

Benchmarking: Navigating Your *New* New Normal

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Today's Speakers



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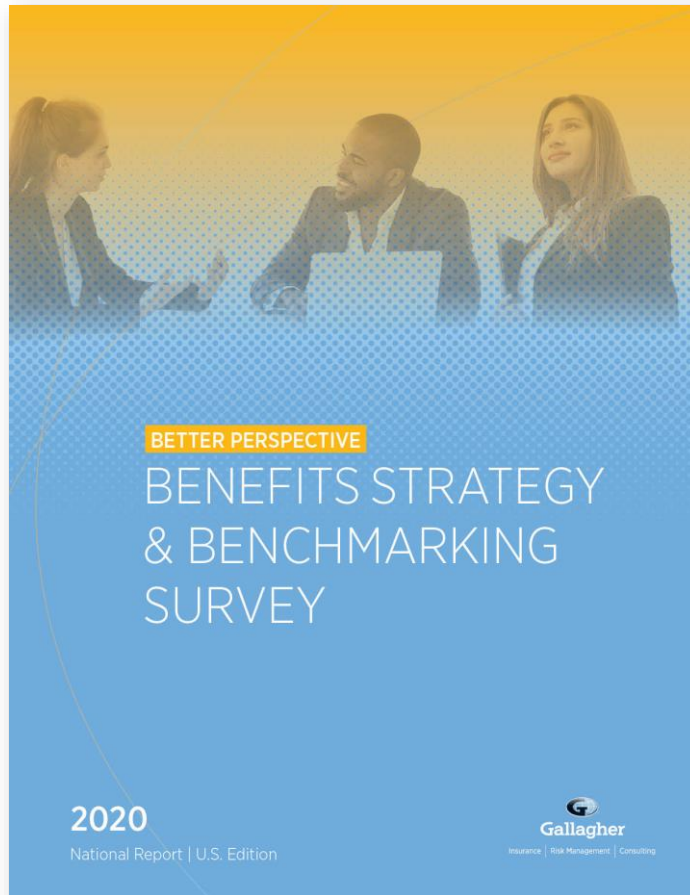
Regional Practice Leader
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Technology

Today's Agenda

- Gallagher's 2020 National Benefits Strategy and Benchmarking Survey
- HR Technology Pulse Survey
- Emerging Total Rewards Trends
- Emerging Technology Trends
- The Path Forward

Benefits Strategy & Benchmarking Survey

Better organizational outcomes through better benchmarking

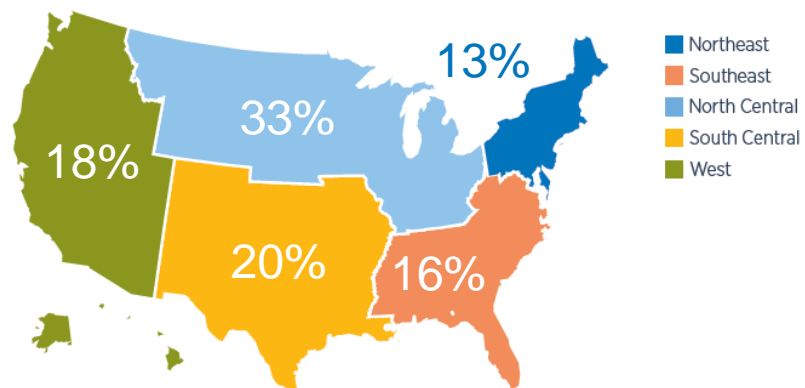


- Conducted December 2019 to May 2020
- 3,921 participating organizations
- More than 300 questions covering the total compensation spectrum
- Includes data and insights from Gallagher's COVID-19 pulse surveys

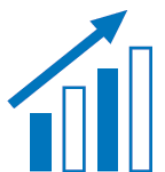
2020 Benefits Strategy & Benchmarking

Survey Participant Breakdown

GEOGRAPHY*



OWNERSHIP STRUCTURE



53%

FOR PROFIT



47%

NONPROFIT

WORKFORCE SIZE—FULL-TIME EMPLOYEES (FTEs)

