

A CASE STUDY ON A CORPORATE WELLNESS PROGRAM



# How American Financial Group Rode the Wellness Trail



**O**ut in the heat, the cold and the rain. Always on the lookout for rattlesnakes and other varmints. A cowboy's life isn't all fun.

In many ways, traversing the dangerous, often dreary route between Texas and Kansas is like embarking on a wellness program. It takes a long time. Hour after hour of riding the road. The dreary, demotivating drench of a downpour. Day after day of steady determination. All the time knowing that at the end of the hard trail is a reward. For the cowboy it's money in the pocket. For an employee it's lost weight and regained health.

There's another similarity between the old Chisholm Trail and the wellness trail: boom or bust often hangs on the boss. The trail boss needs to motivate the trail hands so that when someone gets thrown from a horse, they get back up and get back on. And if they get thrown into a cactus, she needs to be there with a helping hand. They aren't the type to squat with their spurs on.

**At the end of the hard trail is a reward.**



One of the trail bosses on American Financial Group's (AFG) wellness trail was Scott Beeken, Vice President, Benefit Strategy and Planning. Winner of the prestigious Benny Award for Benefits Professional of the Year for 2008, in the language of the old west, he's no shave tail. Instead, he's someone to ride the river with and sound on the goose. In today's words, he's experienced enough to plan a route to victory and wise enough to know how to motivate AFG's staff to keep saddled up and riding the wellness trail.

Scott Beeken is also one of those people that breaks new trails instead of following the well-worn wagon ruts. That's why he won the Benny Award. But Scott's no biggest toad in the puddle. When asked what made him stand out from the other nominees, he immediately said it wasn't anything he'd done. Instead, it was AFG's culture of caring, intelligent risk-taking, and trust that came from the top down that was responsible for his success.

"We have a very supportive organization all the way around here. When you go to your senior management and say, 'I've got this idea – I want to give a car away,' there are a lot of places you wouldn't even think of bringing that subject up. But we've got a very receptive senior management here that's genuinely concerned with the employees. A lot of companies talk about 'our people are our greatest asset.' But at this company our senior management clearly believes it. They really walk the walk."

And when it comes to lowering health costs, AFG really does walk the walk. This year, in addition to health screening with their *Know Your Numbers* campaign, they implemented a walking challenge, the *AFG Great Health Challenge*, to increase their primarily sedentary staff's activity levels.

To say that it's been an overwhelming success, wouldn't be giving it enough credit. Last year, of those tested for blood levels, 447 people had cholesterol about 220. After this year's *AFG Great Health Challenge*, 66% had

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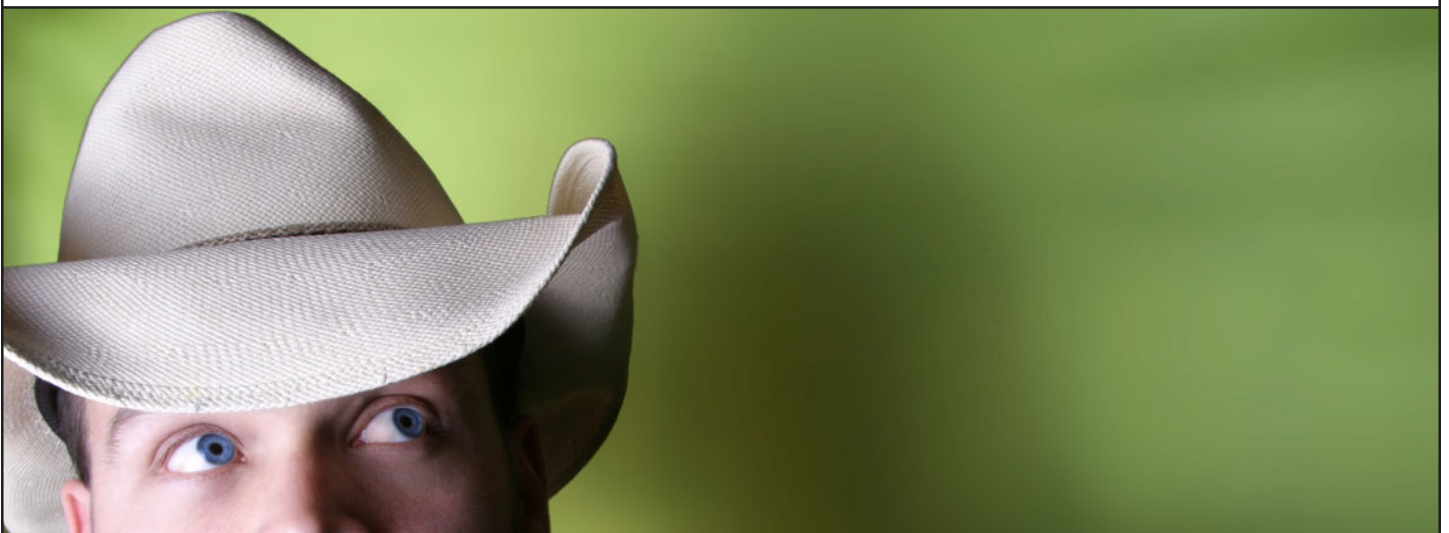
**For every \$1.00 spent,  
AFG saved \$9.27.**

