5 steps to determine ROI for your company benefits.

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Benefits are powerful tools for attraction, retention, and engagement. Consider how employers wielded them as the pandemic emerged in 2020—tapping new benefits that enabled employees to work and live through months of lockdown. Employers introduced remote work arrangements, expanded access to leave, and expanded access to telemedicine.

The role benefits played in employers' response to the pandemic illustrates their unique ability to serve organizations and employees. Benefits can drive business goals like performance and morale. And benefits can bolster worker well-being by supporting employees' physical, mental, and emotional health.

But benefits don't achieve such results simply by existing. A benefit's success depends on many factors, from how it aligns with employee expectations to how its services are rolled out. When a benefit underperforms, it does more than waste money. It disappoints employees, threatens morale, and escalates turnover.

To make sure their benefits succeed, employers need to focus on return on investment (ROI).

ROI: Where information is power

Remember the employers that boosted benefits in response to the pandemic? They make a good case study: They not only demonstrate the potential benefits offered, but they also flag a possible pitfall.

By nature, benefits can be “a bit trendy,” said Cynthia Kenny, MA, CCP, Founder and Principal of CMK People Strategies and Solutions. Major socioeconomic events—like a pandemic—impact the benefits workers want and the solutions vendors produce. Other factors influencing benefits include generational expectations, cultural and political influences, and your competition.

Many firms that already offered a health and well-being program added new benefits in response to the pandemic.

9% Added support for wearable devices

17% Added digital offerings

22% Expanded existing programs for remote workers

43% Expanded access to counseling

Because benefit expectations change, employers must cultivate a robust understanding of what their workers want and need, what their benefits offer, and whether those solutions deliver.

> “If you’re not getting that expected return, then it might be time to course-correct.”
>
> **Cynthia Kenny, MA, CCP**
> Founder and Principal
> CMK People Strategies and Solutions

What happens when ROI remains unclear?

When employers and HR pros don't assess the ROI of their benefits, they create two major risks: Financial and personnel risk.

Financial risk

A poor understanding of ROI makes it difficult for leaders to justify their benefits investments, said Bria Gali, Vice President of Alliances and Consultant Relations at MOBE, a health outcomes company. Amid the rising cost of benefits, many employers are hyper-focused on maintaining or reducing budgets. "When you can't show the outcomes of a benefit in terms of how it's impacting people and the business, it's really hard to justify keeping it," she said.

Personnel risk

Remaining ignorant of a benefit's performance can hinder your business from a people perspective. A recent Pew Research Center survey found that 43% of people who quit their jobs in 2021 did so because of inadequate benefits. "If you don't have a laser focus on what your workforce values, it's like you're looking at a bullseye and then shooting two feet to the right," said Kenny.

The rewards of ROI

When employers understand the ROI of their benefits, they ensure those offerings contribute to a healthy, productive workplace. Organizations with successful benefits can expect to see their recruitment and attraction become more fluid, Kenny said. They'll also have an easier time retaining workers. And the solutions themselves will prove effective—health and well-being programs, for instance, will help workers find more balance and focus.

A detailed understanding of a benefit's ROI will allow organizations to understand three things: What's working, what's not, and what they need to do next. "When employers find the right solution, they can showcase ROI, add value, and even reduce costs," said Gali.

> "You've got to keep peeling back the layers and drilling down into the employee workforce. That's how you begin to make the connection between the benefits that workers value and the behaviors that you expect, whether that's increased retention and engagement or decreased turnover. You've got to measure those and then assess the organization's budget."
>
> **Cynthia Kenny, MA, CCP**
> Founder and Principal
> CMK People Strategies and Solutions

Step by step: How to uncover the value of a benefit

How can HR leaders determine the ROI of a benefit? It can't be done just by crunching a few numbers. It requires employers and HR departments to develop a deep knowledge of an organization and its people.

By taking the five steps shown on the following pages, employers can learn how to create a holistic understanding of a benefit's ROI.

5 steps to determine the value of your benefits

1. Gather employee input
2. Measure participation
3. Evaluate usage
4. Appraise vendor value
5. Assess spend

60%

of employers say that one of their top challenges in benefits administration is understanding what their employees are looking for.

#1: Gather employee input

How do you measure the impact offerings have on employees? "If you really want to understand if your offerings are driving the behaviors that you're expecting—attraction, retention, engagement—go ask your employees," Kenny said. "Then cross-reference their answers with your other data points to see if you're getting the ROI that you're hoping for and investing in."

Begin by asking employees about their experience. First, give employees an opportunity to name what they like. What benefits do they value? What offerings help them do better at work and in life? Next, give employees an opportunity to name what they need. What problems do they struggle with? What services do they wish they had?

