



Case Study.

Changing Employee's Lives With a Daily Pay Benefit

As Talent Acquisition Manager for Arbor Lodging Management, a leading hotel investment and management company with a portfolio of hotels across the United States, Mike Teske has a big job — focusing on sourcing talent and recruitment for Arbor Lodgings’ 18 (and growing) properties. We recently had a chance to speak with Mike about some of the benefits challenges Arbor Lodging was facing and how DailyPay was able to help with a life-changing daily pay benefit. Here is what he had to say:

Looking to offer a different type of benefit

We initially began to look at non-monetary perks for our team, trying to come up with a benefit that other employers weren't offering. So we started to talk with some of our hotel General Managers and they told us they noticed that many in the hourly workforce started getting a little “twitchy” on the Monday or Tuesday before their biweekly payday. They were anxious about making it to payday and exhibited the classic symptoms of “paycheck anxiety.” We also realized that we needed to increase retention and raising everyone’s pay just wasn’t feasible. I went to the Connect HR meeting last year to learn about ways to increase retention and that’s when I came across DailyPay. People being able to get their money on-demand, before payday, was just such a novel concept.

Putting employee’s minds at ease

I found the idea of employees having access to their money before their next payday thoroughly intriguing. It’s helping to put their minds at ease by letting them know that, “Look, you don’t have to worry about paying your gas bill or your electric bill or any other expense on time. We understand that if you miss a payment, you get a \$30 late fee. Now you don’t have to worry about that \$30. For \$1.99, you can get your money and pay it two days early and then you’re fine.” They don’t have to tiptoe around their money as much.

“Would you like to get your money earlier for the cost of a Coca-Cola? Yeah, I totally would.”



Partner:
Arbor Lodging
Management

U.S. Headquarters:
Chicago, Illinois

Industry: Hospitality

Number of Employees: 1,000

Payroll Platform:
iSolved (changing to
UltiPro)

Timekeeping System: Hotel
Effectiveness

A benefit with transparent, ATM-equivalent employee fees

I think that the best part about it for us, at least, is the fact that there is no charge for Arbor Lodging because employees pay an ATM-like fee to access their earned wages. They're not leaving a "tip" and the company is getting charged. Why would I leave a tip for somebody to get my own money — that's ridiculous. I don't understand that at all. With DailyPay, employees are basically going to an ATM and ATM fees are like \$2 or \$3 today. It's not like they're paying an amount that is more than a normal charge.

Sizing up the competition

When I went to my CEO, I think one of the things that impressed both my boss and the CEO was that this was something nobody else was really doing yet. All that the CEO asked was that I look at two companies. So I looked at Even — that's the company that works with Walmart. But the way that the process worked there was a lot more contrived than with DailyPay. It was like, "I want to get my money. I have to go to Walmart to get it." You go to Walmart, and the reason they do it like this is that once you're in Walmart, you say, "Well, I might as well pick up a gallon of milk while I'm here," and you wind up spending \$50! So, when I told the CEO that I wanted to go with DailyPay, he trusted my judgment.

A benefit that changes lives

When I spoke to the General Managers at our various properties about DailyPay, they said,

"This is something that we would love to offer our team, and they would enjoy it." This isn't like discounted movie tickets. What good are they when people can't even afford to go to the movies anyway? But if they can get their money faster, the money that they've earned faster for emergencies or whatever, then that is something that affects people on a day-to-day basis. This is a "Today I can buy groceries" benefit.

This is what I really liked about DailyPay — it offers employees something they can actually use. They can make it part of their budgeting, make it part of how they handle expenses at home and, hopefully, it can help them get their finances a bit more under control because they won't be paying late fees. They won't be going to payday loan shops because those places are just scamming them with 400% interest on loans. With DailyPay, they're actually able to make better decisions.

This isn't a loan; it's our employees' money

When I spoke to vice presidents of the regions, they initially reacted with, "Oh my god. This is a payday loan that we're going to be offering." I had to tell them, "You have to stop calling it that. It's not a loan because employees will just be getting the money that they have already earned." Initially, there was that fear and there was also the fear that people were going to take all of their money out every day. Some felt that, like other daily pay benefit providers, we should limit the amount of money that an employee could take out. So I had that conversation with my CEO and he said, "Well, it's their money. They've earned it. Why should we restrict them from any of it?"

"Other daily pay benefit providers only allow access to 50% of employee's net earnings. Our employees have access to 100% of the money that they earned because it's theirs. Limiting access is just not something we wanted to control."

Recommending DailyPay to my Peers

I would definitely recommend DailyPay because it's a day-to-day benefit that's actually useful. It's like I said about discount movie tickets — they're nice, but how often are you going to use them? But access to your money before payday? When I was watching the DailyPay demonstration, my vice president of HR was with me. She put the phone on mute and said, "This is something I would use." It's so basic! Would you like to get your money earlier for the cost of a Coca-Cola? Yeah, I totally would.

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