



Implementation Guide

Employee Benefits Administration: Implementation Guide

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The Why

When an organization selects a new benefits administration provider, the next and most critical phase of the process is implementation. An implementation that is done incorrectly will ultimately lead to ongoing administration errors and a poor experience for the plan sponsor and the plan participants – sometimes resulting in diminished employee engagement.

For many years, organizations had large internal employee benefit teams with the experience and bandwidth to oversee an implementation. However, over the last decade organizations have systematically reduced headcount within their human resources and employee benefits departments. As a result, many organizations face the realization that they lack the internal resources to support large and complex implementations, which has created a need to engage experienced, independent, and objective third-party consultants.

There are two primary objectives for organizations to ensure a successful implementation: Maintaining a strong project governance model and sustaining a comprehensive process which focuses on risk mitigation. The consultant's role is to ensure the project's success across all phases of the implementation life-cycle while adhering to the defined governance model and risk mitigation process.

Best Practices in Choosing a Consultant

The best implementation consulting firms employ dedicated implementation consultants, rather than calling on skilled team members who occasionally support implementation projects. Specialists provide relevant experience and the technical acumen to positively impact the outcomes of exceedingly complex and highly visible (to leadership and employees) projects. It is critical for consultants to possess knowledge and experience with all of the leading administration outsourcing providers. The consultant's knowledge and experience allow them to understand the differences between normal implementation standards and issues with material impact on project outcomes. In addition, the consultant develops relationships with the implementation team members of leading providers which helps them better understand their working style, expertise level, and assess their ability to navigate assignments within their organization.



The Shift to The New Provider

A critical aspect of a project's success is reliant upon the plan sponsor's team members willingness to prioritize the implementation project. At the outset, communication (typically from senior leadership) is essential for project direction and focus. By employing outside implementation specialists, the plan sponsor is provided with the benefit of focusing on the major aspects of the implementation, while not being saddled by the minutiae of the day-to-day requirements.

When moving to a new benefits administration provider, it is key to proactively understand and accept the level of work that will be required for the project's success. Providers will generally build an implementation plan that meets their objectives, but the consultant can assist the plan sponsor to better understand the nuances and the impact of such work on the plan sponsor's team members.

Companies that require detailed internal project status reporting can depend on their consultant to provide an unbiased account of project status details. Instead of evaluating current snapshots of project deliverables from the provider's perspective, consultants will search for the causes of delays while documenting and reporting the impact of missing deliverables. This evaluation eliminates downstream concerns and enables a more proactive experience for the plan sponsor.



**A successful
implementation
sets the stage for
success.**



How to Mitigate Risk

Plan sponsors are responsible for risk mitigation associated with an implementation. The consultant aids in identifying and minimizing those risks by scheduling timely requirements reviews, which enable plan sponsors to gain a comprehensive understanding of the provider's staffing, processes, and technology. This includes having definitive sets of roles and responsibilities.

Experienced consultants understand the difference between each provider's implementation processes; including, how they organize requirements documentation, manage data, and develop transition planning materials.

Consultants use their knowledge of providers processes to proactively assess and alleviate potential risk for the plan sponsor. We like to contrast our approach with a typical reactive approach to risk mitigation. Under the reactive approach to risk mitigation, plan sponsors are frequently overwhelmed by the amount of information being shared by the provider. As a result, the sponsor may end up following the provider's lead rather than discussing potential anticipatory and avoidable risks.

A benefits implementation consultant has unique experiences in facilitating best practices to protect the plan sponsor and keep key work with the provider – even when the provider attempts to push it back to the plan sponsor.

Governance

Given the differences in need between implementation and ongoing administration, the governance model requires special attention to ensure a project's success. Experienced consultants are positioned to assist in setting governance meeting expectations between the provider and plan sponsor – including frequency, agenda, and governance process. In addition, the consultant will facilitate the plan sponsor's thoughts about governance meeting attendees including whether additional key stakeholders (e.g., Payroll leadership, IT, and legal) should attend based on their internal dynamics and risks within the project.

This structure helps establish the broader strategic assessment of the implementation's health and prevent deterioration due to details required of the week-to-week work. As the implementation concludes it is important that the consultant help the plan sponsor create closure with the implementation through these meetings and establish a stronger ongoing relationship with the provider.

**Governance
processes keep your
project on track for
success.**



Governance Best Practices

Our experience suggests these are the top five most important governance model practices.

1

Identifying the appropriate attendees for key governance meetings (a narrowly focused group with the ability to discuss project strategy).

2

Documenting overall status and status of main workstreams (this is important to see if the overall goals are at risk or still on track). Consultant reviews the breakdown by workstream to efficiently help the plan sponsor be aware of what is working and what requires remediation. As a result, the governance team can focus on the critical risks (5%), while avoiding the need to attend to the minimal risks (95%).

3

Focusing on tactical topics for scheduled meetings to help hold the team accountable against the plan. The consultant will raise any concerns about style, trends that are creating avoidable stress, and ensure the teams sustainability under pressure. The governance team needs to resolve interpersonal conflicts and breakdowns in expectations to ensure a healthy team is ready to proceed. Nothing should be left unsaid.

Governance Best Practices

4

Managing the project budget. While most implementations tend to remain within scope, there are times when the plan sponsor and the provider agree to add a valued service that was not initially contemplated. Too frequently, additional fees can be missed by the plan sponsor among project activities. The consultant must ensure the plan sponsor understands and approves the added service before any additional expense is incurred. This permits the consultant to validate whether the expenses should have been included in the initial scope, or if the sponsor is unknowingly engaging in custom services for additional costs. In most cases it is the moment the provider confirms “all known scope and services are fully included in fees previously discussed.”

5

Facilitating the preparation of thoughtful materials to support the points listed above. Prior to any meeting, proper documentation of the providers assessment is critical for focusing discussion on validation or invalidation of the provider’s offering. The result of the meeting should ensure all parties involved have reached an agreement to ensure the governance team is aligned on risks, solutions, and next steps.

Conclusion

In conclusion, once a plan sponsor decides that they require the assistance of a consultant, it is in the best interests of the plan sponsor to make certain the consultant meets the following criteria.

- ✦ Independent and objective
- ✦ Relevant experience of at least a decade where they can provide empirical results in delivering the outcomes the plan sponsor is seeking
- ✦ Implementation is a core competency and demonstrates they are a “center of excellence” regarding benefits administration implementation support
- ✦ Experience working with the major outsourcing providers across pension, health and welfare and 401k administration
- ✦ Demonstrate that the consulting team has strong communication and people skills
- ✦ The ability to work in conjunction with the provider and plan sponsor
- ✦ Verifiable references establishing the consultant’s ability to deliver promised outcomes on time and on budget

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