



# Using Benchmarking to Refresh Your Program

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August 6, 2024

**“If You Can’t Measure It, You Can’t Manage It”**

*-Peter Drucker*

# Today's Competitive Environment

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Employee benefits play an increasingly important role in attracting and retaining employees

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As more states pass PFML laws, employers are offering additional or modified types of paid and unpaid leave to remain relevant and equitable

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Employees want to maintain the level of flexibility they became accustomed to during the pandemic

# Benchmarking More Critical Than Ever

- Stay abreast of traditional and emerging trends
- Track overall packages for health and productivity
- Ensure offering is competitive, compliant and cost effective
- Align with corporate culture, mission and values



# Benchmarking Defined

- A process to measure or compare against certain indicators or standards
- Used to evaluate a program and develop a framework to improve it
- Can be leveraged from multiple angles e.g., strategy, recruitment, retention, best practices





# Benchmarking for Absence Management

- Often starts with reviewing **plan and policy** structure(s)
- Then moves on to evaluating **processes and protocols**
- Continues by assessing program **performance and outcomes** initially and ongoing

## Internal Benchmarking

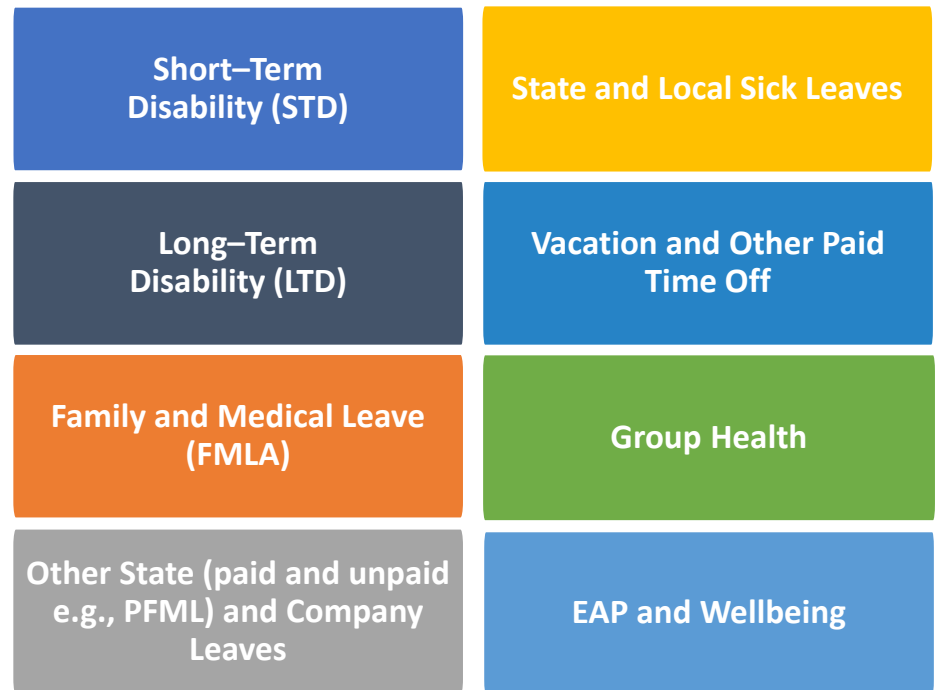
- Compares different units, product lines, departments, within a company.

## External Benchmarking

- Compares one company to one or many others.

# Plan and Policy Focus

- Most plan and policy comparisons focus on STD, LTD and FMLA, followed by PFML, and other company leaves
- Paid Time Off, Group Health, EAP and Wellbeing programs provide an integrated and comprehensive view



# Plan and Policy Features to Compare

- Eligibility
- Waiting Period
- Benefit Amount
- Benefit Duration
- Benefit Coordination
- Exclusions
- Limitations
- Class Differentials



# Impact Benchmarking Can Make

## EXAMPLE OBJECTIVES

Ohio manufacturing company with 5,000 employees considering a paid parental leave policy to attract new hires. Leaders wanted to know the number of similar companies that offered paid parental leave, the types of absences that were covered and the duration of the leave. They wanted this for the recruiting process and to show senior management how far the organization was falling behind peers.

