



Keys to Benefits Strategic Planning

Definition: **ben-e-fit stra-te-gic plan-ning**

1. The formal consideration of an organizations future course as it relates to human capital management
2. An organization's process of defining human capital issues, direction and making decisions on allocating its resources to pursue defined objectives, including its capital and people.
 - a. A proactive process that is internally focused, with management in control.
3. The outcome is normally a strategic plan which is used as a guide to define implementation plans.

The Value of a Benefits Strategic Plan

The employee benefits marketplace has become increasingly complex and competitive with all types of Benefits Advisors continually seeking new ways to strengthen, and protect, their client relationships. To maintain solid client relationships, it is imperative for Benefits Advisors to remain cognizant of primary employer concerns on benefits and human resource issues.

The central questions that need to be addressed are:

- What is the current strategic viewpoint on benefits and HR?
- What are today's tactical and operational priorities?

At a strategic level, the primary concern of CEOs and Boards of Directors is finding ways for HR to actively support overall business strategy and direction. HR has long been viewed as a “tactical function” as compared to a “business partner” of other departments within an organization. Advancing HR and transforming this discipline to one that proactively advances business strategy is at the forefront of leading CEO's minds.

From a tactical perspective, the cost of the total rewards package and controlling the costs associated with the total rewards package remains an important issue. For several years this central issue topped the list of primary employer concerns. Today, however, cost reduction and containment has been eclipsed by the need for talent management.



Today, the shortage of qualified employees as well as motivating and retaining existing employees is the leading priority for a majority of organizations. (Data and Graphic Source: Deloitte 2008 Top Five Total Rewards Priorities Survey)

As a key advisor on benefits and HR topics, Benefits Advisors must be prepared to deliver solutions that address today's needs while looking toward the future to eliminate tomorrow's problems. This is the only way to ensure existing client

relationships remain ongoing client relationships. Utilizing strategic planning as a tool, and building a Benefits Strategic Plan, is the starting point from which success will be achieved.

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Strategic planning determines where an organization is headed over the next several years – and maps out how it is going to get there. A solid strategic plan is the culmination of a deliberate set of activities that:

- Assesses needs and resources
- Defines a target audience and a set of goals and objectives
- Plans and designs coordinated strategies
- Logically connects these strategies to needs, assets, and desired outcomes
- Measures and evaluates the process and outcomes

A Benefits Strategic Plan is a strategic plan specifically focused on the current and future needs of a company as it relates to its employee benefits program.

It articulates how the benefits program will continue to support the attainment of the overall business plan and corporate objectives while taking into consideration tactical priorities.

The main objective of any strategic plan, and specifically a Benefits Strategic Plan, is to strengthen the management decision making process by recognizing and addressing key internal and external factors that affect the business and the benefits program.

Benefits Advisors who choose to employ this approach will ensure the continuity of their client relationships, transform their own role in the process, and improve the productivity of their practice.

Benefits Strategic Planning Made Easy... Get SMART!

SMART makes the process of Benefits Strategic Planning easy to implement.

Providing brokers and benefit advisors a solid framework, SMART has all of the aids and tools needed to outline the long term goals and specific strategies relative to a client's Benefits Plan.

SMART provides an invaluable foundation to the Benefits Strategic Planning process. It offers the Benefits Broker and Advisor a comprehensive roadmap for navigating and facilitating the process with their clients.

Our proprietary process simultaneously serves as a project plan for the Benefits Advisor, becoming a springboard for future management decisions regarding the benefits program. Through the use of this tool, the Benefits Advisor will find its efforts more aligned with client needs and will strengthen their client relationships.

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Given the collaborative nature of the strategic planning effort, in some cases the “process” of working with the end client to build the Benefits Strategic Plan may in fact be more valuable than the actual plan document output. It is through this process that the Benefits Advisor will gain invaluable insight into their client’s business issues, establish enormous credibility, elevate its relationship to that of a trusted advisor – not a sales person – and will build stronger relationships that can withstand competitive pressures from third parties. Using SMART is the key to success in this process.

When engaging a client and broaching the subject of the Benefits Strategic Plan, the Benefits Advisor should emphasize the following themes to ensure mindshare and buy-in:

- Clearer alignment of the total rewards strategy with the overall business strategy is a critical key to success for all employers today. HR must play a strategic role in the organization and be the driving force behind the workforce becoming a unique competitive advantage for the company.
- A well-defined road map (ie – Benefits Strategic Plan) is an essential tool to ensure proactive management of the rewards program and its alignment with the business mission. This is a philosophical approach that will aid HR and make their job easier. The absence of such a plan results in HR being relegated to a reactive role that diminishes the potential of a company’s biggest asset – their workforce.
- The Benefits Strategic Plan – and the planning process – is a unique asset the Benefits Advisor is bringing to the table for their clients. Not all Benefits Advisors embrace, or know how to employ such an approach. It is truly a consultative service differentiator that adds significant value at a time when many are eliminating value-added services.

The Benefits Strategic Plan in Practice

Embracing the concept of the Benefits Strategic Plan and integrating it into your account management and sales process will, over time, change how you and your employees interface with your clients.

You should expect the creation of a Benefits Strategic Plan will vary client by client, based on the nature of the individual client’s leadership, culture, management structure, business issues, and size. While many client

organizations may have some similar characteristics, a “one size fits all” approach will not result in success when developing a Benefits Strategic Plan.

As a result, SMART has been developed to provide a comprehensive list of subjects that you and your team may need to explore, review and distill to meet the specific needs of a given client. The Benefits Advisor team should determine which questions and subjects are most applicable to a specific client and select accordingly those items for use during the strategic planning and brain storming session(s)

During the planning process, the Benefits Advisor will meet and work jointly with the client to strategize and develop the essential components of the Benefits Strategic Plan. At the conclusion of this collaboration, the Benefits Advisor will produce a final document for the client that memorializes the Benefits Strategic Plan. In gaining the client’s approval of the Benefits Strategic Plan, the Benefits Advisor should also have the client sign a Benefits Advisory Services Agreement covering the term of the Plan, places the Advisor in control, and gives authority to act.

At this point, the Benefits Strategic Plan becomes the Benefits Advisors’ project plan for the near-term. It is the roadmap for introducing new products, enhancing or improving benefits communications, adjusting or implementing new administration processes, etc. Bottomline, it gives the Benefit Advisor client-approved marching orders.

Looking further into the future, on a semi-annual or annual basis the Benefits Advisor will use the Benefits Strategic Plan to review progress and to ensure all activities align with the defined goals. The shelf life of the strategic plan should be three to five years. It may need to be updated annually depending upon the client’s individual circumstances. At the end of the plan period the Benefits Advisor may need to modify the plan based upon circumstances (ex: client acquires another firm or divests itself of an operating unit, or the client grows organically by 200% and dramatically increases staffing, or the client downsizes its staff by 18% due to the impact of gas prices on its business, etc.). At this point, it becomes your job to work with your client to create a new, updated Benefits Strategic Plan.

Congratulations – you have just become an invaluable and irreplaceable business partner.

Isn’t it time to Get Smart?

Contact Daymark Advisors for more information
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