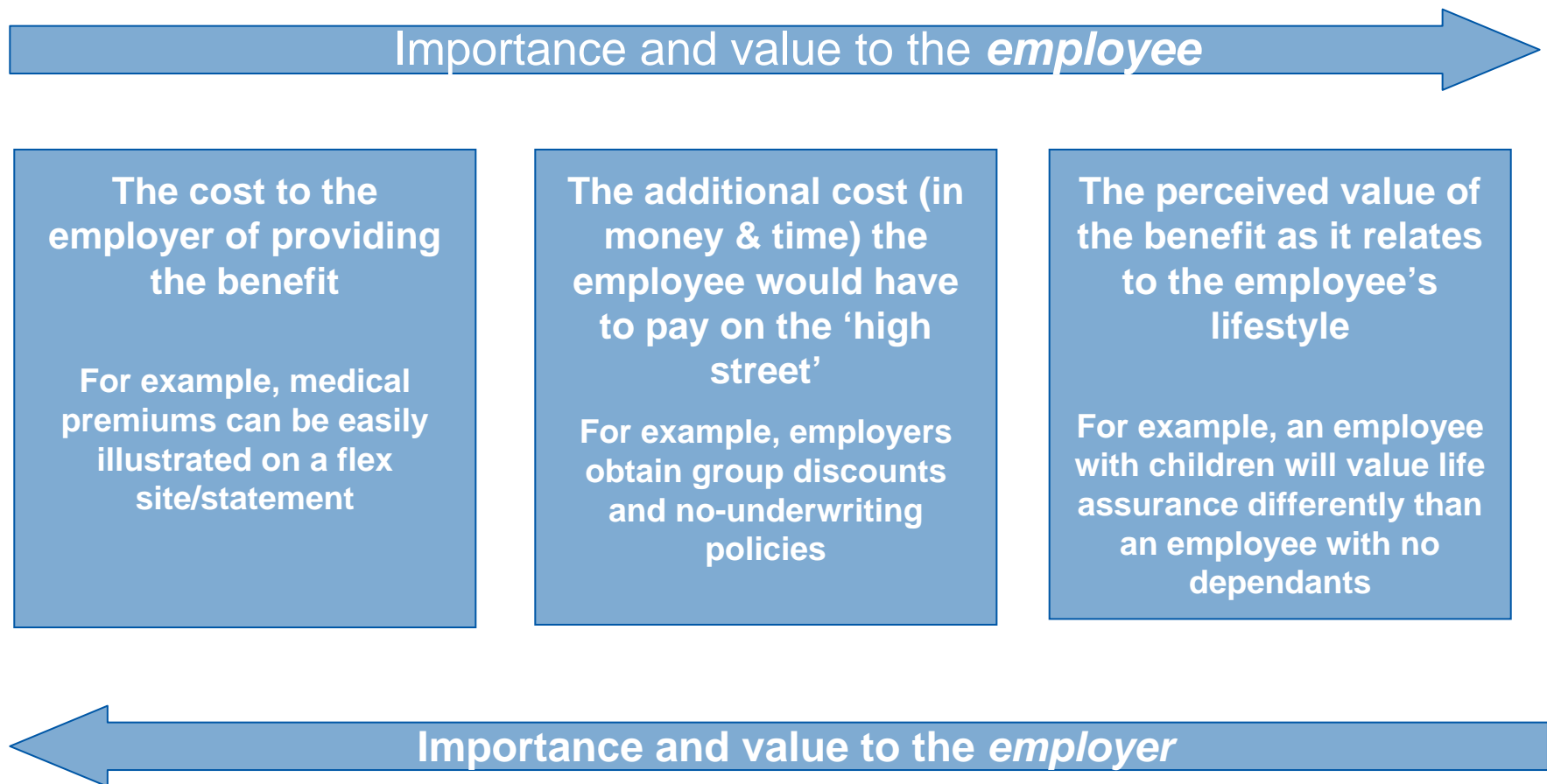
Percentage of employees committed to their organisation



Source: Mercer's 'What's Working' study 2005/6. European data cut (Czech Republic, France, Germany, Hungary, Ireland, Poland, Portugal, Spain, Sweden, United Kingdom).

Articulating the value to employees

Total Value vs Total Reward





Increasing the effectiveness of expenditure on financial benefits

Increasing the effectiveness of expenditure

Delivering business value through the benefits programme

- What does this mean?
 - Higher take-up?
 - Maximum ROI?
 - Employee understanding?
 - Business/HR benefits (productivity/retention)?
- Strategies will differ between organisations
 - Some low margin businesses offer minimum benefits
 - Some organisations aim to offer 'at market' benefits
 - A few organisations offer benefits which lead their sector
- What is your philosophy?



So why bother?

