

# ViewPoint

## The Competitive Edge

### Findings from the 2013 Aflac WorkForces Report reveal distinct differences between companies leveraging key HR and benefits practices and workforce engagement and satisfaction.

A fundamental characteristic of leading companies is their ability to employ action and innovation amid uncertainty. For many organizations, this year will bring many opportunities to respond to complex changes impacting the benefits options they provide their employees. Businesses have a growing number of health insurance benefit delivery models from which to choose, and most of them place more financial responsibility, decision-making and control in the hands of consumers.

The 2013 Aflac WorkForces Report (AWR) identified an elite group of organizations that are excelling during this time of transformation; these companies have committed to strategic practices that contribute to their best-in-class HR outcomes. Specifically:

1. Providing robust benefits options
2. Linking benefits to profitability
3. Seeking to understand and prepare for health care reform
4. Engaging in frequent and two-way benefits communication

As a result, these companies benefit by having better informed, engaged and satisfied workers. They stand out as employers of choice. By examining their practices, other businesses can gain insight into vital opportunities to gain a competitive edge.

### Talent Attractors: Leading by Example

The 2013 AWR finds that 15 percent of companies can be classified as “Talent Attractors;” they are simply best-in-class when it comes to benefits packaging and delivery. These organizations span size and industry, but share common beliefs about their company’s role in worker health and protection. This year, with many deadlines approaching for health care reform regulations, Talent Attractors are emerging as leaders in helping employees understand the changing benefits landscape.

The HR decision-makers at Talent Attractor organizations are more likely to believe that overall employee health is very important to workforce productivity. And, they understand fully what their workers’ needs are and how to effectively communicate and market those benefits options. Though some employers have long recognized the importance of employee benefits, now – more than ever – there is clear evidence that benefits options impact employee satisfaction, retention and productivity. In fact, nearly 1-in-2 U.S. employees say that improving their benefits options is one thing their employer can do to keep them in their job. With 48 percent of workers aiming to look for a new job in the next 12 months, it is no surprise that Talent Attractors are honing in on important HR and benefits best practices. As the dust settles and a new benefits landscape emerges, Talent Attractors are a small, but pro-active percent that are tackling issues important to U.S. workers.



## Competitive Edge 1: Providing robust benefits options

In recent years, economic pressures have caused many companies to decrease or eliminate benefits options altogether. Yet, those measures can come at a high price when taking into account the expectations workers have about benefits options, as well as the important role benefits play in helping to protect employees' health and financial well-being. Organizations seeking a competitive edge are drawing on a different strategy by actually investing in employer-provided benefit options more aggressively.

The 3<sup>rd</sup> annual Aflac WorkForces Report reveals Talent Attractor companies are significantly more likely to offer their employees a comprehensive menu of insurance options, compared to the U.S. average (figure 1). The trend is consistent for wellness programs and workplace benefits such as offering an Employee Assistance Program (EAP) and flextime (figure 2). Talent Attractor companies are also less likely to say their company plans to terminate benefits in 2014, and more likely to be taking steps to adjust their benefits options and looking to alternatives such as a High Deductible Health Plan (HDHP). In fact, these companies are nearly 1.5 times more likely to offer a HDHP as an additional option to employees in 2013 (39 percent compared to 27 percent of average U.S. companies).

Choosing to invest in benefits, especially during uncertainty, is clearly aligned with workforce need and interest. Not only did the study find that workers believe benefits are important to job satisfaction and loyalty, but the workers are also likely to purchase or apply for benefits options made available to them by their employer. More than 3-in-4 employees (76 percent) say they would be likely to purchase or apply for additional insurance to ensure their coverage is adequate, and 60 percent of employees say they would be likely to purchase or apply for voluntary insurance if it were made available to them by their employer.

### Gain the competitive edge:

- » Offer your employees a wide range of benefits options, both insurance and non-insurance related benefits that are suited to worker demand.
- » Make supplemental insurance options available. These options can provide employees with cash benefits to help cover the costs associated with being sick or injured. Supplemental insurance is also an excellent companion to the health plans available in public exchanges.
- » Encourage your employees to take an active role in managing their health with wellness and preventative care.

### How do your benefits stack up?

Extensive data and an exhaustive analysis of the benefits offerings from employers across a wide range of industries and sizes reveal a spectrum of company profiles. [The Aflac WorkForces Report Benefits Assessment Tool](#) takes into account not only the number and nature of benefits offerings, but equally important, how the organizational leadership views and communicates benefits initiatives. See how your benefits options compare at [aflac.com/HowDoWeStackUp](http://aflac.com/HowDoWeStackUp).

