

- Making an Outside Call
- All the Right Moves
- Refreshing Engagement
- Different Views
- Drive Results

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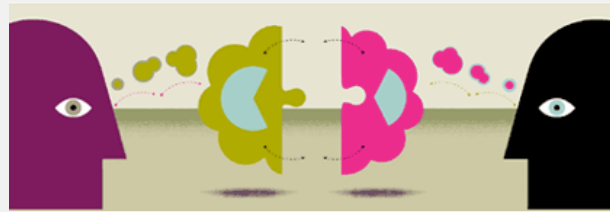
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Feature

Making an Outside Call

Verizon Connects to Hewitt's *Your Total Rewards*

It's a challenge nearly as old as compensation and benefits themselves: Employers invest significant time and money designing and delivering competitive total compensation packages; inevitably, employees don't fully understand how much their employers are investing in them, and they fail to fully appreciate the investment. In the past, companies attempted to bridge the gap with annual total compensation statements. Today, as part of broader HR self-service strategies, many companies are seeking to deliver real-time, personalized total rewards information and tools through Web-enabled, integrated solutions. Before delivering any value online, however, companies must first decide whether to build their total rewards solutions themselves or partner with a best-in-class provider.



That was the decision facing leading global communications provider Verizon Communications Inc., a New York-based company that ranks number 10 on the *FORTUNE* 500® list with more than 200,000 employees. As part of a move toward employee self-service and a paperless environment, Verizon wanted to provide 50,000 salaried management employees with an online total rewards solution to help them better understand and appreciate their compensation, benefits, equity awards, work/life programs, and other rewards available to them. Initially, the company began the process of defining the site's technical requirements with the goal of building a solution in-house. After thinking through key issues of ongoing service and support, they made the decision to partner with Hewitt instead.

"In today's marketplace, it's essential to seamlessly integrate all of your total rewards for employees if you want to have any chance of fully engaging your workforce, and we were prepared to do it ourselves in the short term," explains Bob Toohey, Vice President of Total Rewards at Verizon. "However, we recognized the reality of providing ongoing site support internally and soon realized that, from a strategic perspective, outsourcing to Hewitt would both drive us toward a more integrated self-service model and keep our HR staff focused on key corporate initiatives versus providing administrative support."

An important part of Verizon's strategy was to seamlessly integrate *Your Total Rewards* with Verizon's corporate eWeb portal and other HR sites, including *Your Benefits Resources*™, Hewitt's comprehensive benefits transaction and information resource. The seamless integration between the sites means that Verizon employees have a single authentication from Verizon's eWeb portal to *Your Total Rewards* and *Your Benefits Resources*, enabling users to navigate between sites without reentering passwords.

Verizon's *Your Total Rewards* site displays the financial and qualitative value of an employee's total rewards, including base pay and incentives, equity awards, health and other insurance benefits, retirement benefits, work/life programs, and other nonmonetary rewards for each employee. As Verizon's outsourcing partner, Hewitt develops content, builds and hosts the site, manages the data collection and uploading process, and provides customer service and technical support.

Prewrite Pays Off

In preparing to build their own site, Verizon started developing requirements for their senior-manager population and executive compensation programs. They determined how to integrate with multiple data providers, identified the

messages they wanted to target to specific employee groups, and began to build the application internally. When the decision was made to outsource to Hewitt and it came time to begin the implementation process, these efforts paid off. The team was able to leverage the requirements that had already been developed in order to deliver all of this functionality and more through Hewitt.

"We had a very clear picture of what we wanted on the site, and at first were concerned that going with a third party would mean sacrificing some of the desired functionality," says Bruce O'Neel, Director of Benefits Delivery and Financial Security at Verizon. "In the end, *Your Total Rewards* mapped very closely to our own functionality and is actually more robust than what we had created ourselves. Cost was a key driver as well, and we realized that, as Verizon's partner, Hewitt was in a position to deliver ongoing support more cost-effectively, giving us a better final product at a lower overall cost."

Because Verizon was an outsourcing client, their employees already had easy access to Hewitt's customer service representatives. The same dedicated customer service representatives answer questions about total rewards, making *Your Total Rewards* particularly attractive from a customer experience and cost standpoint.

To lead the implementation project internally, Verizon formed an integrated steering committee consisting of benefits and compensation experts, as well as representatives from Benefits Delivery, HR Communications, and HR Technology. Working together with Hewitt's implementation team, Verizon was able to significantly reduce the typical time to implementation by half, going live in January 2004, just six months after they chose Hewitt's solution.

Verizon Employees Find Value

Using *Your Total Rewards*, Verizon employees can now:

- **Access** a summary of all of their personal rewards from work or home at any time
- **Gain** a better understanding and appreciation of the total investment Verizon makes in them
- **See** a clearer connection between performance and rewards
- **Stay** informed about total rewards events and take the necessary action steps

To date, 60% of Verizon's eligible employees have visited the *Your Total Rewards* site, with most employees visiting an average of three times since the launch in January. The goal is to have employees visit *Your Total Rewards* regularly to leverage its power as a communication tool and to drive home the messages around total rewards. The solution includes a site survey, which gives Verizon the ability to capture employee feedback. This data, combined with usage statistics, will provide input on the relative perceived value of Verizon's employment products and help guide future site enhancements.

Employee reaction to the new site has been very positive. In addition, HR has gained additional credibility within the organization. "With the implementation of *Your Total Rewards*, we've been able to transcend traditional HR silos to deliver a companywide total rewards solution that provides value to both the company and our employees," says O'Neel.

Next Step: New Functionality and Employee Populations

With the site up and running smoothly, Verizon and Hewitt are focused on rolling out new functionality in order to drive employees to the site. Earlier this year, for example, Verizon used *Your Total Rewards* to provide senior leaders with a personalized online summary of 2003 Short-Term Incentive Awards and projections of 2004 compensation information that was previously sent in hard copy every year. In addition, Verizon is contemplating rolling the site out to their union employees in the future.

"Companies considering insourcing versus outsourcing a total rewards solution will want to think about the technology and resources required not only to build the site, but to maintain it on an ongoing basis," explains Toohey. "It all comes down to how they want to allocate their limited HR resources. What do they want their HR staff focusing on? While HR may always have some administrative responsibilities, it can deliver the most strategic value to the organization when it prioritizes which areas will benefit most from a partnered outsourcing arrangement." **H**

[↑ Back to Top](#)

