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Return on investment

Alan Ritchie | Head of employer and trustee proposition
Standard Life

For many businesses, their employee benefits programme represents a significant investment. It is reasonable therefore to expect something back in return. But what return are they looking for?

For different organisations this will be different things. It is often influenced by the personal views of the organisation's top tier, which, in turn, influences the organisation's culture.

For some, the cost of pensions and benefits is just that: a cost. A box that needs to be ticked. In which case, the objective is most likely to be to minimise the cost and hassle.

For others, their benefit spend is seen as an investment in their business. For them, being able to deliver an effective, competitive reward package is all about attracting and retaining the right people. Where this is the goal then the first step is to understand exactly how employees are using and engaging with their benefits package.

Aligning employee reward and business value

That is where having a fully integrated flexible benefits platform can give a real advantage. Having a single place where all employees manage their benefits lets employers see what is going on under the bonnet. This is invaluable in terms of shaping their future benefits structure and communications.

A good technology platform also helps deal with what seems like constantly moving goal posts: pension freedoms, annual allowance tapering, the lifetime individual savings account (LISA), new childcare voucher structures, to name but a few. And by keeping on top of regulatory changes, employers can build their reward package to include the most up-to-date offerings and target these to the right people at the right time.

The ability to target not just certain

benefits, but the communication messages around them, can strongly influence employee engagement, and therefore the return on investment. For example, the drivers in attracting and retaining graduates will not be the same as for mid-career professionals. And certain issues will only impact upon certain individuals, such as the reduction in pension allowances.

Getting the measure of benefits programmes

So how do employers know if it is all working?

Well, of course, many of the measures are quite soft and difficult to pin down to a specific cause, such as employee engagement, staff turnover, absence rates and productivity. A number of different data sources need to be pulled together to give employers the bigger picture.

That is where it can help to have clear objectives around employee behaviour.

Platforms can really help in understanding employee behaviours within different demographic groups and within different parts of the business. Supplementing this with more Google Analytics data can be even more powerful by providing insight into the impact of communication campaigns and employee journeys through the platform. This can be a really effective way of understanding which techniques are working and taking action quickly to change things that are not.

Having easy access to management information, understanding employee behaviour and making better informed decisions is not only key to helping manage the talent pipeline, but has the added bonus of reducing HR costs and administrative effort.

So even an organisation that is looking to minimise costs may do well to start thinking about its benefit spend as an investment rather than a cost ■

“HAVING
A PLACE
WHERE ALL
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BENEFITS
LETS
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SEE UNDER
THE
BONNET”

Editor's comment



Debbie Lovewell-Tuck | Editor
Employee Benefits

"Price is what you pay. Value is what you get," so said US business magnate and one of the world's wealthiest men, Warren Buffett.

While return on investment (ROI) is a critical measure of success for any business initiative, a number of employers are beginning to shift their focus, so, rather than looking purely at the financial return, they are instead focusing more on the value of their investment, whether in the short or longer term.

In the longer term, the potential returns on employee wellbeing, productivity, engagement and loyalty could prove to be highly lucrative.

Securing top-level support for investment in benefits, therefore, is vital for reward professionals looking to focus on driving value through benefits, rather than purely focusing on cost. Read more in *Helping value to take root* on page 4.

In a roundtable discussion held in April 2016, sponsored by Standard Life, participating industry experts highlighted the advantages to businesses of shifting emphasis in this way, as well as key factors driving its success.

No initiative will even come close to providing a return to an organisation, be it in value or cost terms, if employees do not engage with and use it. Employee demographics, therefore, must be considered when implementing or reviewing benefits. With five generations now present in the workplace for the first time, how to construct a package that appeals to such a vast employee base is a challenge facing many employers. How to meet the needs and expectations of the newer generations of employees is an area of focus for many. Find out how to approach benefits for millennials in *Music to their ears* on page 14.

Whatever approach employers take to benefits, for those looking to measure success, data and management information provide valuable insights. But with such a vast wealth of data now available to employers, it is vital to pick and choose the most useful statistic. Find out how to use such information effectively in *Mining the information* on page 10.

While refocusing benefits strategy can be a complex task, employers that get it right for their organisation will undoubtedly find that it pays dividends.

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Debbie Lovewell-Tuck
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Duncan Brown
head of HR consultancy, Institute for Employment Studies



Debra Corey
group reward director, Reward Gateway



Charles Cotton
performance and reward adviser, CIPD



Richard Morgan,
head of Vebnet



Alan Ritchie
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Helping value to take root

Understanding the value of investment is becoming more important in planning benefits



Nick Martindale |
Freelance journalist

Just how organisations approach the issue of employee benefits, and the broader topics of engagement, motivation and retention, differs from sector to sector and one employer to another.

Alan Ritchie, head of employer and trustee proposition at Standard Life, believes there are fundamentally two types of employer. "There are those that see their pension and benefits as a cost to the business and want to minimise that, and those that see these as a profit centre because they see their people as one of their biggest assets and they want to use them to get an edge in a competitive employment market," he explains.

This tallies with the experience of Debra Corey, group reward director at Reward Gateway. "I have worked at some [organisations] where I couldn't be a penny over my starting point on benefits, and I had to get really creative," she says. "But now I work for [an organisation] that does HR technology, so my board gets it, and I haven't had to convince them of the importance of what I'm doing."

