

## Lancet: A Blue Ribbon Employer

Eagan IT services firm connects the dots between benefits and employee satisfaction.

Imagine being wary of accepting a job because the benefits package offered by the prospective employer sounded too good to be true. That's what happened at Lancet Software Development, a small, six-year-old Internet software consulting firm in Eagan.

Susan Bjork, HR director at Lancet, recalls receiving a voice-mail message from a prospect following several interviews. The candidate expressed concern that the caring company environment was beyond belief, and said he was leaning against taking the position Lancet had offered him. "I put my sales hat on," Bjork says, "and explained to him that the company really believes that its people are its number-one asset. He ended up taking the job and was a great addition to our staff."

That employee left Lancet only to pursue a career as a full-time firefighter. In fact, if wasn't for career changes, babies being born, and spouses accepting jobs in other states, Lancet might never lose an employee. "We've never lost anyone because of our benefits package," says Bjork. "Most of the turnover that we've had is for things that are out of our control."

Lancet, which has 16 employees, was founded in 1997 by four information systems professionals who call themselves "The Flounders."

The company was this year's recipient of the Principal 10 Best Companies for Employee Financial

Security award earlier this year from the Principal Financial Group, a Des Moines-based provider of retirement and employee benefits services. The 10 winners were selected from a field of 1,900 companies. Lancet was the only Minnesota company to earn the recognition.

Among the features mentioned in honoring Lancet for its benefits plan, Principal noted that the company:

- Pays the full premium for employee health insurance coverage
- Contributes 3 percent of annual salary to a 401(k) account regardless of the employee's participation in the plan (Lancet, however, has 100 percent participation in its 401(k) program.)
- Provides a generous profit-sharing structure that contributed an additional 3 percent of annual salary to each employee's 401(k) in 2002, a year when more than one-third of IT consulting firms in the Twin Cities went out of business

- Gave incentive pay that averaged another 10 percent of each employee's annual salary
- Offered an employee stock ownership plan
- Introduced a deferred compensation program this summer for employees who are fully funding their 401(k) plans and looking for more ways to save money on a tax-deferred basis.

"A lot of companies say that employees are their greatest asset, but they don't show it," says Carey Jury, vice president of group benefits at Principal Financial Group. "Lancet, along with our other winners, really talks the talk. They believe it, they do it, and they witness incredibly low turnover rates."

Lancet President and Cofounder Tom Niccum is proud of this recognition, but is quick to add that the company's generous benefits make perfect business sense. "We're not just doing this solely because we're altruistic. I believe that we get better results and our

customers get better results because of our benefits program," he says. "We attract really strong performers and keep them for years. In a professional services firm, that's critical."

When Best Buy called three years after Lancet had worked on a major IT project for the retailer expressing interest in enhancing that project's software, Niccum sent the same consultant that had worked on the original project. "We market that as a competitive advantage," he says.

Niccum credits Bjork's creative approach to developing the best benefits package as a significant reason for the company's success in this area. Lancet switched from an open-access health plan to a primary care program three years ago, saving the company \$25,000 a year while barely affecting most employees' coverage.

In turn, Bjork credits the rest of her colleagues for creating an environment that can put creative HR techniques to work. "The founders of this company respect HR as a strategic function, and Lancet employees take extreme ownership in Lancet as a company," she says. "They understand what impacts the bottom line, so it's a very easy sell to make changes when they make sense. You don't want to make a change and have employees fleeing out the door."

Thus far, that hasn't been a problem at Lancet.



Carey Jury (front row left) presents the Principal 10 Best Companies award to Lancet's Susan Bjork and her colleagues (back row left to right) Jaime Plant, Chris Holtan, Rick Thorp, and Tom Niccum.

—P. N