

# Doing More with Less by Outsourcing Benefits

*Faced with a diverse workforce that demands maximum efficiency, manufacturers may be among companies that gain the most from outsourcing benefits administration.*

BY MARC A. MOSCHETTO

The concept of doing more with less is something we've been hearing a great deal about these days, particularly in light of current economic pressures. For manufacturers, however, this philosophy has been a way of life for decades.

Programs aimed at eliminating inefficiencies and reducing costs while ultimately better serving the unique needs of the customer are no longer considered best practices, rather they are absolutely critical to succeed in this complex and hyper-competitive industry. These principles of success that apply to the plant floor, however, can also be extended into other areas of the organization, particularly HR.

Consider the diversity of skills required to maintain an effective manufacturing operation. Engineers, plant managers, maintenance, engineering, and skilled labor all play a critical role, but each brings something unique to the organization. Furthermore, many manufacturers operate multiple facilities spanning different geographies. For those in HR—specifically those responsible for managing the benefits administration processes within manufacturing operations—this represents a fundamental but significant realization. A one-size-fits-all approach to meeting the needs of this diverse audience simply will not suffice.

Similarly, effectively addressing the unique needs of such large and varied workforces can also be particularly challenging, time consuming, and costly to handle by solely relying upon in-house HR staff. For this reason, outsourcing elements of benefits administration has become a particularly effective option for manufacturers.

A primary reason for this is because the diversity of services that are available through an outsourced provider can accommodate the various of needs within the workforce. An effective

outsourced benefits administration provider can accommodate all of these diverse audiences and deliver the information they need, where and when they need it, and in the most appropriate format. This ensures that employees are better informed and, consequently, can make elections and decisions that are most closely aligned with their personal and financial needs. This approach also helps to drive employee engagement and reinforce the notion that, as an employer, you're taking their unique needs into consideration.

Properly executed, the returns on taking a strategic approach to benefits administration are varied and significant. From a bottom-line perspective, organizations that drive employee education and engagement by providing some degree of decision support throughout the process can generate sizable cost reductions through tax savings. Employees who leverage such resources as cost calculators, plan preference modules, and the like are also more likely to participate in flexible spending accounts as well as make greater deposits into these accounts. There's also an added benefit that comes from ensuring that employees do not suffer from sticker shock associated with not understanding or not preparing for the out-of-pocket expenses that accompany the healthcare choices they make, particularly if they're selecting a high deductible or consumer-driven healthcare plan for the first time.

An outsourced engagement also brings a degree of efficiency and effectiveness to the benefits enrollment process that can be elusive when trying to handle all the activities using in-house resources. Within an outsourced engagement, HR teams gain access to individuals and resources whose sole focus is addressing and responding to benefits-related concerns of the

employee base. The outsourced provider does not have to balance the myriad tasks that a typical HR specialist has to contend with on a day-to-day basis, so employees will often experience faster response times and quick resolutions to any concerns they may have. Furthermore, an outsourced provider will have access to all of the benefits information that is unique to your organization, as well as have the ability to deliver a branded experience by using the same language and terminology as the employer, thereby acting as a seamless extension of the HR team itself.

There's also a degree of technical complexity that will be assumed by the outsourced provider. Serving as the "connective tissue" that brings together various third-party and in-house applications, an outsourced provider can accommodate the flow of information and data required to effectively automate the administration and enrollment process, from in-house ERP or HRIS systems to plan providers and other external systems. This reduces the burden placed upon an IT staff that in a manufacturing environment has other priorities to address.

The group that has the most to gain from an outsourced engagement, however, is the workforce itself. Taking the decidedly employee-centric approach to benefits administration that is available from a dedicated, focused, outsourced provider enables employees to gain greater insight into their benefits selection, to make the decision that is best for them and, ultimately, to feel more secure with their benefits choice, all while significantly alleviating the burden and expense placed upon already overworked HR teams. **HRO**

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