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Military revamps pensions to attract recruits

By Chris Silva

The Canadian Forces is hoping that a revamped pension plan for regular and reserve members of the military will help them reach the government's expansion mandate of a regular force strength of 75,000 by 2011, up from the current total of 63,600.

The changes, which became effective May 1, include a shorter vesting period and a broader range of pension benefits for the Regular Force, and create a pension arrangement for the 33,000 members of the Reserve Force.



CF believes the changes to the pension structure make it an employer of choice in Canada. "Absolutely, the updates to our pension are going to help substantially,"

(See **Military** on page 19)

Double digit premium increases plague drug plans

By Sheryl Smolkin

The annual percentage increase in drug costs has levelled off over the past several years, but employers are still plagued by double digit premium increases. And industry experts say plan sponsors should not become complacent, because this could merely be "the calm before the storm."

A 2006 report from Green Shield Canada shows that their plan member drug expenditures grew 7.6% from 2000-2005, for a total increase of 44.4%.

Annual cost escalation was slower at the end of the period.

"This data reflects the cost management strategies a number of our customers have adopted," says Green Shield's VP, Sales &

Marketing, Steve Moffatt. "With good management practices and long-term planning, employers can achieve a level of control over their benefit plans, even when government regulation, medical discoveries and other factors are pushing up costs."

Green Shield's overall 44.4% increase in drug costs was due to the cumulative effect of several factors:

- The changing mix of drugs available (13.4%).
- Fluctuations in the unit



"Contract language has to reflect [possible] changes coming up because the last thing you want to have is plan sponsors unknowingly backed into expensive claims," says Green Shield's VP, Sales & Marketing, Steve Moffatt.

price of drugs and pharmacists' professional fees (8%).

• Changes in the composition of the claimant population (6.7%).

Analysis conducted by the electronic benefits administration company ESI Canada reveals similar trends. A study of 60 million claims processed by ESI for six million

Canadians shows that over the past six years the average yearly amount spent by patients on

(See **Drugs** on page 32)

Carpools mean happy staff and healthy planet

By Carly Foster

When a thank-you card from vanpool members arrived on Jane Haberbusch's desk, she knew the company's efforts were paying off.

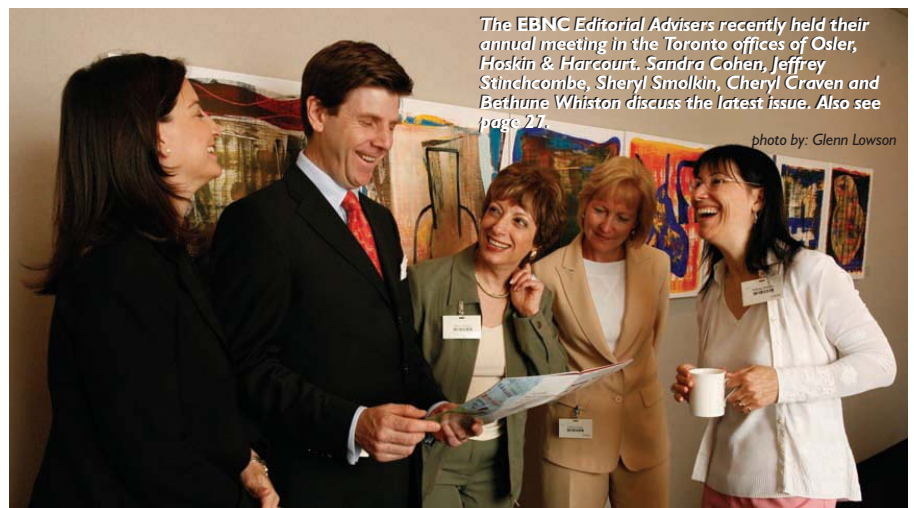
"We have employees who are very grateful for the program," said the director of human resources for Enbridge Gas Distribution. "They have good things to say about the company.

They're relaxed. And they're really productive when they get here.

"That has true value."

In an increasingly competitive, environmentally conscious world, many employers are offering alternative commuting options as an employee benefit. Programs such as ridesharing, vanpools and transit discounts translate into cost savings, increased retention and happier people.

(See **Carpool** on page 14)



The EBNC Editorial Advisers recently held their annual meeting in the Toronto offices of Osler, Hoskin & Harcourt. Sandra Cohen, Jeffrey Stinchcombe, Sheryl Smolkin, Cheryl Craven and Bethune Whiston discuss the latest issue. Also see page 27.

photo by: Glenn Lowson



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Creating community requires active listening

By Sheryl Smolkin

As I have helped shape the future direction of EBNC over the past few months, I've thought a lot about the word "community" — what it means and how it is created. While typically we use the word to describe a group of people living in a specific area, it can of course also refer to "a community of interests" or "common goals."

Therefore, given that we spend one-third or more of our lives at work, surely the word community is also elastic enough to encompass individual places of employment where shared employer-employee values exist.