## BENCHMARKING RESULTS

DMEC AbsenceExemplar™ Dashboard showed that two-thirds of employers with 5,000 to 9,999 employees, or roughly half of manufacturing firms, are offering paid parental leave, commonly at 100% pay with no waiting period. While eligibility requirements vary, the number of weeks the manufacturing company was considering for its paid leave program was in the realm showed by the benchmarking tool.

# Benchmarking Information Available

AbsenceExemplar™ allows an organization to benchmark against all employers in the survey, employers of similar size, and employers of specific industries

## Plan Funding

- Insured Status
- Payment Types
- Contributions
- Coordination with state plans

## Plan Features

- Eligibility, Waiting and Elimination Period
- Duration, Benefit Amounts
- Relationships covered

## Additional Considerations

- Paid Time rollover
- Attendance policy structures

# How To Use This Information

- Use AbsenceExemplar™ to benchmark for individual employer programs against a comparison group by:
  - Percentiles (showing where within the range of responses the employer's plan and policy design lie)
  - Average days allotted (for time off programs only)
  - The number of employers in the comparison group, broken out by region, size, and industry
- These provide information on the “shape” of the distribution for the metric and provides valuable information with regard to where results fit overall, and where attention might best be focused

# Roadmap to Follow



# Case Study

# About Patagonia

- Founded by Yvon Chouinard in 1973, Patagonia is an outdoor apparel company based in Ventura, California
- We're in business to save our home planet
- Earth is our only shareholder: Profits not reinvested back into the business are paid as dividends to protect the planet
- We're rooted in outdoor sports and love for nature



**patagonia**<sup>®</sup>

# Core values

- Quality
- Integrity
- Environmentalism
- Justice
- Not Bound by Convention



# Fun facts

- Recognized for product quality and environmental activism, contributed nearly \$230 million toward protecting people and planet
- 3,000 employees globally
- 100+ stores in 18 countries
- Helped to pioneer a better way of doing business:





# Objectives for Plan Audit

## Leverage a best practice comparison for an absence policy rewrite and implementation of an external system to support insourced management

- Equity: provide equivalent benefits to its 2,200 U.S. employees across more than 20 states, highly concentrated in CA and NV
- Compliance: ensure compliance with rapidly evolving state PFML laws as well as federal FMLA, ADA, and PWFA
- Competitiveness: offer generous and consistent benefits to increasingly attract and retain employees

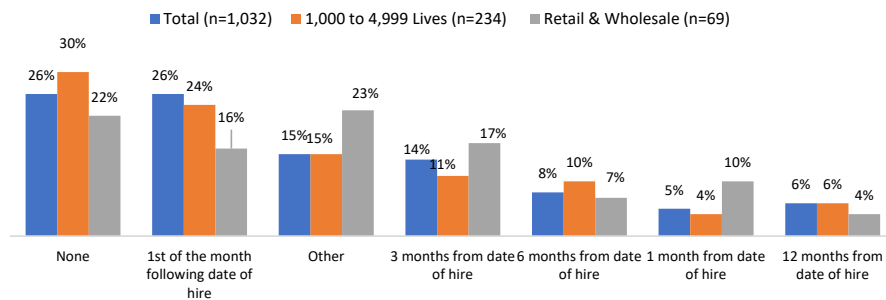
# Preparation for Plan Audit

- Identified plans and policies to be included in the evaluation
  - FMLA
  - Unpaid medical
  - Unpaid pregnancy
  - Paid pregnancy disability
  - Paid parental bonding
  - Unpaid child care
  - Paid medical/family care/military caregiver
  - Unpaid military service
  - Paid military service
- Gathered data from handbook and policy documents
- Engaged consultant to provide industry comparisons and best practice recommendations

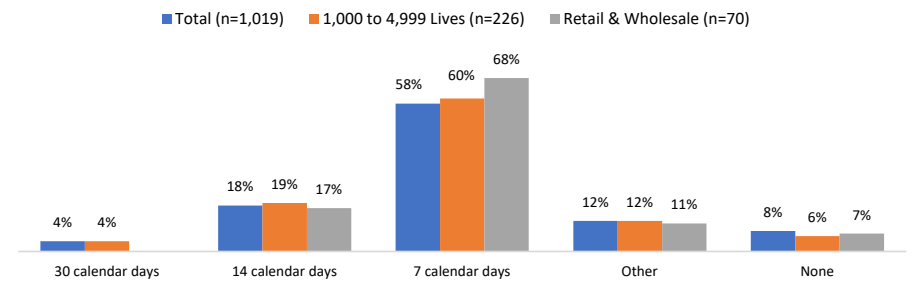
# Benchmarking for Plan Audit: STD

Majority of employers in the Retail & Wholesale industry or with 1,000 – 4,999 employees offer STD, most commonly after no or 1<sup>st</sup> month following date of hire waiting period and a 7-calendar day elimination period, for a 60% or tiered benefit for 26-weeks in duration.

