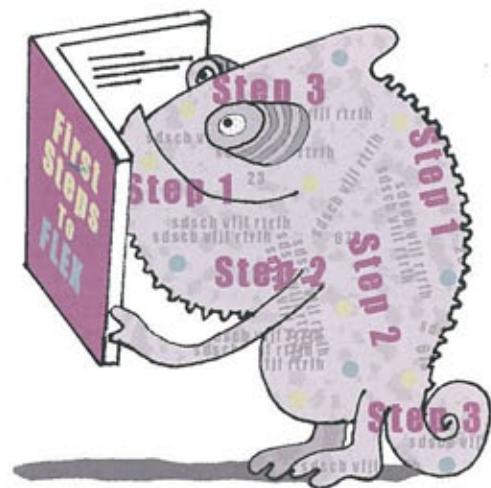


# Fast track or slow build-up?

There is a long-running debate over whether employers should phase a flexible benefits scheme in gradually or simply plunge straight in, says Stephanie Spicer



Employers that want to introduce a flexible benefits scheme have a number of choices about how to go about it. Rather than hurling themselves straight in at the deep end, many build up to full flex by introducing voluntary benefits and, or total reward statements. There are no hard-and-fast rules about how to go about introducing flex, so employers must make a judgement call about which approach is best suited to their organisation.

When it comes to deciding whether to jump straight into flex or test the water first, Brett Smith, practice manager, corporate clients at Towry Law, says that, for a number of organisations a gradual build up to flex is the only way to go. "For many organisations, the incremental benefit is often a very good way as they are not in a position to deliver the big

bang straight away. If they don't have a good suite of benefits to start with, then they need to have a few to build up a total reward [package] and get the concept accepted. Then it is a natural progression, an evolution not a revolution, and sometimes that is the best way," he explains.

But not everyone agrees. Adrian Glew, director of Personal Management Solutions, believes that diving straight in to a flexible benefits offering may be the best approach. "There are companies out there that shout out their need for a full flex programme as the first step. This might be because they have acquired another company and wish to create a level playing field across the range of employee groups, or they simply have no benefits whatsoever and feel a less paternalistic approach is the right way to go,"

he says.

Each organisation's needs will be different, so there is no single, straightforward route to implementing flex. For some, the traditional starting point of a voluntary benefits plan or total reward statements will not be the most appropriate. Mark Carmen, marketing and communications director at Motivano, says it will depend on an employer's objectives. "We have had organisations which have gone for voluntary benefits, then flex, then total reward statements, or flex and voluntary benefits and then total reward statements, or voluntary and total reward statements then flex. There is no strict combination, but the majority go for voluntary benefits, total reward statements, then flex."

Few employers will have offered staff nothing in the way of benefits prior to launching flex. Ensuring staff appreciate the perks they already receive can be key to the success of flex, so issuing total reward statements to demonstrate the value of employees' benefits as a first step on the road to flex, can be advantageous for employers.

"It is true to say that where only core benefits exist, with no flexing of any kind, a well-communicated and clearly laid-out total reward statement can be a positive first step towards a full flex programme. Once a benefits package is properly understood, employees are far more receptive to benefits in general and start to take a real interest in what they are given or not, as the case may be," says Glew.

A voluntary benefits programme can then be the next natural step, he adds, albeit with provisos. Although voluntary benefits plans are often touted as a way of ensuring staff are

## CASE STUDY

### Boehringer Ingelheim

Boehringer Ingelheim phased in its flexible benefits strategy between 2004 and 2006.

Its first step was to launch a range of voluntary benefits, branded BI Lifestyle, along with a launch brochure and an online movie.

This was followed three months later by online total reward statements to demonstrate the company's

investment in benefits.

Salary sacrifice benefits, including childcare vouchers, were then rolled out to enable staff to take advantage of the available tax and national insurance savings.

A year later, it introduced a flexible benefits scheme using Motivano's technology so employees, half of whom work remotely, could model



their benefits package online to fit their needs.

Rowena Beasley, HR manager, says: "[The package] has been fully embraced by the employees."

used to selecting benefits before they are given access to flex, employers should be careful about relying too much on voluntary perks as a good introduction to full flexible benefits.

Depending on the voluntary benefits on offer, staff may be just as bemused when full flex comes along as if they had had nothing at all.

Michael Newstead, head of reward and recognition at Ceridian, says: "Bearing in mind that most voluntary schemes include things like retail vouchers or preferential pricing on anything from cinema tickets to holidays, that really isn't going to give employers a steer in what they want to build into a benefits programme. It won't tell them whether people will value a good level of life assurance or private medical insurance. There is no substitute for canvassing the audience to understand what [staff expect] to derive from the programme they are putting in place."

Newstead says a flexible benefits package needs to be designed and approached in a way that is appreciated and seen as adding value by the people it is aimed at. "The key is to target benefits. Look to the profile of an organisation. For example, if most employees are young with families, they are going to appreciate something like childcare vouchers far more than if the organisation has an ageing population. The true secret of building a flex programme is to define the needs of the individuals, by surveys or focus groups, to see what benefits will be of most value to the people they are provided for," he says.

One advantage of using voluntary benefits as a precursor to flex is in getting employees used to engaging, choosing and accessing information on benefits by means of user names and passwords into an online portal.

## CASE STUDY

### Adecco

Recruitment agency group Adecco (formerly Ajilon) took a phased approach to the introduction of its flexible benefits plan.

A key objective was to ensure its permanent employees could access the benefits that were most appropriate to their needs, as well as understanding their package. To meet these aims, it obtained feedback at every stage of the project to ensure

flex was introduced in a way that met the needs of both the business and its employees.

Julie Bowen, head of organisational development at Adecco, explains: "It was important to raise awareness of our new benefits portfolio and ensure all employees had access to the benefits [that were] appropriate to them and understood them."

The firm initially launched a range of voluntary benefits.



It then embarked on designing and communicating the flexible benefits scheme.

The final phase involved a multi-media launch including desk-drops, personal letters, brochures, online information, information sheets, emails and individual briefings.

"The lifestyle discount as part of the voluntary scheme is quite attractive for quite a lot of employers and employees because everyone is looking for a bargain at the moment. So you start off with a good feeling and it sets the tone for the rest of it in terms of the hardcore nitty-gritty of benefit choices," says Carmen.

Before employee enrolment into flex begins, employers must carry out a series of communications leading up to that date, says Newstead. "You need to set people's expectations about what is going to happen, when and how they will be affected. This could be through well-designed websites, posters, desk-drops, gimmicks, balloons, or getting the benefits providers in to do a roadshow. Employers need to take employees down the flex route with all it offers in terms

of tailoring a rewards package to their individual needs and, at the end of the day, that is what flexible benefits is all about. It is worth making a fuss about. It is a great opportunity to engage with the whole of the workforce because no one is left out."

Whether employers choose a phased approach to flex through voluntary benefits and total reward statements or head straight for flex, it is vital to keep staff involved throughout, says Glew. "Good pre-planning is the key. We recommend employers engage with their employees as much as possible before any decision is made and advise running regular surveys and focus groups before, during and after each implementation to help employers come to the right decision," he adds ■

## XtraPay saves UK employee benefit schemes



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By using an innovative, online, flexible and cost effective approach, XtraPay was able to give companies an improved and bespoke employee benefits solution that clearly

shows how much they value their employees. This helped solve their problems in both the recruitment and retention of employees.

The modest superhero said: "I also saved businesses time by reducing administrative tasks linked to scheme enrolment. I even helped save the environment by reducing the amount of paper used – it was a good day."

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