**52% of participants lost weight. Of those, 46% lost more than 10 lbs.**

**88% said the Million Steps Challenge has increased the morale among employees.**

**62% said the WalkingSpree walking program has made the employee more engaged and committed.**

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improved their score. One hundred and ten employees had blood glucose levels over 110. This year, 74% had lower readings. And those employees with triglycerides above 200, 71% of had improved levels this year.

This translates directly into dollars saved. While other companies have seen a rise in health premiums this year, as a result of the *AFGreat Health Challenge*, AFG's health care costs have remained relatively flat. Now that's a positive Return on Investment (ROI) on their wellness dollars! *See Box on ROI on AFGreat Health Challenge.*

But it isn't AFG's management team alone that's responsible for the successful campaign and employee's better health. Riding the Chisholm Trail requires more than a trail boss. Pointers show the direction. The swing and flank make sure that the group doesn't move aside from the target path. Drag men motivate the stragglers.

Scott had his own pointer, swing, flank and drag personnel. "People are always feeding me ideas." One of the reasons AFG's *AFGreat Health Challenge* was so successful was because of an Employee Assistance Counselor who kept talking to Scott about "the power of the tribe." As a result, the "buddy bonus" and other challenge rules based upon employees' social needs were created.

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"I saw people walking that never went walking before."

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## ROI on *AFGreat Health Challenge*

According to the Centers for Disease Control and Prevention (CDC), more than 75% of employers' health care costs and productivity losses are related to employee lifestyle choices. Obesity and inactivity swallow profits.

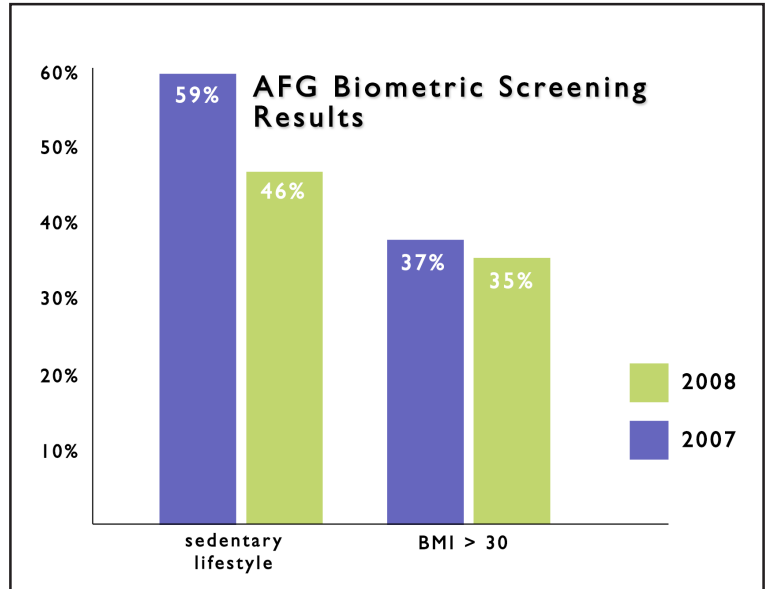
Right now in the US, two out of every three people are either overweight or obese. Obesity-related health issues include a myriad of high-cost diseases: type 2 diabetes, coronary heart disease, hypertension, gallbladder disease, colon, breast, and endometrial cancers, and osteoarthritis. And the problem is only getting bigger – it's a growing epidemic due, in part, to our increasingly sedentary lifestyle.