She has just completed her first global benefits review and has been pleasantly surprised by the emphasis being placed on the value of investment rather than the return on investment (ROI). "I've increased my benefits spend by 50%," she says. "I kept thinking they were going to pull the plug on all the new benefits that I was implementing."

Business case

Most organisations sit somewhere in the middle and policies can also change according to market conditions or other factors. Richard Morgan, head of Vebnet, says: "There's one client I'm working with

at the moment that wanted to embark on flex for the first time and [it was] probably a little bit behind the curve.

"The business case started off around employee engagement, because [it] really hadn't done an awful lot around that to sell the employee value proposition to employees, and the other was efficiency. But in the last three months, [its] particular industry has slowed down somewhat, the focus has changed, and now it's gone back to a financial ROI and how we can save [it] money. It just depends on what the particular focus of the board happens to be at the time."

In some cases, benefits can be introduced as a result of a personal affiliation, says Charles Cotton, performance and reward adviser at the Chartered Institute of Personnel and Development (CIPD). "Suddenly someone on the management team may have an issue with their parents, and the next minute eldercare shoots up the corporate agenda," he says. "Lots of organisations are doing interesting things in that area, and it's often because of the personal experience of somebody at the top."

Justifying benefits

Often, it can be hard to justify why benefits exist at all, adds Duncan Brown, head of HR consultancy at the Institute for Employment Studies. "Sometimes they are just there, and employers struggle to give a reason for it," he says. "If they do it's a history lesson, rather than because they want to take the business in a certain direction."

A well-thought-through benefits package needs to factor in both what the organisation is looking to achieve and can



Need to know

- A benefits strategy should meet the needs of employees, but be affordable for the employer.
- The national living wage could have an impact on how much employers can afford to spend on benefits.
- Benefits professionals need to demonstrate a bottom-line return for continual investment in benefits.



Read also

How to get buy-in from the finance director for flexible benefits
bit.ly/205Jcjp

"THERE'S NOT MUCH POINT IN HAVING AN ALIGNED BENEFITS STRATEGY IF IT'S NOT GOING TO MEET THE WANTS AND NEEDS OF EMPLOYEES"

Charles Cotton,
CIPD

afford but also what employees want, says Cotton. "There's not much point in having an aligned benefits strategy if it's not going to meet the needs, the aspirations, and wants of employees, because [employers] are not going to get the talent that [they need]," he says. "Similarly, there's not much point in having a fantastic benefits package if you're going to run out of money eventually because you can't afford it."

Google is perhaps the ultimate example of shaping a strategy around the needs of employees, implementing specific initiatives such as free washing machines for staff simply because that was what its founders needed at the time, says Brown. "[It] didn't have a written defined strategy, but the people setting it up probably needed a washing machine at work, or their friends did, and as the business grew that's stayed integral to the whole concept of a benefits package that supports people," he says.

Yet, the reality for many organisations is that there are restrictions on what they can afford, and also what they need to do to attract talent, says Brown. "Rather than it being two ends of the spectrum, the labour market often divides into talented professional employees in a superstar market versus organisations where they maybe have a small core of professionals but otherwise it's a case of keeping that cost to an absolute minimum."

The impact of the national living wage, which came into effect in April 2016, has clearly had an impact on the ability of retailers to spend money on benefits, adds Corey. "I don't know how [employers] will be able to afford it because it's really challenging when you have to increase those salaries so much," she says. "It's the right thing to do, but it can be



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very costly. But that wasn't what the government was trying to do, to disrupt good benefits packages."

Yet employers operating in low-paid sectors may increasingly find themselves having to choose between paying people a higher salary and offering them more through benefits, says Brown. "There are clearly choices around the type of deal that [employers] are going to give and what the emphasis on pay and benefits is," he says. "Are employers going to say their staff are intelligent people and give them the cash so they can make the decisions themselves? Or are they going to provide a much better offer and try to distinguish themselves from the competition?"

Benefits professionals have a role to play here in helping to make the case for

continuing to invest in benefits, as well as other employee initiatives, which can mean talking to executives in their own language, attempting to demonstrate a bottom-line return. "I remember when I [worked for] a retailer I used to say that the stores only have to sell one more pair of jeans a day for me to put this new benefit in," says Corey. "I truly tried to convert it into their language."

Putting value on benefits

One potential problem here, though, is that it can be hard to put a value on certain elements that are actually hugely appreciated by employees. "Engagement surveys quite clearly show that some benefits are valued more than their economic cost," says Brown. "If I'm able

to work flexibly and I need to do that to look after my kids, actually that's invaluable, and if another employer didn't offer that, it could offer me a rich pension or £50,000 more salary, but I wouldn't want to do it. What's interesting is that some employers with rich packages do it because it's part of their identity, whereas other businesses want to see the analysis and what employees think of it."

Some benefits, too, should be above any business case, adds Corey. "If I put in an employee assistance programme, I'm doing it to help the 5% of the employees that I know might use it," she says. "If I know that it saved somebody from committing suicide, to me, that's an ROI. A lot of the time we just put benefits in because we think it's the right thing to do." 