Small employer—
under 100 FTEs

30%

Lower midsize
employer—
100–499 FTEs

41%

Upper midsize
employer—
500–999 FTEs

12%

Large employer—
1,000 or
more FTEs

17%

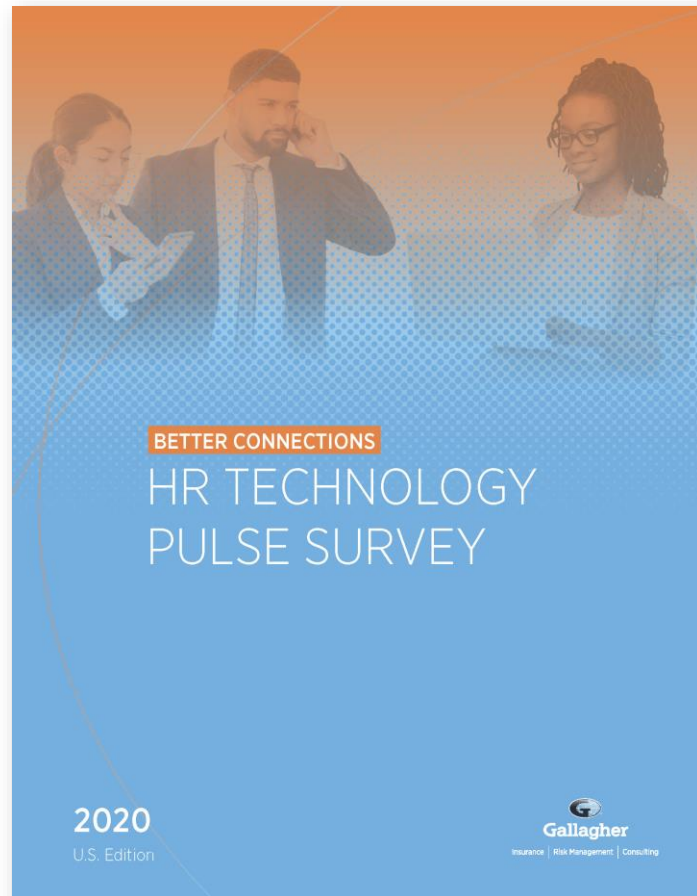
2020 HR Technology Pulse Survey



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Request the full report or download the executive summary



ajg.com/HRTechReport

Gallagher's Approach



Shifting Organizational Priorities

Top HR priorities centered on talent, growth, and cost control, *prior to COVID-19...*



Sources: Gallagher's "2020 Benefits Strategy & Benchmarking Survey – U.S. National Report," September 2020; Gallagher's "COVID-19 Pulse Survey Part 2: Employer Response", April 2020; Gallagher's "COVID-19 Pulse Survey Part 5: Sustaining Organizational Wellbeing and Resiliency Through a Crisis", September 2020

A changing workforce composition

- May continue to affect healthcare claims and talent management approaches
- Be prepared with a demographic impact analysis
- Balance cost and competitiveness for talent
- Cultivate brand for organizational stability