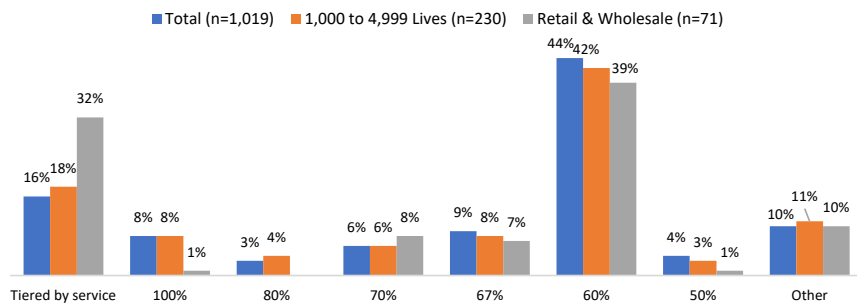
**What is the waiting period for your STD program?**



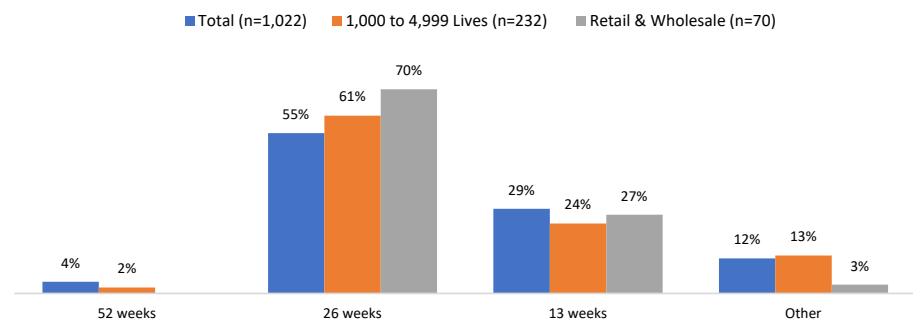
**What is the elimination period for your STD program?**



**What is the base benefit amount for your STD program?**



**What is the maximum benefit duration for your STD program?**

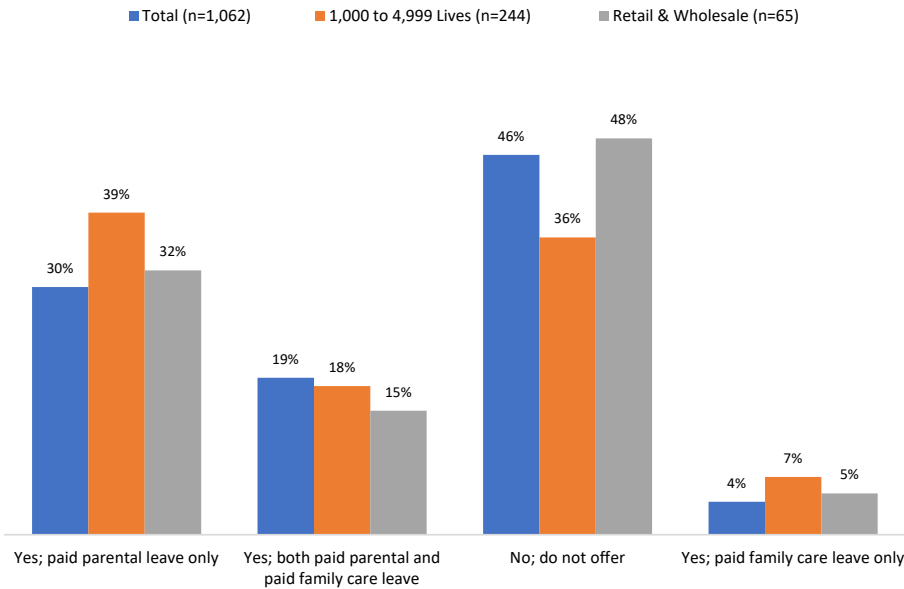


Source: DMEC. Absence Plan Design and Practices Benchmarking Survey. AbsenceExemplar™ Dashboard. Accessed on 7.1.24