However, several studies released just as I was putting the finishing touches on this issue suggest there is a significant gap between the culture in many

organizations and the personal priorities of the majority of their employees.

Culture gap

When Desjardins Financial Security recently asked 1,500 Canadians what values are most important to them, 54% checked off family, and only 10% listed work. Although many companies are implementing programs to promote work/life balance for their employees, study results show 65% of the participants feel the values at their workplace are not in tune with their personal ideals.

Meanwhile, in a separate Monster.ca poll of 2,857 Canadians, only 20% reported that their employers provide corporate wellness programs that include such perks as fitness and nutritional coaching, gym memberships and opportunities for personal growth. Yet almost 70% said they wished such incentives were available in their workplace.

Study after study has shown the ROI realized by companies that invest in their people.

So how come so many employers don't get it? Excuses like we're too small or it's too expensive just don't cut it.

Leading by example

DLGL is a Montreal-based company, with only 100 employees, that specializes in custom human resources software for large corporations. Nevertheless, it has been recognized as a best Quebec employer five years running, and one of

Canada's 50 best-managed corporations in each of the past seven years. DLGL offers a benefits package normally seen in a much larger organization: good salaries, profit sharing, bonuses, nice offices, on-site gym — even a full-time personal trainer. And according to company president Jacques Guenette, DLGL has had no — that's zero — staff turnover the past three years.

The profile of Creation Technologies' home-grown, low-cost wellness program that appears in this issue is particularly compelling, because the program has had so many collateral benefits for the organization. Not only have absenteeism and turnover gone down, but the focus on fitness has led to enhanced working relationships and a sense of community across multiple locations in Canada and the U.S.

As I have sifted through the many lists of best companies and best places to work, there seems to be one common theme. Top employers ask their employees what they think, they listen to what they have to say, and then they act on their suggestions — albeit in a way that is consistent with business goals and budget limitations. The result is a community of shared values and an engaged, productive workforce.

New EBNC Web site

Over the last several years, the goal of the team at EBNC has been to facilitate development of another form of community — where employers and employee benefits professionals can share ideas and best practices.

Our circulation audit, a reader survey and feedback from our Editorial Advisers suggest we are on the right track, but we are always looking for new and effective ways to reach our audience.

You have probably noticed already that the name of our weekly newsletter "The Companion" has been changed to "Employee Benefit News Canada inBrief" in order to be consistent with the electronic newsletters delivered by our sister publications, *Employee Benefit News* and *Employee Benefit Adviser*.

And with the rollout this month of our new interactive Web site (www.employeebenefitnewscanada.ca), we will have another important vehicle for community discourse.

In addition to current and archived stories from our print and electronic publications, we will be releasing a wealth of new material on our site over the next few months. Watch for weekly quick polls, an editor's blog, op-ed pieces, new columnists, podcasts, and selected legal and legislative notes, surveys and reports produced by top consulting and law firms.

So bookmark us at www.employeebenefitnewscanada.ca. Tell us what you think, and what you want to read. We look forward to welcoming the benefits community to "our new home." — S.S.



Total rewards crucial to



Quebec's future human resource success

Top employers focus on the long-term relationship between employees and the company to promote attraction and retention

By Carly Foster

Attraction. Engagement. Retention. Rewards.

Employers of all sizes, in every province in Canada, currently face significant human resource challenges. But some successful businesses in Quebec are expanding the view of basic benefits to create unique total rewards packages they say keep their employees “très joyeux.”

Jacques Guenette, president of DLGL, has every reason to brag about the company he heads: Named a best Quebec employer five years running and one of Canada's 50 best-managed corporations the past seven, the firm has had no – that's zero – staff turnover the past three years.

“It's not like we have acute problems with personnel,” he laughs.

Loyalty creates value

The Montreal-based company, which specializes in custom human resources software for large corporations such as CP Rail and Molson, has done that by inverting the traditional corporate rewards model.

“The typical attitude with corporations is, ‘We need to create value for our shareholders, and hopefully there's something left for the employee’” Guenette says. “Our corporation pays a tremendous amount of attention to increasing value for employees.”

Happy employees mean loyal employees, and that creates the value for shareholders, he adds.

DLGL has “no crazy business plan” to grow at an unmanageable speed, either – they prefer to remain as small as possible and instead focus on the long-term relationship between employees and the company.

(See *Quebec* on page 24)



Quebec

(From page 23)

“We started that way 27 years ago, and it’s a gamble that has paid off,” Guenette says. “We don’t believe people really like moving around from one corporation to another.”

With a staff of just 100, DLGL offers a benefits package normally seen in a much larger organization: good salaries, profit sharing, bonuses, nice offices, on-site gym – even a full-time personal trainer.

“All corporations are going to have to start paying attention to that subject,” Guenette says of inverting values. “We can see right now corporations that are having an extremely difficult time with recruitment because they’ve built a reputation in the workforce that it’s not a good place to work.

