WELLNESS FACILITIES OF DOW CHEMICAL COMPANY:
STRATEGIC IMPLICATIONS FOR
Participation Rates Among Dow Employees, Retirees, and Dependents

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Section 1: Introduction and Strategic-Level Questions

This paper examines the Dow Chemical Company wellness facilities, East End Wellness Center, the Employee Development Center, the Midland Community Center, the Midland Tennis Center, North Family Center, Coleman Family Center, and the North-End Fitness Center. All of these facilities are located throughout Midland, Michigan near the Midland branch of Dow Chemical Company. The wellness facilities were implemented to improve the health of the Dow employees, retirees, and dependents and therefore potentially decrease the health care expenditures.

The major issue is the participation rates among the wellness facilities. A lack of participation in the wellness facilities negatively affects Dow, because they will not receive a return on investment for the funds allocated towards the wellness facilities and programs. The departments involved in this issue are the directors of the wellness facilities and human resources. The wellness facility’s staff run the wellness programs and facilities and provide the services needed for success. Human resources determines the need for such wellness programs, and allocated funds necessary to run the programs.

There have been specific questions developed and analyzed within the context of this paper that are related to strategic planning. For this particular issue, these questions also relate to strategic implementation of wellness programs for success. Participation of employees in the program affects the success of the program, therefore the success of the program is important to analyze as well. The issues are listed below and the subsequent sections of this paper include a
brief review of related literature, and other relevant information that has been collected to analyze the strategic issues presented.

1. What factors are impacting utilization of corporate health facilities and wellness programs?

2. What goals does Dow’s human resources have related to employee health and wellness, if any, what strategies has it used to provide fitness facilities and wellness programs, and what weaknesses exist in encouraging and promoting use of those resources?

3. What other internal factors, such as supervisor support for use of fitness and wellness resources, working conditions, availability and flexibility, awareness, and other factors impact resource utilization?

4. What functional or technological gaps exist to support use of wellness resources, and how does Dow’s organizational structure impact their full utilization?

5. What strategies have been pursued, both commercially and by corporate wellness programs, to promote and encourage use of various wellness resources and programs?

**Section 2: Brief Review of the Literature**

There are several strategic similarities among the reviewed literature on workplace wellness programs, and strategies to implement them for success. These similarities include the length of time the program is implemented, the variety offered within each program, programs that target the health concerns of their employees, incentives provided, and strategic communication.

The length of the wellness program is important for the success of wellness programs, and shows in several studies to be a key indicator of successful strategic planning. The organization, Johnson & Johnson, implemented a health and wellness program for their
employees to analyze the length of time the program should be implemented to be successful. The success was measured in terms of emergency department visits, inpatient hospital days, outpatient visits, and mental health care visits. This study indicates that “most benefits occurred in years 3 and 4 after Program initiation” (Ozminkowski, Ling, et. al., 2002, p. 21).

Some wellness programs offer very little health amenities within their program, while others offer a variety of amenities. Forty-seven existing workplace wellness programs throughout Pennsylvania added additional web-based resources to their programs for three years. These web-based additions included nutritional, exercise, preventative wellness, and other health tips and education, as well as information about the program amenities available to the employees and their families. The organizations which implemented the web-based resources in addition to their existing program reported increased participation rates (Williams & Day, 2011). Other wellness programs, such as Citibank’s wellness program offer health and fitness programs as well as on-site medical clinics to increase participation (O’rouke & Sullivan, 2003).

Different organizations have different health care needs and are in need of programs that target those health needs. These needs will vary based on employee demographics, the work environment, and the location of the organization. Leaders who engage their employees and welcome feedback to help shape the program to best fit their needs, have more employee involvement in the wellness programs (Kent, Goetzel, et. al., 2016). The attention to the needs and concerns of employees shows the employees that the organization is invested in their health and wants what is best for them and their families. The location of the organization can affect the health needs of those employees. In the United States, the major health concerns are chronic diseases such as diabetes, strokes, heart disease, and cancer (Malouf, 2011). These major health
trends should influence the type of wellness program offered by tailoring the amenities of the program to fit these health trends.

Another method used to assess employee health risks are biometric screenings. Measuring different health risks such as blood pressure, cholesterol, body fat percentage, tobacco use, amount of exercise, and nutrition habits can provide the organization with their employee’s health demographics and create a wellness program to target the major concerns and needs of their employees. Several companies of different sizes and employee demographics used this strategy and found that the screenings improved the participation rates of their employees (White, Hartley, & Ozminkowski, 2015, p. 1123). “The proportion of members improving in high blood pressure and high cholesterol were the highest among biometric participants, indicating that these screenings were effective in motivating employees to take appropriate actions to improve their health” (White, Hartley, & Ozminkowski, 2015, p. 1123).