Physical inactivity is costly. The CDC reports that more than 60 percent of American adults are not regularly physically active. Twenty-five percent are not active at all. Encouraging employees to increase their physical activity saves money because increased physical activity reduces the risk of premature mortality in general, and of coronary heart disease, hypertension, colon cancer, and diabetes mellitus in particular. Increased physical activity also improves mental health and is important for the health of muscles, bones, and joints.

The Return on Investment (ROI) was calculated by examining the improvement in health measures resulting from the *AFGreat Health Challenge*. These health measures were captured by the annual health screenings to determine the health index score of AFG for its health insurance rates that was undertaken before and after the wellness program. The two health measurement scores applicable to the *AFGreat Health Challenge* are sedentary lifestyle and BMI > 30.

## ROI on AFGreat Health Challenge CONTINUED

The challenge was to determine the savings derived by the health improvement. A comprehensive study undertaken by California Department of Health Services called “The Economic Costs of Physical Inactivity, Obesity, and Overweight in California Adults: Health Care, Workers’ Compensation, and Lost Productivity” (Chenoweth & Associates 2005) highlighted the costs of physical inactivity, obesity and overweight employees. The employee costs were then applied to AFG experience as follows:



| Lifestyle Risk Factors | Incremental Costs; Per Emp/Year* | Before Challenge | After Challenge | Improvement | Savings Per Employee |
|------------------------|----------------------------------|------------------|-----------------|-------------|----------------------|
| Inactive               | \$2,400                          | 59%              | 46%             | 13%         | \$312                |
| Obese                  | \$3,270                          | 37%              | 35%             | 2%          | \$65                 |
| Overweight             | \$515                            | n/a              | n/a             | n/a         | n/a                  |
| <b>Savings</b>         |                                  |                  |                 |             | <b>\$377</b>         |

*\*The economic cost of physical inactivity, obesity and overweight in California adults (April 2005)*

|   |                |
|---|----------------|
| Employee investment in the pedometer      | \$39.00        |
| AFG investment in WalkingSpree (6 months) | \$25.73        |
| AFG investment in prizes per employee     | \$15.00        |
|   | <b>\$40.73</b> |

|   |                                |
|---|--------------------------------|
| <b>ROI for American Financial Group</b> | <b>\$9.27 for \$1 invested</b> |
|---|--------------------------------|

“These are tremendous results. Nearly 50% of the employees participated in the WalkingSpree program and it was extremely effective as participants averaged 8,227 steps a day with over 63% achieving the corporate target of reaching million steps in six months. This high engagement in wellness validated the ROI of over \$9 for every \$1 invested.” said Hiran Perera, CEO of WalkingSpree.

Research into neuro-economics and psychology also played a role in the success of the *AFGreat Health Challenge*. Instead of narrowly focusing on Human Resources and business research, ideas came from a wide range of fields. By climbing the hill to view research's panoramic landscape, Scott's team was able to see clearly which route to take to better participation rates and employee engagement. As a result, they didn't have to fetch up and double back or cool their heels.

The *AFGreat Health Challenge* built on 2007's *Know Your Numbers* campaign. As they did in the previous year, AFG encouraged staff to "know their numbers" by having their blood tested. Because employees didn't want to take time off work, AFG brought lab technicians into the workplace to draw blood. Scott says coworkers would say to the person sitting next to them, "I'm going to get my blood tested. Joe, why don't you go down with me?"

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**"I've heard a lot of comments that other programs can be intimidating to people. Walking is something everybody does every day."**

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Last year, AFG gave away gift cards to encourage employees to participate in biometric screenings. They didn't want to go the route of offering premium differentials to participants. The gift cards worked. Fifty-five percent of AFG employees had their blood levels checked.

This year the participation numbers were significantly higher.

"We had 73% of our people take advantage of the program this year. That's almost unheard of. I know many companies that are trying to get 30-40% of their employees just to do an online health risk assessment without having someone stick a needle in their arm and draw blood."

But knowing their numbers was only part of the *AFGreat Health Challenge*. The tests revealed that employees needed to get more active and lose weight. Weight Watchers was the choice for those employees who wanted to change their eating habits. But what about getting employees out of their chairs and moving around?



