

CENTERSTAGE

Spotlighting the knowledge of your experts at  hierl

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Why You Should Be Benchmarking (and How Hierl Can Help)

As an employer, you have more than likely heard the term 'benchmarking' thrown around. It is becoming a critical tool in the development of competitive benefits programs, often helping drive down costs. At Hierl, we are strong advocates for benchmarking. Why? We believe good business decisions can only be made with accurate, meaningful information. Benchmarking is a fantastic way for us - and you - to measure where you stand in all aspects of your benefits against your industry's standards and competitors. That's why, in this installment of CenterStage, we interviewed our Executive Vice President, Scott Smeaton.



From an Employer's Eyes - The 3 Scenarios

"When we meet with a business that has not done benchmarking, we are sure to complete that process for them, showing them where they stand in their marketplace," explained Scott. He emphasized that there are three scenarios that can happen once great advisors, such as those at Hierl, step in and get those results for the employer:

(1) The employer sees that everything around them has changed, they haven't kept up with the times, and they've left money on the table.

(2) The employer is having a difficult time attracting and retaining key employees. With benchmarking, they

can view where they should enhance their benefits to be more competitive in their marketplace.

With unemployment as low as it is, many businesses we meet with come from a third, different mindset:

(3) They want to look at their benefits from a total reward or total compensation strategy, where the benefits and the costs of providing benefits become part of a larger

picture – time off, vacation, wages, etc.

These three approaches to benefits strategy are why, at Hierl, we strive to blend any and all concerns into a benefits plan strategically designed to get our clients where they need to be to compete for labor. “With a recent client of ours, they were specific about wanting their plans to be in the top 25% of all the plans out there – from a plan design perspective and from a premium cost-share perspective. Using benchmark, we were able to illustrate to this client what they needed to do to accomplish that goal specific to their industry and geographic location,” Scott explained. Benchmark is a powerful tool that can be in any employer’s toolbox, if only you partner with someone like Hierl.

He continued, “When we do our clients’ benchmarks, we take the results further than simply a generic comparison against their competitors. We look at our clients’ specific plan designs, analyzing their deductibles, their coinsurance, their out-of-pocket maximums, their prescription drug copays, and other specifics, as well as how much of the premium the employees must pay out of their paycheck to have coverage. We break down each into five competitive areas: national, regional, state, industry, and employers of similar size.”

Addressing Employers’ Fear of Cost

Some employers may not want to see the results because their current offering isn’t competitive, and it would cost money to adjust their programs to be closer to market. If getting closer to market to compete for labor is their goal, we work with them to create a three- to five-year plan to get there, making incremental adjustments each year. Another common finding is that employers are paying more of the premium than their competitors. Some acknowledge that’s what they want to be doing; others appreciate the information and adjust their cost share so they can reallocate those premium dollars to other benefits, wages, or expenses. This can be an eye-opener, and they likely would not have realized the difference without doing a benchmark test.

Another benefit of benchmarking is how we use the information to educate and engage employees, helping them understand the effort their employer is making to be competitive in the market and how fortunate they are to have the benefits they do compared to others. We use the data during employee meetings to drive the point home. The response is often amazing. We’ve had employees go to their employers and thank them after the employee meetings admitting that they didn’t realize how competitive their benefits are. This also highlights that their employer cares about its employees’ needs and wishes with their benefits, helping the employer retain their key talent.

Partner with Advisors that Listen

If your benefits program isn’t up-to-par – or you’re not even sure where it stands against others in your marketplace – then benchmarking is something you should seriously consider. Even more so, partner with advisors that will want to improve employee

perception of your benefits as much as you do. Everyone at Hierl is extremely passionate about helping employers – large or small – identify what it takes to build a successful employee benefits program. To do that, we use the data and listen to the direction the employer wants to go, while also keeping in mind what the employees are looking for. Something we offer to our clients is to survey not only their company through benchmark but to also survey their employees, regarding how they feel and engage with their benefits. Every other year, we go in and do this test with our clients' employees to ensure the benefits plans we design for our clients are fully comprehensive and hitting every mark. We're not your traditional broker. We bring tools and resources to the conversation that make a difference. We're driven to educate and improve both the employer and employee experience, driving down the overall cost of benefits at the same time.

To learn more about Hierl's services or to begin your benchmark process, please contact our Executive Vice President, Scott Smeaton, at **920.921.5921** or **ssmeaton@hierl.com**.