



GRACO

Graco Inc. is a leading manufacturer of pumps and spray equipment for fluid handling in the construction, manufacturing, processing and maintenance industries. Graco has 2,600 employees worldwide, and 1,700 in the U.S. Its headquarters are in Minneapolis, Minnesota.



PROGRAM GOALS & HISTORY

Established in 2008 under the brand “*Health: From Hire to Retire*,” the goals of Graco’s program are to:

- Create a culture that supports health, wellness, and safety;
- Improve overall health of employees;
- Control rising healthcare costs – and not just shift the burden to employees;
- Improve productivity; and
- Improve employee engagement and decrease turnover.

PROGRAM DESIGN

Programs/Activities:

- Health risk assessments (HRAs)
- Biometric screening
- Weight Watchers program, on-site yoga classes, cooking demos
- Health awareness campaigns, newsletters
- On-site physical therapy sessions

- Smoking cessation programs/resources
- Fitness center discounts

Environmental supports:

- Dedicated wellness staff (nurse, safety specialist, physical therapist)
- Wellness champions

Incentive design:

- Outcomes-based incentives (data verified)
- Employees have the option to make alternative (progressive) goals instead of aiming for idealistic (but realistically unattainable) goals
- When employees meet their goals, they earn points toward five tiers of financial incentives (in the form of premium discounts or contributions toward a health savings account)
- Spouses can also earn points for HRA completion, biometric screening, and being tobacco-free; there are “Recognition Rewards” to employees involved in wellness programs
- “Real Time Discounts,” where employees can earn points and lower premiums during the current benefit year rather than having to wait until following year to receive the discount; this is aligned with the behavioral economics principle that people value immediate rewards more than distant ones.
- Employees who cannot meet goals (e.g., due to a disability) may appeal and obtain a waiver so that they are not penalized/do not lose the opportunity to earn an incentive

LEADERSHIP COMMITMENT

Graco’s senior leadership is very engaged and committed to the program. The current CEO rose through ranks from the factory floor, and has made efforts to remain very transparent and accessible to employees. He holds quarterly townhall-style meetings with employees and has used these meetings to promote the company’s health promotion agenda. With regular monitoring and evaluation, the leadership sees evidence of the program impact, and this evidence underlies a strong commitment to the program.

CULTURE OF HEALTH

With its transparency and consistent messaging, Graco has effectively gained the trust and engagement of employees and made health a company-wide priority.

EMPLOYEE ENGAGEMENT

At Graco, employees receive clear and consistent messages from all levels of leadership encouraging them to be healthy. Employees find the alternative goal-setting and tiered incentive options motivating. Seventy-six percent of employees participate in the program. Employees share stories of success with one another, supporting each other to be healthy. Wellness ambassadors offer peer support to help people become involved in the program.



MEASUREMENT AND EVALUATION

Graco has a very results-driven/number-driven culture in which programs are regularly evaluated. Recent evaluations have documented a number of health improvements in biometric measures. The proportion of employees who have normal blood pressure improved 212% in the first five years of the program, and the obesity rate declined from 37% to 31%. In addition, Graco saw a reduction in workers' compensation costs, recordable injuries, and absenteeism. The healthcare costs of employees increased an average 2.3% each year since 2008, far below the rate of 8% to 10% before the start of the program.

LESSONS LEARNED / CHALLENGES

Because of its strong system of measurement and evaluation, Graco is able to identify problems and inefficiencies and refine its program accordingly. For instance, early in the program, Graco had a system of participation-based incentives; these were not effective at spurring actual health improvement, and so Graco turned to a system of data-verified outcomes-based incentives.



STRENGTHS/KEY SUCCESS FACTORS

A key strength of Graco's program is its transparency and clear and consistent messaging. For instance, when the company's CEO introduced the wellness program to employees in 2008, he talked very openly about the goal of reducing health care costs. He highlighted some of the connections between lifestyle behaviors and healthcare costs, so employees could see a wellness program was a reasonable approach. Finally, he explained that Graco had no intention of shifting the expense of medical costs from the company to employee; Graco would continue to cover 80% of the medical premiums, so cost savings would only be accomplished if employees' health improved.



LINKS

<http://www.graco.com/us/en.html>