“We looked at a lot of options. It’s kind of funny because most of the time people talk about fitness clubs. That’s the first thing that most people say when you ask them what they would like. Obviously, that’s a challenge when you think about trying to do something like that with a company like ours that has employees across the country. How do you do that cost effectively and know people are going to utilize it as well? Walking is so much easier because everybody can do it.”

Once walking was decided upon, there were other considerations. Many pedometers aren’t accurate. AFG wanted a pedometer that they could trust. Then again, step-counting programs often relied upon the user to self-report their daily steps. How to keep the numbers honest?

AFG decided that for their needs, WalkingSpree’s pedometer and online program was the best fit.



“We were looking for a program that would be credible – especially if we were going to have a competition involved. We wanted something that you could have confidence in, that was fair, where you knew people weren’t cheating. So specifically we were looking for a vendor that had a pedometer with a USB port capable of uploading the steps. That’s one of the reasons that led us to WalkingSpree because they were one of the few that had that type of program.”

There were other benefits to using WalkingSpree. Lisa Rousseau, a co-founder and a VP at WalkingSpree, notes, “AFG came to us knowing what they wanted ... and we didn’t say to them, ‘Sorry, but you’ve got to fit into this size keyhole.’ Instead, we custom designed a program that gave them what they needed for the wellness challenge they’d developed. I think they were able to sense the difference – that with us it was all about their program and their needs and not how they could fit into a pre-designed system.”

One of the first challenges was that AFG wanted employees to pay part of the cost of the pedometer but didn't want to have the hassle of reimbursing each employee for this cost. WalkingSpree developed, in addition to a private web 2.0 website with social networking features just for AFG, a website landing page to promote the value of the wellness program and a customized electronic shopping cart so that AFG employees could purchase the pedometer at the AFG price point of \$39. This custom solution allowed AFG and WalkingSpree to enroll nearly 50% of the eligible participants.

In order to accommodate AFG's wellness initiative of a step target, WalkingSpree had to customize their existing software. They built a visual challenge tracker that showed participants how many steps they'd completed and how many more steps they needed to reach the goal.

In addition to the made-to-order work, AFG required monthly reports outlining top walkers, top clubs and how close people were to hitting the corporate walking goal. This regular service did not require customization. But WalkingSpree always included key blog posts or forum posts from its private website to give AFG's corporate administrator, Spencer Stooksbury – Director of Corporate Benefits, a sense of what was going on outside of the numbers.

It's easy to see why AFG decided upon WalkingSpree. AFG's employees were just as enthusiastic about WalkingSpree. While a small portion of the employee base, around 300 employees, participated in the diet program, a resounding 2,700 employees purchased pedometers with money out of their own pockets.

From a psychological point of view, Scott believes it was important for the employees to have "skin in the game." Those taking up the walking challenge had to pay a portion of the pedometer cost; however, the complete cost of WalkingSpree's monthly online membership was paid for by the company. This employee investment would then help them be more serious about participating. Naturally, the financial contribution from the employees made the rewards component much more affordable.

Prizes also helped with participation. The potential to earn a \$200 gift card reward if an employee was in the top two Business Units helped with participation rates the previous year. But they could be improved upon. Scott wanted something flashy – something that would get employees grinnin' like a possum and talking round the campfire. Something like a car. That would get everyone's attention. Scott could almost hear the electric buzzing of informal communication lines from excited employees spreading the news that a new car would be the top prize.

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**"... extremely effective as participants averaged 8,227 steps a day with over 63% achieving the corporate target of reaching million steps in six months."**

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**"It is nice to know that your employer really does care about your health...."**

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While the prize was settled quickly, the means of achieving it took thought. AFG decided against having the car go to the top walker. That would be demotivating and reduce participation. Instead, they decided to run a lottery and have a number of ways employees could receive tickets to win. Everyone who had their blood levels checked would have an entry. Those that went the Weight Watchers route got another entry. Purchasing a pedometer meant one more ticket. All walkers who achieved more than a million steps within a six month period (a realistic 5,500 steps a day) received an additional entry. Individuals who signed up with a buddy and then both walked a million steps, got additional tickets.

