Flexible Benefits: The Soluziona Experience

By:

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Abstract

This case study documents the experience of Soluziona Company in implementing a Flexible Benefits program. In this research, the impact of flexible benefit in Soluziona was evaluated through a survey of employee satisfaction, which were given prior to the implementation of the flexible benefit program and after the program was implemented. A focus group discussion was also held to gather more information regarding the system. Results showed that employee satisfaction increased and the objectives set by the HR for the program were met. The study also identified key conditions to assure the effectiveness of the Flexible Benefits program.
In the movie “You’ve Got Mail”, Tom Hanks says a reason why it’s fun to order coffee at a nearby Starbucks outlet: the plethora of choices. Hot or cold? Tall, grande, or venti? With or without whipped cream? Regular or non-fat? Caffeinated or decaffeinated? The process is empowering, plus you do get exactly the type of drink you want.

The same principle is involved when one talks about Flexible Benefits. Also popularly known as the cafeteria plan, Flexible Benefits entails giving employees the power of choice when it comes to their benefit packages. First, the company would determine a benefits budget for each employee. Then, instead of dictating what benefit items this budget would be allotted to, the company empowers employees to choose their own benefit items. The result then is a veritable benefit buffet table where employees could choose whatever items tickle their fancy. This deviates from the traditional benefits package where a common list of items is given to all employees.

**Flexible Benefits Plans**

In general, any benefit plan that allows employees to make choices about the benefits they receive is considered to be a flexible benefit or cafeteria plan. The three most popular benefit plans are modular plans, coreplus-options plan, and flexible spending accounts:

**Modular plans** consist of a series of different benefit bundles or different levels of coverage designed for different benefit bundles or different levels of coverage designed for different subgroups of the employee population. Employees can only select one bundle, and coverage level substitutions are not usually allowed.

**Core-plus-options** plan consists of a core group of essential benefits together with a wide array of other benefit options that employees can add to the core. The core is designed to provide a minimum level of economic security. Under plans such as this, employees receive benefit credits that entitle them to purchase additional benefits of value to then.

The **flexible spending account** is the most simple type of flexible benefits plan. Here, the employers allow their employees to pay for certain categories of eligible benefits that are not included in the plan, using untaxed money. This type of plan is in fact a bank account used to pay claims and managed by the employer.
Although a seemingly new trend in Rewards Management, Flexible Benefits has actually been around since the 1970’s. The 1980’s saw its rise to popularity in North America. By the year 2000, approximately 40% of employers in the United States reported having employed a Flexible Benefits program (Watson Wyatt, 2000).

**Advantages of Flexible Benefits**

Upon looking at the advantages of implementing a Flexible Benefits System, one would understand why it has received widespread popularity in the West. The most obvious advantage is that employees get to customize their packages in accordance with their own needs and contexts. For instance, if you have a wife and three kids, you could opt to get health cards for your entire family, educational plans for your children, and more paid leaves to ensure quality time. A 28 year-old bachelor? Maybe a gym benefit would be attractive to you, together with a cellular phone plan. The variations are endless.

Moreover, precisely because of the customization process, a company’s benefit investment is optimized. The traditional set-up presupposes that company-offered benefits are needed and therefore utilized by all. Of course, this is not necessarily the case. Take Health Maintenance Organization (HMO) cards as an example, a pretty common benefit item. Let us say that a company offers HMO cards to all employees. It will not be uncommon for the company to find certain employees with HMO cards of their own, acquired through family members, which may have an even higher premium than what the company is offering. The result? An unused benefit item that the company nevertheless pays for. A Flexible Benefits scheme reduces these types of incidences from happening, ensuring that a company optimizes every centavo it allocates to its benefits.

It is also much easier for a company in a flexible set-up to add new benefits to their program. A company in a traditional set-up adding a benefit would mean automatic costs, as all employees should be able to avail of the benefit. Additional item/s to a Flexible Benefits scheme would mean little, or more commonly no change at all, in terms of costs.
Another advantage would be an increased awareness of employees towards benefits. Since employees are co-designers of their own benefit packages, their overall awareness of company benefit policies, procedures, and programs are very much heightened.

Although there have been a notable number of Philippine companies who have recently implemented such a program, Flexible Benefits plans have yet to garner widespread use in the Philippines. This is quite interesting given that the Philippine business market has always looked upon the west for trends in Human Resources Development.

**Flexible Benefits in Soluziona Philippines**

**Soluziona Philippines: A Brief Background**

Soluziona is an international professional services firm operating in 47 countries which offers client corporations expertise in the fields of Information Technology and Management consulting. Its regional headquarters in Asia Pacific is in the Philippines.

