

# Strategic Benefits Planning

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## The Problem

Most employee benefit programs are the result of renewal driven, short term solutions to cost and service problems. Typically, the HR professional, with the help of a broker or consultant, presents what they believe to be the best renewal alternatives available to senior management 30 to 90 days before the renewal. They rarely know exactly what senior leadership actually wants, how much can be spent, or how their recommendations will be evaluated. Senior leadership rarely knows what to expect or even what the full range of alternatives are. Everyone makes the best of a bad situation; quick decisions are made, put to bed, and often forgotten for another year. Nothing is really solved. No progress is made.

## Building a Plan

The first step toward building a plan is getting the right people involved, including senior leaders with responsibility for culture and budget as well as those responsible for HR and/or benefits. Depending on the size of the organization and the sense of urgency, the president or owners should be involved. It can also help to have an expert facilitator who knows how to raise the issues and move the process forward. The key is to involve the leaders who can make the strategic decisions and commitments so that the benefits professionals get clear direction to do their best.

## The Strategic Planning Session

During this session, begin to define your benefits objectives given your organizational culture, budget, resources, and needs so that benefits create a competitive advantage (see [Employee Benefits as an Investment](#), [Communicate on Healthcare for a Competitive Advantage](#)). Consider these questions:

- Why do we offer benefits? What is the plan's purpose? What is our commitment? Can we articulate that?
- Do we view benefits as an entitlement or do employees have some personal responsibility as well?
- How do we compare to our peers? Do our employees know what they have or how they compare? Do we know what our employees appreciate or need?
- Do we know what to communicate to our employees or how?
- How much do we spend? How much can we spend? How much should our employees spend? Is it affordable? Should everyone spend the same?
- Do employees take care of their health? Do they know how? Do they need help? (see [Patient Advocacy as an Employee Benefit](#))



- How do disability and retirement fit in? (see [Financial Planning as an Employee Benefit](#))
- Are we leveraging all available tax and funding tools?
- What about compliance and administration?
- How could the internet help?

## The Strategic Plan

This long term plan answers the philosophical questions: What do we want our program to look like a few years from now? Why? What needs to be done between now and then and who is going to do it. These are the goals against which the HR and benefits professionals can be evaluated. They might include:

- A communication campaign articulating the goals of the program to employees, what employees can expect from the organization and vice versa, over time ( see [Communicate on Healthcare for a Competitive Advantage](#))
- A wellness program to help employees and their families take better care of themselves both before and after they get sick (see [Patient Advocacy as an Employee Benefit](#))
- A more efficient funding arrangement to free up cash and smooth out the renewal cycle
- A contribution strategy that benefits the most difficult to attract employees and retain high performers
- More flex time or a new paid time off program

## The Initiatives

In addition to the philosophical imperatives for the program, the plan will contain several initiatives to be accomplished over time. They may include:

- A benchmarking analysis
- An employee survey
- A communication and education strategy and campaign
- New plan designs and reimbursement accounts
- New contribution analysis
- Voluntary benefit offerings
- A web based benefits administration or communication application
- A compliance review



## **The Short Term, Tactical Plan**

Typically, certain deficiencies will be uncovered that need to be corrected quickly. These might include replacing an incompetent vendor, correcting a compliance problem, or changing an administrative process.

## **The Recurring Activities**

Benefits plans have certain recurring activities that should be calendared and assigned. These might include:

- 5500 filings
- Quarterly claims reviews
- Pre renewal strategy session
- Annual enrollment activities
- Intranet/portal updates and maintenance
- Post renewal debrief session
- Annual strategic planning session
- Stewardship review

## **The Written Plan**

The final result is a document with all the strategies broken down into initiatives and activities with responsible parties and target dates. Everyone knows where the program is going and how it is going to get there. All parties can be judged by their progress against the plan. Each year the group reassembles to monitor progress and reassess strategy. Ideally, the plan is executed according to project management protocols, minutes to meetings, plan updates, and communication to all parties.

Strategic benefits planning while proactively identifying needs and solutions facilitates accountability and improves value.