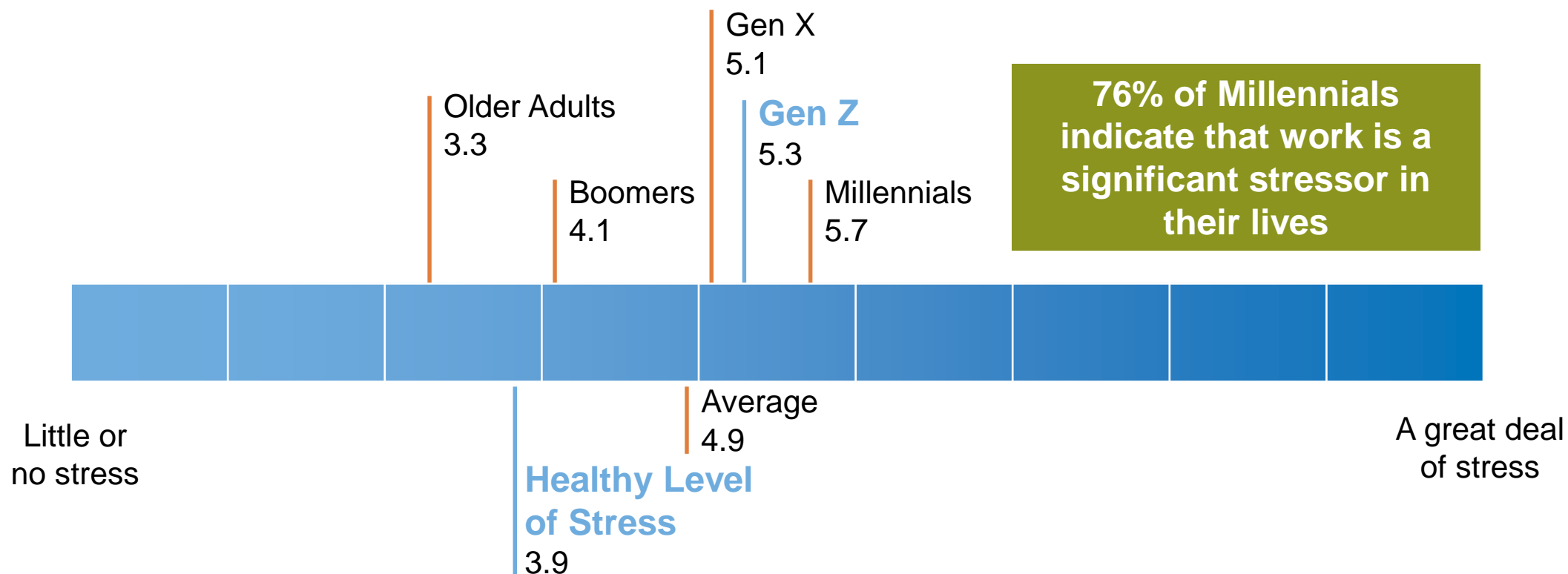


The Generations

Work Place Characteristics	Traditionalists 1925 To 1945	Baby Boomers 1946 To 1964	Generation X 1965 To 1976	Millennials 1977 To 1996
Work Is...	Obligation	Adventure	Challenge	Fulfillment
Leadership Style	Directive	Collegial	Challenging	Collaborative
Interactive Style	Individual	Team Player	Entrepreneur	Participative
Communications	Formal Memo	In Person	Immediate	Electronic
Feedback And Reviews	Not Expected	Compensation	Freedom	Immediate
Motivating Messages	Respected	Valued	Autonomy	Creative
Work & Family Life	Separate	No Balance	Balance	Balance

Q: Who is Stressed out?

A: Most of us



Source: APA Stress In America: Generation Z report, October 2018



Increased operating costs and lower revenues

Employers are getting more creative in planning total rewards:

- 83% have more strongly emphasized the role of specific benefits:
 - Emotional wellbeing (65%)
 - Leave policies (47%)
 - Medical benefits (39%)
 - Physical wellbeing (36%)
- Offering a variety of health plans (40%)

Gallagher, "COVID-19 Work in a New Normal Pulse Survey," July 2020



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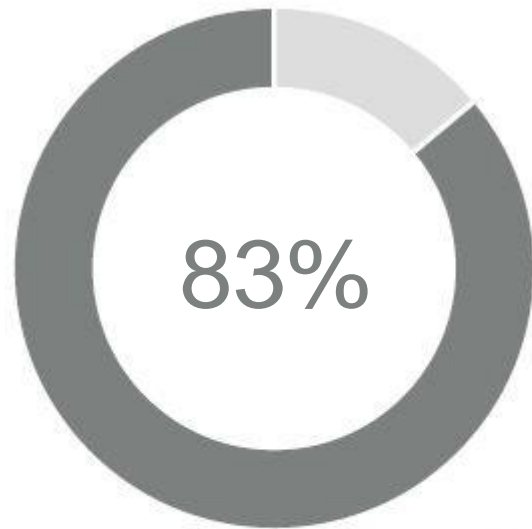
Polling Question #1

As a result of the pandemic, is your organization re-evaluating your Total Rewards strategy for 2021?

