

SUCCESS SHOWCASE

GALLAGHER'S LATEST BEST-IN-CLASS BENCHMARKING ANALYSIS UNCOVERS INSIGHTS TO DETERMINE HOW LEADING ORGANIZATIONS ARE WINNING THE WAR FOR TALENT

Attracting and retaining employees has become one of the most challenging and costly commitments for employers of all sizes. Findings from Gallagher's latest *Best-in-Class Benchmarking Analysis* draw on an in-depth review of healthcare cost control and human resource (HR) management strategies of 1,647 organizations. The annual study's purpose is to identify current best practices for achieving benefit plan cost efficiencies as well as attracting, rewarding and retaining top talent. Organizations that scored among the upper 25 percent in both controlling healthcare costs and managing HR were considered the top performers among the best-in-class pool. Fewer than one in 10 (nine percent of midsize and seven percent of large employers) landed in the top quartile for both groups.

Data were collected from 1,307 midsize (100-999 full-time employees) and 340 large employers (1,000 or more full-time employees) to determine commonalities among high-performing organizations that have minimized turnover and unlocked cost efficiencies. In today's competitive job market, these savings create crucial opportunities to invest in salaries, wages, bonuses and specific employee benefits that target strategic advantages, and support growth in revenue and market share.

"Employers are constantly searching for ways to drive better outcomes through better performance, but most are struggling to identify the strategies that will help get them there," said William F. Ziebell, President, Gallagher Employee Benefits Consulting and Brokerage. "The *Best-in-Class Benchmarking Analysis* is designed to help uncover those best practices that can help organizations attain destination-employer status. Our report's strategic insights

offer a competitive benchmark for employers interested in taking a more proactive and structured approach to planning, developing and executing HR and benefit policies and programs."

Best-in-Class Employers Creatively Manage Rising Healthcare Expenses in Ways that Minimize Costs Absorbed by Employees

Best-in-class employers excel by focusing on helping employees get the right care at the right place, time and price. To better understand how they do this, Gallagher measured three-year trends for health premium increases and

decreases, as well as the priority placed on managing health benefit costs and the perceived success of the underlying strategy. Best practices that emerged from the analysis include:

- Best-in-class employers tend to shift fewer healthcare costs to employees through premiums, deductibles and copays. Instead, they're making coverage more affordable to increase the likelihood that employees will seek the care they need and follow treatment plans.
- The best in class are more likely to offer only one or two medical plans. Narrowing the health plan platform concentrates buying power to rein in employer expenses, and consolidates efforts to communicate and measure employee wellbeing for clearer results.
- For a better perspective on how to actively manage and lower overall spending on drugs, without directly affecting employees, best-in-class employers are more inclined to carve out pharmacy benefits from the health plan.



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Investing in Employee Growth and Wellbeing Creates Alignment with Organizational Strategies and Operational Priorities

An organization's philosophy and culture are strong influencers of its approach to HR management. Furthermore, when employees see their employer as a partner in advancing their health, financial and career wellbeing, they're motivated to perform at their best. To identify shared characteristics among the best in class for HR management, turnover in the prior year was analyzed with points assigned for both actual turnover, and how that percentage compared to the targeted rate. Gallagher also examined employers' strategic focus on communication, employee engagement and HR and benefits technology (HRBT). Examples of best practices that differentiated the best in class from the rest of the pack include:

- Best-in-class employers are about three times more likely to have a comprehensive communication strategy, helping employees better access and understand their overall rewards, health benefits, HR programs and career support tools.
- Despite the required upfront investment, best-in-class employers tend to place a higher value on wellbeing and disease management programs as levers to control healthcare costs.

- Best-in-class employers appear to maintain an employee-centric mindset to boost employee engagement and job performance, with most prioritizing clear performance goals, timely and constructive feedback, and development needs and action plans for each employee.

Best-in-class practices help organizations take a more proactive and structured approach to planning, developing and executing HR and benefit policies and programs. While no single approach works best for all, the emerging themes and key takeaways found in the annual *Best-in-Class Benchmarking Analysis* can be used to explore healthcare and other talent investments that have the potential to drive better business outcomes.

ABOUT THE BEST-IN-CLASS BENCHMARKING ANALYSIS

Gallagher developed the *Best-in-Class Benchmarking Analysis* reports to provide employers with insights and best practices for managing benefit costs while also attracting and retaining top talent. This year's reports use selected data from 1,307 midsize employers and 340 large employers that responded to Gallagher's 2018 *Benefits Strategy & Benchmarking Survey*. View the reports here: www.ajg.com/bic-2018

ABOUT GALLAGHER

Arthur J. Gallagher & Co. (NYSE: AJG), a global insurance brokerage, risk management and consulting services firm, is headquartered in Rolling Meadows, Illinois. The company has operations in 35 countries and offers client service capabilities in more than 150 countries around the world through a network of correspondent brokers and consultants.

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