



Health, Productivity, and Performance Study Committee



Exploring the Value Proposition for Workforce Health

*Business Leader Attitudes about the Role of Health as a
Driver of Productivity and Performance*

Executive Summary Report - February 2015

Executive Summary

Increasingly, U.S. business leaders are viewing workforce health as a business issue and emerging research demonstrates the influence of workforce health on business outcomes. The Health Enhancement Research Organization (HERO) partnered with seven member organizations to survey business leaders about their views on the value proposition for workforce health and the connection between health, productivity, and performance. Several of the key findings are described below.

- Most leaders view productivity and performance as related but different concepts that contribute equally to meeting organizational business objectives. This has implications for how to use these terms when presenting the business case for an investment in workforce health and well-being, as well as for program evaluation metrics.
- Survey results confirm that business leaders recognize health as a significant contributor to productivity and performance and that health is more likely to be viewed as an investment in human capital than it is a health care cost containment strategy. While this finding is encouraging, for every leader that views health as a core business strategy, nearly an equal number view health as an expense to be managed.
- Most business leaders indicate their organization's leaders are committed to improving the health of their workforce, but middle managers are less likely to recognize this commitment than more senior business leaders. This finding underscores the importance of addressing all levels of leadership within the organization when building support for workforce health and well-being programs.
- Business leaders' views about the relationship between health, productivity, and performance are complex. Among this group, workforce health is not widely recognized to be among the top drivers of productivity or performance, but most leaders believe health is a significant contributor. Emerging research indicates this may be a fair assessment, in that workforce health is less influential to productivity and/or performance, relative to other contributors. However, it is still important to address

workforce health as part of a comprehensive approach to optimizing worker productivity and performance.

These key findings make critical the need to better understand the role of workforce health as a direct and indirect contributor to productivity and performance in order to substantiate a broader value proposition for employer investments in workforce health. Four organizations were identified to serve as case studies of organizations leveraging health as a business strategy. Organizations were selected based on their national recognition for producing substantive business outcomes and their dedication to employee well-being. Common themes across the four case study organizations include: (1) people-centric organizational philosophies drive the importance of taking care of the workforce to achieve organizational goals; (2) organizational culture is viewed as a strong contributor to health, performance, and productivity; (3) steadfast and pervasive organizational commitment to measurement and evaluation is essential; (4) workforce health and well-being is considered a primary driver of organizational performance and productivity. Each of the organizations is very unique in their approach to demonstrating a connection between health and broader business objectives.

The survey findings and case studies shared in this report represent a first step towards a dialogue about the value proposition of workforce health as a driver of productivity and performance, and ultimately, business outcomes and profitability.

Case Studies of Organizations Leveraging Health as a Business Strategy

Organizations were selected for case studies based on their national recognition for producing substantive business outcomes and their dedication to employee well-being. The work group aimed to identify companies representing diverse size, industry type, and US geographical location.

American Express

Established in 1850, American Express (AXP) is a global services company, providing customers with access to products, insights and experiences that enrich lives and build business success. AXP offers the broadest array of payments, expense management and travel solutions for consumers, small businesses, mid-sized companies and large corporations. The New York City-based company employs more than 50,000 people worldwide and was ranked 90th among the Fortune 500 in 2014. Last year, \$952.4 billion was spent worldwide using the 107 million American Express cards that are accepted in more than 130 countries and territories. American Express prides itself on providing superior customer service and earned the 2014 J.D. Power and Associates award for highest customer satisfaction for the eighth consecutive year.

Barry-Wehmiller

With more than 20 consecutive years of 18% compound growth in share value, Barry-Wehmiller is a diversified global supplier of manufacturing technology and services across a broad spectrum of industries. The St. Louis, Missouri-based company employs more than 8,500 team members across more than 70 companies operating in 28 countries. The company's four primary operating platforms are packaging automation, paper systems, paper converting, and engineering & IT consulting. In 2014, *Inc. Magazine* named Barry-Wehmiller one of its "Most Audacious Companies" due to its commitment to a people-first culture and purpose driven growth.

Intermountain Healthcare

Intermountain Healthcare is a not-for-profit health system based in Salt Lake City, Utah, with 22 hospitals and 185 clinics in its health services group; 1,100 doctors and caregivers in the Intermountain Medical Group; and a broad range of clinics, services, and health insurance plans from SelectHealth. It is the largest healthcare provider in the Intermountain West, with more than 34,000 employees and serving the healthcare needs of Utah and southeastern Idaho residents. For five consecutive years, SelectHealth was recognized by J.D. Power and Associates as the top ranked health plan for member satisfaction within the mountain area.