It started its operations in the Philippines in 1996 as a joint venture between the Manila Electric Company (Meralco) and the Spanish holding firm Union Fenosa ACEX. The company was then called IberPacific. A global branding strategy required the company to change its name to Soluziona Philippines in 2001.

From 26 employees in 1996, the company is currently composed of 160 regular employees serving different projects mostly in the Metro Manila district, with a few consultants working in foreign assignments. The employees are relatively young, with an average age of around 25-26 years. Tenure average is approximately 3 years. Ninety-two percent of its people are involved in operations, while the remaining eight percent is devoted to the Shared Services Group, composing of Human Resources, Finance, Administration, and Marketing. The three people assigned to Human Resources were tasked to implement and administer flexible benefits.
Flexible Benefits in Soluziona: Why and How

The process of designing and implementing Flexible Benefits in Soluziona required a significant amount of time. It took the HR team around 8 months to develop the Flexible Benefits Program. Figure 1 summarizes the process the organization took.

**Figure 1. Development of Flexible Benefits Program**

- Research/Training on Flexible Benefits
- Organizational Analysis
- Initial Conceptualization
- Selection of Providers
- Development of Database Systems
- Enrollment of Employees
- Arrangement with Providers
- Launch of FlexBen Program

In the process of continuously trying to improve the company benefits scheme, the HR Team came upon the concept of Flexible Benefits through fellow colleagues in the industry as well as conducting online research.

The first thing the team did was to try to get to know what Flexible Benefits was all about. To do this, they attended a Watson Wyatt seminar on Flexible Benefits in late 2000. After receiving a thorough understanding on what the concept of a Flexible Benefits program
was and what it entailed to implement it, the team immediately proceeded to study how to implement such a program in the company. The HR team’s intentions were to implement a program within the year 2001.

The next thing that the team did was to take a look at the corporate and business strategy, company values, human resource and organization strategy, reward and benefits strategy, and an analysis of internal and external factors. In general, they found out that a Flexible Benefit program would benefit the working populace, mainly because the program would allow the company to cater to the growing and varied demands of its consultant workforce. The rationale for the program was then made quite clear to the team. The company had the following program objectives:

1) To promote Total Compensation within the company
2) To have the capacity to add new benefits at minimal or no cost
3) To be able share the work of designing benefits packages with employees
4) To increase benefit flexibility without sacrificing security
5) To allow employees to better understand and appreciate benefits
6) To provide employees a means to customize their benefits packages to suit personal needs, situations, and lifestyle
7) To encourage employees to take responsibility for their own needs and benefits
8) To help the company in attracting and retaining talent
9) To have an efficient, effective, and legal delivery of benefits to employees

The team went on to brainstorming about what benefits could be offered as well as the possible vendors. Detailed planning for the implementation was underway. From there, the team formulated its Flexible Benefits System. The system included the following key principles:

1) The system would have its own “currency” – to differentiate itself from cash compensation
2) There would be benefit “terms”, spanning one year
3) An enrollment period would be necessary so employees could select which benefits they would want for the upcoming term
4) Resulting individual budgets should be equal to the benefits budget in the previous traditional set-up
5) Unused benefit points could be converted to cash, conversely, spending more than the allotted budget would mean salary deductions
6) Family breadwinners would receive discounts
7) Some benefit items will be promoted more to employees due to the item’s strategic impact to the company

The above guiding principles helped the team identify and plan which benefits were to be offered. The team divided all of its benefits into 4 categories:

**FIXED CORE**: These benefits are required by the company, cannot be bypassed, and have only one option. They are not converted to FlexPoints. These are mostly government-required benefits that are non-negotiables.

**FIXED NON-CORE**: These benefits are not required, but have only one option. These cannot be converted to FlexPoints. They mostly have an optional/ circumstantial nature.

**FLEXIBLE CORE**: These are benefits that are required by the company for each employee to take. However, these benefits retain their “flexibility” by offering different options for the employee. This is where the “protection” benefits are categorized.

**FLEXIBLE NON-CORE**: 100% flexibility. An employee has the decision to include or not include the benefit from the package, and decide among several options within each respective benefit. Table 1 presents a glossary of terms that Soluziona uses for its program.

