

The Integrated Benefit Strategy®

KNOWLEDGE SERIES



# WHY YOU NEED TO DEVELOP A **STRATEGIC** BENEFITS PROGRAM

And Overcome The Bottom-Line Trap™

MODULE #1

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# Why You Need To Develop A Strategic Benefits Program

## And Overcome The Bottom-Line Trap™

By Ron Hansell

Employers who try to control their benefits costs by shopping around for lower premiums may end up paying even more in the long run, because they are not focusing on the right issues. Many employers think they can find a better rate on their benefits premiums by getting carriers to compete for their business. But due to consolidation and de-mutualization, there are fewer carriers in Canada today than in the past, and they are all offering the same basic rates, based on the same actuarial tables. There used to be a wide difference in the rates charged by different carriers, but that is not the case today. As such, it's hard to find a lower rate.

### FOCUS ON CLAIMS, NOT RATES

If you really want to control your benefits costs you should focus instead on the level of claims made by your employees. That's because eighty percent of benefits premiums are associated with the level of claims, and 20 percent are associated with the administration of the program by the carrier.

The process helps you develop and implement an integrated benefits strategy to unite the wellbeing of your company and your employees.

In other words, if you want to curtail the rising cost of benefits premiums, you need to implement strategies to lower your overall claims.

Unfortunately, most employers do not understand that claims make up the major share of their premiums, so they focus instead on shopping around for better rates. We call this problem **The Bottom-Line Trap™**. When you fall into this trap, you end up paying more, and fail to use your benefits plan as a strategic tool to grow your business.

### STRATEGIC PLANNING CAN LOWER COSTS

This is why we developed **The Integrated Benefits Strategy®** process. The process

helps you develop and implement an integrated benefits strategy to unite the wellbeing of your company and your employees. It also helps you use innovative strategies to potentially lower your claims, and therefore your premiums.

There are a number of innovative strategies that leading companies have used to successfully limit the rising costs of their benefits programs, including communication and education, health and wellness programs, and defined contribution plans.

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### THE TOTAL COMPENSATION MODEL™

Through improved communication and education, your employees will understand that they have an

incentive to lower their personal claims, and those of their co-workers. By teaching them **The Total Compensation Model™**, your employees will realize that higher claims have a negative impact on potential wage and salary increases. They will work with you to crack down on the small segment of the staff who make higher claims than necessary.

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## HEALTH & WELLNESS WORKS

Secondly, studies have shown that those employers who sponsor health and wellness programs in their company achieve a marked decline in the claims made by their employees. By encouraging employees to get more exercise, eat more nutritious meals, and adopt other healthy habits, employers can see their overall claims drop, and also increase the productivity of their company.

## DEFINED CONTRIBUTION INCREASES YOUR CONTROL

A third strategy used successfully

by many companies is to set up a defined contribution program. So instead of providing a defined benefits plan – which requires employers to increase their contributions to match rising costs – they define the level of contribution so they always know how much their plans is going to cost.

Under this type of program, the employee is given a set amount of money that he or she can spend on health and wellness expenses. They can spend it any way they choose, and have an incentive to shop around for the best deal.

Both employers and employees like defined contribution plans because they give both parties greater control.

## HIRE EXPERTS TO ADMINISTER YOUR PROGRAM

In addition to these strategies, you can control your benefits costs better through more effective and efficient administration. Many companies do not have the resources to administer their benefits program effectively. In one recent case, for example, an employer did not properly re-title the beneficiary on a life insurance policy when one of their employees

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remarried. When the employee died, the ex-spouse was still listed as the beneficiary, and the current spouse sued the company. This simple oversight was very unpleasant for everyone involved, and cost the company a lot of money. That is why it's often wise to have outside experts administer your program. They have the resources and experience to do it right.

## STRUCTURED APPROACH PUTS IDEAS INTO ACTION

These strategies, and many others, can help you lower your benefits costs, or at least limit cost increases, and yet many employers do not know how to put these ideas into action. Unfortunately, many corporate executives do not look at benefits as a strategic issue. They delegate benefits completely to their HR department without giving them authority or resources to do the job properly. But that's why The Integrated Benefit Strategy® process works; because it gives you a structure to develop a strategic benefits plan, and then deal with these issues properly over a period of time.

# The Integrated Benefit Strategy® Process Overview

To appreciate the true value of the process, and how it can save your company money, here is a short description of each step.



Benefits Starter Kit™



Fit Workshop™

## STAGE 1: THE FIT WORKSHOP™

The first stage is The Fit Workshop™. During this free 90-minute session, we help you assess your current situation and establish clear goals for the future. We review The Bottom-Line Trap™, and use a scorecard to see how this problem may be having a negative impact on your company. Then we conclude by helping you develop clear goals for the future of your benefits program.

The Fit Workshop™ helps you fully appreciate the value of strategic planning, and the drawbacks of The Bottom-Line Trap™. In many cases, The Fit Workshop™ is a real eye-opener. You now understand that eighty percent of your premium costs are associated with claims, and you realize that a new, more strategic approach is required to alleviate the problem.