Employers can ask these questions at any time, but they can also align their listening strategy with the employee life cycle. Employers can design and distribute surveys to gauge how benefits impact recruiting, retention, and engagement.

ACTION ITEM

Implement an employee listening strategy that solicits feedback when it will reveal the most detail—when employees arrive and when they depart.

#2: Measure participation

Employee participation in a benefit is a first-line metric of success. Employers need to know how many employees use a benefit to begin to determine its worth and relevance as part of a suite of offerings.

But participation doesn't paint the whole picture. Unless defined properly and assessed holistically, participation rates may give employers an incomplete assessment of ROI. Employers must define what participation is, Gali said. And then, they need to delve deeper to discover how employees are using a solution.

> "We want employees to click so we know they're utilizing the resources we're providing. And that's certainly a good first step. But what's next? What else is happening with people that are engaging with the solutions that are out there?"
>
> **Bria Gali**
> Vice President, Alliances, and
> Consultant Relations, MOBE

ACTION ITEM

Revisit how your organization defines participation. Does every click count?

#3: Evaluate usage

Along with participation, you also need to understand usage. How do employees use their benefits? Let's say an employer offers a multifaceted employee assistance program. Which of the benefits solutions do employees use? Or consider a health and well-being benefit. Do employees gravitate toward its counseling services? Or are they more interested in its on-demand resources?

As you consider the services employees use the most, it's also important to think about how often employees must toggle between solutions to address various elements of their health. Many employers offer single-solution services that target specific problems. But employees don't always experience their health problem by problem—"it's all interrelated," Gali pointed out.

"We know that people's health, even their lifestyle, is combined with their real lives," Gali said. "It's not as siloed as we'd like to think it is."

It's worth noting that many employees don't understand how to use their benefits. Employers may be able to ease that sense of overwhelm by honing their suite of offerings and adding solutions that approach health holistically.

62%
of employees say understanding how to use their benefits would give them a greater sense of overall stability.

50%
of employees say they would be more loyal to their employer if they better understood the benefits offered and services covered.

ACTION ITEM

Cross reference usage data with employee behavior, like absenteeism and turnover, to look for patterns.

#4: Appraise vendor value

In recent years, more organizations have tapped benefits vendors. But not all vendors are the same. A good vendor relationship will feel like a strong partnership, according to Kenny. This partnership should be marked by clear expectations and transparent communication.

It's important that employers understand what services their employees want. Then, they can perform due diligence in picking a vendor with relevant expertise. The right vendor can anticipate bumps in the road and build value for employees.

> "When I'm working with a vendor, I don't want to be the expert. I want to be able to rely on them to help me plan ahead."
>
> **Cynthia Kenny, MA, CCP**
> Founder and Principal
> CMK People Strategies and Solutions

ACTION ITEM

Partner with your vendors to uncover data that tells you exactly how employees engage with their benefits.

#5: Assess spend

When it's time to assess spend, remember that calculating ROI takes many factors into account to provide a holistic picture of worth.

When examining benefit spend, Kenny's instinct is to do it with data. Her reaction is shared by many in the compensation and benefits field: Put your organization's spend in context with your peers and competitors. "Always come to the table with some kind of data," Kenny said. "Look at your industry. Look at a specific location. Look nationally or look globally."

As organizations look into their spending, it's important to remember the breadth of a benefit's services, Gali said. Single-solution services have their place: Cancer care, for instance, provides an important solution targeted at a specific population. But employers also need to think about employees' health as a whole. "Research shows that approaching health from a whole-person lens is the best way for long-term impact and, ultimately, self-sustainment," Gali said.

ACTION ITEM

Measure your spending against the breadth of a benefit's services. Do your benefits address employees' whole selves?

What comes after ROI?

When employers have a clear understanding of which benefits provide the best ROI, they can focus on the services that attract the best workers, motivate employees, and retain valuable talent. They can also count on benefits to create positive change in workers, whether that's reducing medical visits or improving how employees feel about their own health.

A robust understanding of benefits ROI allows employers to:

- Scale up the solutions employees value the most.
- Reevaluate the ROI of underperforming benefits.
- Pinpoint solutions that bolster employees' physical, mental, and emotional well-being.

Learn more about taking a whole-person approach to employee health and well-being by visiting MOBEforlife.com.

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MOBE was founded in 2014 by health industry veterans who uncovered a way to use deep data science to identify people whose health care needs (and costs) are going up, but whose health concerns are not resolved. MOBE combines this deep data science with digital health and a novel, one-to-one personalized approach–engaging and supporting participants to achieve healthier and happier lives without any additional cost to the health system, employers, or insurers.

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