The benefits of listening

**Communication can be just as important as
the benefits on offer in driving take-up**



Nick Martindale |
Freelance journalist

Driving take-up of any employee benefits package is a perennial challenge for employers; after all, it is no good having a comprehensive scheme if people do not know about it, or understand the value they could potentially get.

A good starting point for employers is to make sure they are offering the right benefits in the first place, as well as identifying and addressing any broader issues, says Duncan Brown, head of HR consultancy at the Institute for Employment Studies. He cites the example of a business that had, on the face of it, a strong benefits offering that had seen staff turnover increase from 20% to 30% in a year, with no obvious explanation.

The solution was to run a series of focus groups, to hear directly from staff what they wanted from their employer. "Ultimately, it may only be by chatting with staff that we're really going to pick that up," he says.

Listening to staff

Often, the mere fact that the employer is listening to its staff can make a difference, adds Debra Corey, group reward director at Reward Gateway, who recently implemented a number of new benefits following consultation with employees. "It's less about the benefits, and more that we listened to them," she says. "Our staff told us they wanted more time, and more wellness, and we put in two new benefits that did that. But I think I'm going to get more return on investment because we did what they said than through the actual benefits themselves. But it's difficult, because you can't always do what employees ask you to do."

Once benefits are in place, it is important to try and encourage people to find out

about them and take them up if appropriate. One way of doing this is to nudge people into taking action through gentle reminders and modelling how taking action would affect them.

Alan Ritchie, head of employer and trustee proposition at Standard Life, says: "On the pensions side, one of the most important things is to try and get people to reach the pot they need at retirement, and that comes down to how much they pay in.

'Maximum matching'

"We try to nudge people with our save-more-tomorrow scheme, so if they can't afford to pay now then they can at least sign up to future increases. But we've also launched something called

"I THINK I'M
GOING TO
GET MORE
RETURN
BECAUSE WE
DID WHAT
THEY SAID
THAN
THROUGH
THE BENEFITS
THEMSELVES"

Debra Corey,
Reward Gateway



Need to know

- A starting point for employers when looking at take-up rates is to ensure they are offering a benefits package that is valued by staff.
- Using modellers can demonstrate to employees how taking action with their benefits will affect them.
- Benefits technology is becoming more user-friendly in order to encourage employees to use it.

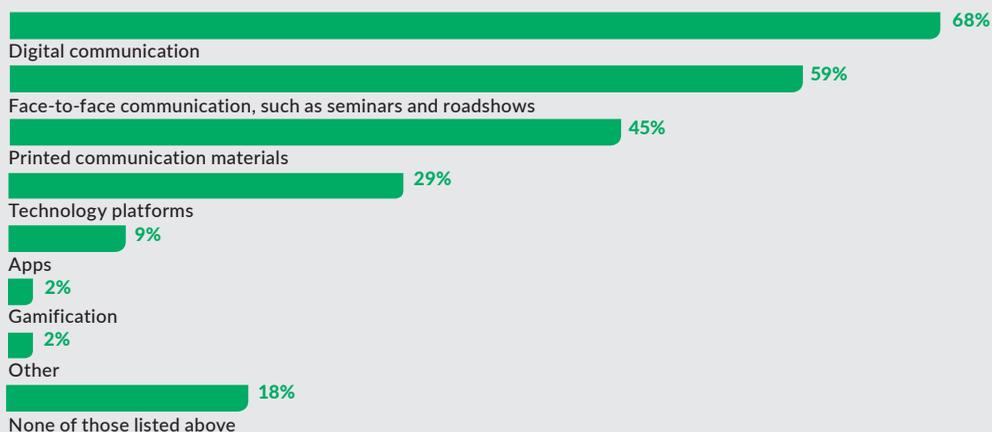


Read also

Top tips for communicating to a multi-generational workforce
bit.ly/22i74Xv

The measures respondents are taking to improve employee engagement with benefits

(Source: Employee Benefits/Xerox HR Services Benefits research 2016, published in June 2016)





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“AUTO-ENROLMENT IS A GREAT EXAMPLE OF NUDGING PEOPLE IN, BECAUSE YOU HAVE TO OPT OUT”

Alan Ritchie,
Standard Life

gamification, but it taps into that competitive element.”

This can raise some difficult issues, though. Charles Cotton, performance and reward adviser at the Chartered Institute of Personnel and Development (CIPD), warns there could be a risk that people will give up on saving altogether if they feel what they do put away is inadequate.

Corey also has reservations. “You want people to make decisions for the right reasons,” she says. “I always get a bit confused about where my role begins and ends when it comes to those things. For me, it’s about education and then letting them decide.”

Where it can work well is through the visual representations of just what impact increasing contributions could have. “We were doing this 15 years ago when I was at Gap in the US,” says Corey. “It was a bar graph that said ‘you’re contributing 3% now and this is what it looks like; if you had contributed 5% this is what it would look like’. We had a number of people who went up one spot on the bar graph.”

The experience of auto-enrolment also provides evidence of just how powerful pointing people in the right direction can be, says Ritchie. “It’s a great example of nudging people towards being in, because you have to opt out,” he says. “Opt-out rates are around 6% at the moment so really low, and hopefully that means people are getting a much better future as a result.”

