



Case Study August 2012

Wellness Metrics in Action CMP Advanced Mechanical Solutions: Low Cost, High Return

CMP Advanced Mechanical Solutions (CMP) was established in 1969 as Chateauguay Machine Parts, a small metalwork company.¹ In 1972

Hans Zimmermann bought the company, which since then has developed into a well-respected enclosure solutions manufacturer for the following industries:

- ♦ industrial equipment;
- ♦ light rail and transportation;
- ♦ power and electricity;
- ♦ medical;
- ♦ homeland security;

- ♦ self-service kiosks; and
- ♦ telecommunications.^{2,3}

CMP's senior managers believe that the company's strength is its people, a belief underscored by their concern for employee well-being during company crises. Twice in its history, the organization has lost more than half its business because of an unexpected event. In 2001, CMP lost 70 per cent of its business during the fall of Nortel, its biggest client. Then CMP lost 50 per cent of its business during the recession in 2009.

1 This case study is based on information from Michel Labrecque (Vice-President, Human Resources, CMP). Interview by Louise Chénier and Elyse Lamontagne, March 26, 2012.

2 CMP Advanced Mechanical Solutions, *Company Overview—History*.

3 CMP Advanced Mechanical Solutions, *Company Overview—Profile*.

About This Series

The Conference Board of Canada recently published a report, *Making the Business Case for Investments in Workplace Health and Wellness*,¹ that provides small, medium-sized, and large organizations with advice on how to measure the impact of their workplace health and wellness programs. The report identifies practical, research-backed approaches to measurement, as well as a variety of tools and metrics, that employers can use to demonstrate the return on investment of their health and wellness initiatives.

Research for the report, which included an in-depth review of the literature, identified several employers that are currently evaluating the impact of wellness programs on their organizations. These leaders have invaluable information and guidance to offer to other employers that are trying to measure the impact of their own health and wellness initiatives. This briefing is the 10th in a series of case studies that profile these organizations, their wellness programs, and the methods they use to evaluate their initiatives.

1 Chénier, Hoganson, and Thorpe, *Making the Business Case for Investments in Workplace Health and Wellness*.

Through both these crises, senior leaders showed their concern for employees by attempting to prevent as many layoffs as possible. In fact, CMP did not lay off any employees for nine months during the Nortel crisis. This unwavering focus on employee well-being has led to a highly engaged workforce.

HEALTH AND WELLNESS FOCUS

CMP designed and implemented its employee health and wellness program in 2007, spurred by two main motivating factors. Chief among these was a significant (30 per cent) increase in group insurance plan premiums. The company also wanted to improve the health of its employees.

Michel Labrecque, Vice-President, Human Resources, was given responsibility for the group insurance file and actively searched for a solution to the problem. During his research, he found that a workplace health and wellness

program could not only sustain the health of employees but could also eventually produce a return on investment of \$3 for every dollar invested. He presented a business case to the senior management team, which approved the introduction of a wellness program.

The first step in the design and implementation of the wellness program was to analyze the group insurance file. Labrecque met with the company's insurance broker and insurance company so that, together, they could identify the areas of concern for the organization. The concerns that emerged were:

- ◆ stress and professional burnout;
- ◆ musculoskeletal problems;
- ◆ digestive issues; and
- ◆ cardiovascular conditions.

They agreed that any wellness initiative offered had to touch on one of these four problem areas. Since senior management wanted to see tangible results from wellness initiatives, an evaluation component was included in the program design.

In 2007, a wellness program was piloted at the head office, which employs approximately 200 employees. This program is overseen by an eight-member wellness committee. Although Labrecque sits on the committee, he acts more as a coach than a regular committee member. A plant worker was chosen to chair the committee—a move that helped to ensure employee engagement in and ownership of the program. The remaining committee members include office and plant employees and a representative from the region's Centre de la santé et de services sociaux.

The wellness program was launched with a day-long wellness fair designed to familiarize employees with the components of the wellness program. Information kiosks were set up in the cafeteria, and various health professionals (a nutritionist, an industrial psychologist, a kinesiologist, and a nurse) were on hand to answer employees' questions. The end result was a very interactive, participative event.

