



# Reality HR

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## Reality HR: Loree Farrar and Barbara Oshima of Yahoo!

**HR.com's Compensation and Benefits Analyst, Rebecca Kubica, recently spoke with Loree Farrar and Barbara Oshima on Employee Retention through Benefits Technology.**



Rebecca Kubica is an experienced writer and researcher and spent a number of years as the hiring manager at a large company. She received her degree from Queen's University and has continued her education at the University of Toronto. Rebecca currently occupies the position of researcher at HR.com, focusing on the Benefits space. Her contribution to the HR industry includes investigative research, informative product reviews, Web seminars and cost-analysis reports. Rebecca can be reached at [rkubica@hr.com](mailto:rkubica@hr.com)



**HR.com: Before we begin today, could each of you explain your roles at Yahoo! to us?**

**LF:** I am responsible for global rewards, which includes all compensation and benefits and the systems that run it globally.

**BO:** I am the director of global benefits. I am responsible for management oversight of benefits in the 23 countries that we operate in. I've been at Yahoo! for about two and a half years.

**HR.com: Could you tell us a little bit about the demographics of your organization?**

**BO:** The average age of a Yahoo! employee is 35-years-old, and this grows one year for every year that the company has been around. We have been around for 10 years, and the average age when we started was closer to 25. About 45% of our population is single, and 65% are male. Right now, a lot of our employees are getting married and having children. Given the average age of our employees that is a likely fruition.

**HR.com: Why did you decide to focus on improving your benefits technology, and when did you do that?**

**BO:** We have been working on two different products, My Life: My Rewards, which is an online total compensation statement, and My Life: My Benefits, which is basically taking your benefits handbook and presenting it in an alternate view around life stages.

Our first goal was to increase retention. There is a war for talent out there, and it is heating up. Given that, there is concern about keeping your top talent in this labor market.

**LF:** Yahoo! offers a very competitive total compensation package. We were concerned that not all employees understood what they got or what it could do for them. We wanted to make sure they understood not just the plans that were available to them but what the value of those plans was.

**BO:** That's right. We really wanted people to get more out of their benefits. You can spend a lot of money on a benefits package, but if people don't understand it, they can't value it. Part of that value is making it meaningful for them not only from a cost standpoint but also from a relevancy standpoint. What is relevant to me based on my needs at this stage in my life?

**LF:** One of the things that we really wanted to emphasize is that what you get from Yahoo! you can get only get from Yahoo! We really wanted to brand the benefits that we offered so that people have a sense of it being special and unique. You will see that a lot, particularly with the My Life: My Benefits Product. I think we did that exceptionally well there.

**BO:** The brand has to resonate with our employees, our "Yahoos." If it doesn't resonate with them, it is just going to seem fake to them. You won't get your message across if you don't build that deep resonance.

#### **HR.com: How were your benefits and compensation set up before?**

**LF:** Before we put in My Life: My Benefits and My Life: My Rewards we really had no total compensation statement at all. We hadn't had one in the entire three years I had been with the company. It was up to the Yahoos to figure out what their stock options were worth, what their unvested options were worth or what their total package was worth.

**BO:** A lot of Yahoos started with us in the early days when they came out of college, and they had no perspective as to what they were getting. They didn't realize what their medical plan was worth until the left Yahoo! But it is too late when someone gets their COBRA statement, and they can't figure out if it is a monthly amount or an annual amount being charged. We actually had a couple of Yahoos question that when they left the organization. They said they really didn't realize what they were getting.

**LF:** Before these new programs the benefits information was very complete, thorough and easily accessed on a website that was organized by benefits type. People found that very useful and most employees got their information from that site; however, it wasn't having the resonance we were seeking.

**BO:** It's one of those things where when we found ourselves speaking to different employees, we would be asking them if they had thought about the various different benefits relevant to them. We were able to identify different benefits that would work for them based on the life stage they were at. We realized that people really had to hunt around for that type of information. Part of the epiphany we had was recognizing that just because the benefits were organized by product (medical, dental, vision), it didn't necessarily address the needs of the different life stages. For example, someone who is 25 and single would be interested in different medical benefits than someone with a large family of small children. We wanted to speak to the individual needs of our employees.

#### **HR.com: Were there any other drivers for this issue?**

**LF:** There were two other more specific goals that we had in mind. All of us are always worried about retention, but why did Yahoo! decide to take this step last summer? At Yahoo!, and generally here in Silicon Valley, stock options are an important part of compensation, so with the recent changes in accounting laws we are taking another look at our equity compensation. We wanted to make sure that the significant expenditure we made in stock options was understood. We particularly wanted people to understand their unvested value.

**BO:** Believe it or not, in our ten-year history we have never charged our employees for their healthcare. It is a very difficult change to implement, but in the face of rising double-digit healthcare costs it was a necessary change that we had to undertake. In order to pave the way for introducing contributions, we wanted to make sure we educated our employees about the medical plans they had and about the costs associated with them.

**HR.com: When you went out there looking for these changes did you have a blank slate or were you looking for something specific?**

**LF:** We wanted to do a lot of changes fast and cheap. In order to this we used a combination of resources. We did look at different vendors, but it was advantageous to us to use the vendors that we already worked with. We also used our internal resources and partnered closely with our internal marketing department. If there is anybody who knows the Yahoo! brand, it is the marketing department. They were very helpful in making sure that the products we built looked like Yahoo!

We also partnered with Enwisen, who we had been working with for many years. Previously, we had a product-based benefits site that was very useful, and we still have that site. We went directly to Enwisen and asked them to help us with this next project.

