

Summary

OPPORTUNITY

Meritus Hotels & Resorts and its two hotels in Singapore - Mandarin Orchard Singapore and Marina Mandarin Singapore, only offered a standard benefits scheme for its employees that came in fixed coverage and fixed amounts for dental, term life plans, outpatient medical and hospitalisation benefits. There was no flexibility of utilisation across these benefit categories, as well as other benefits such as wellness (e.g., gym membership) and lifestyle (e.g., holiday expenses). In order to position the Company as a competitive employer in the hotel industry, a flexible benefit scheme that allowed employees to choose their preferred benefits within their entitlements was proposed to:

1. Give employees the flexibility to choose their preferred benefits within their benefit entitlements
2. Attract and retain talent within the Group
3. Improve productivity and efficiency in HR administration as reimbursement of benefits will be made via e-claim

ACTION

For this project, Meritus Hotels & Resorts and its Singapore hotels engaged a compensation and benefits consulting firm to carry out the following scope of work:

1. Review competitiveness of existing benefits
2. Design a flexible benefits plans
3. Roll out the flexible benefits scheme and communicate to employees

RESULTS

The Group is now able to:

1. Address employees' diverse needs and preferences for benefits across all categories;
2. Enhance the position of the Group as a preferred employer by providing competitive and attractive benefits packages; and
3. Reap benefits of improved productivity and efficiency in HR administration as reimbursement of benefits are now made via e-claim.

OPPORTUNITY

MAKING A DIFFERENCE FOR OUR EMPLOYEES

Being in a highly competitive industry, the Group is constantly faced with challenges particularly in **ATTRACTING, HIRING** and **RETAINING** good employees. Surveys have shown that employees' benefits are an important consideration when it comes to accepting a job offer. To address this, the Group focused on enhancing the Benefits Scheme for employees.

In the current multi-generational workforce, the traditional scheme of employees' benefits may be restrictive as employees are not given the option to choose their benefits according to their own needs and preference. For example, some of the Group's employees have never utilised their yearly dental entitlement.

The Group saw value in changing the way employees' benefits are offered through the **Flexible Benefits Scheme**, and hence worked with a consultancy firm that specialises in this area to assist in the review, development and implementation of a flexible benefits scheme that is in line with the Group's goals and objectives.

In this scheme, benefits are now converted into “flex-dollars” and employees will be allocated “flex-dollars” in the amount of their benefits entitlement. They may then use the “flex-dollars” to ‘purchase’ their core benefits (as determined by the Company)*.

For example, rank-and-file employees enjoy a minimum of 12 months’ Group Term Life coverage as one of their core benefits. With the new scheme, they can now use “flex dollars” to ‘purchase’ the core benefits and are free to use the remaining flex-dollars to perform the following activities:

- Upgrade / Downgrade of existing selected insurance plans
- Purchase insurance coverage for dependents
- Claim reimbursement for items under the Flexible Spending Account (FSA)

In addition, employees can also earn flex-dollars —through the Reward System, or by trading existing benefits for other more relevant benefits.

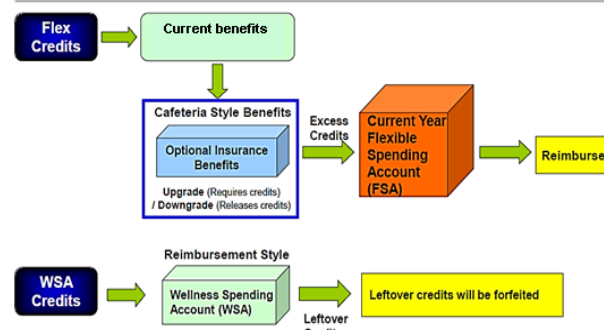
1. Reward System (Employee Recognition Credit)

- a) Recognition for Enhanced Productivity: Employees who visited the doctor less than a certain number of visits per calendar year will be eligible to receive additional “flex-dollars”, in recognition of their conscientious responsibility in keeping themselves fit and healthy.
- b) Recognition for Learning & Development: Employees who completed at least a certain number of cross-training hours per calendar year will be eligible to receive additional “flex-dollars”, in recognition of their efforts to acquire new knowledge and enhance their skills.
- c) Recognition for Coping with Operational Demands: Junior management employees who have engaged in casual labour within the calendar year will be eligible to receive additional “flex-dollars”, in recognition of going the extra mile to render assistance to other departments beyond their official working hours.

