



OUTCOMES

TI's Texins Activity Centers Realize Dramatic Operations Improvement in Just One Year

TEXAS INSTRUMENTS BY THE NUMBERS

Texas Instruments Incorporated provides innovative digital signal processing and high-performance analog technologies. TI's businesses include Semiconductors, Sensors & Controls, Educational & Productivity Solutions and Digital Light Processing™. TI is headquartered in Dallas, Texas, and has manufacturing, design or sales operations in more than 25 countries.

- Number of Employees (worldwide)..... 34,900
- 2004 Fortune 500 Rank..... #197
- Fortune's 100 Best Companies to Work For 2004 #91
- The Forbes 2000 World Leading Companies..... #233

Texins Activity Centers

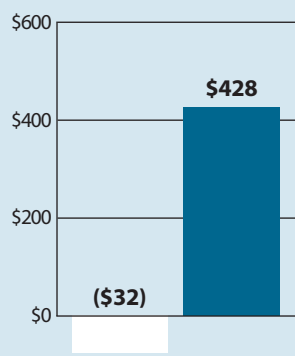
- Number of Members..... 15,337
- Year Started..... 1961
- Square Footage Under HFC Management..... 103,000

SUCCESSES UNDER HFC MANAGEMENT

Improved Bottom Line

Bottom line results for the Texins Activity Centers improved from (\$32,000) to \$428,000 in the first year of HFC management.

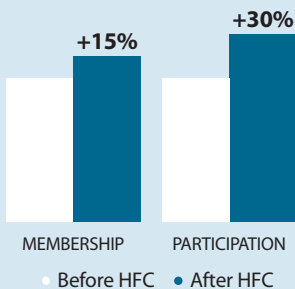
BOTTOM LINE RESULTS (in \$000s)



96%
of members were "very satisfied"

Increased Membership and Participation

Texins Activity Center membership and TI employee participation increased 15% and 30%, respectively:



TEXINS ACTIVITY CENTERS...THE BEGINNING

Texas Instruments (TI) was well ahead of its time. TI established a non-profit organization for their Texins Activity Center in Dallas in 1960 and has offered health and fitness activity programs to their employees ever since.

Texins expanded in 1987, adding two new sites in Spring Creek and Sherman, Texas. The sites were a hit with employees and their families. The fitness centers are also one of the contributing factors to TI being considered one of the "100 Great Places to Work" by *Fortune* magazine.

TI excels in electronics and digital solutions for the networked society—not in the day-to-day operations of a multi-site fitness operation. By 1999, the centers were facing a second annual loss of approximately \$30,000. But discontinuing the centers was not an option TI wanted to consider. They knew their employees valued the centers and considered them an important benefit. Instead, TI decided to look for a partner to manage the centers. They wanted a national provider, an organization that would breathe new life into the centers by offering new programs and turn them around financially.

The criteria for selecting the partner to manage the Texins Activity Centers included:

- Nationwide experience with other large organizations
- Overall fit with TI culture and business strategy
- Experience with large center operations



TI employees raise their heart rates, improve cardiovascular fitness, reduce stress and sharpen mental acuity in the cardio conditioning theatre at the Texins Activity Center in Dallas. The variety of machines, including treadmills, bikes and elliptical machines allow for effective cross-training.

- Bringing new profit center ideas
- Offering staff career path growth and development opportunities

The national vendor was not only required to support TI's financial and growth objectives for the centers, it had to possess demonstrated quality assurance programs and proven client customer service.

THE RIGHT DECISION

TI retained Health Fitness Corporation (HFC) in 1998 to provide consulting. They asked HFC to submit a proposal for managing the centers; TI also considered proposals from other national providers. TI selected HFC in 2000 to begin managing the three sites. It was the right decision.

HFC initiated work by partnering with TI to address integrated operational issues that impacted the wellness and fitness program. When HFC assumed management of the center, they hired existing personnel, a mix of TI employees and contractors, as HFC-managed associates.

Other challenges addressed early on included:

- Billing processes
- Collections
- General ledger
- Inconsistencies with checks and balances: purchasing, budget accountability, petty cash, and member tracking processes
- Individualized business unit promotional efforts



Building muscle mass, one of the keys to overall fitness has the added benefit of boosting metabolic burn. An array of resistance machines and free weights as well as expert instruction from trained HFC staff help TI employees meet their strength conditioning goals.

