

Perspectives



Evolving the employee benefit mindset
and strategy: The future arrived yesterday

By Randall K. Abbott with John M. Bremen and Amy DeVylder Levanat

Much has been written about the future of work and the need for organizations and their people to adapt to the changing employment environment. But, for many companies, the future arrived yesterday. With employment relationships and employee expectations in flux, the need for a compelling talent value proposition (TVP)* and Total Rewards strategy/program has become critical to attraction, retention and worker engagement. Benefit design and delivery, as well as the talent experience, are becoming a compelling differentiator to meet workers' desires for security, personalization and choice.

Our perspective is straightforward: We believe organizations that broaden, align and integrate benefit strategy and execution with organizational purpose and values to deliver a differentiated talent experience will gain a competitive advantage. Doing so will foster heightened engagement and increased productivity while addressing the needs and expectations of a changing, ever more diverse workforce.

We are at an inflection point

Despite the disruptions evident in business today, benefit management has been largely unchanged; the fundamental tasks (i.e., design, price, comply, communicate, deliver and administer) remain and will continue to be important. That said, employers are finding themselves challenged to attract talent in a highly competitive employment environment. In order to be successful, they must manage changing workforce needs, accommodate employee expectations about the work experience and deliver sustainable business results. Successfully

navigating in this environment requires agility and a purpose-driven approach to benefits that aligns with the broader Total Rewards portfolio, which today encompasses pay, career, wellbeing and benefits.

As a result, the strategic context for benefits must evolve. This doesn't mean we change or discard historically successful benefit management or operational practices. Virtually all of the activities intrinsic to effective benefit management remain vitally important. However, we've seen over the years that benefit management can often operate in a silo, largely

disengaged from broader Total Rewards and workforce strategies. To excel in today's environment, we must broaden our thinking beyond the historical employee benefits construct, and integrate and align benefits to accommodate this changing context. Needed actions will look different for each organization as there is no single approach. Each organization's legacy systems, values and workforce challenges are unique to its business. As such, each must assess its benefit context and strategy based on its own unique circumstances, and then evolve its benefit portfolio as appropriate.

Benefits are a critical, integrated component of a broader organizational value proposition, Total Rewards strategy and talent engagement strategy, all working together to differentiate employers, improve productivity and drive business results. As such, the C-suite is taking notice of the role that benefits aligned with broader strategies can play, and looking more broadly at how to optimize program spend.

*"Life moves pretty fast.
If you don't stop and
look around once in a
while, you could miss it."*

*- Ferris Bueller (from
Ferris Bueller's Day Off)*

*The talent value proposition (TVP) refers to the value proposition for the full workforce, or the employee value proposition (EVP) plus the contingent worker value proposition (CWVP). A constant refrain among leading organizations is the need to differentiate themselves and their TVP in an increasingly challenging talent acquisition and retention climate that is compounded by the changing attitudes and work values of various workforce segments.

Defining an evolved benefit strategy

An evolved benefit strategy articulates an approach and a portfolio that is aligned with business goals, accommodates a changing workforce, and delivers a high-performing and sustainable benefit program. Such strategies contribute meaningfully to employee security, wellbeing, engagement and productivity – and should facilitate the opportunity for a high degree of personalization and choice. Benefits are valued by employees in all career stages, but not all employees value every benefit in the same way. In today's world, preferences differ across demographic groups as well as within them (i.e., not all employees in one particular generation value benefits the same way).

To evolve, benefit leaders must explore the need to move their programs beyond the status quo. They must consider how benefits align with a) organizational purpose, brand and value proposition; b) workforce strategy; and c) personalized Total Rewards. And they must ask whether their programs offer a differentiated and competitive experience for their workforce sufficient to attract, retain, engage and sustain it to achieve optimal business results.

Evolution requires a new mindset for today's HR and benefit managers – a shift in their understanding and receptivity to change. Today's "evolved organization" is already acting; its leaders have embraced the change, are continually assessing their organizational needs and finding ways to meaningfully enhance today's talent

experience by revisiting their benefit strategy. By identifying the plans and practices that are right for their own unique organization and workforce, they are adapting in a way that suits their needs, thought process and approach.

This is not a time for complacency, nor is it a time to presume that what has worked in the past will immutably work in the future.

"I'm not talented enough to be unprepared – are you?"