The Schwan Food Company

The Schwan Food Company is a multibillion-dollar, privately owned company with 15,000 employees in the United States. Based in Marshall, Minnesota, the company sells frozen foods from home delivery trucks, in grocery store freezers, by mail, and to the food service industry. The company produces, markets, and distributes products developed under brands such as *Schwan's*, *Red Baron*, *Freschetta*, *Tony's*, *Mrs. Smith's*, *Edwards*, *Pagoda Express*, and many others. In 2013 Schwan's was recognized by Minnesota Business Magazine, ComPsych, and the Minneapolis/St. Paul Business Journal for its health and wellness programs.

American Express (AXP)

AXP's Vice President and Chief Medical Officer, Dr. Wayne Burton, describes the value proposition for a strong health and productivity strategy this way: "Service is the soul of our company. Our employees are at the heart of our connection with our customers, so their productivity and performance are critical to our success."

With more than half its employees working outside the United States, there is a global business case for AXP's health and productivity strategy. In many countries medical costs are not an issue for the company because the payment for, and provision of, medical services are handled predominantly by the government. However, one goal is crucial in all countries and cultures: keeping people at work and performing optimally. Dr. Burton's department is responsible for developing and implementing the productivity and wellness strategy. But he is quick to mention that senior leadership is essential to success. A steering committee made up of four executive leaders representing lines of business around the world reviews and provides direction to the overall health management program.

AXP is a customer service driven organization and performance metrics are at the heart of the culture. Productivity is considered a component of an employee's performance at AXP but performance encompasses many other factors, which are evaluated in the annual job performance assessment. Senior leaders understand that healthy employees are more productive and engaged with their work, and that unmanaged stress, lack of regular exercise, and obesity are global regarding their impact on productivity. Twice a year, employees complete performance assessments and are evaluated by their supervisors. Annually, company senior leaders undergo a 360 evaluation. In addition, there is an annual Pulse Survey distributed to all employees that focuses on leadership and engagement.

The company has an integrated database that provides information on productivity outcomes including short and long term disability, workers' compensation, and incidental absenteeism. Dr. Burton's group selected a health risk appraisal (HRA) and the Work Limitations Questionnaire to measure the connection between health risks and productivity outcomes by age group, location, and ethnicity as well as to assess opportunities for wellness initiatives. They've demonstrated that poor health is associated with an increased likelihood of a short-term disability event and that improved health status is associated with a decline in short-term disability events.

"In order to provide exceptional customer service, we need to have engaged employees." To assess engagement Dr. Burton's team added a set of questions to the HRA. Two years of results are in, and they have found that healthier employees are more engaged. Dr. Burton cautions that they don't know the directionality of the relationship, so we can't assume that health leads to engagement. Future data analysis will begin to determine how the metrics change over time.

Barry-Wehmiller

For Barry-Wehmiller, the organizational connection of health, performance and productivity starts with the company's culture. Their *Guiding Principles of Leadership* defines the cultural strategy for the entire organization. The vision for cultural strategy reflects their people-centric culture: "We measure success by the way we touch the lives of people." The Guiding Principles foster the belief that leadership is responsible for creating a dynamic environment that is based on trust, brings out and celebrates the best in each individual, allows for teams and individuals to have a meaningful role, inspires a sense of pride, challenges individuals and teams, and liberates everyone to realize "true success".

Barry-Wehmiller's leaders are driving towards a culture that promotes health as a contributor to both performance and productivity. They acknowledge that when people don't feel their best, people will not be able to achieve the highest levels of performance and productivity. In order to foster the connection between health, performance and productivity, health metrics are integrated into business updates and the senior leadership teams are becoming involved in setting and supporting health goals.

The company's people-centric approach to measuring performance and productivity centers on the belief that leaders play a central role in how their people feel about the contributions that they make to the organization. Barry-Wehmiller's leaders believe that creating an environment where people feel good about the work that they do is directly related to the other aspects of people's lives, and if people feel fulfilled and valued at work, they will create better lives for themselves and stronger relationships with their families outside of work.

Barry-Wehmiller's commitment to measuring the success of their culture and leadership model is steadfast, and the organization has conducted a recent study to develop a clear understanding of the outcomes associated with their people-centric business model. This study, conducted in conjunction with Georgetown University and Washington University, found a strong correlation between the company's leadership model, culture and key business outcomes such as performance, creativity, and altruism. The company utilizes several different measurement tools including the HERO and WELCOA scorecards, financial analysis, an environmental assessment tool, and comprehensive health drivers and outcomes data such as biometrics, health risk assessments, and incentive analysis.

As Barry-Wehmiller's CEO Bob Chapman notes: "All the metrics—inventory turns, quality, on-time delivery, financial performance—will come if you have the right vision and connect it with the right inspirational leadership model." Through this leadership model, Barry-Wehmiller instills a sense of both organizational and societal responsibility for the company's leaders to create a caring environment that inspires positive behaviors and allows team members to reach their fullest potential.

Intermountain Healthcare

The focus at Intermountain Healthcare is on people helping people improve their health and well-being, as evidenced in its mission, "Helping people live the healthiest lives possible." They do this through their community, patient-focused, and employee LiVe Well programs and services. This practice of supporting the health of every life they touch demonstrates their commitment to achieving optimal well-being and its value to them as an organization. The company believes that being a healthy organization is a primary strategy, commensurate with delivering proper care for patients.

