

Getting to grips

Knowing when to call upon external help can be tricky, and having assembled your flex team, you may require a meeting table several feet longer than you thought, says **Matthew Stibbe**

THE JOB of implementing flexible benefits cuts across boundaries within organisations, demanding input from different departments and, in many cases, external consultants. But who exactly should employers involve?

For a large scheme they will need input from HR who are often the champions of flex, the legal team in case there are changes to employee contracts, tax specialists to make sure any salary sacrifice elements are Inland Revenue approved, payroll to account for adjustments to employees' pay packets, benefits experts to tailor, benchmark and cost the scheme and liaise with benefit suppliers, and a communications team to explain the benefits to staff.

And the roll call doesn't end there. Besides the obvious players, experts recommend the involvement of some less likely stakeholders for a successful outcome.

The first of these is senior management. Lisa Page, senior consultant at Aon Consulting, says: "The best projects tend to involve quite a broad spectrum of people but have a very clear project sponsor. They have a very strong internal ownership of the project so that they can make decisions without resorting to too many committee meetings."

A short, sharp feasibility study can create a business case for flex and address senior management concerns. More importantly, upstream work can create a consensus for the

project so that people don't change their minds halfway through its implementation and therefore cause delays.

The second key group is employees themselves. Consultants recommend carrying out employee focus groups and questionnaires as the starting point of the process. Finding out what the employees actually want is critical.

Employee involvement

Some advisers recommend taking it one stage further by having employee representatives on the steering committee itself. "Employees will have a much better idea of what will be popular and what will work. [Ironically] somebody who doesn't understand everything can ask all the really clever questions," explains Page.

Employee involvement, which can also be carried out through a third party such as union representatives or a works council, needs to take place early on in order to obtain the greatest benefit. It can turn employees into advocates for the project or at least set aside their anxieties with better understanding.

Organisations may also wish to seek help with the more technical elements of flex. Some employers choose to outsource technology provision to third-party providers that can supply off-the-shelf intranet systems which allow employees to view their benefits package and

request changes. Simon Robinson, business development consultant at IT services management firm Intercea, worked on a bespoke intranet-based system for the Prudential. Working with the Pru's own HR department and with Towers Perrin as benefits advisers, Intercea was responsible for the layout, usability and technology of the scheme.

Whether the technology is off-the-shelf or developed from scratch, integrating it with the rest of the project is vital. The Pru benefited from a highly collaborative approach: "Every meeting had every party involved. Even if one aspect seemed very benefits-specific or technical, it was great having all those heads round the table," says Robinson.

Aon's Page adds: "IT people are generally quite independently minded and that makes them good on the [steering] committee."

A project manager, especially for larger projects, can herd stray cats and keep the project on schedule. If an external consultant is providing this function, the consensus seems to be that it is important to have a representative of



TEAM ASSEMBLY

the employer as an interlocutor with enough clout to get things done internally.

Although people tend to think about communications as the capstone of a flex scheme, advisers believe it needs to be part of the foundations too. "You can fail to get your message across and this can have a direct impact on the take-up and success of the plan. Where organisations invest the time and effort in making a project successful, to fall down on the communication is really unfortunate," says Mike Ashton, principal in human capital at Deloitte. The worst thing you can do is bring a communications team in at the end of the design phase and hand them a *fait accompli*.

Benchmarking

Having decided who is on the team, "the key learning point is that you need to get all those parties singing from the same hymn sheet from the [word] go", explains Ashton.

Richard Chiumento, chief executive of the Rialto Consultancy, adds that it is important to try to keep the same team together and consistent for the duration of the project.

So when should you choose external advisers? And when is it better to do it yourself? Deloitte's Ashton's answer is unequivocal: "Use your advisors where they add value. You shouldn't be buying in resources where it duplicates internal resources."

To get the best value, employers should try to obtain the maximum knowledge transfer from outsiders. "The adviser needs to do things with their client rather than to their client."

When considering how much to outsource, employers should "be realistic about how much time internal people have. It's not generally people's ability that stops them implementing flexible benefits but the pressure on their time. A consultant can be constant during the duration of the project," says Aon's Page.

And don't scrimp on external advice simply to save money. If nothing else, employers should make sure they get external advice to benchmark their scheme. "A company can go all hell out for a particular programme of benefits but they can simply get it wrong [and not be competitive]," the Rialto Consultancy's Chiumento warns.

CASE STUDY

Taking care over the implementation of flex



Craegmoor Healthcare is in the early stages of designing a flexible benefits scheme for its employees as part of a wider review of pay and benefits.

Denise Keating is HR director at the firm, which employs 8,000 staff and manages care homes across the country. In previous roles, she has designed similar schemes for Marks & Spencer and Nationwide Building Society.

She has built a strong business case to persuade an initially-sceptical board. "If we could improve staff turnover we could save £1m a year in direct costs which we can put into training and improved salaries.

"When I put in a scheme at Nationwide, I didn't use advisers. To the extent that when I use outside people it's about getting Inland Revenue approval for the salary sacrifice piece. I'm happy to do this internally with tax advice."

She is a strong advocate of involving employees in the process. "I think it's extremely useful because they keep your feet on the ground." She admits that it requires time and support to help them understand but that is only part of the wider communications [issues].

CASE STUDY

Making sure that flex caution is placed at a premium



When the Aon insurance group decided to implement a flex scheme for its 7,000 employees it naturally turned to its own benefits subsidiary, Aon Consulting.

Despite this, Michael Rose, director of reward and HR policy at the insurance company, decided to commission an independent feasibility study from a major accountancy firm to get an external view and to determine whether flex would work for the group.

Once past this hurdle, he set up a cross-divisional team that included the technologists who looked after the company's Peoplesoft HR system and the firm's tax director to liaise with the Inland Revenue. "We didn't want to run any risks," he explains.

There was also another small legal element. "Their involvement was two-fold. Firstly, from an employment law perspective to make sure the way we were presenting it was not prejudicial to [employees'] contracts. Secondly, when we were introducing new third-party suppliers, we used our legal colleagues to negotiate the contracts. There was a fairly small legal component but you can't afford to get it wrong."

Key to the project was a formal project manager who kept the whole thing ticking over. "It happened to be someone in IT (although it needn't have been an IT person). I was directing the project – the composer not the conductor if you like. You need a project manager" explains Rose.