*-Monroe Stahr
(from The Last Tycoon)*

Where to begin?

We recommend that leaders work to evolve the benefit mindset at their companies by focusing on the following:

1. Become agile and responsive to the pace of change.

Leaders in today's HR and benefit environment must be agile, adept at change, innovative and willing to take risks – and potentially fail within certain boundaries – in order to succeed.

2. Align benefits with organizational purpose.

Data now demonstrate that companies with clear values and a sense of purpose deliver superior business results relative to their peers.

3. Focus on human capital attraction and sustainability.

Organizations are increasingly cognizant of the need to attract, retain, engage and sustain a diverse, inclusive workforce.

4. Respond to employee expectations for choice and personalization.

Generational shifts in employee expectations, technology and the changing nature of work necessitate introducing greater choice, flexibility and personalization to provide a meaningful "consumer-grade" benefit experience.

5. Shift from employee wellness to wellbeing.

A holistic definition of wellbeing today includes physical, financial, emotional and social dimensions. This mindset goes far beyond the historical focus on physical health to embrace a broader view of wellbeing that can add value across all workforce demographics, increasing engagement.

6. Set an intentional subsidy strategy.

As organizations reflect on the need to evolve their benefit strategies, a key element is affirming that benefit subsidies align with organizational values, purpose, commitments and desired employee behaviors as well as employee preferences.

7. Optimize and align the benefit experience.

Personalization, new communication media, tools, navigation and decision support are all integral to delivering an optimal benefit experience, embedded within the larger talent experience.

New partners, platforms and technologies create a rich opportunity to deliver a differentiated consumer experience and support the degree of choice and personalization needed for today's workforce.

8. Continue to focus on health care cost and value improvement.

Amid all the other factors and changes within the ecosystem, health care cost and value management remain a top priority. Focusing resources appropriately against key conditions and making improvements that impact cost, efficiency, quality, access and outcomes are ongoing commitments.

Each of these components will serve to move the benefit mindset along a continuum that is necessary to keep benefits a vital force for attraction,

retention and engagement in today's dynamic environment. Taken together, they move us toward an improved state that is more integrated and aligned compared with where many of the traditional legacy programs are today. We'll be examining each component – what it means to the ecosystem overall, why it's important and what needs to be done to optimize it – in subsequent articles throughout the remainder of the year and into 2019.