Intermountain leadership 'walks the walk' by participating on the LiVe Well Program Steering Committee, which focuses on initiatives that support employees and their families to live healthy, happy, connected, engaged, and secure lives. These leaders then turn to their departments to assist with the development of a culture of wellness. The goal is to establish the connection between personal health and well-being, and Intermountain's capacity to fulfill its mission of providing excellence in healthcare to the communities it serves.

In terms of the link between health, performance and productivity, Intermountain connects their mission of delivering patient clinical improvement and the highest quality of care with employee engagement. Performance is measured through engagement and after three years of using the Gallup Survey, Intermountain has found that the level of employee engagement correlates highly with patient satisfaction and employee participation in the LiVe Well program. Performance is also measured through patient clinical outcomes. Intermountain believes that when employees are engaged, the result is high performance, which translates to high levels of patient safety and patient satisfaction.

Intermountain leadership understands the difference between work process and outcomes, but does not make a distinction between the terms performance and productivity. There is consensus, however, that good customer service is clearly tied to good health and wellness. Modeling good health is now viewed as an important component of being a high performing employee.

Success has long been defined at Intermountain as delivering health outcomes and high quality services, as well as meeting or exceeding financial goals. Specific metrics by which the LiVe Well employee initiative will be measured are now being analyzed and prioritized but at the highest level Intermountain's leadership and Board of Directors are focused on engagement at work, participation in the wellness program, improvements in HEDIS measures, and changes in overall healthcare costs.

The Schwan Food Company

Corporate citizenship is at the heart of Schwan's culture and their unique approach to making the connection between health, performance and productivity. Schwan's commitment to improve the quality of life of its employees and improve the communities in which they live occurs through community involvement, creating sustainable programs, and sponsoring events that promote charitable giving and educational involvement.

One of the keys to Schwan's success is the company's relentless dedication to measuring the financial, operational and people-related components of the organization. Schwan's business priorities are safety, quality, growth, cost, service and culture, and the company measures key elements of performance and productivity in order to determine their progress in each of these priorities. Schwan also develops specific metric targets for each of their business units, and manages to them. Schwan's leaders view performance as the "output" and productivity as the "efficiencies needed" to achieve that output. Of Schwan's fifteen key performance indicators, one-third are productivity-oriented and two-thirds are performance-oriented.

Schwan's fundamental approach to performance is captured in one simple question: How much of a person's potential did they bring to the job today? Additionally, Schwan believes that the primary drivers of performance and productivity are removal of barriers, streamlining processes and creating a supportive culture, and the company's leaders consistently strive to find meaningful and measurable ways to address these drivers.

As Schwan evolves its process of making the connection between health, performance and productivity, it has studied the connection between safety and its annual work engagement survey. Intuitively, the leaders at Schwan believe that fostering a culture that enables healthy lifestyles can be a source of increased innovation, improved quality and improved efficiencies. Furthermore, they have demonstrated this connection by developing correlational studies focused on their business priorities and engagement data. Interestingly, Schwan found that organizational support for healthy employee lifestyles is the engagement survey item that is most strongly correlated to safety.

As Schwan continues to refine its understanding of the link between health, performance and productivity, it is focused on helping front-line managers better make the connection with their teams. While the senior leadership team at Schwan understands the connection, they feel it is also critical to facilitate this understanding with employees throughout the different layers of the organization. Additionally, the company intends to continue to pursue measurable ways to strengthen the connection between health, performance and productivity.

Contributors to this report

This report is a product of the HERO Health, Productivity, and Performance (HPP) Study Committee. A broad group of HPP study committee members and industry subject matter experts contributed to the development of the business leader survey and the four accompanying case studies that are summarized in this report.

Survey Distribution Partners

The business leader survey was administered by HERO, with support from seven survey distribution partners. Special thanks to the survey distribution partners for their efforts to promote the survey to a diverse group of business leaders.

- Findley Davies
- HUB International
- Hylant
- Institute for HealthCare Consumerism
- Mid-America Coalition on Health Care
- National Business Coalition on Health
- Virgin Pulse Institute

Employer Case Studies

In addition to the business leader survey, members of the HPP Study Committee conducted interviews with employer members to identify organizations whose leaders recognize the important role of workforce health in the achievement of business objectives. Four employers were selected on which case studies are provided. These organizations are real-world examples of how employee health can be leveraged to optimize business value. Individuals from each of the organizations below contributed to the case studies.

- American Express
- Barry-Wehmiller
- Intermountain Healthcare
- The Schwan Food Company



The **Health Enhancement Research Organization** (HERO) is a non-profit corporation dedicated to the creation and dissemination of employee health management (EHM) research, education, policy, strategy, and leadership. HERO's vision is to promote a culture of health and performance through employer leadership.

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