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HR Directors Emphasize Importance of Measurable ROI

by LFE Institute, Inc.

Human Resources and Employee Benefits professionals gathered in Chicago, September 2006, for the national BMFE Conference to discuss the direction that employee compensation is expected to take in 2007.

Standing-room-only crowds attended breakout sessions on topics ranging from cost containment to the business value of employee health and well-being. Participants discussed how the challenges facing HR professionals nationwide are impacting their corporations, and the creative ways they are finding to address concerns in ways that benefit both employer and employee. Some conference highlights include:

1. **Cost containment:** Corporations consider increasing health care costs to be a serious drain on employee benefits expenditures. To combat this, HR professionals report the trend will be to pass more benefit costs on to employees, reduce or eliminate future health care and retirement plans, and minimize compensation increases.
2. **The price of employee health:** Conference attendees voiced concern that continuing to shift health care and benefits costs to employees is having a negative impact on employee health and morale. The increase in employee financial stress has led to an increase in absences, "presenteeism" and overall medical costs. "My employees are showing up to earn a paycheck, but are too financially stressed out to be productive," said one HR Director at the conference. This stress has sparked a jump in the number of sick days taken by employees, and more employees are turning to EAPs for help with their financial problems.
3. **Burdens on HR Departments:** As more employees struggle with personal finances, HR Departments are increasingly burdened with the unexpected work of

handling calls from creditors, filing and tracking garnishments (reported to have skyrocketed 400%), more employees borrowing from or cashing out their 401(k)s, increasing liability concerns, and employee turnover as workers leave for better-paying jobs.

4. **Business Value of Health:** HR and Benefits Directors say corporations realize they need to take a broader look at how employee health affects the health of the company. Financially stressed employees are unhealthy employees, that stress is directly impacting the company's bottom-line profitability, costing corporations \$8000 per employee, per year.
5. **"Actionable" information:** According to a national study conducted by Integrated Benefits Institute, a nonprofit research company that compares employee health to productivity and profitability, CFOs need "actionable" information in order to make sound financial decisions on employee benefits. "It's no longer just looking at the costs of health care directly," said one session leader. "It's looking at how health-triggering factors are negatively impacting the total business's bottom-line profits."

The financial well-being of its employees directly impacts the overall "health" of a company by affecting many of the factors that influence bottom-line profitability. Leveraging human capital is critical in today's global economy, and progressive Human Resource Directors are seeking positive solutions they can document to statistically measure ROI and its impact on corporate profits.

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