- Computer Information Systems: including software maintenance costs, an incomplete customized system lacking key components needed in billing and collection and member tracking, and on-going support of all system based software

Unfortunately, the billing system had affected between 1,500 to 2,500 accounts with uncollected revenue or customer service issues. In addition, a major renovation effort was underway involving the remodeling of 25,000 square feet.

MOVING FORWARD

People. HFC and TI recognized the most immediate need to address involved people. At the time of any change or transition, it is critical to involve and communicate with staff. HFC and TI worked collaboratively to address the personnel mix, management structure, job descriptions and the transition process. More than 200 employees transitioned to HFC; then HFC began employee training programs in key areas jointly determined by TI and HFC.

Process. HFC hired a controller and worked on an overall assessment of the accounting configuration. As a result, a new accounting structure was created involving policies and procedures, a payroll deduction process for dues, and approval limits and sign-offs. Other processes immediately addressed involved career management development, operations manuals and training in health and safety issues.

HFC took a Five Star Service approach to understanding both the client and member needs. Once the goals were understood, HFC was able to tailor programs and deliver them to address the needs of the TI employee population. The HFC process includes on-going evaluation and reporting of results to continue to modify and adjust services based on client needs. One evaluation method involved measuring customer service efforts by implementing a quality score card to track how HFC associates were doing based on member feedback.



Marketing was another process improvement given early attention. HFC created a brand identity and developed promotional efforts to increase membership.

HFC also bid out the computer system design. As a result, new membership management software was added and payroll deduction and purchase options were implemented.

Programs and Pricing. A variety of programs and services are offered at TI based on both client and member wishes. In addition to the current classes and services offered, HFC and TI added new components to enhance revenue opportunities.

HFC opened the Frullati Cafe & Bakery. The juice bar offers a variety of juice drinks, healthy snacks and lunches. HFC also upgraded the pro shop, resulting in one of the industry's highest revenue producing pro shops (per square footage). The shop sells tickets for various activities (movies, local events, Sea World, Six Flags, and professional sporting events), stamps, and public transportation passes. It also offers film developing services.

These changes were taking place while the renovation of the facility was underway. HFC assisted with the CAD floor plan design and the change out of fitness equipment. TI secured discounted equipment pricing through the HFC's Preferred Purchasing Program.

SUCCESSFUL PARTNERSHIP

By all measures the TI/HFC partnership is a success.

- Financially, the centers improved from a negative \$32,000 bottom line to a positive \$428,000 in the first year under HFC management. Revenue enhancement programs, like the juice bar and pro shop, contributed \$148,000 to the bottom line; \$280,000 was generated from the checks and balances put into place.
- Membership increased by 14%.
- Employee participation increased 30%.
- Member satisfaction ratings scored in the 96th percentile—96% of members rated the staff's ability to meet or exceed their needs as "good," "very good" or "excellent."



Texins' own Frullati juice bar provides active employees the chance to refresh and cool-down with healthy snacks and drinks. The well-run juice bar also provides Texins with an internal profit center that supports employee wellness initiatives.



Featured in *Athletic Business* magazine following its upgrade by HFC, the pro shop at the Dallas Texins Activity Center is one of the highest revenue per-square footage shops in the industry. The shop delivers vital and convenient products and services to TI employees, saving them time-consuming trips off-site.

"The fitness centers are a wonderful component to TI's philosophy of employee health and wellness. We really want employees to take personal responsibility for their health and wellness. Our employees value the centers as well as all the programs we're able to bring them: on-site flu shots, on-site disease management, smoking cessation programs, nutrition programs, ergonomic assessments, Employee Assistance Programs and Work/Life Balance programs. I am probably a particularly hard client to please since I was once a health club director. The HFC Executive Director of the Texins Activity Centers has met and exceeded my expectations with his professionalism and bottom-line attitude that does not compromise service to our members."

— A Texas Instruments Executive



The most valuable asset of Texas Instruments — its employees — is nurtured mentally and physically by the entire range of health improvement services provided through HFC. In turn, HFC credits the high-caliber of their on-site staff, their expertise and ability to connect with and effectively motivate TI employees to lead healthier lives.

From left to right: a section of the cardiovascular area in front of the Texins Pro Shop, a retail kiosk, and the strength conditioning area at Texins Activity Center in Dallas.



