My Business, Today and Tomorrow

Create a Benefits Strategy that Closes Two Key Gaps in Your Business’s Success

Don’t miss the rest of this Thought Leadership series: it will help you understand the role employee benefits play in shaping the future of your business:

- Changes to the health insurance ecosystem,
- The expectations of today’s healthy workforce,
- A shifting compliance landscape, and
- Our strategic partnership.

Is your business where you want it to be? To really know, you must analyze your business as it is today, and compare that to a clear vision for tomorrow. Then, you must close any gaps that exist between the business you have and the business you’re dreaming of. With a sound 2016–2017 benefits strategy, you can narrow two key gaps that small business owners care most about: revenue growth and managing talent.

1. **Gap: Revenue Growth. Solution: Increased Productivity.**

You may think of benefits as a cost of doing business, and wonder how providing employee benefits could ever help you increase revenue. Benefits are an investment in your company’s revenue engine – your people. The key is to improve your benefits spending return on investment (ROI) by selecting benefits that give you the most employee productivity at the lowest financial cost.

Productivity is one of the strongest links between your benefits and your revenue. According to the Centers for Disease Control and Prevention, companies that support workplace health have a greater percentage of employees at work every day. Healthier employees are more productive and have lower rates of absenteeism and “presenteeism” (the negative impact on a worker’s productivity when he or she is present but not fully functional at work).

As you work with your ADP TotalSource® Human Resource Business Partner (HRBP) to optimize the ROI of your 2016–2017 benefit offerings, consider these factors:

- **Employees look first at medical, dental and vision benefits.** We know that the benefit most valued by employees is medical (67%). If your budget is tight, focus on offering more than one medical plan type (for example, a lower-premium High Deductible Health Plan (HDHP) along with a PPO or HMO, whichever is preferred in your market) to give employees a choice of costs. If you’ve got a little more budget flexibility, consider adding a Health Savings Account (HSA) contribution to go with an HDHP. This gives employees a lot of flexibility in how to spend their health dollars.

- **Subsidize dental and vision if possible – it will be well worth it.** Studies show that dental illness is the most common of all chronic illnesses. It actually results in 164 million hours in lost work time. And of course, dental problems contribute to more serious health problems, which also will hit your productivity rates and bottom line. Vision problems are no less troublesome to employers. Employees with vision issues take multiple breaks throughout the day to rest their eyes or to cope with vision-related headaches. All told, some 79% of employees
experience eye problems at work, and that may be costing you $2,000 per employee per year. Providing dental and vision insurance is a relatively low-cost benefit expense, yet has the potential to generate substantial ROI.

• **Ensure your employees know about the rest of their options.** Employees are 57% more engaged when they consider their total rewards to be competitive. While Health Care and Dependent Care Flexible Spending Accounts and voluntary benefit options like TotalChoice™ hospital, cancer and critical illness insurance don’t cost your company a dime, they offer employees cost-effective ways to expand their health coverage. Our surveys show that many worksite employees don’t know these options exist, so we’ll help you spread the word.

A present and productive workforce also reduces overtime used to cover absent employees and train replacements, and it boosts your revenue, increasing your capacity to deliver and grow.

2. **Gap: Great Talent. Solution: Recruiting and Retention.**

It’s not uncommon for small business owners to think that their businesses couldn’t survive without them. In many cases, they’re right. But it might point to another business strategy gap: a weak talent strategy. The right talent plan will ensure your business will prosper when you’re not there – whether you’re out at lunch, on vacation or ready to retire.

Last year, clients told us they were most concerned about employee retention (48%), followed by recruiting (29%). Let’s look at the right benefits to support employee retention and recruiting.

• **Retention:** Think keeping good people is all about pay? Actually, employees report that health, wealth and paid time off benefits combined are just as important as pay. Employees see benefits as a “hygiene factor,” meaning that they expect any decent employer to offer benefits. When you do, you’re in good company. According to the Bureau of Labor Statistics’ 2015 National Compensation Survey, 58% of firms with fewer than 100 workers offered health benefits, and just more than half (52%) set up retirement plans.

So offering something – as you do today – is a good place to start when it comes to keeping your people. However, if you’re looking for insight on what your current employees specifically value in their benefits package, consider using the new Worksite Employee Benefits Satisfaction Survey. It asks your employees a series of customized questions about benefit plan types, cost preferences, understanding of your benefits, and more, and it will give you rich data on which to base your 2016–2017 benefit decisions. Contact your HRBP to learn more.

Sixty percent of workers stay with their employer for the benefits, so make those benefit plans as attractive as possible. This will keep knowledge and good people in your business, away from your competitors, and will reduce your need to spend time on recruiting.

• **Recruiting:** If you’re growing or need to fill key positions, know that 43% of employees say, “Benefits are an important reason why I came to work for my employer.” Yet only 25% of employers use their employee benefits as a recruiting tool. Be certain that you’re showing candidates their total compensation; that is, the value of their pay and benefits. When you do, focus on core health benefits, adding financial, time off and voluntary benefits to show a robust benefits package. This can elevate the value of your job offer by as much as 30% to 40%.

If you’re wondering what benefits other employers are offering, and what they’re contributing toward those benefits, your HRBP can share benchmarking information during your Open Enrollment session. Average wages, employer medical contributions, employee medical contributions, medical deductibles and out-of-pocket maximums…they are all a part of that conversation.

Not sure where to start? Your HRBP can help you create the right benefits strategy for your business. During Open Enrollment, they’ll provide hands-on assistance to create the right plan offering and contribution strategy mix to help you achieve your recruiting and retention goals. Before your Open Enrollment planning meeting, be sure to complete the Organizational Health Readiness Survey from ADP TotalSource. If you haven’t already, click through the invitation you received via email on December 9 and complete the survey now.

We’ll use your survey results and the information you give us during our consultation to provide you with:

1. A range of options from ADP TotalSource (and a comparison of those options with options available on the open market)
2. Benchmarking and data insights based on your industry and geographic location
3. Advice based on in-depth knowledge and experience in the health insurance industry

Knowing this information is critical as you work with your HRBP to make plan decisions for the coming year.
Getting the Word Out

There’s another, often overlooked, gap between creating a winning benefits strategy and getting the productivity, retention and recruiting gains you’re looking for: the gap between all the time and money you spend on your benefits and how much your employees understand and appreciate them. Your time and your resources are tight. As a result, many small businesses cut communication about benefits from their budgets. We’ll help you bridge that gap with relevant benefits and health communications through every step of the benefits-selection process.

ADP TotalSource has a proven strategy to help you help your employees. See the article “Our Strategic Partnership” for more details about how we’ll help you develop a benefits approach and select your 2016–2017 plans and contributions. We’ll also help you inspire worksite employees to invest in their health by carefully selecting their coverage and using it well throughout the year.

Read Total Well-Being

4. Aon Hewitt’s 2015 Inside the Employee Mindset™ study
6. ADP TotalSource 2014 Pre-Enrollment Survey
7. Aon Hewitt’s 2015 Inside the Employee Mindset™ study
8. American Psychological Association
10. Society for Human Resource Management (SHRM), State of Employee Benefits in the Workplace series