



What You Need to Know About the Changes in Benchmarking

Employers rely on benchmarking surveys to help determine what changes need to be made to their benefit plans to ensure that they are competitive in the market. It's been a common practice to focus primarily on things like copays, deductibles, and contributions. The basics.

Benchmarking is an extremely important tool. However, your approach to benchmarking can be more valuable than the data in the surveys. Forward-thinking employers are using benchmarking not just to establish baselines for the basic features of their benefits plan. They are using benchmarking to discover best practices and identify improvement opportunities as they develop their overall benefits strategy.

Employers will always need to use benchmarking to make sure they are at least offering the basics. There's nothing wrong with that. But, if you want to take full advantage of the strategic benefits of benchmarking, then you must change your approach and think more creatively.

Benchmarking Your Benefits Strategy

At its core, benchmarking involves taking detailed measurements of specific areas of the benefits landscape. It's a vital tool that employers use to develop their benefit plans. With measurements in hand, an employer can evaluate how their benefits plan stacks up against their competitors' plans in the eyes of current and future employees.

By looking at benchmarking surveys that examine how other companies are structuring their plans, employers can answer important questions such as:

- What types of benefits are being offered in our market?
- What is the average cost to the employee?
- What is the average cost to the employer?

When asking basic questions like these, it's important to drill down deeper. Look at each answer and then take the next step to find out what's working and what's not working in each area. This is the best way to create a plan that best fits your organization. Remember that a "best practice" for your competitor may not work in your organization.

What may frustrate some forward-thinking employers is that most of the benchmarking surveys currently available tend to only look at traditional plan design. They ignore some of the finer nuances of innovative plan design and don't provide the type of information that supports strategic decision making.



Fortunately, the creators of benchmarking surveys are beginning to include information about employer and employee opinions on the various elements of a successful benefits plan. This data helps employers find answers to more strategic questions like these:

- Where are our weaknesses and how can we eliminate them?
- Where are our strengths and how can we maintain them?
- Where are the areas in which we can improve?
- What are the effective strategies for improvement?

Companies Need to Be More Creative with Benchmarking

To attract and retain top talent, employers must be more creative. The modern workforce is evolving. Employee expectations are increasing. And, now that the Affordable Care Act is here, employer responsibilities are changing. Collectively, these developments present employers with an excellent opportunity to take an evolved approach to benchmarking.

If you continue to use benchmarking as it has been used in the past, you are limiting your creativity and you won't be able to offer employees a highly competitive package. By only focusing on copays, deductibles, and contributions, you will end up offering a traditional plan design that is too basic and no longer relevant to the needs of your workforce.

The next time you look at a benchmarking survey, try to locate information that will help your organization discover and develop a better benefits strategy. Look for surveys that share information summarizing attitudes and opinions about innovative plan features.

For example, this type of opinion data helps you discover which wellness programs, employee education tools, voluntary benefits, and cost-reduction strategies are working or not working. Not only will you discover new and different ways to do things, you'll have a well-informed perspective that supports strategic decision making.

An attractive benefits package is a fundamental component of your ability to recruit and retain top talent. To keep up with changes in the workforce and new demands on employers, you need to take a creative approach to benchmarking that goes beyond traditional plan design.

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