

Execs say benefits more about retention than attraction

By Tristan Lejeune
October 10, 2012

In a pair of recent interviews, executives from two of the 10 companies top-ranked for employee financial wellness by the Principal Financial Group both stressed that benefits programs should be tethered as closely as possible to retention and customer satisfaction. Good health care and retirement options are attractive to new hires, they say, but the real return on investment comes with nurturing someone through the company.

Pamela Peterson, vice president of human resources for Davidson Technologies, says that her turnover rate is less than 4%, and that keeps Davidson's production "on solid ground."

"It keeps our customers happy," Peterson says. "What we have found is continued high levels of customer satisfaction because we are maintaining our workforce and keeping the strong, highly educated, highly skilled employees in their same jobs."

Peterson says employers looking to reduce costs often eye benefits, but should resist the urge.

"When you look at it in dollars, it's kind of a good place to start [cutting], because it's a high-value item," she says, but the damage can run deep. Instead, she says, when the Alabama-based Davidson is looking to reduce expenses, leaders target supplies, unnecessary travel and other "things that don't impact our employees."

The Spiratex Company's Vice President and COO Garry A. Markle says retention is critical, but it's also just a start. He says developing future leaders should be part of long-term ROI thinking.

"We would rather have an employee advance within our own company because it's kind of a known quantity," he says. "Just as we want to retain people for their whole career and have them retire from our company, we want them to grow with our company."

Markle says Spiratex, which is based in Michigan, doesn't have a defined leadership program, but it has "started down this road of mentoring" people "identified as potential future leaders," which, for Spiratex, is a literal possibility.

"We are an employee-owned company, so all these people that we encourage to grow with the company are potentially also owners of the company," Markle says, adding that he's been drawing more attention to the company's tuition compensation program.

Peterson says "so much goes into financial wealth" that Davidson offers everything from match for 401(k) catch-up contributions to flu clinics and a gym in order to create an environment where workers feel fiscally sound. Principal Financial's positive attention, she says, doesn't come just from good pay and retirement, but also from health care that allows employees to tend to their savings better.

"We pay 100% of our employees' health and dental insurance, as well as for their families," she says. "And this is not a high-deductible plan; this is a regular, PPO-based plan."

Markle says it's important to make sure benefits are serving the entire workforce — to balance accessibility and thoroughness.

"You have to realize that every job in your company is important," Markle says. "And you've got to try to tailor things that suit the CEO, as well as the guy loading the truck from the shipping dock and the guy on the midnight shift working the product."

"Don't ever forget about any one job at your company, because the jobs are all important, and you need to retain those people at every job you have."