“We only said we’d give the car away if we got at least 70% participation up from 55% last year in the health screenings. And then also we said, ‘We don’t want to go through all this and find out our health and the aggregate is worse than it was the year before.’ So there were two provisos – that we had to have 70% participation and we had to have at least as good an aggregate health index score as we did in the previous year. We achieved both of those so that’s why we gave the car away.” Scott mentioned that the health index score improved by five points. The other proviso was also met with a 73% participation rate.

Scott Beeken found that he personally benefited from the *AFG Great Health Challenge*. He lost weight. But more importantly, he discovered that starting each day by walking gave him time to think about work. Part way through the walk, ideas would come and he’d race home so he could write them down. And on days when there weren’t ideas, there was another benefit. By getting 5,000 steps in before 8:00 am, he started the day by succeeding at meeting a goal. “When you’ve set a goal for yourself and you’re succeeding at meeting it, that just does a lot for your outlook.” It starts the day out with a can-do attitude.

He also likes the way wearing a pedometer forces him to greater activity levels. “The biggest thing about the pedometer is that it holds you accountable. That’s where it changes the game. I’m so used to having it now that the other day it fell off while I was in the car. And I literally felt naked. You almost get panicked because you’re so used to wearing it. It’s the accountability and the competition. You look down and you can see how active you are. And there’s just nothing like it.”

Scott isn’t the only one at AFG that feels that way. Employees that took part in the *AFG Great Health Challenge* afterwards stated:

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Lisa Rousseau states that AFG employees constantly tell her customer support team about how they are walking enthusiasts. “For example, take Encino Happy Feet. Every Friday they met for a group walk. Then once a month they held a healthy food potluck. But that’s not all ... each month members received *happy feet certificates* listing their total steps. Members loved it. The result was improved morale and increased motivation. But that’s just one example. So many of the people we spoke with said, ‘I’m so lucky to be working at a place like AFG that will do this for their employees. They are such a great company to work for.’ You can’t put a price tag on that kind of morale building! In fact, the program was such a success that even though it’s now over, AFG still has people joining the walking program.”

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- “ I found that with a pedometer you can see how much activity you can get in on a day to day basis. Without this pedometer, I would have never realized how many miles I get in a day. ”
- “ I have purchased numerous pedometers over the years and this is the only one that really works. It is so convenient to download and track my results. ”
- “ I made some changes in my life because of this program and I feel better about myself. I am very glad I joined. ”
- “ This program has been fantastic! I love the friendly competition amongst employees. I have formed greater friendships with other employees I may not have had a chance to get to know otherwise by walking at lunch. It has been a total win-win challenge. Thank you AFG for this!! ”
- “ I will continue to use WalkingSpree even after our company membership has expired. It makes you keep at exercise daily BUT with the ability to fit it in any way and at any time you can. GREAT MOTIVATOR. This is the best \$39 I have ever spent on the challenge of fitting in daily exercise. It works!!!! ”

Besides being thrilled with the pedometer and walking program, employees were impressed with the personalized customer service WalkingSpree provided with their phone and email support. Weekends and Christmas holidays didn't stop Lisa Rousseau and her customer support team from helping out AFG employees when they needed help. It was 9:00 pm on Christmas Eve after all the other team members had finished for the day when Lisa personally handled a frantic participant's request for help. Lisa phoned him at home in order to help him. He was so impressed that after the call he wrote, "I really appreciate the fact that you called and took care of this. That was great support."

AFG continues to back this walking program to support the lifestyle change initiative undertaken by their employees. WalkingSpree enhancements will help these employees maintain their health commitment. In particular, WalkingSpree is excited about their new food tracker. Not only can users search through 65,000 food items, the tracker can also tell them how many steps (or minutes to swim or bike) are needed to burn off the just-eaten meal. WalkingSpree has recently developed several group and individual motivational tools to help people walk the wellness trail. *Walk to the Moon* and *Walk Around the Earth* visually demonstrate a group's progress. Many AFG employees are now *Walking to the Moon*. With virtual walks an individual can select their own personal targets such as "walking to mom's house." Virtual walks can also accommodate a group goal. *Walking to the North Pole* was a popular pick during the Christmas season.

A great walking program. Pleasing prizes. Smart strategy. Shrewd trail bosses, Scott Beeken and Spencer Stooksbury, led their team to a more **HEALTHY** lifestyle by using seven simple steps.