The TI sites offer an opportunity to work with a variety of services and programs not normally found at your average fitness/wellness center. This, along with the chance to work with an outstanding team of individuals to enhance an already impressive set of facilities and services, was the chance of a lifetime. We continually strive to improve on what we do and what we offer to better meet the needs of our client and Texins Activity Center members—they deserve nothing less than our best efforts.

— Chris Hull, Executive Director, Texins Activity Centers



Health Fitness Corporation is the largest provider of corporate health improvement management services in America. Currently serving more than 400 client sites with a customized program mix, HFC has earned a reputation for integrity, high standards, and results-orientation.

For more information: Visit www.hfit.com | E-mail info@hfit.com | Call 800.639.7913

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HFC CLIENT SUCCESS: UNIVERSITY AND MEDICAL CENTER

OVERVIEW

The university and medical center is top ranked in the country and has an employee population of 18,000. Health Fitness Corporation (HFC) implemented the LIVE FOR LIFE™ program in the hospital in 1988 and in 1989 expanded the program to include the University.

PROGRAM MISSION

"LIVE FOR LIFE will support the mission of the Office of Human Resources in attracting, retaining, protecting, motivating, and renewing all of its human capital by providing health and wellness opportunities for University employees, faculty, and staff. LIVE FOR LIFE will also support and facilitate organization-wide cultural and policy changes necessary to enhance the health and productivity of the workforce."

SERVICE SOLUTIONS

Service solutions include comprehensive wellness, fitness, and injury prevention programming; integration with Occupational Health and HR; Health Risk Assessments; high-risk counseling, consultations, and health improvement opportunities; fitness membership management and special event coordination; web development and management; and incentive program management.

RESEARCH-RELATED OUTCOMES

Three separate research studies were conducted to assess the effectiveness of HFC programming at the University and Medical Center.

Research Data Analysis #1

In 1994 an evaluation on Absenteeism was conducted among 4,972 employees, over a four-year period, comparing participants to non-participants.

Results indicated program participants experienced an average of 4.6 fewer absentee hours than non-

participants in the third year of the program. (JOM, Vol. 36, Number 5, May 1994)

Research Data Analysis #2

In 1996 an evaluation of the LIVE FOR LIFE program was conducted to examine the effects of the program on long-term health improvements.

Results indicated participation in the LIVE FOR LIFE program was associated with a reduction in the number of employees at high-risk in the following areas: cholesterol, exercise, tobacco use, alcohol use, vehicle safety, nutrition, stress, and well-being. (American Journal of Health Promotion, May/June 1996, Vol.10. No.5)

Research Data Analysis #3

In 2000 a participation analysis of the LIVE FOR LIFE program was conducted to determine the effectiveness of the program.

Results indicated that the population is healthier than the average; 51% employees participate in the program and on their own time; the Blood Pressure Reduction Program has an impressive 90% success rate; the Cholesterol Reduction Program has an impressive 81% success rate.

AWARDS

- The HFC LIVE FOR LIFE Program won the coveted Gold Well Workplace Award from the Wellness Councils of America in 2001, being named one of America's healthiest companies.
- The HFC LIVE FOR LIFE Program was awarded the North Carolina Governor's Award for "Best Worksite Health and Fitness Program" in the state for six straight years 1995 to 2000.
- The Association for Worksite Health Promotion awarded the HFC LIVE FOR LIFE Program the 1998 Business and Industry Award for excellence in health promotion programming.



HFC CLIENT SUCCESS: A CHEMICAL COMPANY

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BACKGROUND

This HFC client is the world's 10th largest chemical company. More than 8,000 employees work at the company's 800-acre corporate headquarters campus. Health Fitness Corporation (HFC) implemented Health Risk Assessments (HRAs) to 1,500 employees in 1991. The program expanded in 1994 to include all eligible employees at the headquarters site.

SERVICE SOLUTIONS

The program includes comprehensive wellness, fitness and ergonomic programming integrated with the on-site Corporate Medical departments in collaboration with Benefits and Safety. HRAs, High-Risk Counseling, and Health Enhancement Programs are components of the wellness program. Injury Prevention and Work Conditioning are a component of the Work-Well Program. There are six fitness centers at the corporate location plus outreach programs at dispersed sites in the United States.

RESULTS

Two separate research studies have been conducted to assess the effectiveness of HFC programs.