- ☐ **Yes**
- ☐ **No**

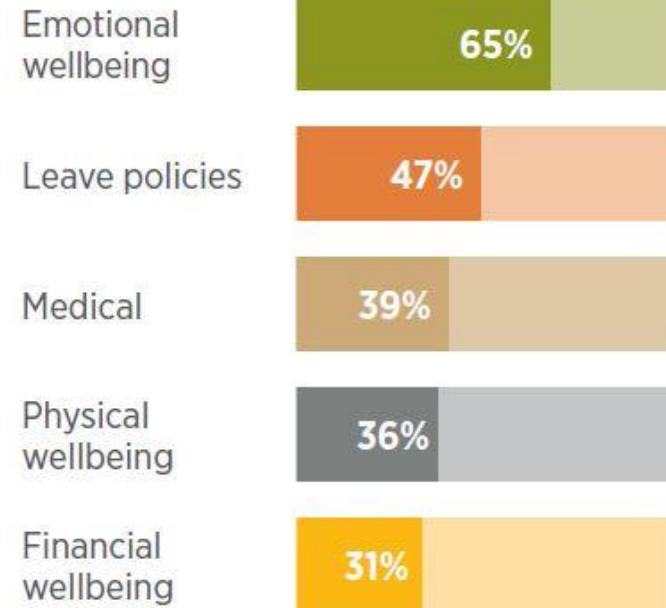
Total Rewards Planning

COVID-19 has impacted total rewards decisions for 8 in 10 employers



Are Rethinking Total Rewards Elements

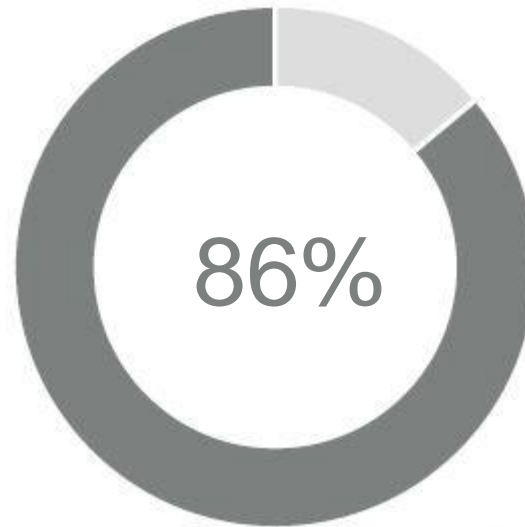
BENEFITS MOST IMPORTANT TO TOTAL REWARDS PLANNING DUE TO COVID-19¹



¹Gallagher, "COVID-19 Work in a New Normal Pulse Survey," July 2020

Health Plan Design

Some changes are likely, but most employers expect to hold the line

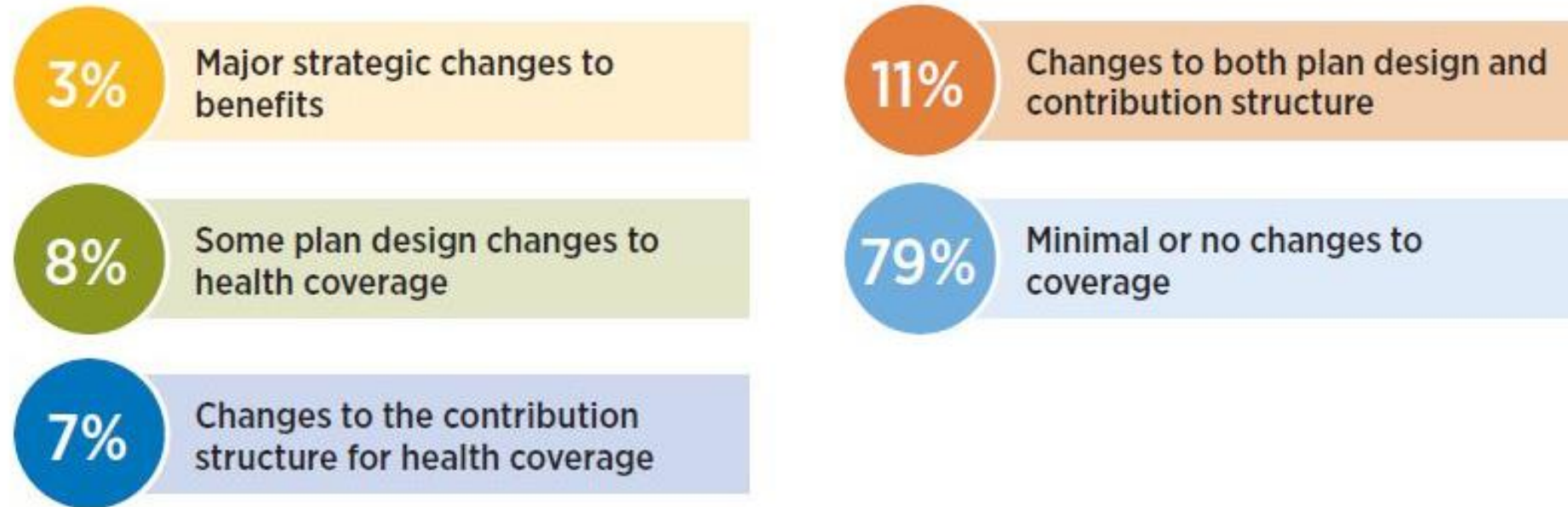


Neither Reduced 2020 Healthcare
Benefits in Response To COVID-19 Nor
Expected to in The Future²

