

# Benefit Strategies During Tough Business Climates

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In most successful companies, the time tested 80% – 20% rule prevails. This rule predicts that 80% of the company's success relies heavily on 20% of the employees. Often this 20% includes the owner, management executives and sales executives. When a company faces a challenge it is these individuals who sharpen their edge to produce the results.

These could be tough times for some small to medium sized companies and there will be no government "bailout" forth coming. For a certain number of companies, their survival will even be threatened. Now is the time to step back and identify who in the company leadership passes the crucial 20% test.

To not only survive but grow during the market turmoil, the timing is perfect to provide a real incentive to your top talent to work harder and smarter. Letting them know they are important and an integral member of the company and its success.

These few individuals, usually in their 40's and beyond are as concerned as all your employees about their financial future, the depletion of their retirement assets and 401k's. Often however these key individuals are highly compensated and are already behind in their retirement savings because of contribution limits. It is important to recognize that the talent and leadership they provide for the company's success is also attractive to another companies attempting to recruit talent. The lure of better benefits makes it hard for some companies to compete, and loyalties aside, with the current

financial realities the recruiting offer may be difficult to resist. At the end of the day they must provide for the current and future needs of their families.

Why not capitalize on these turbulent times and the realities that your key people are facing. You can not afford to have them distracted when the company's future is threatened. Selective benefit concepts are more popular than ever for successful companies to retain, reward and recruit this top 20%. The right discriminatory benefit design will meet the company and employees needs. Management practice author, Peter Drucker states:

**"There are risks you cannot afford to take, and there is the risk you cannot afford not to take"**

It is likely true that between what you are mandated to contribute to social security and what you elect to contribute to the company 401k and health insurance plan, you are meeting the needs of 80% of your work force.

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Your present benefit contribution is already very generous and increasing this budget will not produce greater results, however targeting the few select employees who contribute the most, can secure their loyalty and motivate them to do what it takes to protect and grow the company.

The following is a case example from a national clothing distribution company based here in Buffalo, New York.

They have about forty five employees, most of whom are in Buffalo. The owner has identified three members of the management team as key among his employees. He recognized that they are critical to the ongoing success of company.

These individuals are all their mid 40's and are raising families. Each is also sick over their 401k value from the economic meltdown. The employer recognized that

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providing a Selective Executive Benefit for these three employees would be important and by mitigating the current exposure of their retirement savings, the offering of a strategically designed benefit would allow them to focus their skills and commit to the success of the business.

Each of these employees were enthusiastic and motivated to be the best they possibly could be to protect and grow this company. This company not only reduced the risk that they would lose a key performer when the company could

least afford to, but each of the employees sees themselves as having a stake in the success they achieve for the company.

There is no one size fits all when it comes to designing Selective

Executive Benefits. Every company has their own culture and close attention needs to be paid to the needs of the company owners. With a knowledgeable advisor, the needs of the employer will be met and the resulting benefit will serve the intended purpose quite well for many years. The importance is in the details and attention to the design and implementation and ongoing review. Work with a knowledgeable advisor and the outcomes will exceed your expectations.

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