Many organizations offer different types of financial incentives to increase the participation of their employees. The University of Minnesota implemented a twenty-dollar incentive for employees who used the gym eight times a month. Although the amount of participants in the program increased, the overall health care costs was not reduced. The employees who had lower BMIs to begin with were more likely to participate in the program than those employees with higher BMIs and greater health risk factors (Crespin, Abraham, & Rothman, 2016). Another organization studied the psychological aspects of participation and offered a five-hundred-dollar credit towards the employees’ health plan if they participated in the wellness program. This organization found an increase in participation after the savings credit was offered (Burke & Cooper, 2013). While financial incentives have worked for some organizations, other organizations have not had as much success. “It seems that the financial
incentive should have the largest impact on those in the lowest income category. However, it may be that these employees tend to have more physically demanding jobs (e.g., maintenance and custodial workers), and are thus less attracted to the wellness challenges” (Merrill & Hull, 2013, p. 225).

Strategic communicating is a key component in employee participation in the wellness programs. This allows the employees to fully understand what the program has to offer, how they can get involved in the program, and any incentives that are involved. Companies that implement effective communication campaigns, and use bidirectional or two-way communication with their employees, show increases in participation rates while spending less on incentives (Kent, Goetzel, et. al., 2016). Training managers on strategies to increase employee participation helps the way employers communicate and present the programs to their employees to align with their business goals (Haltom, 1995).

These strategic plans can help increase participation at Dow’s wellness facilities. Strategic communication to the employees can help relay the importance of participation and how it aligns with Dow’s business goals. Variety and incentive can also increase participation by providing services that are needed, and motivation to join.

Section 3: External and Internal Implications of Issue Being Examined

There are external strategic factors that play a key role in the participation rates in the wellness facilities and programs at Dow Chemical Company. Evaluating the opportunities, threats, as well as the external forces including technological forces will help to identify external strategic factors that are implemented or can be implemented in the future.

As a company that provides health care for their employees, Dow has the opportunity to provide services that increase their employees’ health and decrease their expenditure on health
care. There are two wellness facilities currently that Dow employees and their families can use at a discounted rate, and four additional facilities to use for a slightly higher rate. Dow has the opportunity to add additional wellness programs to the existing ones to increase participation rates. Additional programs may include: nutritional seminars, walking programs during lunch or after work, running programs, healthy cafeteria and vending options, and regular biometric screenings as incentives for lower health care costs for the employee. The threats Dow faces are the employees who do not participate in the programs and the other local gyms that take business away from their own wellness facilities. Although Dow employees who are members of other local gyms are improving their health by using a gym, Dow is not benefiting as much as they would by having healthy employees who also pay their gym memberships back to Dow.

Technological forces have an impact on the wellness facilities at Dow which presents opportunities as well as threats to the health of the employees. Technology has made connecting with other companies easier as well as getting information directly to your phone or computer. This technology encourages a sedentary lifestyle, however, Dow could take advantage of the fitness technology that is offered, such as step trackers and food trackers available as phone applications.

Internal strategic factors that affect the participation rates in the wellness centers are marketing and sales, customer service, and building a competitive advantage. Marketing and sales are important, because effective marketing tactics will help increase the sales of memberships among Dow employees, retirees, and their families. The retired employees and the families of employees may not be aware of the programs and facilities that are available to them. As explained by the wellness director, the current marketing strategies include monthly emails to employees, a Facebook dedicated to the program, and word of mouth (Butzu, M.,
personal communication, 2017). Customer service in the wellness centers includes greeting members, cleaning the facility and keeping the weights organized for the members, engaging with the members, and answering any questions the members may have. Quality customer service strategies can influence marketing from current members promoting the wellness centers by sharing their positive experiences.

Building a competitive edge among the other local workout facilities is an important factor in increasing participation rates. Building a competitive edge can be in the price of the service or in the amenities provided. There are two membership options, the core membership, which gives members access to the East End Wellness Center and the Employee Development Center, and a diamond membership, which gives members access to all seven wellness facilities. A monthly core membership for a Dow employee costs $16 and costs $31 for a family membership, and for a diamond membership $52 and $90 respectively. For a Dow retiree, an individual monthly membership costs $12 and $22 for a family membership, and for a diamond membership it is the same price for retirees as it is for current employees (Midland Wellness, 2017).