Putting it all together

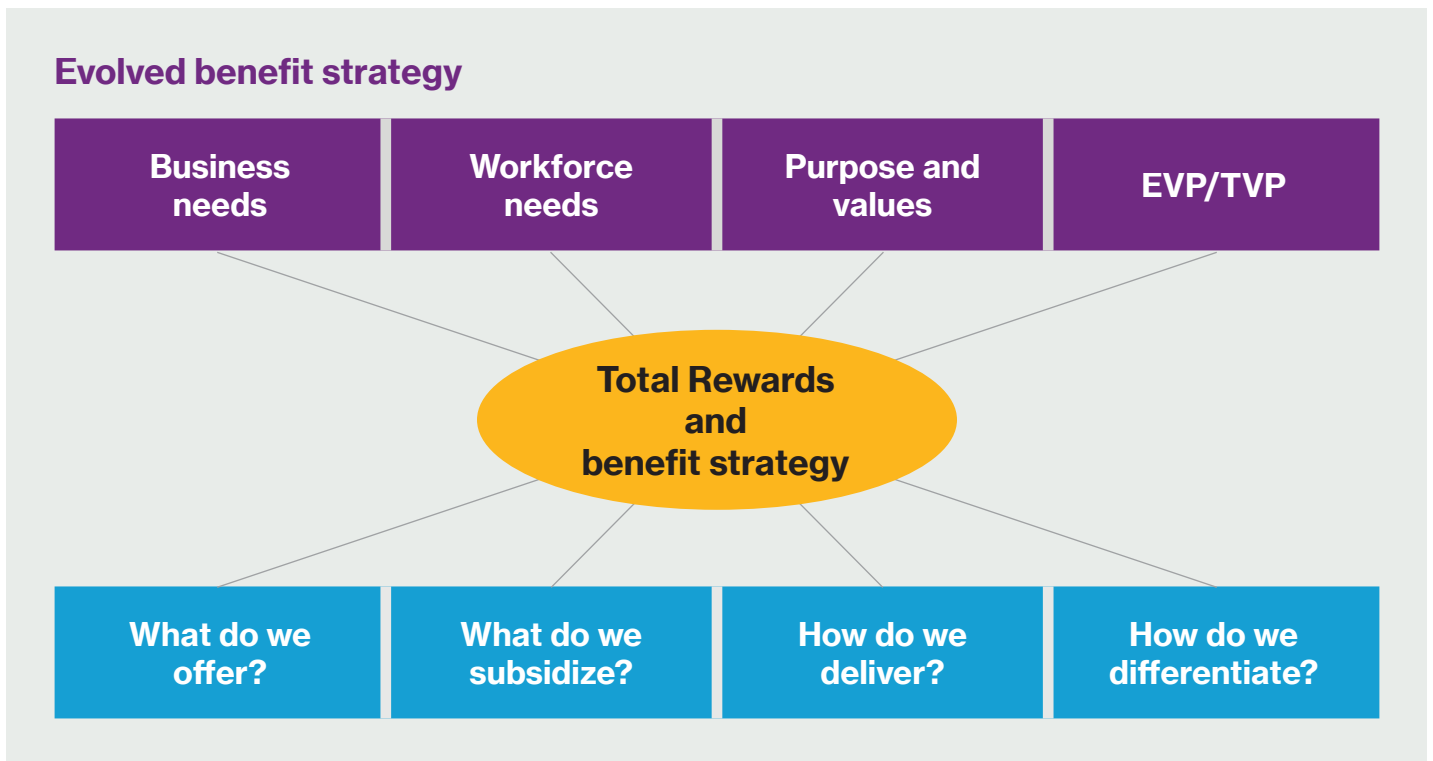
As we look to the future, our research and client experiences confirm that traditional security and protection benefits – as well as more choice and flexibility made accessible with decision support – are key to responding to employee needs and preferences. An evolved benefit strategy, reflective

of organizational purpose, creates a broader view and contemporary approach that better integrates with Total Rewards and the overall organizational value proposition.

Also required is an acute focus on moving beyond wellness to a holistic strategy that recognizes the correlation between worker wellbeing, engagement and workforce productivity.

There is no single solution for evolving the benefit portfolio; each organization has its own unique culture, competitive challenges, cost considerations and readiness for change.

The table and key questions below suggest how to think about and initiate an evolved benefit strategy.



Evolving the benefit mindset

Begin by asking:

- Is our current benefit strategy aligned with our overall business strategy?
- Do our benefits meet the needs of today's workforce in terms of choice and flexibility?
- Do our benefits align with our organizational purpose, TVP and desired experience?
- How is the workforce composition changing? Are we addressing key workforce segments, including nontraditional workers, varied career-stage needs and expectations, and workforce diversity?

- If change is needed, what would reap the greatest value?
 - New benefits
 - Voluntary benefit options
 - Greater focus on purpose
 - Worksite amenities
 - More choice
 - Alignment with inclusion and diversity policies
 - Subsidy realignment
 - Wellbeing
 - Delivery platform
 - Decision support
 - Personalization
 - Communication media and messaging

- Are our Total Rewards strategy and benefit portfolio aligned with our values, and do they create a differentiated and competitive advantage for our organization?
- Does our current strategy require significant change, repackaging, recommunication and/or a redesign of the employee experience?
- How do we ensure alignment and integration with broader Total Rewards, wellbeing and engagement efforts?

Despite the volatility and uncertainty of the current business and regulatory environments, benefits remain a critical part of the Total Rewards equation. As organizations strive to meet business needs, competitive pressures, talent attraction and retention needs, as well as complex social challenges or governmental regulation, a refreshed, continually evolving benefit program has become a necessity.

The lives of our people are deep and complex, but too often, our approach to supporting them has not been. The question for the evolved benefit leader is: How will you deliver that depth and do it in a way that is meaningful, engaging, valued, differentiated and easily navigated?

"...every disaster can be explained by two words: too late."

-General Douglas MacArthur

Accomplishing this requires not just a new or expanded benefit menu but a new benefit mindset. A new mindset requires assessment, analysis, thought and a deliberate approach to change reflective of organizational purpose, business needs and people needs.

Inaction is not an option.

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