<table>
<thead>
<tr>
<th>Table 1. Glossary of Terms in Flexible Benefits Program</th>
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</thead>
<tbody>
<tr>
<td><strong>CORE BENEFIT</strong></td>
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<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>NON-CORE BENEFIT</strong></td>
</tr>
<tr>
<td><strong>FIXED BENEFIT</strong></td>
</tr>
<tr>
<td><strong>FLEXIBLE BENEFIT</strong></td>
</tr>
</tbody>
</table>

~ 9 ~
<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLEXBEN</td>
<td>Shortened term used to describe the program</td>
</tr>
<tr>
<td>FLEXBEN TERM</td>
<td>The time period for the enrolled benefits to take effect</td>
</tr>
<tr>
<td>FLEXPOINT</td>
<td>The “currency” used in the program</td>
</tr>
<tr>
<td>OPTIONS</td>
<td>The different variants of a benefit</td>
</tr>
<tr>
<td>TERM LOCK</td>
<td>Some benefits are paid by the employee for more than one term. A term lock would denote that an employee has to choose the same benefit for the next term as well.</td>
</tr>
<tr>
<td>SUBSIDY</td>
<td>Certain subsidies are granted for those who are breadwinners in the family</td>
</tr>
<tr>
<td>BREADWINNER</td>
<td>Person who provides living costs of a family</td>
</tr>
<tr>
<td>PAYROLL DEDUCTION</td>
<td>If the benefits bought exceeds an employee’s budget, then a PAYROLL DEDUCTION occurs</td>
</tr>
<tr>
<td>FLEXPOINT REBATE</td>
<td>If the benefits bought are smaller than the budget, then the balance is converted to cash as a FLEXBEN REBATE</td>
</tr>
<tr>
<td>ALLOWANCE REBATE</td>
<td>Unused allowances are converted to cash at the end of the FLEXBEN TERM</td>
</tr>
</tbody>
</table>
After the initial program was designed, providers were contacted to obtain costings and buy-in into the program. At the same time, a database for managing the administration of the system was created.

The next phase was enrolling employees into the program. Employees were provided an enrollment form with a description of benefits and their costs. They were made to choose which benefits they wished to avail given the budget allotted to them. From this information, the HR team went back and made arrangements with providers to enroll them in the various services.

**The Initial Launch: September 2001**

The team faced the daunting task of radically changing the company benefits system in one swoop, especially using a platform rarely seen in the industry. They embarked on a sequence of different communication efforts prior to the launch:

- Sending emails of the electronic presentation explaining the concept
- Launching a presentation in which a more detailed explanation of the system was presented to line managers
- Officially launching the program through a company-wide general assembly at the Meralco Mini-Theater
- Distributing the initial enrolment form through email
- Conducting smaller HR presentations to answer detailed questions employees might have
- Finally, distributing a Benefits Manual to employees

The initial term of the program was 7 months long, running from September 2001 to March 2002. From thereon, the plan was that enrollment would commence every April, and that every term would be one year long.
Initial Difficulties Encountered

The initial experience with Flexible Benefits in Soluziona was not without difficulties. Because the concept of Flexible Benefits was quite new, there was a need to facilitate a paradigm shift for both employees and company management. The HR team was barraged with a multitude of questions from employees, even with the extensive communication efforts prior to implementation.

Another difficulty encountered had to do with wrong choices of employees. For example, some employees only took a minimum of 5 days of leave choosing to allocate their benefits budget to other items. However, during the Flexben term, they discovered that the number of leaves they took were unsufficient for their needs. However, because there was a lock on the term of the benefits, their benefit package could not be revised.

Administratively, the initial Flexben program created more work for the HR team and company employees. The Flexben program created additional paperwork for employees because they had to file reports to allow HR to monitor the use of their benefits. During the initial stages, all members of HR were busy working on the project, over and above their other HR responsibilities. Errors in administering and reporting benefits usage were also magnified requiring constant updating and fine-tuning of the system.

Flexben 2002

The initial experience with Flexben allowed the HR team to fine-tune its implementation in the second year. Adjustments were made to the system. Thus, the following revisions were made in the 2002 Flexben edition:
1) Gym membership was added
2) Spa Services were added
3) A double leave penalty was added for people who went beyond their leaves
4) First ten days on leave credits became tax free as a result of a government decree
5) Flexpoints were now determined by salary, not category
6) Flexben Form was revised into a one-page document
7) Car loan rates and accessories rates were revised
8) Optical and Medicine allowance were combined

**Evaluating the Impact of Soluziona’s Flexible Benefits Program**

Given the amount of time and resources invested by the company in its Flexible Benefits program, an evaluation of the effectiveness of the program was conducted in the first quarter of 2003. This assessment was done using 3 tools: 1) the annual employee satisfaction survey, 2) a specific survey on Flexible Benefits, and 3) focused group discussions.

