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Small Businesses Struggle to Compete on Benefits

-- Award-winning program allows small companies to offer big company financial package to employees

According to the U.S. Small Business Administration, small businesses represent more than 99.7 percent of all employers, employ more than half of all private sector employees, pay 44.5 percent of the country's total private payroll and generate 60 to 80 percent of net new jobs annually. But while small businesses are clearly the backbone of the nation's economy, these employers face an increasingly steep challenge attracting and retaining top talent thanks to the costs associated with providing competitive benefits packages.

The biggest problem confronting small business owners is obviously the difficulty of providing health care benefits, where small firms pay 20 to 30 percent more per employee to insure their workforce than do large companies. But some small business owners and industry analysts are also emphasizing the importance of other kinds of benefits, including child care, elder care and a range of financial and retirement offerings.

Xxxx Xxxxxx of the Xxxxxxxx Chamber of Commerce, which works closely with hundreds of small business owners, says that while firms with fewer employees may have to accept their beating on health care costs, there are ways they can craft more competitive benefits packages if they know where to look.

One example is the Premier Employee Package (PEP) offered to small employers by Xxxxxxxx-based Xxxx Bank – a program that was recently awarded a prestigious Certificate of Excellence by the American Banking Association Marketing Network.

Xxx Xxxxx, president of Xxxx Bank, says that attractive financial benefits packages are frequently made available to employees of large companies, but Xxxxx offers a similar option to companies of all sizes. "It costs small business owners nothing to sign up, and in return they can provide their employees with a

comprehensive package of discounted services that simply hasn't been available to small business employees before now."

Xxxxx says PEP includes free premium checking, online bill payment, personalized checks and a safe deposit box, premium CD rates, discounted loans, a no-fee Visa and more. "All told, PEP can add up to over \$1,000 a year in total value for those who take full advantage of the program."

Xxxxxx Xxxx, who employs 15 people in her newly opened pet grooming salon, says that 10 of her employees have signed up for Xxxxx Bank's PEP, and that all see it as a positive addition to their benefits package. "It's not everything," says Xxxx, "but it's not nothing, either. This program represents real savings for my people, and it helps compensate for the fact that there are other benefits I simply can't afford to offer yet."

Xxxxx Bank also makes it easy for new enrollees to get switched over, says Xxxxx. "One of the biggest reasons people are reluctant to change banks, even when there's a better deal available, is the sheer hassle of moving their money from one place to another. That's why we've developed a switch kit that's designed to take as much of the aggravation out of making the move as possible.

"We feel like a banking decision ought to be dictated by benefits, not pain," he adds.

Xxxxx knows that PEP doesn't solve all of a small business owner's problems. "We know a thing or two about competing against players that are a lot bigger than we are. That experience has taught us that every little bit helps, especially in the hands of a resourceful business person. So we're committed to doing whatever we can to boost small companies in our communities."

The Chamber's Xxxxxx wishes more companies would find ways of helping small business owners. "Small firms are never going to be able to benefit from the economic heft enjoyed by Fortune 500s, but that doesn't mean they're less attractive places to work. And a program like the one offered by Xxxxx Bank is the sort of thing that not only benefits the small business, but it also represents an investment that's bound to drive returns as those companies grow and thrive."