Figure 1

### Company Insurance Benefits Offerings

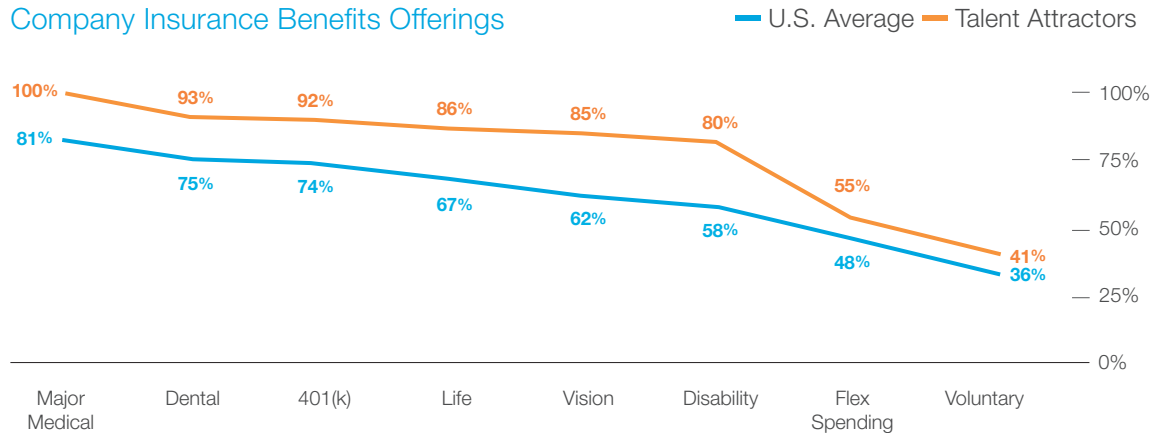
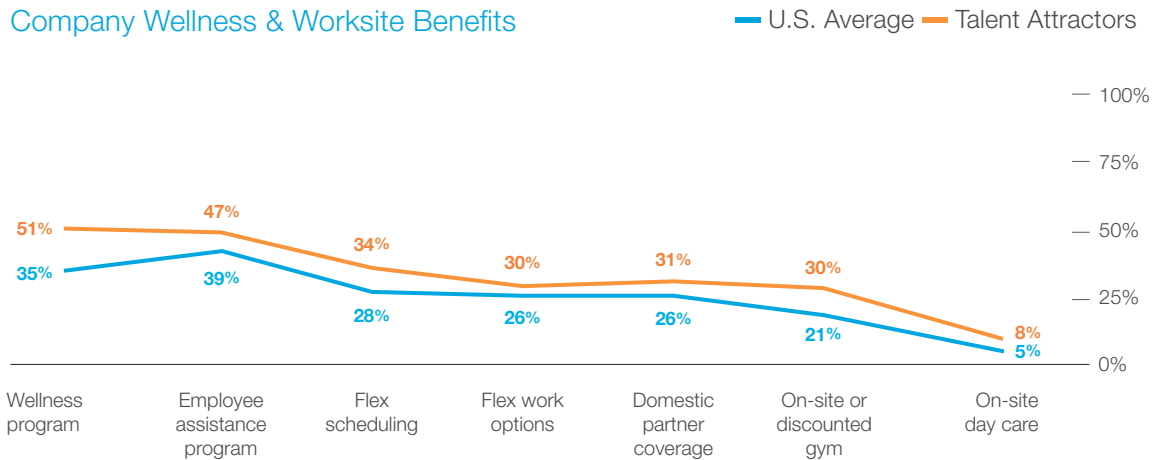


Figure 2

### Company Wellness & Worksite Benefits



### Competitive Edge 2: Linking benefits to profitability

Talent Attractor companies appreciate the power benefits options can have on profitability. The 2013 Aflac report found that Talent Attractor companies see a significant correlation between benefits and other important human resources outcomes such as job satisfaction, loyalty to employer, willingness to refer a friend, and workforce productivity (figure 3). Additionally, they are more than twice as likely to agree strongly or very strongly that their organization’s profitability is due in part to offering a robust benefit package (71 percent vs. 28 percent of all other companies). They are also significantly more likely to say they have seen a reduction in worker’s compensation claims since making voluntary benefits options available (37 percent vs. 25 percent of all other companies). It’s clear that these companies view benefits as part of their overall business strategy to achieve bottom line results.