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**66% of survey participants feel healthier.**

**67% said pedometer walking via WalkingSpree has made a permanent lifestyle change.**

**74% feel they are more active.**

**88% said viewing the WalkingSpree website motivated them.**

**95% would recommend the WalkingSpree program to someone outside of the company.**

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# H

Create **Healthy Habits**. By running the *AFGreat Health Challenge* over six months, AFG helped their employees create a lifestyle change, not just do what was needed to have a chance to win a car. Sixty-four percent of surveyed employees said they started walking to win the car, but by the end of the six months, they were walking for better health.

# E

Make employees **Earn** their prize by requiring 'skin in the game.' People might like getting something for nothing. But they're more likely to see a program through if they've invested something in it.

# A

Give employees a sense of **Autonomy** by offering them a small choice. Employees who wanted to participate more than at the minimal level could choose to attend Weight Watchers meetings, purchase a pedometer and walk, or do both. Employees didn't feel forced to participate. As a result, satisfaction was high and morale increased.

# L

**Listen** to what your employees say holds them back from participating. In AFG's case, Scott Beeken discovered that employees felt they didn't have the time to get their blood levels drawn. So he had the lab technicians come to the workplace. When it came to deciding how to increase activity levels, he paid attention to comments such as, "Going to a fitness club would be overwhelming." Some employees didn't have access to a computer for the online wellness program. So AFG set up a computer in a kiosk and installed software so employees could access WalkingSpree's website and upload their stepping statistics. All it took was one computer in a central location.

# T

Utilize the 'Power of the **Tribe**.' WalkingSpree's online program supported the 'Power of the Tribe' by allowing members to set up walking clubs and send messages to their buddies. AFG further used the 'Power of the Tribe' by allowing additional contest entries to people who had a buddy and both achieved the million step goal. Eighty-three percent of the people that had a buddy hit the goal of a million steps. Of those that didn't have a buddy, only 55% achieved the million steps within six months. The company newsletter also helped people feel like part of the tribe. Stories such as Joe the human pedometer, who dressed up as a WalkingSpree pedometer for Halloween, create a feeling of community through shared storytelling.

# H

Use tools that keep people **Honest**. WalkingSpree's USB pedometer had an auto-upload program so that employees didn't have to self-report. Employees were then more likely to think the results were fair.

# Y

Make people **Yell** out **Yes!** The last thing you want is employees yawning with boredom when you announce the challenge prize. The chance of winning a new car got employees raising

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**Make people Yell out Yes!**  
You don't want employees yawning about your wellness program. The chance of winning a car got people on their feet - but so did seeing their names in the "Top 10 Walkers" for the week.

Do the math. While giving away a car sounds grand, it was less than last year's gift cards. As for the AFGreat Health Challenge, the total cost of prizes was only \$15 per participant because of the provisos for awarding the prizes.

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their hands in the air and yelling, “Yes, I’m going to win that car!” They were excited – in their mind they were already anticipating winning. AFG harnessed the lottery effect to escalate excitement and energize employee participation. Employees positively talked about the big prize at coffee break, lunch, and when they went home at night. And the best news is that the money spent on prizes this year was less than that spent on gift cards last year.

The bottom line, as AFG learned, is that their wellness program spawned multiple organizational benefits, not just the one they were looking for. Scott, Spencer and their HR team came up with a winner. The right planning. The right prize. And the right online walking program in WalkingSpree. Together, they helped AFG employees do more than just lose weight and gain health.

At times riding the wellness trail was a rough and rugged ride. Six months is a long time to be on the trail. But the end payoff of healthier habits was well worth the saddle sores and occasional slip from the saddle. The *AFG Great Health Challenge* helped their health premium rates remain stable when other organizations’ were rising. Departments bonded as teams. Employees got to know one another. And, in some cases, daily walks together caused couples to re-capture some of the exhilaration of their courtship.

The key to the successful ride was savvy cowboy leadership. Surely Scott Beeken and Spencer Stooksbury have blazed a trail that others will follow.

**WALKINGSPREE** is an innovative activity-based online wellness program with tailored programs for health insurers, corporations and retail clients. Their goal is to introduce and maintain a healthy lifestyle for their participants through an innovative walking program. For more information on WalkingSpree’s services, please contact WalkingSpree at 1-303-482-0190 extension 2, or [sales@walkingspree.com](mailto:sales@walkingspree.com).

WalkingSpree is a member of WELCOA’s Premier Provider Network.

