

Recession and regs complicate benefits environment

BY KEITH REGAN
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In a boom time, businesses often sweeten their benefits offerings as a way of attracting and keeping the best workers. And in a slump, companies often need to alter their benefits packages to bolster their bottom lines.

It's a risky proposition, however, as benefits will always be a key part of the employee-retention strategy of any business.

"A lot of companies are being forced to look at those packages again," said **Ed Bleiler**, director of the group benefits practice at **Baystate Financial Services** in Boston. "We're seeing a lot more want to take a strategic look at where they want to go down the road."

The need to plan that strategy and negotiate an increasingly complex regulatory environment — Massachusetts businesses that recently worked to comply with the commonwealth's health care reform law are now also dealing with federal legislation affecting COBRA coverage, for instance — often prompts businesses to turn to consultants who can work with them to find the best packages of health care coverage and related benefits.

"It's such a complex marketplace that the average human resources professional just can't be knowledgeable

about every single choice or option or regulation out there," Bleiler said. "The benefits world is changing and evolving just as employees do from the boomer generation to Gen X and Gen Y. Companies are dealing with all kinds of employees and all types of different needs to be considered. It's not cookie-cutter any more."

Businesses can choose to work with a fee-based consultant or one who is paid through commission on the plans they help a business acquire. The fee approach is often used when a more strategic look at benefits over a long time horizon is needed.

Because a business is most concerned about competing for employees within its own industry, many businesses look for benefits consultants that have experience in their field.

"We're being asked more and more about how much experience we have in any given industry and how many clients we have that we can help a business compare and benchmark themselves against," said **Susan Lawson Cann**, the Boston market leader for **Aon Consulting Inc.** "That's becoming more of a differentiator all the time."

In a recession, a consultant can add value by helping a business decide how best to approach the task of reducing benefits while also helping to minimize

PACKAGE DEAL

- Economic downturns often prompt companies to revisit the benefits they offer to see if cuts can be made. Add to this increasingly complex regulations on the state and federal levels, and many companies turn to benefits consultants for help.
- In a recession, a benefits consultant can help a business decide how best to reduce benefits while minimizing the impact on employees.
- Many companies like to benchmark their benefits offerings against competitors', so finding a benefits consultant with expertise in a given industry can be valuable.

the impact on employees. Tools such as health care savings accounts and health care reimbursement accounts are being used to help as the industry shift to consumer-driven health care continues to take hold, for instance.

With any change, communication is an essential part of the strategy, Cann said. "Communicating well about benefits has always been important, but in today's world, it's even more critical," Cann said. At a minimum, a consultant can help ensure a business is complying with regulations on disclosure about benefits, such as what is and

isn't covered under a health plan. More in-depth help may include designing an approach to help employees see the value of a benefits package.

"Employee awareness is higher than in the past, but there's still a large sense of entitlement, especially here in the Boston area," Bleiler said.

A consultant can provide the most value when they are taking a big-picture view, said **Kevin M. Ryan**, senior vice president in the employee benefits practice at **Longfellow Benefits** in Boston. "Gaining access to the full range of the human resources and finance and executive teams only allows us to work more effectively to craft a strategy."

The current economy, he added, is "forcing employers to examine every benefit dollar in a way they haven't in the past."

"The conversation we're having daily is about balancing what they're doing in the benefits area with the rest of the business," Ryan said. For instance, a company might keep benefits packages intact but put in a furlough or pay reduction in place.

"How a business thinks of it varies from business based on their philosophy and culture, but these days it's all part of a much bigger strategic discussion aimed at staying competitive for the long term," Ryan said.

GROWTH TOOLS

CAKES: Facebook page and edible business cards prove good recipe

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cakes, cupcakes or her custom-made (and edible) business card-shaped cookies.

"The best thing is for people to try my product. When you try that opera cake, you'll be hooked for life," said Delaney, 41. "People tell me they dream about it."

Cakes for Occasions sells a mix of wedding cakes, cupcakes, cookies and other pastries. Since she opened her shop in 1996, Delaney's creativity and energy have kept her cake business afloat through slow cycles.

Indeed, although she predicts that revenue will dip slightly to \$1.1 million this year, down from \$1.2 million in 2008, she has not been forced to cut any of her 30 employees. Instead, most workers are instead just trimming back their hours.

"I pride myself in that I haven't let anyone go," Delaney said.

The number of orders has actually gone up at Cakes for Occasions — which produces more than 700 wedding cakes annually — although the dollar figure for those orders has gone down as customers opt for lower-priced goods.

Before opening Cakes for Occasions, Delaney — who learned her culinary skills at the **Ballymaloe Cookery School** in Ireland and **Le Cordon Bleu** in London — operated a small catering venture baking wedding cakes in her mother's kitchen. But she wanted to operate a brick-and-mortar bakery.

She took her idea to a local office of **Service Corps of Retired Executives**, which offers mentoring and training to businesses starting out — and which actually tried to discourage Delaney from trying to turn her home-based business into a stand-alone enterprise.

Delaney, who admits she knew nothing about owning and operating a bakery, said the response from SCORE made her more determined than ever to start her own business.

"That lit my fire," she said.

To brush up on her business skills, Delaney took a class on how to write a business plan at **Salem State College's** Small Business Development Center. She hit the streets to find the perfect location and visited equipment auctions in order to figure out exactly how much she needed to borrow.

Delaney and her husband, **Frank**, settled on 57 Maple St. in Danvers for the

FAST FACTS

Kelly Delaney, who honed her culinary skills at Ballymaloe Cookery School and Le Cordon Bleu in London, opened Cakes for Occasions in 1996.

The bakery expects revenue to dip slightly this year, to \$1.1 million, but Delaney has avoided layoffs by having workers trim back their hours instead.

Delaney has responded to the economic slump by setting up presences on Facebook and Twitter, as well as campaigns such as a cookie contest last year centered around the presidential election.

location, but discovered that the building didn't have a gas line — a must for her gas ovens.

Delaney and her husband shelled out \$2,000 for the gas line before they even found out if their \$50,000 bank loan (the amount she needed to finance her fledgling bakery) had gone through. In the end, she got the loan for the bakery.

Delaney said she's been able to grow her business by constantly improving her offerings and keeping a positive attitude in the mix as well.

"I am as honest and as caring and as

energetic as possible," Delaney said.

When the downturn hit last fall, Delaney also realized she had to be creative to keep customers coming through her doors.

Last September, when she saw sales plummet, she ran a cookie contest in which she put frosting faces of the four presidential and vice presidential candidates on cookies and kept a running tally of which candidate was "winning." She sold more than 550 dozen cookies in one month.

She has also discovered that social networking helps, pointing out the huge response online to her Cakes for Occasions Facebook fan page, which currently has close to 600 fans.

"Owning a business is all about creating a buzz and that's what social networking is," Delaney said.

George Harrington, owner of the **Lyceum Bar & Grill**, a restaurant in Salem, has been purchasing wedding cakes from Delaney for receptions at the Lyceum since the beginning.

"She's very reliable and consistent," Harrington said. "And she's really on top of things."

LISA VAN DER POOL can be reached at lvanderpool@bizjournals.com.