- Providing benefits can deliver clear business results
 - Sickness management
 - Attraction and retention of employees
 - Employer of Choice agenda
 - Employee proposition

Effective communication is the key to unlocking the potential value



The effectiveness of education and other communication methods

Developing a benefits brand

Maximise engagement and deliver key messages

- Establish look and feel, visual style and tone of voice
- Support existing employee communication brand and external brand
- The 'name' is important and must be capable of wider application in the future

**Narrow
application**

**Flexible
benefits**

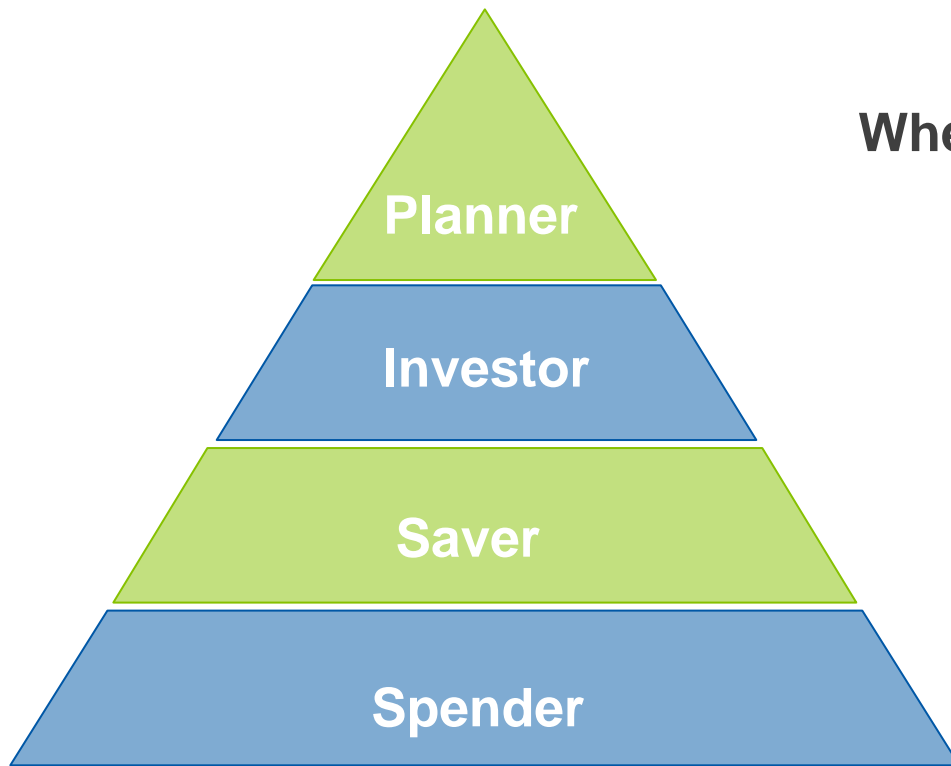
**Voluntary
benefits**

**Other reward
elements**

**Wider
application**

What are your demographics?

Do you need to consider segmentation?



When it comes to planning for the future, we're all different

Different generations have different priorities

One size does not fit all

Groups	Matures/ Traditionalists	Baby Boomers	Generation X	Generation Y/ Millennials
Age	60+	43 to 60	30 to 42	18 to 29
Characteristics	<ul style="list-style-type: none"> Values security Company loyalty Inclusive 	<ul style="list-style-type: none"> Indulged Socially-conscious Works hard 	<ul style="list-style-type: none"> Distrusts institutions Entrepreneurial Risk takers Needs work/life balance 	<ul style="list-style-type: none"> Balances work with family Technology-experts Team-oriented Socially-conscious
Value of Work	<ul style="list-style-type: none"> Wants expertise and experience to be valued 	<ul style="list-style-type: none"> Wants hard work to be valued 	<ul style="list-style-type: none"> Wants company to value individual contributions 	<ul style="list-style-type: none"> Wants to value own contributions
Drivers in Work	<ul style="list-style-type: none"> To build a life 	<ul style="list-style-type: none"> To build a better life 	<ul style="list-style-type: none"> To live better 	<ul style="list-style-type: none"> To live a purposeful life

Sources: *Employee Benefits of the Future, Employee Benefit Plan Review, Jan 2007*