Nudging people will have a role to play when minimum contribution levels increase in 2018 and 2019, to stave off an increase in people opting out at that point, he adds.

Increasing financial awareness

Financial awareness in general is one area where employees need help, says Brown. “There’s probably a minority of people who are financially skilled, and the majority aren’t,” he says. “It’s a question of what the employer’s responsibility is here, so does it help and how far [should it] push?”

Regulatory bodies have moved towards putting more responsibility on ►►

“YOU CAN SHOW PEOPLE WHAT OTHERS LIKE THEM ARE DOING, ESPECIALLY IF THEY’RE A BIT BEHIND”

Richard Morgan,
Vebnet

‘maximum matching’, where if someone wants to pay in 2% a warning box will come up on the benefits platform pointing out that the employer will match contributions up to 4%.”

One organisation recently achieved 74% of its population signing up to one or both of these initiatives, proving these can be far more effective than holding face-to-face seminars because they can target much

larger populations, adds Ritchie. There are other techniques that can be deployed too, says Richard Morgan, head of Vebnet. “It’s almost a bit of peer pressure, but you can show people what others like them are doing, particularly if they’re a little bit behind,” he says.

“So [saying] ‘did you know that people in your age group are typically paying 5%, and you’re at 2%?’ It’s not quite

employers here in recent years. The problem is that the constantly changing personal-finance landscape, including the introduction of the lifetime individual saving account (LISA), also makes it hard for employees and employers to stay on top of this. "The lifetime Isa is a good thing but potentially very confusing and people could make the wrong choices by not having the right level of education about it," says Morgan. "So is someone better off putting their money into that or into a pension scheme? It all depends on what they want to use the money for; quite possibly they would be much better putting it in the pension scheme, but it depends on individual circumstances."

The situation is made even more complicated by having multiple generations in the workplace, says Corey. "You have to segment it, and then get your head around the changes and what you're going to do about it," she says. "More [organisations] are bringing in people to help from the financial awareness perspective; 10 years ago I could never have got budget approval to bring somebody in but now, more and more, I can get my boards to do that."

Any support needs to be well targeted, depending on people's age and stage in life, says Ritchie. "There's no point in talking to somebody who's 50 about a lifetime Isa, and equally there's no point in talking to somebody with £20,000 in their pot about a lifetime allowance," he says. "The targeting of the education is vital to get people to take notice and do the right thing, and take-up rates should go up as a result of that."

Communication is key

Effective communication is also essential. The key here is to segment messages to target particular groups, which can help maximise the impact, says Ritchie. "We did some seminars on annual and lifetime allowances, where we worked with employers to target only those people who were close to being affected by those limits,

"THE LIFETIME ISA IS A GOOD THING BUT POTENTIALLY CONFUSING AND PEOPLE COULD MAKE THE WRONG CHOICES"

Richard Morgan,
Vebnet



ahead of the changes that were coming in April," he says. "There was one [organisation] that had 68% take-up, but that's because it was 68% of people who were very interested. If we'd just contacted everybody, that percentage would have been much lower."

Such sessions can be a cost-effective alternative to more expensive financial education programmes.

Inevitably, interest and take-up will both be higher when it is an issue that resonates with employees, or groups of employees, says Corey. One such example would be a business with a young workforce where staff were about to receive a windfall payment as a result of a share scheme payout.

"[This organisation] brought in financial advisers, and had huge take-up of people attending these sessions, because they could very clearly see what was in it for them," she says. "But that's the challenge; trying to segment it so that you can see why you should actually go to that website and start doing the gamification and everything else. It can be very difficult to get employees to do that."

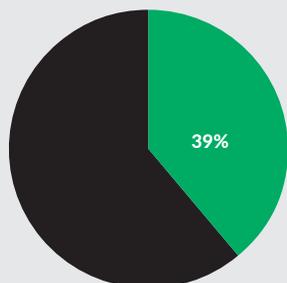
On the platform

One solution could be to host any resources on a benefits platform and tie it into an annual renewal window when people are more likely to be using the site anyway.

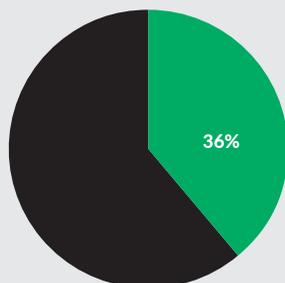
Providers have also made efforts in recent years to make their products more user-friendly, encouraging employees to use them, says Morgan. This could be by

What are employers' major challenges?

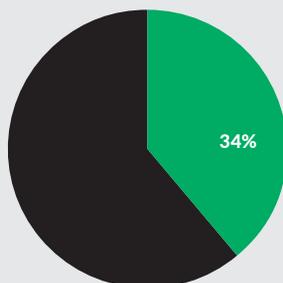
Source: *Employers taking action on workforce health and well-being*, Willis Towers Watson, April 2016



Inadequate budgets



Insufficient evidence of ROI



Weak employee engagement

What can employers do to help employees find their way?

(Source: Willis Towers Watson's 2015/16 Global benefit attitudes survey, published in February 2016)

Employers need to consider whether their employee benefits programme remains effective, in particular whether it supports employees' short- and medium-term financial goals, as well as traditional long-term retirement saving.



