



# PEPSICO



## PepsiCo: Journey to Strategic Education Assistance

*Realizing Efficiency, Cost Savings,  
and Company Values in  
Employee Education*



### Executive Summary

PepsiCo, Inc. recognized that the purpose of its tuition reimbursement program had to evolve. It needed to be more than just one of many perks of employment. Instead, the company wanted the program to be a tool for transforming the workforce through education and addressing the changing skill needs of the company.

Understanding these business needs, PepsiCo overhauled its tuition program. Once a rarely-promoted benefit, it is now a strategic tool for employee development. Changes designed to boost the program's impact and return on investment included increased coverage and a higher annual reimbursement cap, new branding to emphasize education, and streamlined tuition administration through **EdAssist**<sup>®</sup> (a **Bright Horizons**<sup>®</sup> Solution at Work). This helped to deliver consistent processes and cost savings for PepsiCo.

PepsiCo also wanted to ensure that employees were making good choices with their tuition benefit. The addition of advising to the program offerings delivers individualized guidance so employees have the information they need to make the best possible educational choices for their futures, including understanding possible degree programs, choosing the right educational institutions, and taking advantage of opportunities to earn college credit for their previous learning and life experiences.

These changes helped PepsiCo employees achieve greater well-being through the pursuit of postsecondary education and fundamentally transformed a tuition reimbursement program into a strategic talent management and development platform.



## Introduction

PepsiCo is a multinational Fortune 100 company with 274,000 employees worldwide. Like many large companies, PepsiCo offers a wide range of employee benefits that includes health insurance, wellness programs, retirement plans, and education assistance. These benefits help to create a work experience for PepsiCo employees that has led to various awards, including being named among the top 25 “World’s Best Multinational Workplaces” by the Great Places to Work Institute in 2012.

An important first step in transforming the education program was changing the name. Prior to 2013, the program was called *Tuition Reimbursement*. According to PepsiCo HR and benefits leadership, the main reason for offering the tuition assistance program was to enhance the comprehensive set of employee benefits that are presumed to aid in employee recruitment and retention. Eventually, the company recognized that seeing this program merely as a tuition benefit was overlooking a larger opportunity to have a positive impact on the business in terms of employee development. It was therefore important to rename it the *Education Assistance Program*.

Company leadership recognized that in a fast-paced global economy, PepsiCo must rely more than ever on employees building their skills to contribute to an innovation-based work environment. The tuition benefit could serve as more than just an add-on to a strong employee work/life package, but also as a talent development tool, complementing PepsiCo’s already strong employee learning environment. Explains Erik Sossa, vice president of global benefits and wellness, “We care about our employees’ careers and their education...

we provide educational assistance because we want them to actively manage their careers.”

This case study tells the story of PepsiCo’s transformed tuition assistance program and how new management of the program resulted in enhanced program offerings, more intentional and cost-effective program management, and lower-priced educational options for employees. In addition, educational and financial advising helped employees make better choices about education and provided PepsiCo with better analytics related to employee purchasing behavior and use of tuition. These changes helped PepsiCo employees achieve greater well-being through the pursuit of postsecondary education and fundamentally transformed a tuition reimbursement program into a strategic talent management and development platform.

## New Program Design: A Centralized and Top Caliber Tuition Assistance Program

PepsiCo’s tuition assistance program was previously managed in-house by each of the five divisions of the company, with each division implementing its own policies and processes. As a first step in transforming the program, the company’s HR and benefits leadership “harmonized” the different policies and programs, while also introducing enhancements to make the program best-in-class. PepsiCo partnered with EdAssist® (a Bright Horizons® Solution at Work) to manage the program.

EdAssist first helped PepsiCo identify policy benchmarks based on a review of seven other companies’ tuition assistance policies. According to Chad Ryan, PepsiCo’s director of retirement plans (who was involved in the policy harmonization effort), having information about what other companies do was critical. He explains, “It is extremely important to our business to have the marketplace pulse. All of the benchmarking data was valuable. It really shaped the decisions we made to harmonize the benefits and build the program for PepsiCo.”

Based on this benchmarking research, as well as on EdAssist’s own expertise on best practices for supporting the learning of working adults, the following key changes were made to the program:

- Providing industry-specific educational and financial advising to employees;
- Requiring that education institutions be regionally accredited to ensure quality and transferability of credits earned;
- Changing the name of the program from *Tuition Reimbursement* to *Education Assistance Program* to better align with PepsiCo's culture of supporting employee wellness and career development; and,
- Increasing coverage of tuition from 75% to 100% of incurred costs for all levels and increasing the annual tuition cap for graduate education.



in the policies and the stricter enforcement of processes were not easy to implement at first. The new processes required change management strategies, including educating the employees on the new submission processes as well as the managers now responsible for pre-approving courses.