2. Gallagher, "COVID-19 Return to Workplace Pulse Survey," June 2020

COVID-19 Cost Pressures

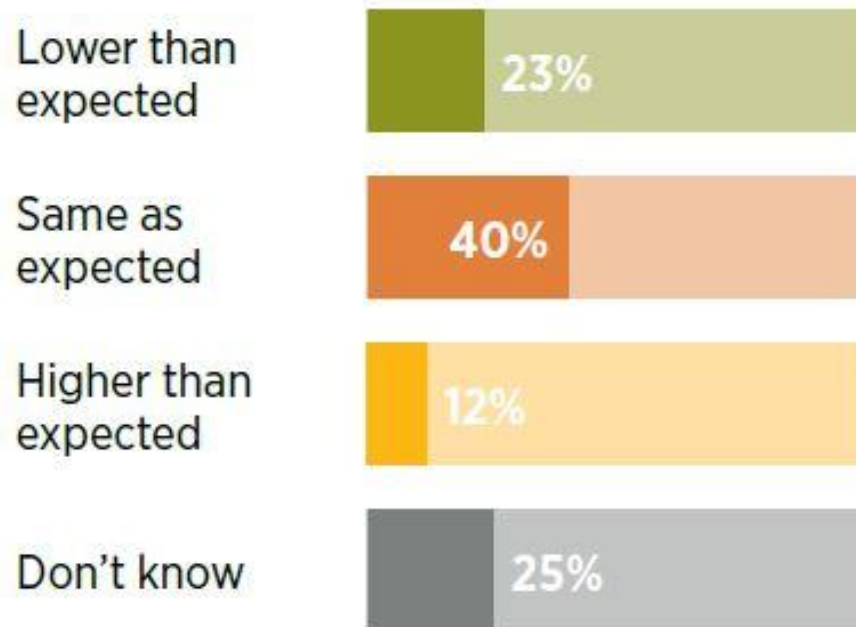
Possible changes to 2021 benefits



Healthcare Trends

The cost impact of COVID-19 is projected to be neutral or lower than expected

OVERALL HEALTHCARE EXPENSES FOR 2020 COMPARED TO ORIGINAL PROJECTIONS¹

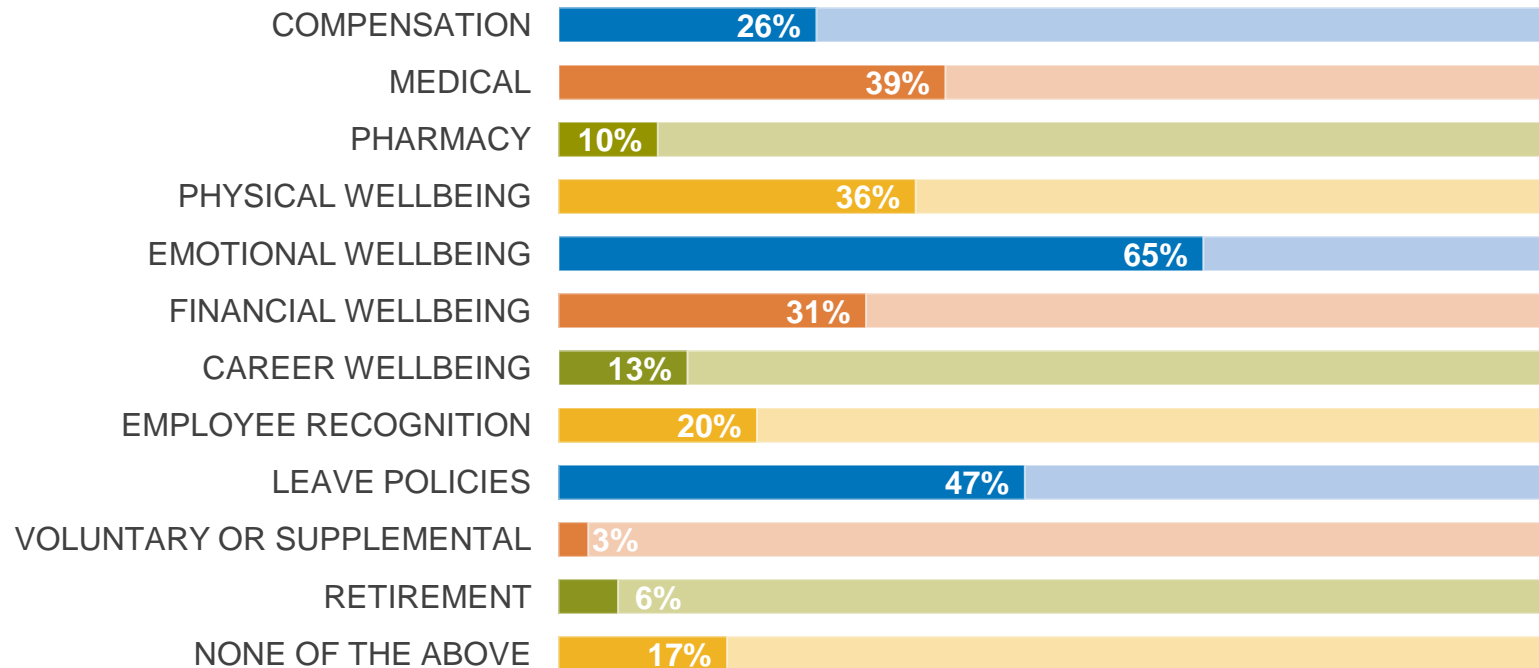


60-70%

Deferred elective
procedures estimated
to be avoided entirely

Shifting Importance - Benefits

What benefits have become more important to total rewards planning due to COVID-19?



COVID-19 SILVER LINING:
Advancing the conversation
on emotional wellbeing

Setting Your Total Rewards Goal



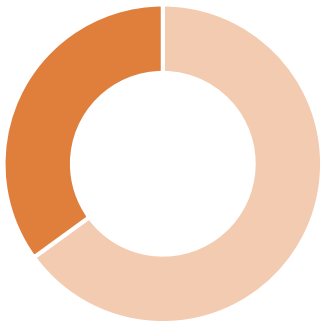
Extreme Upward Movement

Basic Healthcare Benefits



Moderate Downward Movement

Desire for increasingly rich offerings



35-39.9%

Compensation and benefits
as a percentage of total
operating revenue (MEDIAN)

Source: Gallagher's "2020 Benefits Strategy & Benchmarking Survey – U.S. National Report," September 2020

DEFINE

what you want your total rewards offering to say to your employees. Seek guidance when needed.

STRATEGIZE

using all available data and analysis, and align with your employee value proposition (EVP).

MEASURE

track and evaluate your changes in order to be flexible and to continually improve future outcomes.



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Technology

Data & Insights

HR Technology

- Evaluate emerging opportunities
- Upgrade capabilities as needed
- 69% of employers planned to invest in HR tech by 2022
- Support activities related to coverage alternatives under COBRA



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Polling Question #2

Is your organization planning to expand, or replace HR technology or both by 2022?