Identify

Distinguish the different groups within the workforce and understand their financial needs and priorities.



Design

Review the current benefits programme. Does it match employee needs? Can you redesign it to deliver better value for money and more engagement?



Personalisation

Reshape existing budgets to offer more personal choice and flexibility for employees to prioritise and address different financial objectives throughout their careers, from those leaving university through to those individuals who are approaching retirement.



Engagement

Segment, personalise and tailor communications to engage and support employees at the right time, with the right messages, and target the short-, medium- and long-term financial goals and saving opportunities.

removing the need to remember user names and passwords, but also giving employees a more consumer-style experience when they do go on sites. "A lot has been learned from other sectors and platforms such as Amazon, and employers and technology providers have learned from looking at what's happened outside their own little world. It's about making it easier and more fun for employees rather than just handing over information. But you've got to give people an incentive to go in as well."

Attention-grabbing tactics

Employers can also make a real difference to take-up by helping to promote the messages that come through from providers. "Something that came through recently for us, which should have been obvious, was the power of the employer endorsement in that situation," says Ritchie. "We tried something where we sent out an email to a particular population on a particular topic, and we got a certain take-up rate.

"Then we tried it again where the employer sent out something first, saying 'you're about to hear from Standard Life

and we encourage you to read it'. The take-up rate for the second group was much higher. The fact that something was sent out in advance made it much more effective and it was only by trying it out that we realised it. It's become part of how we do things now."

Corey has also used this tactic, even going as far as to create a caricature of herself that she uses when she needs to send out important information. "In my last [organisation], I ran focus groups and told them that every time they see that little cartoon character it means it's something that they actually want to open," she says. "But it is difficult getting people's attention."

A further issue for reward professionals, though, is finding time to put in place such initiatives, at a point where there are a number of projects and regulatory changes taking place. "As a reward person, it's just trying to do things when you keep getting things thrown at you," says Corey. "It would be nice to know that in two years from now the government won't throw us the national living wage or pensions auto-enrolment so we can start doing some exciting things. It feels as if I've been playing dodgeball over the past few years." ^{EB}

"AS A REWARD PERSON, IT'S JUST TRYING TO DO THINGS WHEN YOU KEEP GETTING THINGS THROWN AT YOU"

Debra Corey,
Reward Gateway

Mining the information

Effective management information is vital for working out benefits provision



Nick Martindale |
Freelance Journalist

One of the challenges for HR and benefits professionals can be working out just where they should focus their energy and resources in terms of benefits provision, factoring in what employees want, what is most effective from an engagement and retention perspective, and which elements offer the best return on investment (ROI).

This is where effective management information (MI) comes in. Richard Morgan, head of Vebnet, says: "It covers a very broad spectrum from engagement surveys to looking at the staff turnover rate and evaluating the number of job offers that are accepted. From a purely benefits perspective, it's lifting the bonnet on what's happening underneath. It can help [employers] work out what's happening with particular demographic groups, locations, job roles or salary bands and identify any hotspots that [they] have got within [an] organisation where it's proving difficult to retain or motivate people."

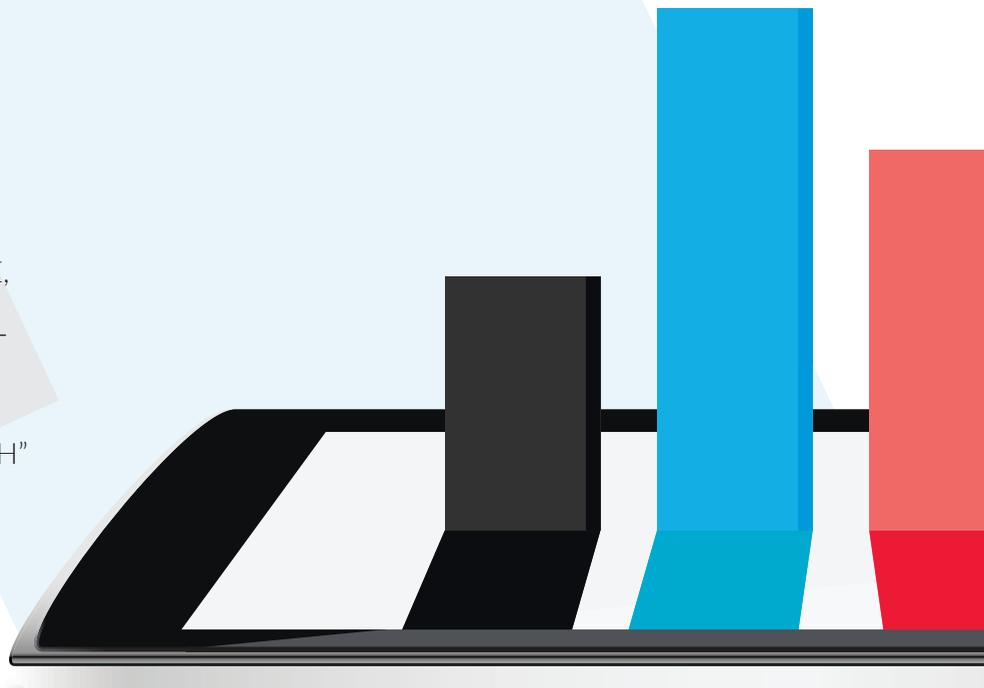
Happy, healthy, wealthy

From a financial perspective, such an exercise can evaluate levels of take-up and subsequent impact of specific initiatives on employees. "It can look at hard savings through salary sacrifice [arrangements], and even things such as absence and productivity," says Morgan. "We sum it up as helping employers have happier, healthier and wealthier employees, and having that management information helps to work out which are the important bits for us that [they] need to include, which elements [they] are less interested in, and what is the true ROI for the business."