The improved program management of the program led to greater enthusiasm about sharing the program with employees because of the greater transparency around the benefit's utilization and results. Explains Ryan, "Historically, this was a program that got very little attention from a communications perspective. [...] we just feel better about the program and communicate it more frequently now." Kara Matz, associate manager of benefits, adds, "It's definitely more front and center, and information about it is more easily available."

**Discounts on tuition are "a terrific benefit to offer"**

Megan Broderick, Senior Director, Health and Welfare Benefits, PepsiCo

The total harmonization of the program policies across divisions significantly improved the employee experience and further solidified PepsiCo's reputation as a leader in educational assistance programs.

### Enhanced Program Management

PepsiCo believes that just as important as having a single company-wide policy is having a streamlined and consistent process for how it administers and manages the program.

**"We feel better about the program and communicate it more frequently"**

Chad Ryan,  
Director of Retirement Plans,  
PepsiCo

With EdAssist as the program manager, PepsiCo gained an automated system with built-in compliance such as course pre-approvals and strictly-followed grade submission requirements. The changes







## Lower Priced Options

Before the transition, PepsiCo employees were paying “list price” at most colleges and universities. The new PepsiCo program offers tuition discounts through the EdAssist Education Network of more than 200 higher education institutions. **In 2013, those employees who attended these institutions saved the company over \$130,000 through tuition and fee discounts.**

Megan Broderick, senior director of health and welfare benefits sees the discount as an important component of the program; she says, “We have been promoting [the education network] within HR about the value this brings to the table. It’s a terrific benefit to offer.”

## Advising to Employees

Before partnering with EdAssist, PepsiCo employees were left to their own devices to find the right schools and the appropriate degree program – as well as to develop a plan for paying for the tuition. EdAssist now offers PepsiCo employees access to educational and financial advisors available to meet by phone to discuss what kind of degree to pursue and what kind of institution to choose (e.g., online, brick-and-mortar, or hybrid models). Advisors also provide encouragement, information about the tuition program’s policies, key deadlines for reimbursement and other helpful resources to employees who may be nervous about going back to school.

*Advisors “steer employees to the best solutions for them.”*

Kara Matz,  
Associate Manager,  
Benefits,  
PepsiCo

## Advising in Practice

One PepsiCo employee who received advising in early 2014 was “Don,” a maintenance worker for Gatorade who had been with the company for seven years after having served in the military. Don had already earned an associate degree in occupational safety and health and wanted to pursue his bachelor’s degree, but he was unsure about his degree options and career path. He originally considered a bachelor’s degree in environmental science at a national online university, and his manager encouraged him to speak with an EdAssist advisor before moving forward.

The EdAssist advisor answered Don’s questions about various degree options and helped him identify several choices for a bachelor’s degree in occupational safety and health – a degree that is more aligned with his associate degree as well as his career aspirations at PepsiCo. The advisor provided Don with detailed information about programs at four different institutions, including tuition costs (both in network and out of network), options to earn credit for learning from his military service, and credit transfer policies.

Don followed the EdAssist advisor’s custom education plan and enrolled in a program of study at one of the recommended institutions. By following this advice instead of his original plan, Don saved the company \$200 per credit hour, or \$12,000, for the 60 credits needed for completing the last two years of a bachelor’s degree program.

“We have found that what this Pepsi employee experienced is indicative of employees across all industries and roles,” said Mark Ward, vice president and general manager at EdAssist. “Adult learners often make educational choices in a vacuum, selecting schools and programs without considering overall learning outcomes. Employees desperately need support through the selection process, in order to align their specific learning goals with the strategic competencies needed by the employer. It becomes a win-win situation, and, as in the case with this Pepsi employee, there are typically tremendous savings of money and time achieved along the way.”



In the PepsiCo program, advising is an optional offering for employees, but leadership sees it as an important tool for participants. The advisors, says Matz, “steer employees to the most cost-effective solutions and the best solutions for them and for PepsiCo. We don’t require advising, but we encourage it.” Adds Sossa, “We see advising as a critical component [...] With the number of choices and decisions our employees have, they don’t always have a lot of time to fully investigate every education path.”

