

Creating and Using an Employee Benefits Policy

Many small business owners claim their greatest challenges are attracting, retaining and motivating their employees. With a strong economy and a tight labor market, it is essential to keep turnover low and productivity high. And while few, if any, employees will work without being paid a fair wage, the total benefit package is often the key element in an employee's decision to work for your company. Salary levels are only one part of the package.

Why do employees choose to work for your business?

Financial rewards are an important part of the total benefits an employee receives. Yet, an employee's decision to work for your company is probably based on additional factors, many of which you can control. In addition, there are some things that can increase the satisfaction an employee enjoys that do not cost additional money. The key is to make sure the total compensation an employee receives is adequate, is known and is appreciated.

Benefits that cost money

Along with wages, company contributions to a retirement plan and company paid insurance are usually the most expensive parts of "total compensation." If your company has a qualified retirement plan, make sure the type you offer is "economically" effective. By that, make sure your employees are fully aware of it and recognize that your contributions to it are part of what they get for working. You may also want to review other types of plans, such as SEPs, Simple IRAs and 401(k) options.

If you offer company paid insurance plans, again make sure employees recognize that you are paying for some or all of it. If insurance costs rise, you may want to consider having employees pay some portion of the cost. This can be effective if there are choices of health insurance plan options (deductibles and co-pays) that have varying costs.

Benefits that cost little or no money

The work environment and the personal satisfaction an employee gets are also important parts of the total compensation an employee receives. No one likes to spend time in an environment that is emotionally uncomfortable. There are also the federal and state laws that protect workers from harassment and discrimination in the workplace.

Here are some ideas that can help boost employee satisfaction:

1. Make sure the work is meaningful. Even if it is boring and repetitive, make sure the employees know that their efforts are needed and appreciated. No one likes to think they just spent eight hours doing something useless that no one cares about.
2. Provide ways for employees to learn. This doesn't have to be paying for a class. Perhaps there are tasks that can be switched with other employees. Such a switch will give two people the opportunity to learn something and you will have some backup if one of the two is sick or quits.
3. Empower employees to make decisions. Most individuals will make the right decisions if they have an understanding of the issues and have some guidelines. Also, by letting employees make decisions, managers' time is available for other tasks.
4. Let employees know what is expected of them and how they are doing. Performance reviews are essential. Every employee should receive a formal review at least annually.

5. Make it a point to recognize employees when they have done an especially good job. Bonuses are nice, but compliments are meaningful. Have you ever noticed plaques for "Employees of the Month" in many businesses? Some businesses even provide special parking spots for "Employees of the Month".
6. Provide some flexibility. Everyone is busy and unexpected things do arise. If you can go a little extra ways to allow employees to tend to important personal matters, it may come back to you many times over when you need something extra from them.