Research Data Analysis #1

In 1997, a Medical Claims Analysis was conducted among employees comparing their lifestyle-related medical claims costs between 1991 and 1996. Results indicated:

- Non-wellness program participants' lifestyle related claims increased 48%.
- Wellness participants' lifestyle related claims increased between 14% to 23%.

Researchers concluded that participants in the HFC program have 30% lower, lifestyle-related medical claim costs compared to non-participants.

Research Data Analysis #2

In 2001, an Intervention Effectiveness Analysis was conducted among employees over a five-year period. Results indicated:

- 19.7%* of individuals who participated in high-risk counseling improved their blood pressure risk status compared to 4.4% in non-participants
- 20%* of the individuals who participated in high-risk counseling improved their total cholesterol risk status compared to 7.7% in non-participants
- 12.3%* of individuals who participated in high-risk counseling improved their tobacco use risk status compared to 4.2% in non-participants

* Results were statistically significant

Researchers concluded participants in a high-risk intervention program made and maintained positive changes in their risk status at a greater rate than that of non-participants.



HFC CLIENT SUCCESS: HEALTHCARE COMPANY

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BACKGROUND

Johnson & Johnson is the world's largest and most comprehensive manufacturer of health care products serving consumer, pharmaceutical and professional markets. Johnson & Johnson has 100,000 employees and 190 operating companies in more than 51 countries around the world, selling products and services in more than 175 countries. The Johnson & Johnson LIVE FOR LIFE® Program began in 1978. In 1995, the program integrated with Safety and Hygiene, Occupational Health, Employee Assistance Program and Disability Management, titled Health & Wellness.

HFC provides health and fitness programs within the integrated system of Health & Wellness for all Johnson & Johnson companies in the United States.

More than 90% of all eligible domestic employees participate in the Health & Wellness Program, up from only 26% company participation rate in 1995. Participation increased with the unification of employee healthcare, benefits and risk management programs under the health and wellness program, and offering financial incentives to employees, to include a \$500 medical plan credit, who complete a health risk assessment and enroll in a high-risk intervention program.

RESULTS ACHIEVED

- 91% percent of domestic employees participate in the Health Risk Assessment and benefits linkage program
- 89% enrolled into a high-risk program: Blood Pressure, Cholesterol and Smoking
- 95% of all employees rate the programs and services they have participated in as very good or excellent

PUBLISHED RESULTS

Two studies report:

Johnson & Johnson savings averaged \$8.5 million to \$8.7 million annually for the same four-year period after the program began, primarily due to lower administrative (\$5.22 million) and medical utilization costs (\$3.38 million).

Risks decreased over time in eight categories: high cholesterol, high blood pressure, low fiber intake, cigarette use, snuff use, sedentary habits, seat belt use, drinking/driving.

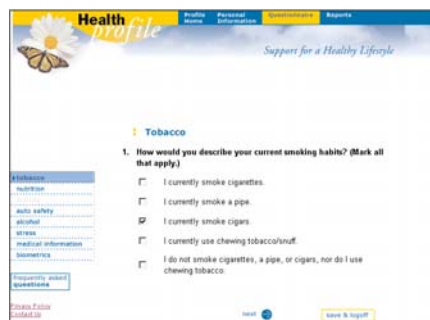
The high-risk intervention program saved an estimated \$389.87 per participating employee per year, compared to non-participants. Total savings to company = \$890,090.87 per year.

Ozminkowski, R.J., Ling, D., Goetzel, R.Z., Bruno, J.A., Rutter, K.R., Isaac, F., and Wang, S. The Long Term Impact of Johnson & Johnson's Health & Wellness Program on Health Care Utilization and Expenditures. *Journal of Occupational and Environmental Medicine*, 44:1, January 2002, 21-29.