In addition to providing guidance about what to study, EdAssist advisors are trained to help the employee consider how to make their tuition dollar stretch as far as possible. The advisors share details about tuition discounts from network schools as well as possible financial aid opportunities, especially for populations like veterans who may have substantial financial aid available. Advisors also explore whether an employee’s previous learning and life experiences could translate into college credit. Adults going back to school often have college credit earned from previous college enrollment that can be transferred to the new institution. Those with military experience can also have their military transcripts reviewed for credit. Prior learning assessments (PLA) are also an option for many employees who acquired college-level learning in the workplace thus reducing the overall cost of going back to school and helping them complete the degree sooner.

In addition to supporting employees as they pursue their education, advising also has the potential to deliver program savings through:

- More employees attending schools that offer discounted tuition rates as part of EdAssist’s Education Network;

- More employees accessing other forms of financial aid; and,
- More employees having previous learning counted as credit towards their degree, thus reducing the number of courses (and corresponding tuition costs) needed to graduate.

While savings realized through advising may be substantial, the impact on an adult learner can be even greater. Says Sossa, “We don’t necessarily need to see savings [from advising],” he says, “We see this as an enhancement – something that helps employees use the program better.”

## A Better Understanding of Employee Activities and Program Cost-Efficiencies

PepsiCo’s new approach to program management also provides much-needed reporting capabilities on their tuition program. Said Megan Broderick, senior director of health and welfare benefits, before implementing the new program, “we didn’t know what schools employees attended or what degrees they were getting.” PepsiCo now regularly reviews a wide range of data, including:

- The amount PepsiCo spends on individual employees through the educational assistance program;
- Which institutions employees attend;
- What degrees or areas of study the employees pursue;
- Total spend by PepsiCo according to degree goal, location, area of study, or PepsiCo division; and,
- Savings to the company from tuition discounts and improved policy compliance.

The reports help each division understand exactly how much is spent on the benefit, the number of employees enrolled, and the potential business impact. With additional data on what schools employees are attending and what degrees they are pursuing, notes Broderick, “[It] gives us a sense of who is using it and how they are using it.” The information provided through the EdAssist platform, combined with PepsiCo’s internal data, helps leadership understand the full value of educational assistance.



### Data on Program Cost-Efficiencies

In addition, EdAssist tracks and regularly provides reports on cost savings that are realized – both through the education network discounts as well as the savings resulting from improved compliance with program policies and processes.

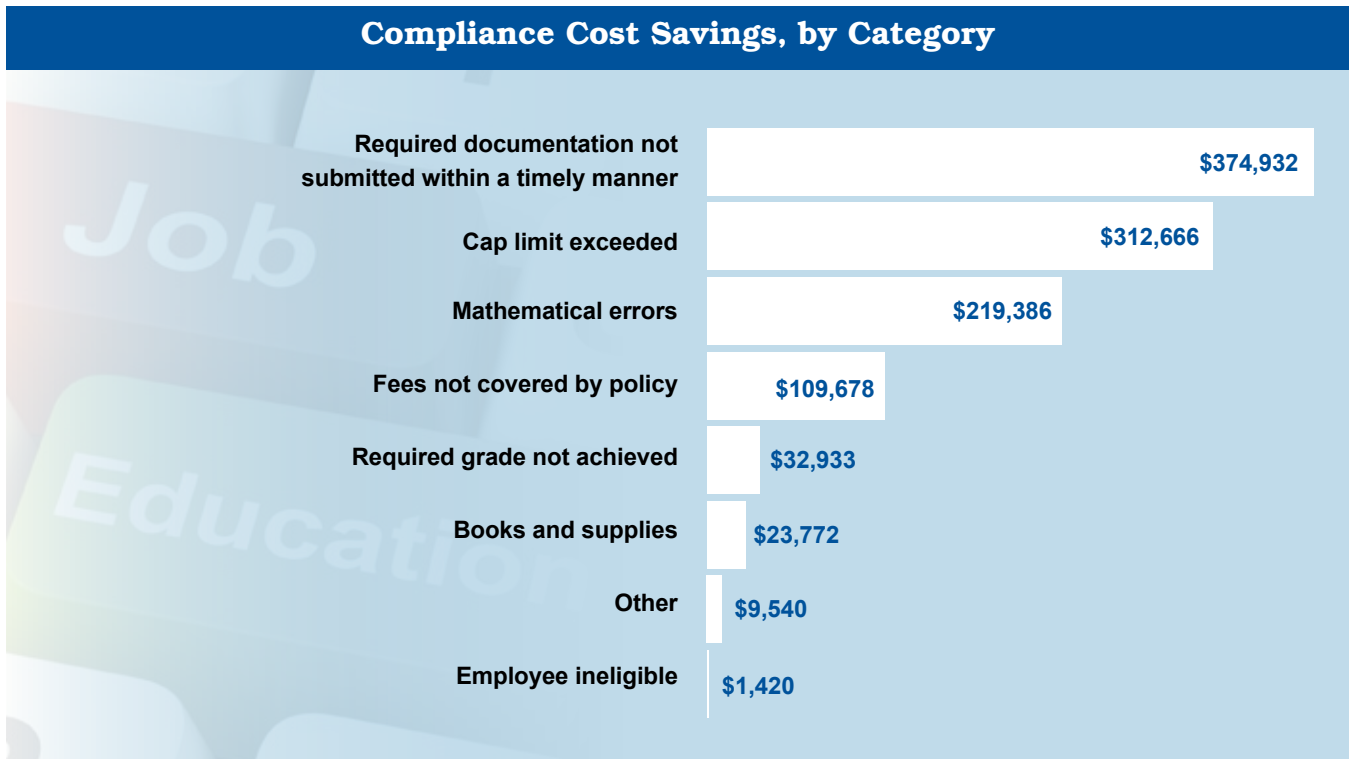
For example, as already noted, the tuition and fee savings from PepsiCo employees using network institutions exceeded \$130,000 in 2013. The fees paid to EdAssist for access to this network were \$78,000 for that same period. The realized cost savings delivered a return on PepsiCo’s investment of 67%.

