



Companies Step Up Benefits Communication to Combat Unions

By Jessica Marquez

As discussions around the Employee Free Choice Act heat up in Congress, employers are stepping up their communications to employees about the benefits they offer as a way of combating unionization efforts.

Too often employees aren't aware of all the benefits that their employers offer them, making unions' claims of a better life all the more appealing, says Joseph Lazzarotti, a partner in the benefits group of Jackson Lewis. "Unions are just making these general statements that if employees join, their lives will be better without anything on the other side coming from the employers," he says.

And with retirement benefits and health care issues of such great concern to employees given the economic downturn, union organizing efforts have really focused on benefits, experts say.

As a result the number of companies that are stepping up their communications efforts around benefits is skyrocketing, says Steve Peterson, a principal in the communications practice at Hewitt Associates. While Hewitt had a handful of firms doing this a few months ago, it now has more than 20 companies adopting these strategies—many of which have just started in the past few weeks, Peterson says.

"This is definitely one of the hottest things we have seen for the year," he says.

Employers' concerns about union activity have grown this year as a result of the Employee Free Choice Act, which if passed would make it easier for unions to organize. Smart companies are being proactive and getting in front of potential union campaigns by getting their communications out first, says Michael Sullivan, a principal in the labor and employment practice of Goldberg Kohn in Chicago

"A lot of times firms don't start doing this kind of communication until they have received a union organizing petition, and by that point it's characterized as union-busting," he says.

Also, unions' promises of a better life often are not necessarily accurate, says Michael Lotito, a partner at Jackson Lewis.

"There have been several studies that show that union pension plans are terribly underwater," he says.

Unions argue that if employees were represented, they could increase their wages, Lotito says. By better explaining how much companies are spending on benefits, employers can help workers understand how their total compensation is actually much higher than they thought it was, he says.

"At a typical company, the cost of employees' benefits could be adding 30 to 40 percent to the worker's take-home pay," Peterson says. "But employees don't usually see it that way."

To clarify this point for employees, more companies are customizing their benefits communications to illustrate how elements such as a 401(k) match, profit sharing and, if applicable, a pension add to the employee's retirement nest egg, says Liz Davidson, CEO of Financial Finesse, a Manhattan Beach, California-based provider of financial education.

Traditionally, Financial Finesse's retirement workshops would be more focused on the overall retirement picture, and include such elements as Social Security and outside investments, she says.

But today, more employers—especially those in the manufacturing sector—are asking the firm to focus their retirement seminars on the specifics of what the employer offers, Davidson says.

"We are getting much more into the specific benefits and digging into the numbers," she says.

While Financial Finesse has always had some clients that used benefits education as part of an effort to deflect union organizing activities, Davidson says she has seen a huge pickup this year.

"In the past, particularly among manufacturing clients, it might have been something on their minds particularly," she says. "But now it's always part of the conversation."

To design an effective benefits communication program that will counter union claims, companies need to understand where their vulnerabilities are, Peterson says.

Companies can use tools such as employee satisfaction surveys to identify which benefits are most important to their workforces, he says. "For example, they can see if employees at a certain plant or location are really unhappy about the 401(k) match being taken away," he says.

Once that is figured out, companies need to train their frontline managers on all of their benefits and make sure that the message gets communicated effectively, he says.

Companies that are already doing this are also making sure to have tracking mechanisms in place to determine how effective their communications strategies are in deflecting unionization efforts, Davidson says.

“They can see which plants are high-risk, medium-risk or low-risk and then see if there is progress after a communications campaign,” she says.

While communicating benefits can help counter unionization activities, it really should be part of an employer’s ongoing workforce management strategy, experts say.

“Training people about what benefits they have and how to use them is essential because you are paying for these benefits anyways,” Sullivan says.

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