



Industry Currents

Sponsored Reports on the Changing Business of Benefits

Best Small and Midsized Places to Work Realize Value of Total Comp Statements

By Bruce Shutan

Companies that land on Fortune's coveted "100 Best Places to Work" list realize the strong correlation between employees' understanding and appreciation of their benefits and compensation package and satisfaction with their coverage and pay. In turn, their workforces are highly motivated, productive and fully engaged.

The same thinking applies to firms that make the annual list of "50 Best Small & Medium Companies to Work for in America," which is the result of a survey conducted by the Society of Human Resource Management and the Great Place to Work Institute.

One key to success is a keen appreciation for total compensation statements that bring to life the power of the so-called hidden paycheck when they're issued, typically on an annual basis. The statements enable employees to view their benefits and comp within a larger business context, which gives them a better understanding of why they may be asked to finance a bigger portion of their health and welfare coverage, as well as retirement. They're able to see for themselves exactly how much an employer is investing in their future.

Satisfaction equals success

Two smaller firms that have been able to leverage this employee communication tool include Hypertherm, Inc. in Hanover, N.H., the world leader in metal cutting technology, and Clark Nuber, a CPA and consulting firm in Bellevue, Wash.

Both companies developed total comp statements with the assistance of Charlton Consulting Group, whose survey with Harris Interactive conducted earlier in the year found that 75% of employees who indicated that they're "very satisfied" with their total compensation also have at least "quite a bit" of understanding of their benefits packages.

"We wanted to present information and data in a positive way that reinforced our compensation philosophy beyond just base pay," explains Rusty Fowler, Hypertherm's compensation

and benefits manager. "By presenting the entire compensation picture in a clear and concise manner, we eliminated much of the dissension and tension that often develops in an uninformed workforce."

The result: corporate growth coinciding with a high level of associate satisfaction. About 71% of associates who were polled for the 50-best-companies survey thought they were paid fairly for the work they do. Moreover, an internal benefits survey Hypertherm released six months ago indicated that 75% of its 750 U.S. associates found total compensation statements to be good, useful communications tools.

It might not come as much of a surprise that these impressive numbers were reported during the company's most successful years, which dated back to 2004 when Hypertherm partnered with Charlton Consulting Group on the total comp statements and formalized its compensation philosophy. Technical limitations with regard to reporting issues and access to associate data stored within the firm's previous HR system had stood in the way of these critical steps. But those days are long gone.

"It's easy for me to make a direct correlation between a satisfied workforce and increased productivity," according to Fowler, who notes that an executive leadership group sought a way to effectively communicate and educate associates about the company's compensation philosophy.

He says Charlton aggregated, integrated and formatted all the necessary data into "single, easy-to-understand total compensation statements that help associates realize the investment being made in each one of them."

Closing perception gap

A similar process unfolded two years ago at Clark Nuber whose 150 employees have been receiving total comp statements in a detailed and informative format. "Our CEO was impressed and felt the statements provided a good employee benefit in itself," reports Tracy White, the firm's director of human resources. "They are an easy and cost-effective way to

market the benefits that Clark Nuber provides."

She sees multiple advantages to using this communications tool, noting an ability to convey employee compensation in its entirety, an investment in human capital and viable mechanism to keep employee spouses well informed.

David Janus, a principal of Charlton Consulting Group, points to a perception gap between what companies spend on benefits and how employees view that investment. Indeed, his company's survey indicates that 51% of employees mistakenly believe their employer pays 30% or less above and beyond

their wages for various benefits, when the U.S. Department of Labor's Bureau of Labor Statistics places that figure at 43%.

"Employers need to clearly communicate the total compensation message in order to enhance their return on investment for the benefit dollars being spent," he says.

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