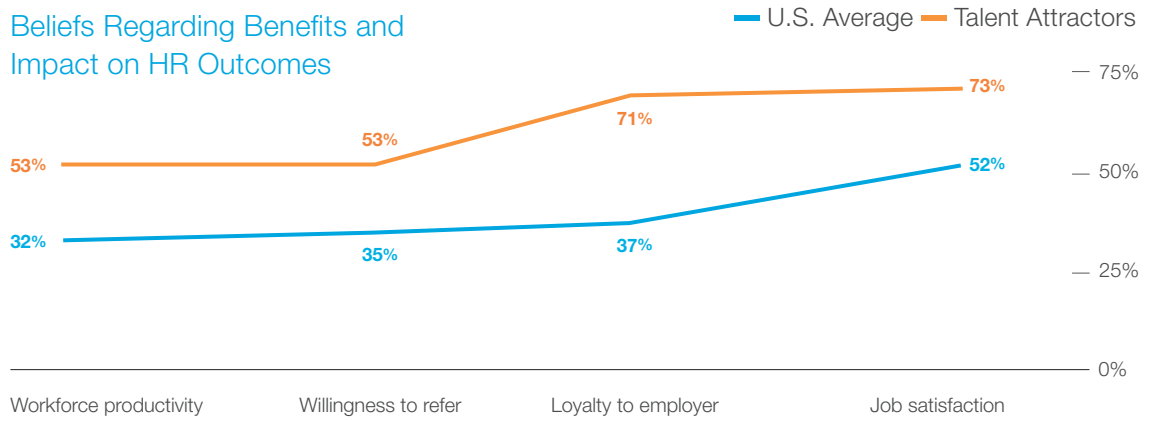
#### Gain the competitive edge:

- » Survey employees to gauge interest level and satisfaction with the benefits options your company offers.

» Measure your company's workman's compensation claims, sick-days, absenteeism, and attrition rates and compare them to companies with best-in-class benefits programs and HR best practices.

Figure 3

### Beliefs Regarding Benefits and Impact on HR Outcomes

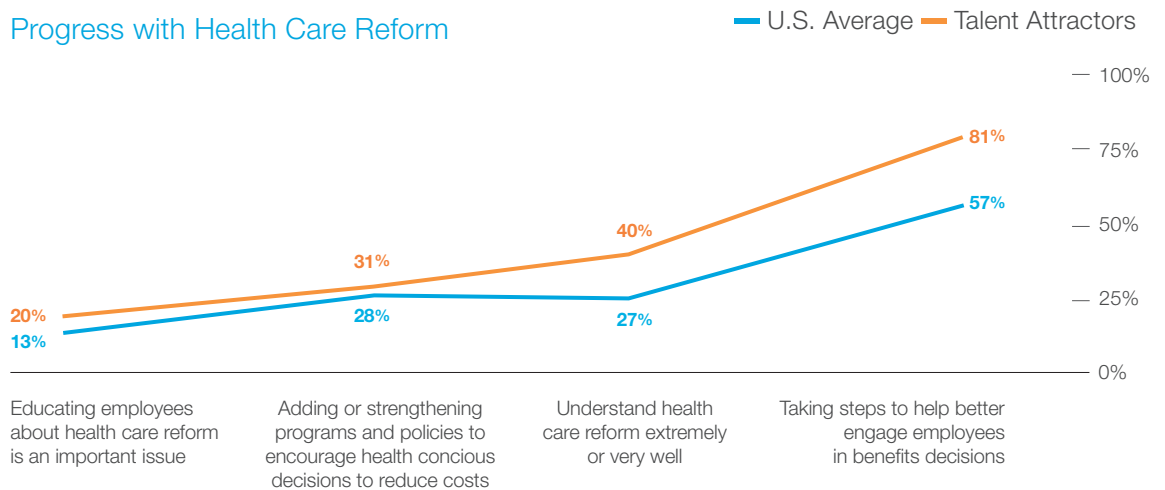


### Competitive Edge 3: Seeking to understand and prepare for health care reform

Health care reform is a complicated issue. This year, many regulation deadlines are approaching, and the impact of health care reform is difficult to discern. In the Aflac study, the majority of U.S. companies disclose they do not have a good grasp on health care reform legislation. In fact, 44 percent say they only understand health care reform somewhat, and 30 percent say they understand the new legislation “not very well” or “not at all well.” Talent Attractor companies, however, are distinctly different. A full 40 percent of these companies say they understand health care reform legislation “extremely well” or “very well.” Talent Attractors are also significantly more likely to be taking steps to prepare for health care reform, including helping employees to become better engaged in benefits decisions, and educating employees about health care reform (figure 4).

Figure 4

### Progress with Health Care Reform



### Gain the competitive edge:

- » With health care reform implementation effective January 1, 2014, discuss your benefits strategy with a benefits consultant or broker. There are many options including adjusting your current plan, self-funding, participating in a public or private Exchange, or considering a hybrid approach.
- » Leverage the upcoming health care reform changes to explain the benefits your company provides to your employees.