**BO:** Communicating benefits by life stage is not something that we had seen before. Essentially, what you are doing is taking existing content and re-purposing it in the life stage view. Working with Enwisen was a natural partnership that we took advantage of.

It's important to note that we still have that plan-based view of benefits, but users can toggle back and forth between that view and the life stage view.

**HR.com: How long did the whole process take from concept through to implementation?**

**LF:** For the total comp statement it was about a three-month process. What we had to do was engage our different partners and gather data from disparate sources: payroll, equity and 401(k) vendors, etc. There is a lot of set-up and data warehousing that needs to take place in order to display content that is specific to the individual.

**BO:** The My Life: My Benefits product took about three months to implement as well. Again, we worked very closely with our vendors and Enwisen on this project.

**LF:** These two projects overlapped, so it was probably about four to five months from start to finish. Given the scope of what we were doing, I was extraordinarily pleased that we are able to do it that fast. Part of the reason that we were able to move as fast as we did is that we had done a lot of thinking before making any plans. Who are our Yahoos? What are the different groups that they fit into? What information do they need? What information do they want? How can we be ready to give them that information in a useful way? Once we started launching the actual projects our minds were already clear. We were not trying to figure it out as we went along.

We also did a survey just before the projects launched. The reason that we did that was to validate the concepts that we were working on. We asked people what cohort group they saw themselves in. We asked them about their benefits and their compensation to make sure we were answering the questions that they had. We made some tweaks accordingly.

**BO:** It was also an opportunity for us to seed some of the concepts. Anytime you do a survey you are not only getting information, but also it is an opportunity to educate. It is a two-fold opportunity and it was a nice way to transition to the launch.

**HR.com: Can you describe to us what the site looks like?**

**LF:** The front page of My Life: My Rewards is very practical. Yahoos can immediately see their total compensation and all the different pieces laid out visually and numerically. The font, the color and the layout were all designed with our marketing department to look like a Yahoo! property. The site also incorporates messages throughout that make employees aware of their benefits. For example, if they are not participating in the 401(k) program they will see a message on the site when they log in reminding them that they are not contributing. After we launched this site we did see an increase in enrollment of our 401(k) plans.

**BO:** When users go to My Life: My Benefits the language is very much in-line with Yahoo!-speak. We branded the site and the content in a way that fits with Yahoo! right on the front page where users can select their life stage group. There are six different groups that we identified—young and single, settling in, toddling, tweeners, empty

nester and older, no kids. We can actually take our entire population and figure out how many people fall into each of the demographic groups. As part of the survey process, we asked Yahoos to identify which cohort group they identified with.

As you go further into the site, you can see the benefits broken down by Your Health, Your Time and Your Dreams. The Your Health section advises people on the different benefits that they may be looking at during the particular life stage they are in. Your Time focuses on time off and vacation time, while Your Dreams allows employees to plan for the future in terms of 401(k)s and other investments.

**LF:** It is really important to think about your own group of employees before you launch something like this. Our site uses the image of a man with the surfboard to represent one of the cohort groups, and while that works here in California for a company like Yahoo!, it probably won't work for an investment bank in New York.

We tried to make sure that there were a variety of genders, ages and interests represented on the site. We were very careful to make sure that the images on the website were appealing to the people in that life stage.

**BO:** It is also critical not to make the site look like a laundry list. You want to be selective about what you show in order to keep it useful. You have to know your cohort groups, think about them carefully and understand what they want.

**LF:** People will always have access to information around the number of chiropractic visits they have, but with our program we may highlight that information in different cohort groups. People that are young and single might have a lot of sports injuries, so chiropractic care might be more important to them. We might not even mention chiropractic for the tweeners or toddlers group where it is not a primary concern.

**HR.com: What was the reaction from your employees to these programs?**

**BO:** We got a lot of emails, and the employees were very happy with the program.

**LF:** With My Life: My Rewards I probably received well over 100 emails from people within the first hour and a half of the launch. It was just remarkable. People found it really useful.

What I love about both of these sites is that people keep using them. These sites get hundreds or thousands of hits every single month. If we don't update the site every two weeks, we get emails from people. We know that this tool is used regularly, which is just what we were hoping for.

**BO:** We also got feedback from employees who were getting calls from recruiters looking to take them away from Yahoo! They said that when they went to My Life: My Rewards and looked at the value of their plans, they decided not to call the recruiters back. That's the kind of retention that you want to have.

**HR.com: Can you tell us a bit more about the impact that these two programs have had?**

**LF:** We track retention monthly, and the quarter after this program was launched had the lowest voluntary turnover of any similar period in the previous two years. As we mentioned before, we also saw an enrollment spike in the 401(k) program.

**BO:** We were also able to implement the medical cost-sharing program without a lot of difficulty. No cost sharing after ten years in existence, and here we were implementing this new program. We were not expecting a great response. When all is said and done, the response to the implementation of the cost-sharing program was really a non-event. People didn't think it was that bad, and they really understood the value of what they were getting.

**HR.com: Can you tell us what you think the keys are to successfully implementing a program like this?**

**LF:** I think the most important thing you need to do is make the technology look like your own company. Ours was friendly and a little bit fun, and it helped to get things done. If you are a more formal company, you want to reflect that formality.

It is very important to make the technology easy for people to understand. You can't have people trying to figure out the math or getting frustrated with navigation issues. People need to be able to find what they need quickly and easily.

The core of both of these programs is the relevance. We are providing people with the information that they need to know right now.

My Life: My Benefits really tries to capture the heart of what is important to people in their lives right now. My Life: My Rewards, with all the graphs and charts, really captures the head. If you want to retain your employees, you need to engage them with both their hearts and their heads.