This can be particularly useful in helping to make the case to the board, says Debra Corey, group reward director at Reward

"FROM A PURELY BENEFITS PERSPECTIVE, IT'S LIFTING THE BONNET ON WHAT'S HAPPENING UNDERNEATH"

Richard Morgan,
Vebnet



Need to know

- Management information can give reward professionals an overview of the effectiveness of benefits provision.
- There are many metrics an employee can draw on, such as take-up rates and absence statistics.
- Employers need a clear plan of what they want to achieve once the information has been collected.



Read also

How employee health data can inform on absence management strategy
bit.ly/1V9b9MB



STEP 01



STEP 02

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Gateway. "If you have a [chief executive officer] CEO who doesn't get it, it's a way of transferring it into business language," she explains. "That's where it really helps, because if I can show those kinds of CEOs how not doing something is going to hurt the bottom line, then I'm more likely to get it approved."

Engaging employees

Such analysis can even be applied to less obvious areas such as health and wellbeing, using metrics around absence data and productivity. "If [employers] have got a joined-up approach, so are keeping people healthy in the first place by having an on-site gym and having healthy food in the staff canteen, eventually that's going to feed through to absence rates and then to [private medical insurance] PMI costs," says Morgan. "As part of a long-term strategy, there are quite a number of metrics [employers] can use."

"WE GOT SOME KEY DATA FOR ONE OF OUR PENSION CLIENTS, AND THAT SPARKED A BRILLIANT TALK"

Alan Ritchie,
Standard Life

Effective use of management information can also engage employees in particular initiatives, says Alan Ritchie, head of employer and trustee proposition at Standard Life. "It can really help employers to see the woods for the trees," he says. "We recently did a report for one of our pension clients, where we provided the key data that we thought it would be useful for it to know, and that sparked a brilliant conversation."

This revealed issues such as a large number of high earners only paying a small amount into their pension pots, and a number of older workers who were in danger of not saving enough to retire on. "With that kind of information, you can start to think about a consolidation campaign with those people to increase their engagement in the scheme in the first place, and the value they feel they get from it," says Ritchie.

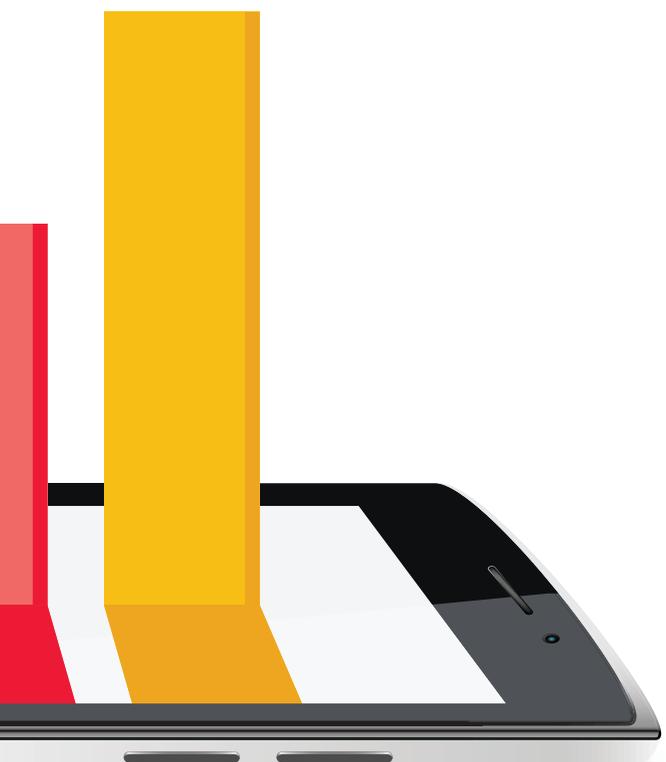
Such analysis can also be used to understand trends that may otherwise not have been spotted. Morgan cites the example of one employer that had a benefits take-up rate that was three times higher in one location than in the rest of the country. "Is it because of a different management style in there, or is it because people in that location happen to be happier than anybody else in the country?" he asks. "[Employers] need to really do a lot of analysis to look at individual groups of employees to understand where those variations are, and then they can start to put other communication strategies around it."

Corey, meanwhile, intends to use employee feedback from the roll-out of five new benefits to help shape future strategy. "I'm sending an infographic out to summarise all the changes we're making, and at the end of it I'm doing a survey, just to ask them how engaged they were with benefits before we did this, how engaged they are now, and how they think they align with our new principles," she says. "I need a bit more feedback; I've just spent all this time and money, and I want to know which ones are ticking the boxes, and which ones weren't the right things to do."