The compliance savings PepsiCo realized in 2013 was substantially higher, exceeding \$1 million. EdAssist calculates the compliance savings by totaling the dollar value of the reimbursement requests (or portions thereof) that are not approved for payment. The largest categories of compliance savings are from applications that are not submitted when they are due (\$374,932), followed by applications that exceed the annual cap (\$312,666), and mathematical errors in the application form (\$219,386). Other compliance cost

<b>Network Fees vs. Tuition Discount Cost Savings, 2013</b>
<b>Fees to participate in network = \$78,000</b>
<b>Savings from network discounts = &gt;\$130,000</b>
<b>Return to PepsiCo = +67%</b>

savings include fees not covered, books and supply costs not covered, and not meeting minimum grade requirements.

In the PepsiCo example, many of the program policies and procedures were not strictly enforced when the program was managed in-house. Therefore, having an external administrator manage the program and consistently enforce deadlines and other administrative processes is producing savings that the company did not realize previously. Consider just two of the compliance categories – “Cap limit exceeded” and “Fees not covered by policy.” The compliance savings from these two categories totaled \$422,344 in 2013, exceeding EdAssist’s total administrative fees by 132%.





<b>Administrative Management Fees vs. Compliance Savings</b>
<b>Administrative fees = \$182,000</b>
<b>Select savings from compliance (“cap limit exceeded” and “fees not covered,” only) = \$422,344</b>
<b>Return to PepsiCo = +132%</b>

Compliance savings numbers will likely fluctuate from year to year. From experience, EdAssist expects to see higher than average compliance savings in the first year of a program’s roll-out as employees adjust to new program policies and processes. The expectation is that compliance savings will stay about the same in the following years as new employees enter the program each year. Meanwhile savings from using network institutions, realized through tuition discounts, is likely to increase as more employees learn about the tuition savings.

Broderick says that having this kind of data on cost savings and efficiencies is important to a company like PepsiCo. “Without EdAssist,” Broderick says, “we might have spent more than we should have.” Having even an estimate of what

kind of costs have been avoided helps to underscore the value of consistent policies and processes, services provided through EdAssist; PepsiCo knows what is being spent on educational assistance, what costs have been avoided or reduced, and how those numbers affect the company’s bottom line.

### Conclusion

In response to changing business needs, PepsiCo overhauled its tuition program so that the benefit became a strategic tool for building the skills of the workforce. New policy changes, better program management, and the addition of advising through EdAssist is delivering greater consistency in the program as well as measurable cost savings.

PepsiCo, through their internal vision and partnership with EdAssist, also believes that it the new education assistance program can be a tool for underscoring the company’s focus on education and improving the lives of its employees. Sossa says, “EdAssist is philosophically in line with what we are looking for. We didn’t want to just ‘check the box,’” says Sossa. “We wanted to partner with someone who believed in education and would promote it. And that’s what we got from EdAssist.”

*This case study was produced by the Council for Adult and Experiential Learning (CAEL), a national non-profit organization linking learning and work. This work was commissioned by EdAssist.*