### Competitive Edge 4: Engaging in frequent and two-way benefits communication

Today's elite organizations understand the importance of frequent communication and ensuring that communication is mutual. Many companies make assumptions about what their workforce prefers when it comes to benefits, or in their level of satisfaction with their benefits package. This is a dangerous practice, and can lead to wasteful investments and unhappy workers. To secure a competitive edge, Talent Attractor companies put benefit communication efforts into overdrive, and are more likely to be effective at it.

Talent Attractors are significantly more likely to survey their workforce about their satisfaction, engagement and understanding of benefits compared to companies overall (figure 5). Furthermore, these companies are 1.5 times more likely to communicate about benefits 3 to 10 times throughout the year, compared to companies overall. Talent Attractors are also more likely to describe their benefits communications as effective. In fact, 78 percent of these companies said they are extremely or very effective at communicating with employees about benefits, compared to only 54 percent of all U.S. companies (figure 6).

### Gain the competitive edge:

- » Communicate about your company's benefits offerings, workforce health and wellness three or more times throughout the year to help employees understand their benefits.
- » Tailor your benefits communications based on the different employee life-stages (e.g. an individual close to retirement will need different information about their 401(k), than a recent college recruit.)
- » Discuss benefits options as a part of the overall compensation package; salary, health benefits, disability and other supplemental insurance, and retirement benefits.

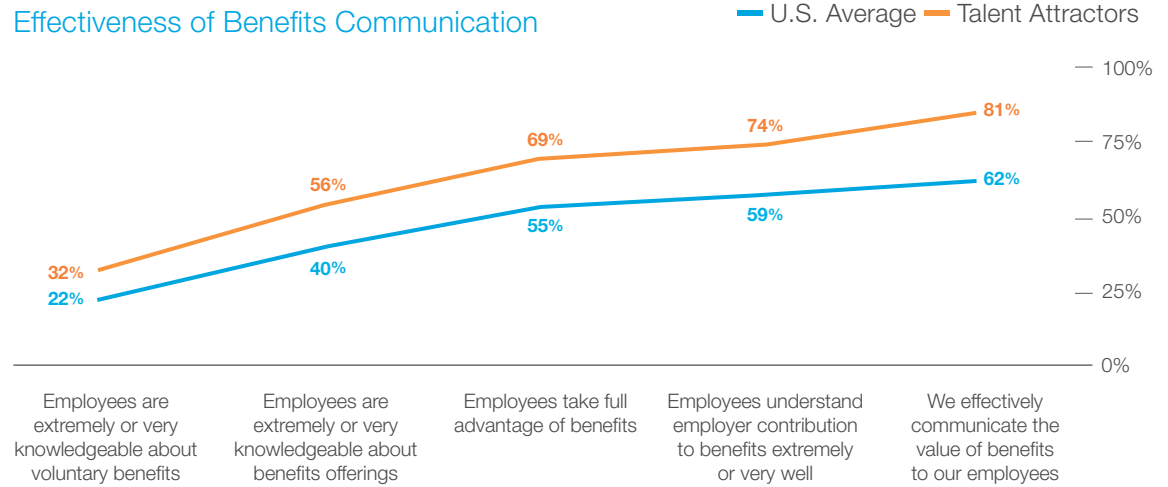
Figure 5

### Benefits Communication Best Practices



Figure 6

### Effectiveness of Benefits Communication



## Leveraging insights from the competitive edge

Economic pressures persist, health care costs continue to rise, health care legislation is here, and consumer-driven health care is emerging. For businesses, the combination of these pressures raises the level of uncertainty, often presenting them with a high-stakes dilemma. The right strategic moves can return high payoffs for employee satisfaction and productivity.

Companies must avoid the mistake of waiting for the uncertainty to disappear and instead, leverage the uncertainty to gain a competitive edge. Results from the 2013 Aflac WorkForces Report reveal important insights from businesses doing just that, and (1) providing robust benefits options, (2) linking benefits to profitability, (3) seeking to understand and prepare for health care reform and (4) engaging in frequent and two-way benefits communication. When it comes to implementing these best-in-class practices, the majority of companies appear to be lagging behind, which may be opening the door for proactive businesses to speed by.

## About the study

The 2013 Aflac WorkForces Report is the 3<sup>rd</sup> annual Aflac employee benefits study examining benefit trends and attitudes. The study, conducted by Research Now in January 2013, captures responses from 1,884 benefits decision-makers and 5,299 employees across the U.S. The Competitive Edge is one of four key themes discovered in the 2013 study. To learn more about the Aflac WorkForces Report, visit [AflacWorkForcesReport.com](http://AflacWorkForcesReport.com).

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