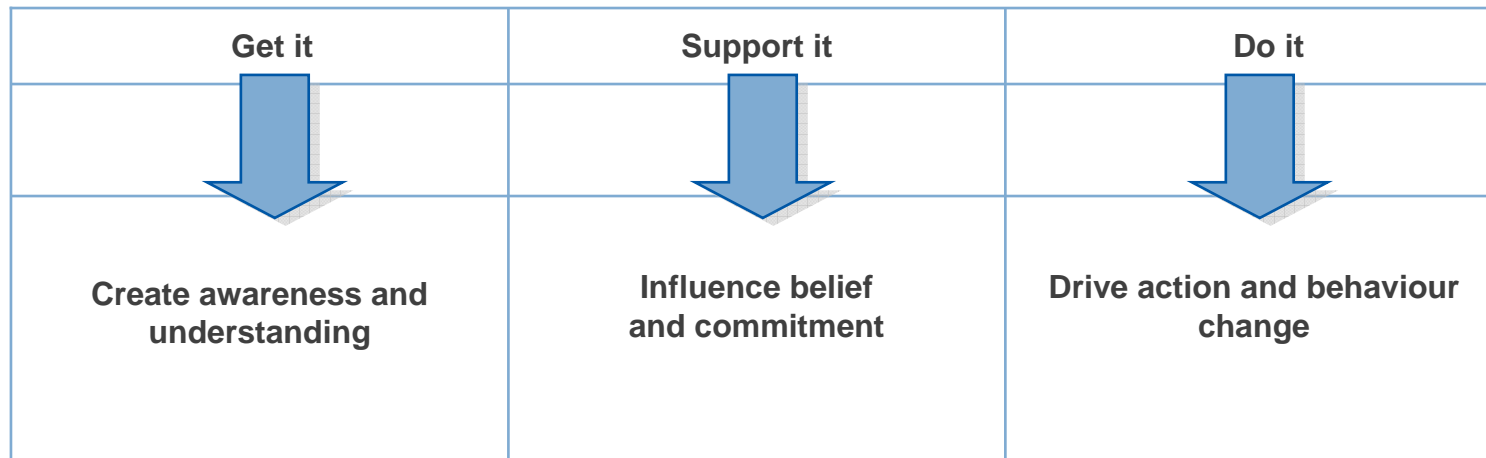
The Next 20 Years: How Customer and Workforce Attitudes will Evolve, N. Howe, W. Strauss 2007

Millennials Rising – The Next Great Generation, Howe and Strauss, Vintage Books 2000

Financial education is as important as communication

Structured delivery is key

- Don't assume that employees understand benefits
- Spend time educating employees about their reward
- Use adult learning models to move employees through a structured communication process
- Consider free services vs. chargeable services – typically different deliverables/objectives



Utilising communication channels

Get your messages across!

Communication Channel	Value	Availability
Individual meetings with supervisor/manager	76%	89%
Department/team meetings with managers	67%	90%
E-mail and websites	65%	95%
Leadership presentations to employees	45%	82%
Organisation newsletter	32%	90%
Information packages/brochures	27%	81%
Information helpline	22%	51%
Employee grapevine/rumours	19%	98%
Video/DVD/pod cast	14%	66%

Source: Mercer research into employee perceptions of value and availability of communication channels with one client

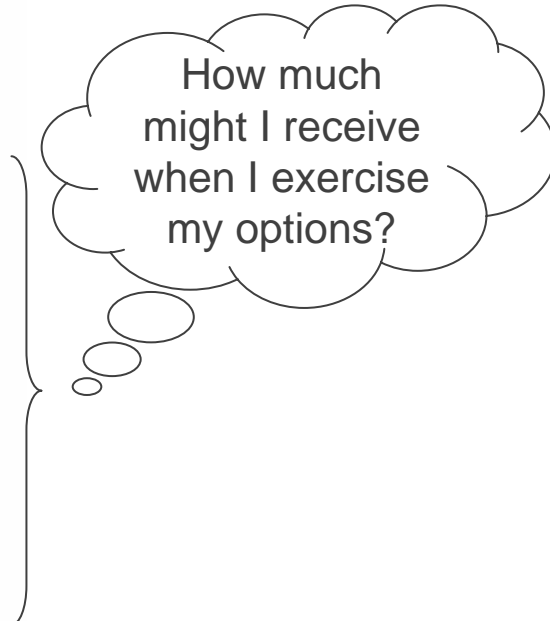
Online modelling tools

Convenient and accessible

[Simple calculator](#) | [Advanced Calculator](#)

Input your values	
Number of LTI and Loyalty Units granted	<input type="text"/>
Base value for LTI and Loyalty Units granted in 2006	AED 11.44
Enter the amount of units you would like to exercise after the 2nd year anniversary (0-30%)	<input type="text" value="0"/> %
Enter a hypothetical share price for the 2nd year anniversary view today's share price	AED <input type="text"/>
Enter a hypothetical share price for the 3rd year anniversary	AED <input type="text"/>
<input type="button" value="Calculate"/>	

Display results	
Base value of all LTI and Loyalty Units	AED <input type="text"/>
If some LTI and Loyalty Units are exercised after 2 years and remainder after 3 years	
Number of units exercised after 2 years	<input type="text"/>
Number of units exercised after 3 years	<input type="text"/>
Value of units exercised after 2 years	AED <input type="text"/>
Value of units exercised after 3 years	AED <input type="text"/>
Total value	AED <input type="text"/>
If no LTI or Loyalty Units are exercised after 2 years and 100% are exercised after 3 years	
Total value	AED <input type="text"/>





... but face-to-face is still highly effective

Don't forget the human touch!

Reward 'trigger points' – opportunities for reinforcement

Managers and HR professionals need training and support to ensure this process is successful

- Recruitment
- Induction
- Probation
- International assignment (leaving and returning)
- Annual appraisal
- Succession planning
- Promotion
- Pre-retirement



Contact information

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