Benefits Analyzer™

## STAGE 2: THE BENEFITS ANALYZER™

The next step is The Benefits Analyzer™, which helps you identify the strengths and weaknesses of your current program. We use The Benefits Analyzer™ to assess what you are doing right, and what could be done better. Each component of your current program is analyzed and rated. We then provide you with a report of our findings.



Benefits Fix™

## STAGE 3: THE BENEFITS FIX™

From there we move on to The Benefits Fix™. During these workshops, we work with you through a series of exercises to optimize your program's effectiveness, and develop our strategic plan. We make sure that you have identified all of your issues, and have a strategy to deal with each one. We also look at all the tools and resources that might help you best implement your plan. We want to make sure you have thought everything through, and assessed all of your options.



Benefits Blueprint™

## STAGE 4: THE INTEGRATED BENEFIT STRATEGY® BLUEPRINT

This blueprint outlines the resources, tools, budgets, and timelines required to ensure the successful implementation of your plan.



Implementation & Review™

## STAGE 5: IMPLEMENTATION AND REVIEW™

At this stage, you and your team implement the strategies and projects developed during the planning sessions. On a regular basis, we meet with your team to review your progress and keep you on track towards your goals.

## YOUR RESULTS

### Process Gives You Greater Control Over Costs

Over time, our clients also learn that they can have a positive impact on their level of claims, and thereby take greater control over the costs of their benefits program. By offering health, safety, and wellness programs, they experience lower claims, lower absenteeism, and lower premiums or at least lower premium increases. They also get higher productivity, and lower turnover of staff.

But in spite of the obvious benefits of this process, some employers are still not ready for it. Some people are looking for a quick fix. They don't want to spend the time doing strategic planning, and they think they can get a lower premium by shopping around. In some cases, they might succeed, but we've learned that these alternative programs are not sustainable, and the services are often sub-standard.

As well, some companies are just naturally reactive. They wait until the last minute to deal with their benefits program, so they are compelled to simply either accept a premium increase, or scramble for a lower rate. They just don't think and act strategically.

In other cases, some employers just think the whole subject is too complicated and too involved. Because they put a low priority on human resources, they don't want to spend any time on the issues. And then there are the companies who don't understand the problem. They think everyone is suffering so they grin and bear it. They don't know that the problem can be fixed, so they just keep doing the same old thing.

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## IS IT FOR YOU?

### Process Appeals To Lenders

Leading companies understand how their benefits program can contribute to the overall success of their organization. They understand that an effective benefits program – that is well understood and appreciated by employees – can give you a significant competitive advantage. It will attract and keep great employees who are motivated to perform beyond expectations. It can also enhance your reputation with customers who like working with an employee-positive company.

To appreciate this program, you have to be a future-focused company that embraces long-term strategic planning.

### Process For Strategically-Oriented Companies

That's why **The Integrated Benefit Strategy**<sup>®</sup> process is not for everyone. To appreciate this program, you have to be a future-focused company that embraces long-term strategic planning. You have to be a leader in your industry, and understand that your benefits program can have a positive impact on our company's future. You have to be open minded and willing to do things differently.

You also have to be willing to invest the time and money in the short-term to save time and money in the long-term. You have to realize that there is no quick fix, and be willing to work diligently on the issues facing your company.

Obviously, **The Integrated Benefit Strategy**<sup>®</sup> process is only for strategically oriented companies who want to take a leadership role in their industry. If your company fits this description, you might be interested in developing a strategic plan for your benefits program using The Integrated Benefit Strategy<sup>®</sup> process.

## ADDITIONAL RESULTS

### **The Benefits Philosophy Statement™**

One key activity in the process is the development of a **Benefits Philosophy Statement™**. This statement outlines the principles of your benefits program and gives you a guide for decision-making purposes, now and in the future. It is important that this statement matches your corporate philosophy. For example, if you say that your employees are your most important assets, you should have a benefits philosophy, and program, that reflects this commitment.

### **The Benefits Trainer™**

With your new plan and path in place, the next step is **The Benefits Trainer™**. We hold interactive sessions with your benefits administrators to provide them with knowledge and direction in order to deal effectively with the complexity of today's benefits industry. We provide on-going training and communication through **The Benefits Informer™**, which includes newsletters, and webinars. We also hold group **Benefits Strategy Sessions™** where you have an opportunity to interact with other companies, and learn from their experiences.

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## PROVEN PROCESS

### **Process Designed Based On Experience**

The **Integrated Benefit Strategy®** process was developed based on our experience working with hundreds of companies over the last three decades. We've learned that strategic benefits planning can have a huge positive impact on a company. By taking the time to develop clear goals, and a plan to achieve them, you can save money, attract and retain great employees, and achieve your overall corporate goals..

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### **Benchmark Surveys Validate Process**

Benchmark surveys conducted by our company prove that **The Integrated Benefit Strategy®** process works. When we start working with a company, we conduct a benchmark survey to gauge employees' understanding and appreciation of their benefits program. We then follow up with surveys six months later and then a year later. The results always show a dramatic improvement. Due to better communication and education, employees express greater satisfaction with their benefits program, and with their job overall.

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For more information about  
**The Integrated Benefit Strategy® Program**  
call BHH at (905) 643-1017

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BHH unites the well-being of companies and their employees through quality, responsiveness and innovation in benefits.

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