

Companies still offering perks, but HR's taking another look

BY LORE LAWRENCE

When the scramble for top talent was at its peak, human resource professionals romanced potential employees with a smorgasbord of perks—or "employee services." Once limited to the ranks of upper management, New Economy perks were doled out liberally to the rank and file and ran the gamut from free lunches to Caribbean cruises and everything in between.

Now employers announce mass layoffs daily, but analysts still advise that the war for talent will wear on for at least another decade. How does the savvy benefits decision-maker determine which employee perks are costly frills and which are key to employee recruitment and retention over the long haul?

New research suggests a back-to-basics approach to benefits planning. "Organizations need to take a good, hard look at the basics before launching new and trendy benefits or other human resources practices," said Dave Stum, president of Aon Consulting's Loyalty Institute in connection with the firm's study of workforce commitment.

"Start by ensuring that you offer a safe, secure work environment and equitable compensation and benefit packages," said Stum. "These are your foundation, and there's no sense building upon a foundation if it's faulty."

But before you prune perks, examine closely both the costs and the benefits they may afford your organization.

"When a company takes and measures what the cost of employee services truly is, it's really a minimal expense," said Jean Wilson, membership director of the Employee Services Management Association (ESMA) in Oak Brook, Ill. "If you weigh that against ... the average expense of replacing an employee—between 100 and 150 percent of their salary—an employee service program is a bargain. It makes good business sense and affects the bottom line in a positive fashion."

Where there's a tradition of employee contribution to the cost of services, there's probably no need to fix what isn't broken. At ONI Systems, a manufacturer of optical networking

ple, employees sometimes are asked to contribute to educational programs.

"We want to make sure we're able to continue to provide services to a broad spectrum of employees," said Kathy Estrada, ONI's human resources director. "If we have a specialized [education] program that touches only 50 employees instead of 300, our answer is to charge a nominal fee—\$15, \$25—to attend. Are we cutting back on services? No."

Bud Fishback, HR manager for the Seattle-based Boeing Company, said employees contribute to the cost of operating aerospace giant's network of 105 on-site recreation clubs. "When employees pay for the ongoing cost of a program, they've got a stake in the game as well."

The company's 75,000 employees also have access to a health and fitness center, a company store, an extensive discount program for employees, from sporting events to travel, two day care centers, and a resource and referral program for those dealing with work/life issues.

"I think the company has recognized [that these programs] lead to work/life balance for employees, and it's a great recruiting and retention tool," Fishback said. "Although we've never formally measured it, I think we assumed—being in the field—it's an obvious benefit."

Convenience counts

Employee services are provided to assist or ease an employee's management of work and family issues, said ESMA's Wilson. Recently

large or community atmosphere on a corporate campus, she added. Typical services often include things such as child care, elder care, a company store, exercise classes, massages or car detailing.

OCLC Online Computer Library Center in Dublin, Ohio, historically has been satisfied with its recruiting and retention rates for high-tech employees, said George Kademenos, HR, OCLC's human resource services manager. Nevertheless, the company instituted a concierge service to keep its competitive edge hiring and retaining its skilled workers.

More For You—runs errands, picks up dry cleaning, has cars detailed, obtains theater tickets and performs other time-consuming chores for employees. Offering the convenience has been a low-budget item for the company. That's because

employees who use the services receive a discount and pay More Time for You directly.

Kademenos said the feedback has been positive. "One of the nicest things is that it saves people from having to look around for a vendor. More Time for You has a relationship with the vendors, they have a good track record and can provide good references. People feel they are getting quality service."

Convenience also counts at America Online's Dulles, Va., headquarters. The company offers employees a wide range of services, such as dry cleaning and fitness classes, to make the work/life balance smoother.

communications, said the company philosophy is to create a great working environment that eliminates as many distractions as possible so employees can focus more on their work.

The kindest cut

Providing employee services is clearly no one-size-fits-all proposition. ONI's Estrada said HR managers responsible for choosing employee services should make their decisions based on the company's needs. The question, she said, is "How am I going to impact the business on a positive note, and what role am I really going to play in helping the business move forward?"

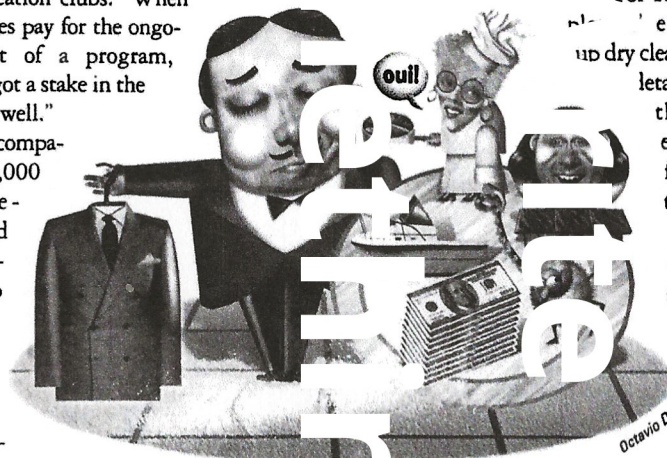
Cathy Ohmes, owner of Creative Perks LLC, which offers employee services to mostly high-tech companies in the Northern Virginia area, said the kinds of services a company provides depend on its corporate culture and budget.

"I've found tech companies are a little more crazy or adventurous in some of the perks they're doing, such as 'chill out' rooms, pool tables, foosball and games for employees to play," she said. Companies such as law firms tend to be more conservative, providing luncheons or appreciation gift baskets.

Since the downturn in the economy, budgets have become much more of an issue, Ohmes said. "Previously, managers often had an 'open checkbook.' Now perks are more likely to be a budget line item."

Other issues have emerged in connection with belt-tightening, Ohmes said. First, if you must cut back on perks, make sure that you address that with employees. Taking services away abruptly, without explanation "can outweigh all the good that was done."

Second, Ohmes recommends having a "perks philosophy" that states how employee services fit into the company's overall compensation and benefits package. Such a statement can alleviate morale problems if the company's offerings ebb and flow due to budgetary constraints.



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