There are other gyms throughout midland that are competitive with the Dow wellness centers. Among these are Planet Fitness, Snap Fitness, Seung-ni Fit Club, Four Seasons Health Club, and Q2 CrossFit (Google, 2017). Planet Fitness and Snap Fitness are competitive from a financial aspect, as they are only $20 per month (Planet Fitness, 2017), and $25 per month (Snap Fitness, 2017). Seung-ni Fit Club, Four Seasons Health Club, and Q2 CrossFit are competitive from a niche standpoint. Seung-ni Fit Club’s niche is a group fitness based gym, including kickboxing and group training (Fitness Programs, 2017). Four Seasons Health Club’s niche is their pool, hot tub, sauna, outdoor track, and beach front for water activities (Choose Today,
Q2 CrossFit’s niche is their cross fit style gym with programs workouts, and not available in non-cross fit gyms (Fitness Fun, 2017).

Current issues faced by Dow are a lack of participation in the wellness facilities from the other local gyms or a lack of interest in participating in a health or fitness routine. In a personal interview with Amber Dopp, an employee of Dow Chemical Company, stated that she would participate, but has chosen to become a member at a Planet Fitness, because it is a 24-hour gym and has more equipment. Future problems Dow may face are rising health care costs in America and unchanging savings from the wellness program. Health care costs have continued to rise and are projected to grow another 5.8% from 2015 to 2025 (Press, R. A., 2016).

Dow has the opportunity to promote the wellness centers to more of their employees with inexpensive marketing tactics, such as social media, emails, or encouragement from management in each department. Dow faces the threat of employees using other fitness facilities or not at all, when funds have already been allocated to the Dow wellness centers. Customer service is a top priority in the wellness centers, and is considered to be a strength, but marketing to and obtaining new members has been challenging and considered a weakness in the organization. (Butzu, M., personal communication, 2017).

Section 4: Implications for Business-Level and Corporate-Level Strategy

The current business-level strategies for the wellness facilities is to offer the employees, retirees, and dependents a discounted membership as incentive to participate (Butzu, M., personal communication, 2017). There is a reimbursement system currently in place, where “certain U.S. employees are eligible for partial reimbursement of certain expenses for their choice of approved physical activity, tobacco cessation, and/or nutrition/weight management expenses, as part of the U.S. site Health & Fitness Reimbursement Program” (Dow U.S., 2017).
This system does not create a clear understanding of the benefits that will be received or metrics that need to be met in order to receive the reimbursement.

Section 5: Implications for Structure and Control Systems

The goal of organizational design is to achieve superior efficiency, quality, innovation, and responsiveness to customers (Hill, Schilling, & Jones, 2017). This is unique for Dow, because they have several departments, each with their own managers and are located throughout the city, as well as management of the wellness facilities as well. This type of organization mass requires an in-depth strategy design to achieve the desired results. A structural issue as explained by the director of wellness, is the lack of consistency between managers of different departments and the importance they are placing on the use of the wellness facilities (Butzu, M., personal communication, 2017).

Section 6: Conclusions and Recommendations

Conclusions. The major external issues are the technological forces and the variety of other local gyms that contribute to the lack of participation. The major internal issue is marketing to and obtaining new members. The lack of consistency in management is an organization structural issue that will need improvement in order to increase participation of the wellness facilities.

Recommendations. The factors impacting the utilization of the health facilities are a lack of interest, a lack of marketing, lack of awareness, and the presence of other health facilities throughout Midland. The goal of human resources for the health facilities is to reduce the overall healthcare costs. They have provided the employees with two wellness centers and access to four other facilities, but have fallen short on marketing strategies. The facilities are available for use from 5 a.m. to 10 p.m. and are even open on the weekends. Many Dow employees have
physically demanding jobs, and many employees and retirees and their dependents are unaware of the amenities available to them. These both impact the utilization of the wellness facilities. Gaps in the promotion of the wellness facility by management has impacted the utilization. Only the use of Facebook and company-wide emails are currently being used to promote the facilities.

A strategy Dow can implement to increase participation, is a wellness promotion plan that is uniform throughout the company for management to present to their departments and teams. This will help increase internal marketing, and place an importance on utilization of the wellness programs. Even further, they can utilize other sources of social media, such as Instagram and Twitter, to promote their facilities to the dependents of Dow employees.

Another strategy Dow can use is clear and measureable biometric screening standards to meet in order to receive discounts or reimbursements on health care costs. These screenings can be done once or twice a year, and will hopefully motivate employees to participate in the wellness programs and make healthier choices in order to reap the benefits. Combining both of these strategies long-term can help increase utilization of the Dow wellness facilities.
References