**The Employee Satisfaction Survey**

An employee satisfaction survey was done in April 2002, seven months after the implementation of Flexible Benefits Program. Efforts were made to compare the results of this survey to the one carried out in April 2001, which was prior to the implementation of the Flexible Benefits Program.

There were one hundred thirty-eight (138) respondents who participated in the Employee Satisfaction Survey held in April 2001, whereas, there were one hundred sixty (160) respondents in the 2002 iteration of the Employee Satisfaction Survey. Three (3) items under the Employee Satisfaction Survey concerned benefits. These items were the ones used in the tabulation of the results as indicated on Table 2 & 3. These items were:

1) *Overall, my benefits plan meets my (and my family's) needs well.*
2) *We have valuable benefits not typically available in other companies.*
3) *I get enough good information about pay and benefits.*
In the survey, the degree of employees’ positive perception of their
benefits was measured using a response format where 1 = Strongly disagree, 2 = disagree, 
3 = Slightly disagree, 4 = Slightly agree, 5 = Agree, 6 = Strongly agree and NA = Not applicable.

Table 2 Percentage of Responses

<table>
<thead>
<tr>
<th>Item/Rating</th>
<th>Year</th>
<th>Disagree</th>
<th>Strongly</th>
<th>Agree</th>
<th>Strongly</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Overall, my benefits plan meets my (and my family’s) needs well.</td>
<td>2001</td>
<td>2%</td>
<td>11%</td>
<td>14%</td>
<td>41%</td>
</tr>
<tr>
<td></td>
<td>2002</td>
<td>1%</td>
<td>6%</td>
<td>11%</td>
<td>39%</td>
</tr>
<tr>
<td>2) We have valuable benefits not typically available at other companies.</td>
<td>2001</td>
<td>7%</td>
<td>16%</td>
<td>16%</td>
<td>28%</td>
</tr>
<tr>
<td></td>
<td>2002</td>
<td>2%</td>
<td>2%</td>
<td>7%</td>
<td>28%</td>
</tr>
<tr>
<td>3) I get enough good information about pay and benefits.</td>
<td>2001</td>
<td>1%</td>
<td>4%</td>
<td>8%</td>
<td>32%</td>
</tr>
<tr>
<td></td>
<td>2002</td>
<td>1%</td>
<td>5%</td>
<td>8%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Table 3 Mean Ratings, Variance & t-ratio

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>Mean</th>
<th>Variance</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Overall, my benefits plan meets my (and my family’s) needs well.</td>
<td>2001</td>
<td>3.93</td>
<td>1.18</td>
<td>2.42*</td>
</tr>
<tr>
<td></td>
<td>2002</td>
<td>4.22</td>
<td>1.06</td>
<td></td>
</tr>
<tr>
<td>2) We have valuable benefits not typically available in other</td>
<td>2001</td>
<td>3.71</td>
<td>1.86</td>
<td>6.35*</td>
</tr>
<tr>
<td>companies.</td>
<td>2002</td>
<td>4.58</td>
<td>1.01</td>
<td></td>
</tr>
<tr>
<td>3) I get enough good information about pay and benefits.</td>
<td>2001</td>
<td>4.46</td>
<td>.97</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2002</td>
<td>4.56</td>
<td>4.56</td>
<td>.80</td>
</tr>
</tbody>
</table>

* indicates significant difference at p<.01

The April 2002 results (after the implementation of the Flexible Benefits Program) were
statistically compared to the April 2001 results (before the implementation of the Flexible
Benefits Program) to test if there was a significant increase or decrease in positive perceptions.
Results obtained show that positive perceptions regarding items 1 and 2 significantly increased,
whereas the results for item 3 did not prove significant. This means that the introduction of the Flexible Benefits Program increased employees’ positive attitudes towards their benefits. Specifically, there was a distinct increase in employees who believed that the benefits plan met their needs. More employees also believed that they had valuable benefits not offered by other organizations.

The Flexible Benefits Survey

In March 2003, a Flexible Benefits Survey was launched to measure employee satisfaction with the 2002 Flexible Benefits system. Part 1 of this survey was concerned with the satisfaction ratings on key aspects of the program, which was measured using a 7-point scale (1 being the lowest, and 7 being the highest). Part 2, on the other hand, measured the degree to which the employees find these benefits useful to them using a scale of 1 to 10 (1 being the lowest and 10 being the highest). Results are indicated in Table 4.