- ☐ **Yes – expand only**
- ☐ **Yes – replace only**
- ☐ **Yes – both**
- ☐ **No plans for HR technology**



Expanding Technology Assets



48% Expand

9% Replace

12% Both

Expect to expand or replace
HR tech – or both – by 2022

Expanding Technology Assets

Top reasons for replacing and/or adding HR tech

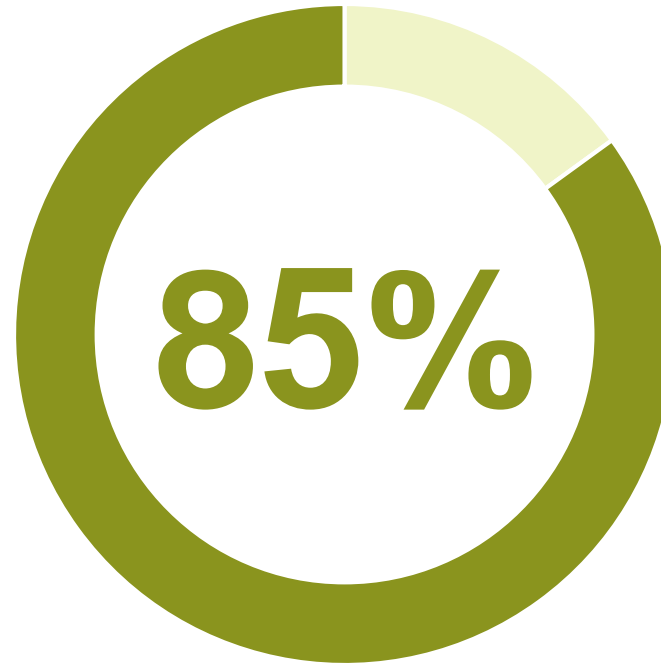
- 1 Automate processes
- 2 Increase employee productivity
- 3 Support human capital strategy
- 4 Comply with regulations
- 5 Find a more satisfactory provider

Expanding Technology Assets



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Don't have a comprehensive HR tech strategy
aligned with organizational strategies

Gaining Support For Investments



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Face difficulty in gaining executive support for HR tech investment