Impact of communication

Monitoring the impact of communications can also provide useful information. "[Employers] can look at things such as whether anybody actually responds if [they] send an email out on a Monday morning versus doing it on a Friday lunchtime," says Morgan. "That can keep costs down, because they can eliminate campaigns that they know historically have not had any impact. Being able to pull all of that together can give a really rich picture of what's going on."

The nature of analysis offered by providers is changing, too, says Charles ►►

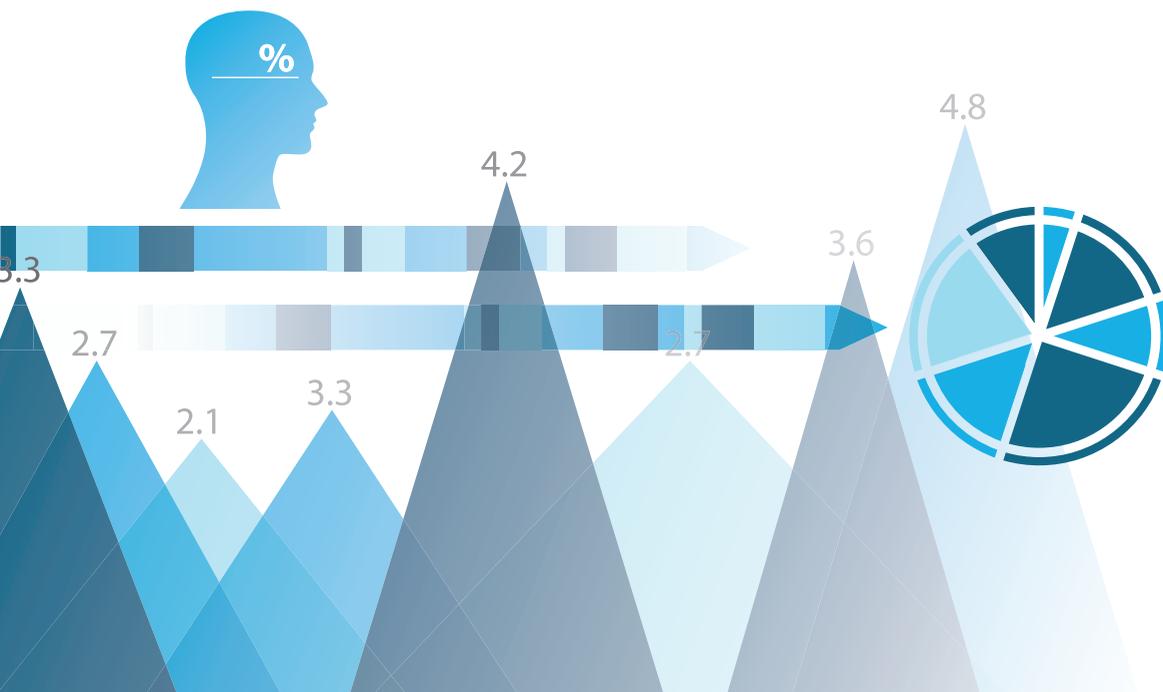


STEP 03



STEP 04





Cotton, performance and reward adviser at the Chartered Institute of Personnel and Development (CIPD), which is helping employers and advisers identify trends. "It's moving away from big heavy sets of data to dashboards and graphics, which are very visual," he says. "It makes it easier for people to recognise the impact, and see what employees are doing, or not doing."

Getting it together

There are, however, a number of issues that organisations face when looking to make use of data. Cotton points out that while most organisations have plenty of resources they could draw on, these tend to be scattered throughout the business. "If [employers] want to know about the impact of the sales incentive scheme, they have got to go to the sales department, and if they want to get more information about employee share plans, they have got to go to the secretariat," he says. "In many organisations, [employers] have got multi-sites, multi-divisions and different payrolls, so they have to try and get all that information together and then reposition it for their purposes."

Often the data is housed in disparate IT systems, which can make it even harder to pull together, says Morgan. "While you might have a flex or reward platform that enables you to go straight through to your pension servicing, typically the share plan providers can't reciprocate a single sign-on or an exchange of data in there," he says. "Ideally, as well as seeing what your pension value is on your homepage, you'd have your current share plan value too, but often that's just too difficult."

It is a similar situation with healthcare providers, where joining up disparate

**"SOME FIRMS
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Duncan Brown,
Institute for
Employment Studies

products can be problematic, he adds.

Duncan Brown, head of HR consultancy at the Institute for Employment Studies, believes HR does not help itself by failing to measure the right data. "The statistics that you see are the things that [employers] can measure, such as take-up rates, but how important is that really? Okay, they don't want zero, but does it really make a difference whether it's 30% or 40%?"

Market data, where employers effectively compare themselves to their peers, can be another source of frustration, because this can fail to take into account the individual workforce demographics. "If my workforce has an average age of 20 and another has an average of 50, why am I going to care what their most popular benefit is?" says Brown. "But market data works like that, and if you look at why employers provide quite a lot of benefits, often they'll say it's because their competitors do."

Employee engagement surveys are also limited, adds Corey. "In a lot of HR programmes you just look at the engagement scores, but in the engagement surveys, there's often just one question, which is whether [employees] are satisfied with their benefits," she says. "It doesn't really help [employers]. We need to take the data to the next level."