The committee organizes three to four different types of wellness activities every year. These include:

- ◆ annual biometric screening clinics and educational workshops that centre on the four areas of concern noted earlier;
- ◆ an annual healthy barbecue, which boosts employee morale;
- ◆ kinesiologist-designed, personalized exercise plans for employees;
- ◆ the Good Food Box program, through which affordable fresh produce is delivered to employees at the workplace every two weeks;⁴
- ◆ a volleyball court and a horseshoe pit on company property, where employee and management teams enjoy friendly competition; and
- ◆ the 5/30 Health and Wellness Challenge—a Quebec-wide challenge during which participants must eat at least five servings of fruit and vegetables a day, do at least 30 minutes of physical activity each day, and meet one of two wellness goals within a six-week period (from March 1 to April 11 each year).⁵

CMP's wellness program is not only very cost-effective—relying solely on free resources—but is also having a positive impact on absenteeism across the organization.

All of these activities are held at a minimal cost to the employer. Although employees must participate in more social or recreational activities (e.g., volleyball) on their own time, they can take part in more educational initiatives (e.g., a biometric evaluation) during working hours.

CMP has also changed some organizational practices to better support employees who have health issues. For example, CMP has instituted a modified work program to allow employees who are away from work for health-related reasons to return to work earlier on a flexible schedule.

MEASUREMENT, EVALUATION, AND RETURN ON INVESTMENT

The wellness program has been very cost-effective. The wellness leaders have no operating budget and rely solely on free resources. The total cost of the program since inception has been estimated at about \$40,000, a cost primarily due to the time employees spend in wellness activities during working hours.

We made small miracles with virtually no budget. For an investment of \$40,000 in five years, largely due to freed-up time for employees, CMP has reduced its spending by \$250,000 per year.

—Michel Labrecque, Vice-President, Human Resources, CMP

An evaluation component was included in the wellness program design in order to determine whether the initiatives were having the desired results and, if not, to identify any necessary modifications. The evaluation has shown that the program has been working as intended. CMP's group insurance plan premiums have fallen consistently since 2007. For example, the increase in group insurance plan premiums fell from 30 per cent per year in 2007 to 23 per cent the following year, then to 14 per cent and 7 per cent for the two years after that. CMP has recently renegotiated the contract with its insurance company, and this includes an annual decline in premiums of 3 per cent for the next two years, despite the steady increase in medication costs. This decrease in group insurance plan premiums has resulted in a savings of \$250,000 per year.

By evaluating the impact of the wellness strategy on group insurance plan premiums, CMP's human resources department was able to show senior management a positive return on the wellness investments.

4 Capital Region Good Food Society, *The Good Food Box*.

5 ACTI-MENU, *5/30 Health and Wellness Challenge*.

How ROI Was Calculated

$$\text{ROI} = \frac{\text{Total group insurance plan premium savings}}{\text{Total cost of wellness program}}$$

$$\text{ROI} = \frac{[\$250,000/\text{year} \times 5 \text{ years}]}{[\$40,000]}$$

$$\text{ROI} = 31.3$$

Source: Michel Labrecque, Vice-President, Human Resources, CMP.

For every dollar invested, CMP's wellness program has saved the company over \$31. (See box "How ROI Was Calculated.") This is a very high return on investment and is due partly to the low cost of the program.

Senior leaders also believe the wellness initiatives have had an impact on turnover at head office. The turnover rate dropped from 12 per cent in 2009 to 3 per cent in 2010. Because other organizational practices and external factors could have affected turnover, CMP has not attached a financial value to this indicator. The human resources department is currently evaluating this impact in more detail. CMP uses the "topgrading" approach to evaluate the performance of each employee, classifying them as A, B, or C performers. The company is now trying to determine whether the wellness program has a specific impact on high-performing employees.

CHALLENGES

Although the wellness team at CMP is confident that its evaluation of the wellness program is accurate, the evaluation does not capture all the relevant metrics. For example, the wellness team knows intuitively that the program is having a positive impact on absenteeism in the organization, but the human resources department does not have a system for capturing this information. It would require an extremely sophisticated human resources information system to provide absenteeism data by the nature of the absence, such as a health-related absence. This type of system is too costly for a small to medium-sized organization to install.

ADVICE FOR OTHERS

Labrecque recommends that wellness leaders who are implementing a new wellness program check what factors are driving health-related costs in the organization and ensure that they can evaluate the impact of the program on these factors. The evaluation does not have to be perfect, and it does not have to cover every possible organizational impact.

As well, many resources are available free of charge to employers who want to better support the health and well-being of their employees. In the case of CMP, the company regularly consults with experts at Healthy Enterprises Group, who have designed guidelines that employers can use to implement and evaluate an effective workplace wellness program.

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by Louise Chénier

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