Table 4

| In general, how would you rate the SOLUTIONA Flexible Benefits Program 2002? | 7.72 |
| Part 1: Program |
| Flexben enrollment has been an easy process for me | 5.76 |
| Flexben reports given to me are useful | 5.76 |
| Flexben reports given to me are accurate | 5.76 |
| Flexben has helped me appreciate and understand my company benefits package better | 5.68 |
| The Flexben catalog was easy to read and understand | 5.64 |
| The program was administered effectively | 5.52 |
| Flexben is an effective way of addressing the demands of my lifestyle | 5.48 |
| The quality of benefits delivered met my expectations | 4.96 |
| Flexben reports are given to me when I need it | 4.72 |
| I am satisfied with the types of benefits included in the program | 4.64 |
| I am satisfied with the number of benefits included in the program | 4.52 |

Part 2: Benefits Usefulness
Mobile Phone Usage Allowance 9.67  
Accessories Plan 9.38  
Paid Leaves 9.35  
Medical / Optical Allowance 9.27  
Internet Usage Allowance 9.00  
Magazine Subscription Allowance 9.00  
Individual Life Insurance 8.83  
Book Allowance 8.67  
Vehicle Loan Plan 8.00  
Provident Fund 7.85  
HMO (Maxicare) 7.28  
Gym Membership 6.00  
Spa Services 5.33

Results showed that the mean satisfaction rating on the program was 7.72. With respect to the Flexible Benefits program, employees responded favorably to almost all aspects of the program’s administration. However, they were most satisfied with the ease of the process, and the usefulness and accuracy of the reports provided to them. They also reported that the program made them understand and appreciate their benefits program better. Although the ratings were still above the midpoint (on a 7-point scale), they were least satisfied with the number and type of benefits offered in the program.

In terms of the usefulness of the benefits offered, the most useful benefits were identified as the: mobile phone allowance, accessories plan, paid leaves, medical/optical allowance, internet usage allowance, and magazine subscription allowance. Least useful to them were spa services and gym membership.

**The Focused Group Discussion**

A focused group discussion involving 8 randomly selected employees was also conducted in March 2003 to gather more information regarding the system. The following were the four general questions tabled in the discussion, as well as a bulleted listing of the participants’ answers:
1) What were your initial reactions to the Flexible Benefits Program?
   • the FGD participants were generally happy and excited because it was something new and it was an opportunity to choose benefits that they could really use
   • some of the FGD participants gathered information from friends working in companies already implementing Flexible Benefits
   • some of the FGD participants had apprehensions before the program was launched
   • after the details were explained, they were able to accept that it was better than the fixed benefits plan
   • some of the FGD participants also asked, "Hindi kaya kami lugi dito?" (Does our initial benefits under the fixed benefits plan really equate to what we will receive under the flexible benefits plan?)
   • after the General Assembly, where the program was formally announced, they were satisfied with the program because it showed the details and their equivalent benefits

2) How did the program help you? Did you feel that you benefited from this program compared to a fixed benefits plan?
   • the FGD participants generally agreed that the Flexible Benefits Program helped them
   • the participants said that they appreciated the fact that they were given a lot of options to choose from that fit their lifestyle
   • the FGD participants were able to avail benefits that they were not able to avail during the fixed benefits plan
   • they participants said that the program was now fairer
   • some praised the Personal Computer plan
   • some praised the insurance plan
   • some used the Personal Digital Assistant (PDA) plan and claimed it made them more productive
   • some felt they were getting their money’s worth with the benefits provided because they can now use it on items which they themselves deem important
   • some reported that they were now more knowledgeable of the benefit system whereas before they would only be familiar with the health insurance and leaves
3) Did you find any difficulty in the administration of the program?
   - Participants found HR very accommodating in answering and clarifying their concerns
   - Communication efforts were cited as effective
   - Participants found the form very helpful, they mentioned that the form was explained clearly in the process and that it was designed similarly to the orientation of the Benefits Manual

4) What improvements would you want to see in the program?
   - Participants wanted to add the following benefits in the line-up: gas allowance, more leaves, training allowance for classes outside the company’s training curriculum (languages, painting, etc.), clothing allowance, car maintenance allowance, parking allowance, appliance allowance
   - Participants also requested for the replacement of the health insurance provider
   - Participants also requested for accurate monthly updates on some of the benefits they chose