2. Trading of Annual Leave#

“Flex-dollars” will be added to the Flexible Spending Account (FSA) when employees choose to convert their annual leave to other benefits more relevant to their needs and preferences.

Dollar value of current benefits are converted into credits (\$51 = 1 credit) for the purchase of benefits under the new Flex Ben Plan.



* Core benefits are defined by the Company as the minimum coverage that they should be covered with.

Number of annual leave days that can be traded is capped.

Key Steps

- **Review the competitiveness of existing benefits:** Current employee benefits were reviewed item-by-item for market competitiveness relative to market normative.
- **Design a detailed Flexible Benefits Plan:** A flexible benefits plan from a range of flexible benefits models that best fits the Group's goals and objectives.
- **Plan development of the Flexible Benefits Plan and obtain Management's approval:** The design framework was refined, wherever applicable. Rules and procedures were developed to ensure a proper system was rolled out.
- **Communication:** Communications sessions on the flexible benefits scheme were conducted to help employees better understand the flexible benefits scheme.
- **E-system implementation:** The IT infrastructure and systems, including HR software, software availability, intranet use, internet access and security requirements were reviewed. Tests were performed on internal and user acceptance systems before the benefits portal was launched.
- **Administration Phase:** After claims were submitted via the web-based system, employees' queries on benefits and claims were addressed via a 24-hour helpline and email helpdesk run by the system vendor.

Key Success Factors

- **Commitment and Support from the Management:** The strong commitment and support from the Management in enhancing the employees' welfare helped make the implementation successful.
- **Funding from Singapore Tourism Board (STB):** The Group tapped on STB's new Business Improvement Fund (BIF) which helped defray part of the project's expenses..

(The BIF aims to improve productivity, competitiveness and enhanced consumer experience in the tourism sector by encouraging technology innovation and adoption, redesigning of business models and processes.)

Project period: The process of implementing and rolling out the Flexible Benefits Scheme took about 6 months.

Estimated cost: The implementation cost of the Flexible Benefits Scheme was approximately S\$38,000

- **Cater to employees with diverse needs of benefits:** With the flexible benefits scheme implemented in January 2016, employees are now able to select their benefits according to their needs and preferences. We believe most employees will make use of this opportunity to make more relevant choices in their benefits, such as upgrading their insurance coverages, purchasing insurance plans for their dependents, as well as utilising the Flexible Spending Account (FSA) for their wellness and lifestyle needs.
- **Improvement in productivity and efficiency in HR administration:** Administration of claims and related enquiries are now done by the vendor. Hence, there is a reduction of man hours required for the Group to process benefit claims, which translates into savings. In addition, the time spent to upload the claim records onto the HR database for payroll processing is now expected to take about 10 minutes per month and just one staff member required to perform the task.

For illustration (Before Flexi-Benefit Implementation)

Average dental claim per year = 205
Average processing time per year = 205 x 20 mins = 4100 mins
Average processing time per staff per year = 4100 mins / 6 HR employees = 683 mins
Average processing time per staff per month = 683 mins / 12 months = 57 mins (~ 1 hour)

- **Paper-less submission at staff's own convenience:** There is no physical paperwork involved as employees now submit their receipts for processing electronically by scanning and uploading them onto the flexible benefits portal. All approved/rejected claims can be viewed in the flexible benefits portal. In addition, the flexible benefits portal can be accessed online at any time which means employees can submit their claims wherever and whenever they are through their computers or smartphones as long as they have internet access.