Gaining a focus

Her approach is to run her own research, through focus groups rather than formal surveys. It can also be useful to know what take-up rates are so these can be benchmarked against others in the sector, providing an indication of how well the benefits team is doing.

Cost is also a factor, and much of this comes down to whether an organisation

genuinely buys into benefits and engagement initiatives. "It goes back to business strategy and what the organisation is trying to achieve with its culture and brand," says Cotton. "Some organisations have very sophisticated HR information systems that can do a lot, and then there are others where it's held together with Post-It notes, Excel spreadsheets and whatever is in the filing cabinet."

Situational response

Whether an organisation is prepared to invest is often determined by its own individual situation. "It depends on just how much of a priority it is, and what's happening, so whether [it has] got a massive attrition rate and needs to do something urgently, or if there is a merger going on that requires it to do something more efficiently and bring people together," says Morgan. "There's usually some catalyst like that, which makes the board think it's worth spending the money."

Unsurprisingly, how well employers do this varies. "We've got two groups of employers: one that hasn't got the data, isn't doing any analysis, and just runs with whatever is there," says Brown. "Then at the other extreme we've got some [organisations] that have got tonnes of data but they're not really keeping up, and they don't know what to do with it."

There is also a risk that organisations do not really know why they do what they do, says Cotton. "Often you talk to organisations that are collecting information, and they're not sure why they're collecting it in the first place; they're doing it because they've always done it," he says. "That is the time to start thinking about what they are trying to achieve as an organisation. That should then inform what they try to measure, rather than looking at what data is available and trying to retrofit it."

Using expertise

Providers also have their part to play in helping to drive take-up of management information, by ensuring systems have the right information in a way that can be easily accessed. "You'd expect the data to be there with any platform, so it comes down to how easy it is to use and understand," says Morgan. "Employers need a nice simple headline dashboard that they can understand in 10 seconds, but with the ability to drill down where they need to."

Making it simple to use is the over-riding concern for Corey. "The role of the reward professional has grown so much in recent years, so I need providers to help me understand what the data means, make it a bit more user-friendly, and help me figure out what to do next," she says. "We probably have higher expectations from providers these days." 

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Music to their ears

An employer's brand can be a key factor in communicating with the millennials age group



Nick Martindale |
Freelance journalist

Engaging with millennials is a particular challenge for employers. This age group tends to have very different values to other generations, and the brand of an employer can be an important element in any decisions around both where to work and how long to stay in a position for.

Debra Corey, group reward director at Reward Gateway, recently undertook a snapshot survey through LinkedIn to try to establish just what motivates this age group, and found brand was an important factor in motivating millennials to perform at work. "Pay was still quite high, but brand is also important," she says.

The same message also came through loud and clear when Disney launched a flexible benefits plan around a decade ago, says Richard Morgan, head of Vebnet. "We carried out employee research beforehand to find out what people actually wanted and how they felt, and the big thing that came out was that none of them felt as though they worked for Disney," he says. "The best quote from one of the employees was 'I work in the middle of a roundabout in Hammersmith', because it was just a bland office."

As a result, the business implemented a major office rebrand, drawing on various Disney themes from films and cartoons, and creating an environment that reflected the consumer brand. "That was the key thing for [staff]; they wanted to actually feel as though they worked for that organisation," he says. "But [Disney is] in an advantageous position because [it has] got an amazing brand and it's tangible."

In some cases, the answer to engaging this group lies within the employer's product offering, says Charles Cotton, performance and reward adviser at the

"WE ARE STARTING TO USE MARKETING LANGUAGE WHEN WE'RE TALKING TO OUR PEOPLE NOW"

Debra Corey,
Reward Gateway



Chartered Institute of Personnel and Development. He cites the example of a mobile phone retailer that asked its employees what benefit they would most like, only to be told staff would like one of the phones the organisation sold.

However, creating a strong brand can be something of a double-edged sword, warns Duncan Brown, head of HR consultancy at the Institute for Employment Studies. "Are employees saying 'I love the brand, and it's a part of me, and I'm never going to leave', or 'it looks brilliant on my CV, and I'm going to stay two or three years, and then it's given me the platform to go somewhere else?'" he asks.

This has been the case for those who Morgan works with. "One client I work with in the broadcasting industry has a problem

in that [it is] not seen as being cool enough, and [it is] losing a lot of people who go to the likes of Netflix," he says. "As an employer, how do you recognise that actually, within a fairly short space of time, things have changed, and [there are] now different groups of people that it needs to attract in, and keep, and they want a whole different experience?"

Employers also have to find effective ways to

communicate with this generation. "They're used to using apps, and expect to see more interactive technology," says Cotton.

As a result, there is a growing number of organisations attempting to engage this generation through financial awareness apps. "This generation lives on their phones, and it's so easy to create an app these days," says Corey. "I have not picked providers before because they don't have apps."

She also believes it is important to treat employees in the same way as consumers when attempting to get them to buy into the brand and engage with other initiatives. "We're starting to use marketing language when we're talking to our people now and I bring in marketing people to help me with communication campaigns," she says .



Need to know

- The millennials age group tends to have different values to other generations.
- Employers need to be creative in their communication methods to these employees.
- Using apps and smartphones can be an effective way of engaging millennials.



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