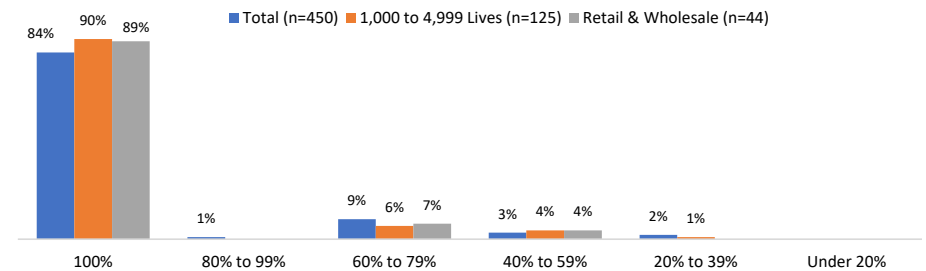
# Benchmarking for Plan Audit: PFML

Roughly half of Retail & Wholesale firms are likely to offer a paid parental/paid family leave benefit. For these firms, the paid parental leave benefit is most typically 100% of pay for a maximum benefit duration of between 2 and 6 weeks.

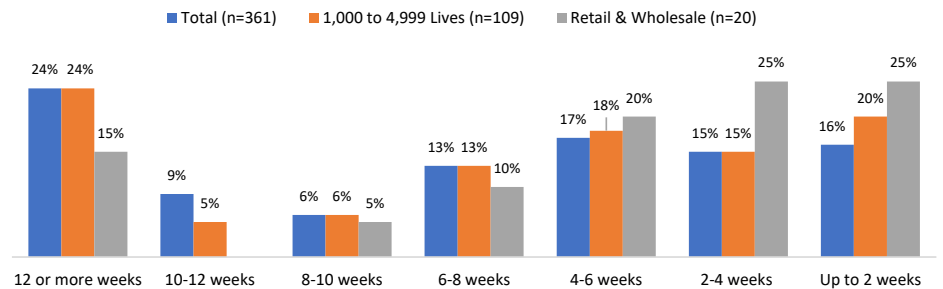
**Do you offer paid parental leave and/or paid family care leave?**



**What is the benefit amount offered under your paid parental leave program?**



**What is the maximum benefit duration for your paid parental leave program?**



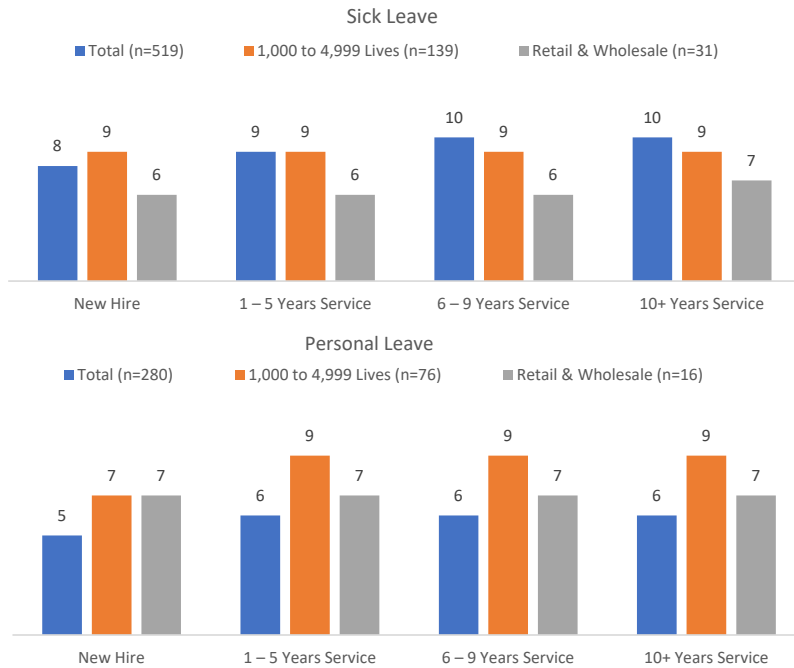
# Benchmarking for Plan Audit: PFML

- About half of employers (53%) and fewer for Retail & Wholesale (31%) require employees to file for state PFML/disability
- Most employers (74%) offset company STD with state PFML or disability benefits, either automatically estimating the amount or subject to proof from the employee
- Employees are typically allowed to use accrued paid time during the STD elimination period (93%) and to supplement the benefit (63%)



# Benchmarking for Plan Audit: PTO

The average number of days allotted for separate sick, vacation, and personal leave, or combined PTO banks, increase with employee tenure. Retail & Wholesale firms tend to be less generous than mid-size employers.