Source: Gallagher's 2020 HR Technology Pulse Survey U.S. Report

Gaining Support for Investments

1

Leadership doesn't understand the value of the investment

2

Past failure with HR and benefits technology

3

The HR team lacks the skills/confidence to sell the value

Maximizing Investment Value

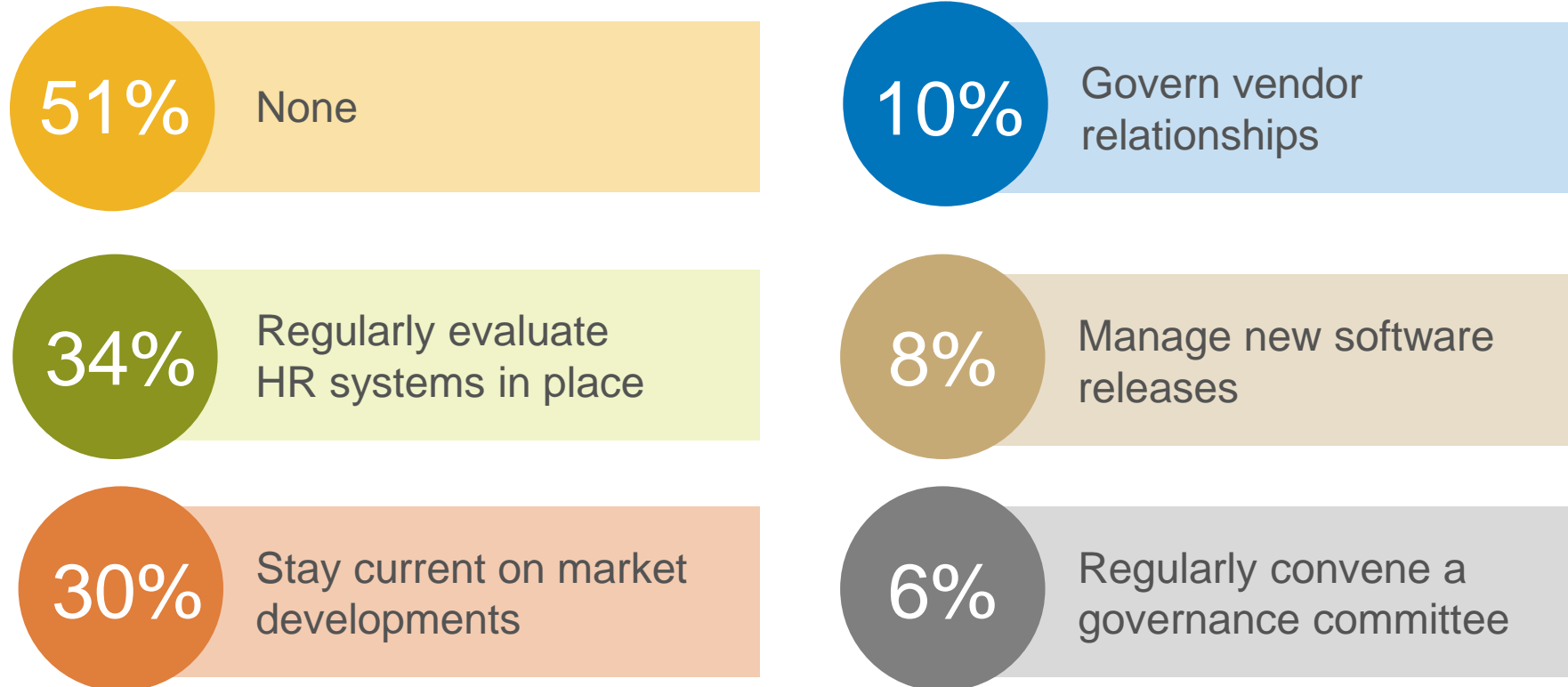
Optimization



Use more than 75% of their
HR tech capabilities

Maximizing Investment Value

Processes in place to optimize the use of HR tech



Source: Gallagher's 2020 HR Technology Pulse Survey U.S. Report

Polling Question #3

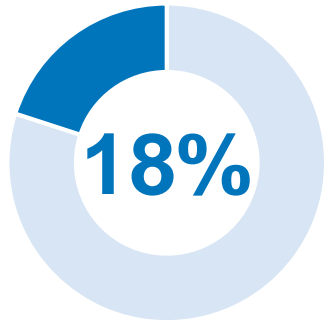
I would like more information on the following (choose all that apply):

- Deploying engagement surveys**
- A demographic evaluation of my multi-generational workforce**
- A ranking assessment of my organization's holistic priorities**
- Additional information on 2020 HR Technology Pulse Survey**
- Participating in Gallagher's 2021 Benefits Strategy and Benchmarking Survey**
- Other (Please submit your topic in the Q&A box)**

“The greatest danger in times of turbulence is not the turbulence, it is to act with yesterday’s logic.”

– **PETER DRUCKER**

Communications: A New Opportunity

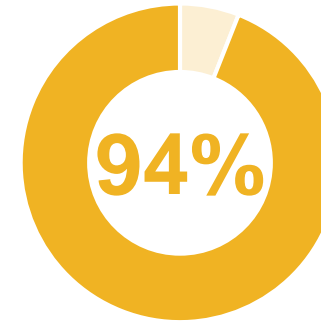


have a comprehensive strategy for employee communications

Most Desired Outcomes for Employee Communication

- 1** Employees understand their benefits and how to use them
- 2** Employees understand the total value of their compensation and benefits
- 3** Employees understand how they contribute to the organization's success

COVID-19



saw COVID-19 as an opportunity to connect strongly with employees

Top Priorities for Internal Communicators

- 1** Communicate about wellbeing
- 2** Strengthen relationship with leaders
- 3** Communicate the possible long-term impact of the pandemic

The Path Forward

Reset Now

Be Proactive

Seek Guidance

Leadership Support

Communicate

Thank You



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