

TBO's Best-practice Challenge

To successfully implement total benefits outsourcing, providers must have a broad and in-depth understanding of an employer's culture and needs. From the employer: a commitment to best practices. **By Jeff Miller**



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It's one thing for an outsourcing provider to propose a total benefits outsourcing (TBO) solution to a client and quite another to execute it. Increasingly, organizations can see the advantage to a bundled outsourced arrangement for defined contribution, defined benefit, and health and benefits administration. The goal is for these bundled solutions to succeed by way of a rigorous best-practice approach that works for both employers and their employees.

In fact, a poor experience with a TBO provider can set organizations back considerably. There are companies that have made the leap to TBO only to encounter problems and disappointments in the delivery of the outsourced solution. That's precisely the sort of letdown that can turn back the clock from an efficiency standpoint, leading a firm to consider dividing its benefits administration among a variety of providers—just as it may have done before being convinced of the merits of a TBO approach.

Doing TBO right is certainly a best-practice challenge—not only for the outsourcing provider but also for the plan sponsors and client organizations. In my last column (“The TBO Highway,” p. 57, March 2007), I described the TBO relationship as “more than a one-way offloading of transactions to an outsourcing partner.” Ideally, that relationship is dynamic, moving from employer to outsourcing provider and back to employees, who rely on information arising from a synergy of provider and plan-sponsor communication to help them understand and make the most of their benefit choices.

This is crucial, especially for growing organizations that have reason to look at a TBO solution after years of piecemeal benefits management from more than one provider. Without a best-practice commitment from the employer and a best-practice capability on the part of the outsourcing provider, the vaunted advantages of TBO—greater efficiency, consistency, cost savings, along with customized communication, education, and decision-support tools—may not materialize.

What does it take, then, to meet this best-practice challenge? From the outsourcing side, it requires resources to provide continuity across the spectrum of benefit services and the ability to manage complex plans on a day-to-day basis. The outsourcing provider needs a depth of conversion expertise and dedicated

teams—with deep bench strength in all aspects of retirement, healthcare, and other benefits—that can allow the client organization to remain focused on core business. At the same time, the client must maintain a best-practice level of relationship management with its TBO provider so that executives and employees have a clear line of sight about TBO deliverables.

There can be a great deal of variation among TBO providers when it comes to those deliverables. For example, HR leaders have told us that the top deliverable they look for in a provider is the ability to coordinate all services through a dedicated relationship management team. Is there a real breadth of resources available, such as case management services, which answer the broadest and deepest needs of benefits management? And is the TBO provider able to leverage its capabilities across multiple lines of business with the sort of institutional and corporate-culture knowledge that can only be acquired from long-term relationships and in-depth learning about organizations?

A TBO provider that can't answer “yes” to each question in this informal checklist runs the risk of falling short somewhere along the best-practice spectrum. At the same time, TBO is a large undertaking that demands reserves of not only provider know-how and employer oversight, but also of the intangibles of mutual commitment and intuitive solution-building. As employer needs grow and change, a TBO provider is likely to be called on for ever-newer solutions and a wider scope of services; for example, are there process-design options that can increase the efficiency of standard procedures, or might a need emerge for absence-management systems that hadn't been part of the initial bundling?

In other words, can your TBO provider answer any relevant need?

Ultimately, the right outsourcing relationship will result in more than what can be spelled out in a TBO contract. Through mutual effort, a best-practice dedication to its core capabilities, and an extra-mile immersion in its client's corporate culture, a TBO provider should be able to customize its offering to each imperative and each line of business, and still provide seamless efficiencies, broad capabilities, and room for growth and change within the TBO relationship—a best-practice partnership in the best sense. **HRO**