“It’s a lethal problem for many corporations.”

The war for talent is not escaping Quebec, and that is only going to be exacerbated when baby boomers start to retire.

Superior benefits promote attraction, retention

Not so at Sixpro.

The powder/electro/thermoplastic coating company has spent the past four years investing in a complete benefits package so employees feel involved and special within the organization, says Chief Executive Officer Richard Bourbeau.

Because the company requires a large volume of people to do labour-intensive, heavy-lifting shifts, they can’t afford to be at the high end of the pay scale. So they chose to focus on their benefits package and work culture to attract and retain.

The result: a significant drop in employee turnover at the 200-staff manufacturing company in Notre-Dame-du-Bon-Conseil, just outside Drummondville, 100 kms east of Montreal.

“We like the people who work for us,” Bourbeau says. “We want to keep them, and we want to keep them as happy as possible. We put a package to them that maybe they don’t encounter at other companies.”



Sixpro has a very active social committee that helps keep employees connected and engaged.

Employees have above-average, shared-cost group dental and drug plans, and a 100% company-matched retirement plan.

“For a small company, that’s unusual,” Bourbeau says. “When I compare our company to other small or medium-sized ones — it’s more a rarity than normality.”

A very active social committee books bi-monthly outings to football games and amusement parks. There’s a \$100 referral bonus, car-pooling, birthday and anniversary celebrations. A focus on health means fruit instead of chips in the cafeteria once a month and nurses to give flu shots.

Benefits for part-timers

Finding a way to unify workers like at Sixpro and DLGL could be difficult for a chain of convenience stores with more than 7,000 employees in 670 locations.

But Couche-Tard pulls it off.

Store managers and supervisors are salaried, giving them access to all the company’s generous benefits: drug, dental and vision coverage, a pension plan, and since December, a stock purchase program.

“The [benefits] were put forward exactly for [retention],” says Robert Comeau, director of human resources. “[Employees are] able to have a living and earn a complete career with us.”

That, plus two weeks of initial training and yearly upgrades, means a very low turnover in an industry normally plagued with staff changes.

Even Couche-Tard’s part-time store clerks receive 14 hours of training. The company is keeping its store clerks longer by guaranteeing wage increases every three months and offering scholarships for post-secondary education.

“It’s not a recruitment challenge, it’s a retention challenge,” Comeau says. “What can we do to keep employees with us longer? We’re much more competitive in the market now.”

Keeping good employees is a challenge transcending organizations of all sizes and industries in the province.

Responding to multi-generational needs

“The war for talent is not escaping Quebec,” says Richard Bougie, Watson Wyatt’s director of client development for eastern Canada.

And that is only going to be exacerbated when baby boomers start to retire, hitting Quebec harder than other locations in Canada because of the province’s lower birth rate and, therefore, smaller talent pool.

Employers will have to respond with more flexible benefit packages, notes Marc Chartrand, a partner with

Perrault Consulting Inc., and member of the Quebec human resource association, L’Ordre des conseillers en ressources humaines et en relations industrielles, du Québec agrees.

“The younger generation is not looking at the same total rewards as those who are leaving the organization,” he says. “Many company programs are not designed to respond to the needs of the younger generation.”

Bougie agrees.

Businesses need plans that employees can pick and choose from — more dental coverage for a person with a growing family versus increased pension contributions for older workers.

Communicating total rewards packages is also becoming increasingly important, according to Bougie. Recent studies show 60% of employees have a poor understanding of their benefits and often don’t take

them into consideration when leaving a job.

What they’re thinking about is pay: For the first time in 25 years, Bougie is seeing salary at the top of the list for reasons people leave their jobs.

“It’s the shortage of people,” he says. “Pay is an incentive to change and leave.”

While flexible work schedules and telecommuting are buzz incentives for office work-

ers, it’s not a true reality in Quebec, says Chartrand.

“It’s legitimate for a group of people, but doesn’t apply to all the workforce,” he says, especially in Quebec’s very unionized environment. “People are talking about this, but when you look concretely, it’s not very common.”

More holistic approach

Language, both say, is not an issue.

“The language of business is French,” Bougie says. “That’s the law. Anglophones have difficulty operating in this workforce.”

But as the working world expands globally, more and more organizations are learning to operate bilingually, notes Chartrand. Many call centres are located in Montreal where you can find employees who are also multilingual.

“Most large corporations have dealings with firms outside the province, so the key people are bilingual,” he says. “Language is a very Old World view of what we see as differences now.”

So, bottom line, what should Quebec employers be focussing on?

Bougie says: Attraction. Engagement. Retention. Rewards.

“In future, the overall total benefit or total rewards package is going to be a major factor in retention and attraction activity,”

Bougie says. “That, combined with strategic direction and leadership, means organizations must have a much broader, holistic view.” — C.M.F.



Sixpro, a powder/electro/thermoplastic coating company, has spent the last four years investing in a complete benefits package so employees feel involved and special within the organization.



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