



Increasingly reward experts are learning that while cash rewards like pay and bonus can be replaced by another employer, an innovative and flexible benefits package helps create ‘glue’ and engagement for an employee and is more difficult for another employer to replicate.



In the total reward family, employee benefits are often overlooked as the poor cousin compared with their cash-wielding relatives, salary and bonus. While the company benefits bill may be sizable, it is rarely utilised to full effect by employers or employees – in fact, only 39% of organisations regularly evaluate the effectiveness of their benefit strategy <sup>(1)</sup>.

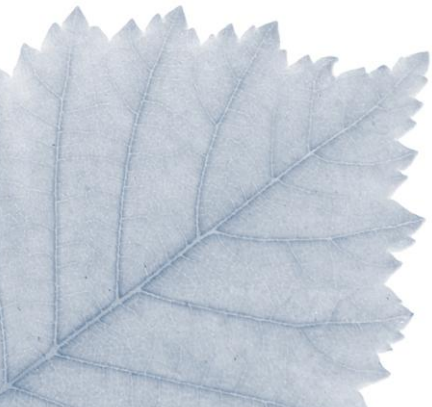
Recognising the enhanced value that the benefits package can bring in respect of creating ‘glue’ and engagement for an employee, which is more difficult than cash rewards like pay and bonus to be replaced by another employer, Minster Law, a medium-size law firm based in the North of England, decided to review its benefits policy to see how it could be made more cost effective and be used to better support the business overall, for example in recruitment.

“We started by looking at how much various aspects of our benefits system were costing, how it compared with what our competitors offer and where there might be gaps,” says Lynne Wood, HR Manager at Minster Law. “Being an HR generalist, I could do this fairly competently but I realised that the assistance of a consultant would help, particularly in specialist areas like pensions.”

Innecto joined Minster Law on the project, reviewing information such as the annual proportional spend on company benefits against take-up by employees. They also looked at the profile of employees by age, gender and length of service and introduced their own knowledge on benefits data and industry best practice. (Innecto would also normally recommend consulting employees on what they would like to see in their benefits package, and this is something that Minster Law are considering in the future.

One of the most interesting findings was the predominance of ‘Generation Y’ working at Minster Law, loosely defined as people born after 1980. Studies show that Generation Y’s approach to work includes taking an aggressive approach to pay and benefit packages, increased mobility within the job market (typical job duration is 2-3 years), the expectation of quick promotion and low employer loyalty.

Companies such as KPMG and Price Waterhouse Coopers are responding to the challenge of Generation Y by offering a broad range of experiences, social responsibility initiatives, development and learning opportunities and a good work-life balance. All agree that salary matters but that money alone is a poor motivator of this social group <sup>(2)</sup>.



## Case Study: Minster Law – Benefits Intelligence

“The Generation Y analysis made a lot of sense,” says Wood. “We’ve always had the feeling that our corporate culture is more akin to a fast-moving plc than a traditional law firm. We know that we have to offer something different to attract the best people in the market and Innecto’s ability to produce the evidence and suggest solutions really helped us crystallize our thoughts as to what that might be.”

Innecto produced an Intelligent Benefits Report for Minster Law which recommended a benefits strategy that would cost effectively support the firm’s aims and values. It addressed how to best meet the needs of current and future employees, building in flexibility to deal with a changing workforce demographic.

A key finding was that there was scope to move to a smart salary sacrifice pension arrangement which would save money and help prepare for the changes arising from the 2008 Pensions Act which will impact employers from 2012.

“The pensions analysis was especially useful and this is an area that we will be developing and possibly implementing in the future,” says Wood. “I’ll also be reviewing our personal health insurance and death in service cover to see what savings can be made there, and looking into new benefits that more closely match the lifestyle choices of Minster Law employees.”

“We will also ask employees, either through an opinion survey or focus groups, about their views on our current benefits and which of our proposed new benefits they would be interested in. I hope that we’ll then be able to introduce our new improved benefits package in 2010.”

Minster Law employees 500 people based in York and Wakefield. Established in 1997, it is a leading road traffic accident personal injury law firm and also offers employment, conveyancing and wills and probate services.

### References

- (1) Employee Benefits Research 2009
- (2) Bravenewtalent.com