Summary of Objectives and Results

Another way to assess the overall effectiveness of the program is to assess if the program had met its objectives. The company had several objectives regarding the program, and the company succeeded in satisfying most of them, as seen in Table 5.
Table 5 *Objectives and Results*

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the company to promote Total Compensation</td>
<td>The data from the survey and the FGD supports this. The employees feel that the new system allowed them to maximize every peso that the company spends on them.</td>
</tr>
<tr>
<td>For the company to have the capacity to add new benefits at minimal or no cost</td>
<td>This was done in 2002, when Spa Services and Gym Membership were added to the program at no extra cost.</td>
</tr>
<tr>
<td>For the company to be able share the work of designing benefits packages with employees</td>
<td>Each employee designs his own package customized to his needs. Employees also said that HR was very accommodating with requests and questions.</td>
</tr>
<tr>
<td>For the company to increase benefit flexibility without sacrificing security</td>
<td>This is made possible by the strategy of having “core” benefits which cannot be taken out of each person” package, these core benefits consisted of the “protection” benefits: health and life insurance.</td>
</tr>
<tr>
<td>For the employees to better understand and appreciate benefits</td>
<td>This was reflected quite clearly in the Flexben survey and the employee satisfaction form.</td>
</tr>
<tr>
<td>For the employees to customize their benefits packages to suit personal needs, situations, and lifestyle</td>
<td>This was echoed as the strongest point of the program in the Flexben survey.</td>
</tr>
<tr>
<td>For the program help the company in attracting and retaining talent</td>
<td>Beyond the scope of this study. Although the marked increase in employees who think that they had a better benefit scheme over other companies from 2001 to 2002 would suggest that it does.</td>
</tr>
<tr>
<td>For the program to have an efficient, effective, and legal delivery</td>
<td>Generally, the company handled the administrative and processing portion of the program quite well. The main complaint from employees would be the timing of the Flexben reports.</td>
</tr>
</tbody>
</table>
Learnings

The results from this study are clear enough: the Flexible Benefits system has worked for Soluziona Philippines. Employees have increased satisfaction with the system as compared to the previous set-up, and the objectives, which the HR team set for themselves when they implemented the system, were reached. Perhaps the best indicator of the program’s success is its continuous implementation. At the time of this study, the HR Team was already busy preparing for their 2003 Flexible Benefits launch.

What this study aimed to achieve was to take a closer look as to how a local company implemented and administered a Flexible Benefits program. From Soluziona’s experience, there are a number of key learnings that can be learned.

Strategy

It is essential to use strategy when it comes to creating the benefits line up, particularly a tax strategy. Employees always want value for their money, and this will influence their choice of benefits. They do not automatically choose the benefit just because it appeals to them. A good example would be the gym and spa services items. Table 4 shows that these two were among the lowest-used benefits items in the benefits line-up. It is no coincidence that these two benefits have no tax-reduction implications. It is very important to check the labor laws and fringe benefit tax laws to find out which benefits an organization can offer that will have tax-reduction implications. These are the benefits that employees tend to choose.

Preparation

A significant preparation period is quite important. The Soluziona HR team began preparations for the launch of their program eight months in advance. They attended seminars on the matter and allotted much time in studying why and how to implement. There was significant research done on whether or not implementation of the program would be in line with the company’s vision and goals.
Another effect of planning was that the members of the HR team were able to know the system inside and out: from the rationale of the program, up to the details of each benefit item. This knowledge helped them tremendously in administering the program effectively, as well as answer the inevitable barrage of employee questions and concerns regarding the program.

**Communication**

Proper communication is essential. A Flexible Benefits program is definitely more complicated than a traditional benefit schemes. It entails a good amount of explanation for the employees to properly understand and appreciate it. Soluziona Philippines used various media to communicate information: email, talks with line managers, presentations to each team, a general assembly, and finally, a very detailed enrolment form.

**Administrative Excellence**

Finally, the experience of Soluziona showed that administrative excellence is a must. From managing and monitoring one common benefit package for all employees, a migration to a Flexible Benefit System entails managing a number of benefit packages equal to the number of employees. In Soluziona, aside from utilizing an information system, back-end management and administrative procedures had to be impeccable to reduce human error and administrative problems.
Summary

This case study, aimed to describe the journey and processes Soluziona Philippines took in designing and implementing its Flexible Benefits program. Although the program took much time and resources to implement, the study showed that the program has had a positive impact on the organization and its employees. From Soluziona’s experiences, there are four elements that are necessary to ensure the effectiveness of a Flexible Benefits program: strategy, preparation, communication and administrative excellence.