

Benefits Administration and Operations Finding Balance

Companies deliberate carefully the types and value of the benefits they offer or provide to their employees. But when it comes to the return these investments deliver in terms of recruitment, retention, and morale, *how* benefits are delivered can be just as important. Amid rising costs, growing regulations, and new technologies, what's the best way to carry out the increasingly complex mandate of optimized benefits delivery?

When everybody benefits

The process, technology, talent and regulatory requirements for the administration of compensation and benefits (rewards) are extensive. Making the most of rewards service delivery involves challenges including scarcity of internal resources, a maze of third-party vendor contracts, and the need for effective change management within HR and the broader organization. Blink, and a regulatory change or merger can make the situation even more complex.

To build a sustainable rewards delivery model that rolls with the punches, enhances employee satisfaction and minimizes the cost of the delivery of rewards, in our experience, balance needs to be found across three critical areas:

Efficiency. Organizations can realize significant savings through program and vendor management, self-service solutions, vendor contracts and reduced technology customizations.

Flexibility and scalability. Rewards service delivery models are dynamic. Business and regulatory changes drive the need for administrative changes – and program design must respond to current needs and anticipate new ones.

Compliance. In today's continually changing regulatory environment, it's important to develop controls and performance metrics to assess compliance risk, identify opportunities for improvement and act on them.

How we can help

Our Benefit Administration and Operations consultants help companies build flexible, scalable service models that are accessible and intuitive to employees, balance service quality and cost efficiency, and support regulatory compliance.

Our teams combine industry experience with business strategy, bringing a deep knowledge of program administration requirements and service solutions. Given the importance and expense of rewards administration, our impartial perspective can help guide an organization through the process.

Our services include:

- Sourcing strategy and business case development
- Solution and vendor due diligence and selection
- Performance standards definition
- Contracting
- M&A HR stand-up and carve-out
- Governance design and deployment
- Implementation
- Benchmarking
- Rewards program and vendor consolidation
- Operations assessments
- Risk and compliance reviews
- Rewards communications



Bottom-line benefits

Optimizing an employee rewards service delivery can provide significant cost, service, and business flexibility advantages to employers, including:

- Potential 15% to 25% cost reduction through program and vendor consolidation, leveraged buying power, favorable contracts, and savings through technology and process customization
- Reduced risk through operational assessments and improved governance
- Improved service through simplified administration, intuitive employee and manager self-service solutions, and competitive service level agreements with provider fees at risk
- Improved business flexibility through configurable technology platforms, adjustable vendor resources and a focus on maintaining core competencies during periods of business transition
- Efficient operations for combined or new HR functions resulting from mergers or spin-offs

Five ways to get more value now

Building and sustaining a world class employee rewards service delivery approach requires a commitment to management, measurement, standardization, and communication. We've helped organizations large and small achieve this goal. Here is some of what we've learned along the way.

Know where you're going. Driving an organization to service delivery optimization and keeping it there requires clear objectives. Look closely to distinguish where you are from where you need to go – think of a future state without simply trying to “fix” the current state.

Know how you'll get there. Many companies focus on service delivery redefinition and implementation, and only later adopt a governance model to oversee and sustain the new design. These types of projects require an effective governance model at the outset to help the team make tough decisions, establish objectives, define new solutions and communicate change.

Measure. Review. Adjust. Repeat. You need an integrated set of metrics to establish a baseline and monitor future performance. Financials, service quality, and employee and stakeholder satisfaction are some of the levers to focus on.

Take stock. Look at everything. Many organizations don't have a complete understanding of the different programs and policies they fund across their locations and businesses. This blind spot obscures information on vendors, costs, controls, processes and program effectiveness. Take inventory of your rewards programs and all their variations.

Communicate. Any rewards service delivery initiative presents a communication challenge and opportunity. Stakeholders and employees need to understand the impact of change to them and the broader organization. Effective communications should begin when the transformation does, not later on.

Benefits Administration and Operations in action

- A large global financial services organization sought to reduce costs, increase business flexibility and improve compliance through outsourcing its benefit program administration. Deloitte helped the organization in its efforts to develop a business case for change, select a business partner that understood the organization's business challenges and program requirements and launch a detailed implementation program that will save tens of millions of dollars over the life of the outsourcing contract. Along the way, this initiative is expected to substantially improve employee service and reduce compliance risk.
- A shared service center for a prominent newspaper chain wanted to implement a new retiree medical program. As designed, the program required significant actuarial support for ongoing administration. Deloitte helped the organization implement a modified plan design that realized the same cost benefits while eliminating the dependency on additional actuarial services and fees.
- A defense contractor spun-off operations of a division of its organization due to lack of continuing synergy with its overall business focus. Deloitte assisted the newly formed company in establishing all of the operations for the delivery of its compensation and benefits programs, including internal processes, vendor selection and contracting and implementation of the new operations in under six months' time. Deloitte also helped the new company to establish an HR brand and to develop communications to keep the employees transitioning to the new company apprised of their new compensation, benefit, and HR programs.

Related insights

- [Annual Top Five Total Rewards Priorities Survey](#)
- [Annual 401\(k\) Benchmarking Survey](#)

Related offerings

- [HR Outsourcing](#)
- [HR Transformation](#)
- [Governance, Risk and Compliance](#)
- [Service Delivery Transformation](#)
- [HC Merger & Acquisition Services](#)
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