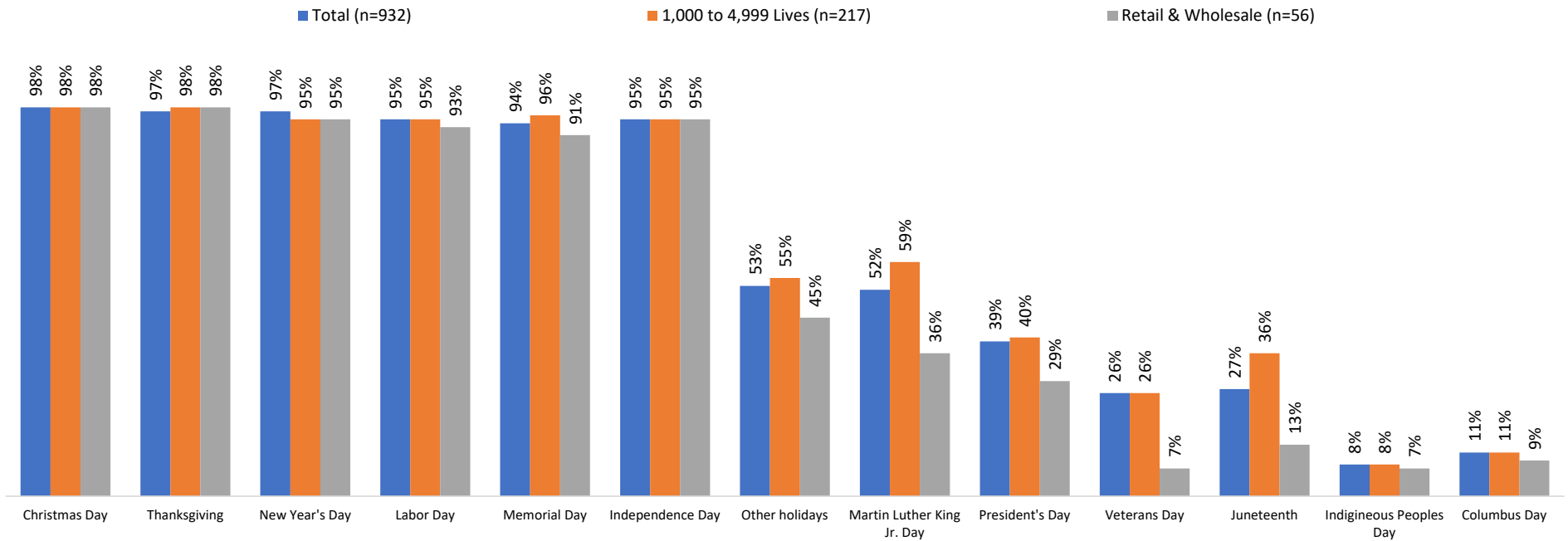
Note: All values in graphs are represented in days.

Source: DMEC. Absence Plan Design and Practices Benchmarking Survey. AbsenceExemplar™ Dashboard (Full). Accessed on 7.1.24

# Benchmarking for Plan Audit: Paid Holidays

Majority of employers offer 10 paid holidays with Christmas Day, Thanksgiving, New Year's Day, Labor Day, Memorial Day and Independence Day most common.

What paid federal holidays are offered?



Source: DMEC. Absence Plan Design and Practices Benchmarking Survey. AbsenceExemplar™ Dashboard (Full). Accessed on 7.1.24

# Results of Plan Audit

- Presented business case to senior management
  - Revise LOA policy for consistent benefits across geographies
  - Obtain case management software to enhance compliance
  - Conduct cost-analysis for STD
- Gained approval and are planning for next steps
  - Rewrote LOA policy January 2024
  - Completed STD cost-analysis and continuing to assess implementation for future state
  - Beginning software implementation August 2024





# Questions and Contact Information

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