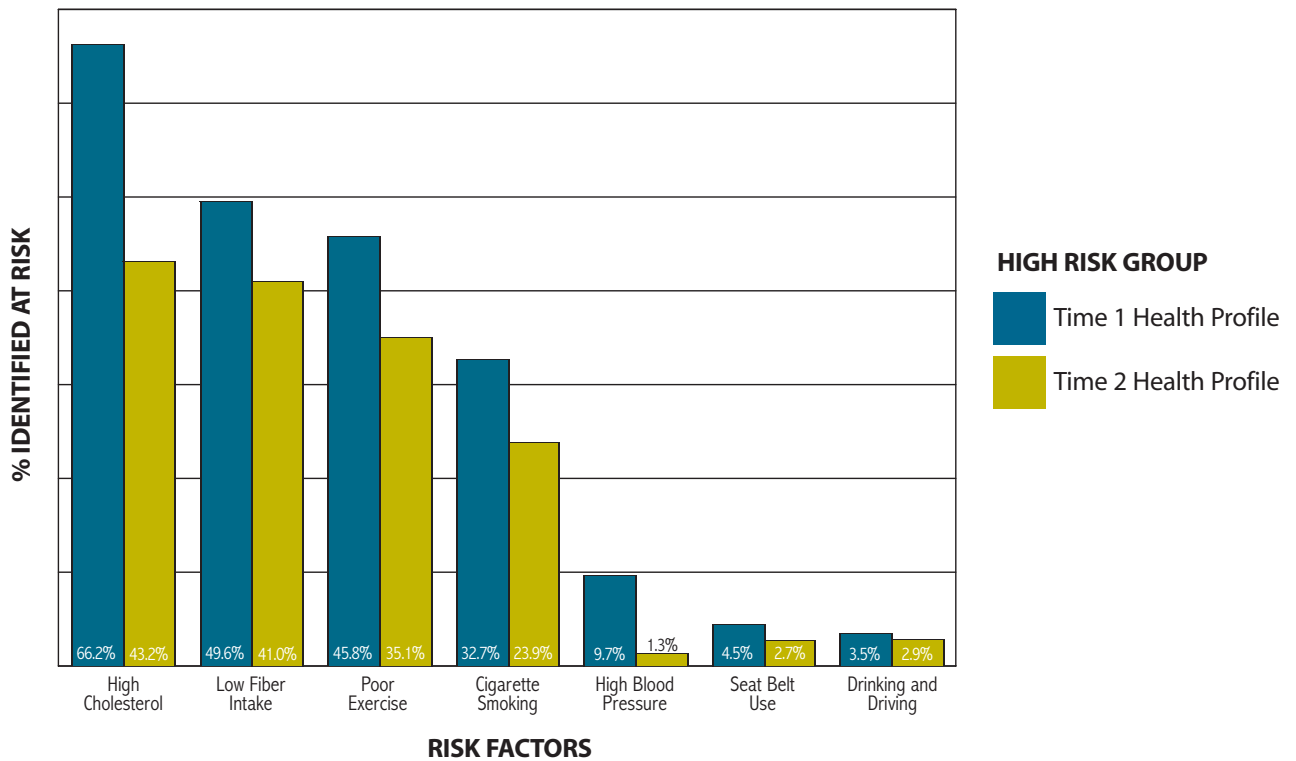
Goetzel, R.Z., Ozminkowski, R.J., Bruno, J.A., Rutter, K.R., Isaac, F., and Wang, S. The Long Term Impact of Johnson & Johnson's Health & Wellness Program on Employee Health Risks. *Journal of Occupational and Environmental Medicine*, 44:4, May 2002, 417-424.

www.jnjhealthprofile.com

- Profile employees every two years
- Health profile takes 15 minutes to complete
- Immediate feedback and lifestyle resources
 - Online action planning guides
 - Referral to health-line nurses for lifestyle counseling
- Automated benefits linkage system for \$500 benefit incentive



KEY RESULTS: IMPACT ON EMPLOYEE HEALTH





HFC CLIENT SUCCESS: MASTERFOODS USA

OVERVIEW

Masterfoods USA has national offices in California and New Jersey and manufacturing facilities in California, Georgia, Illinois, Mississippi, Nevada, New Jersey, Ohio, Pennsylvania, South Carolina, Tennessee, and Texas.

Masterfoods USA is a leader in snack food, pet care, and main meal food. Brands include as M&Ms, SNICKERS, and the MARS bar. Its other products include 3 MUSKETEERS, DOVE, MILKY WAY, SKITTLES, TWIX, and STARBURST sweets; COMBOS and KUDOS snacks; UNCLE BEN'S rice; and pet food under the brand names PEDIGREE, SHEBA, and WHISKAS.

SERVICE SOLUTIONS

Service solutions include Health Risk Assessments, On-site Fitness Centers, Physical Activity Programs, Smoking Cessation, Community Events Involvement, Wellness Lectures in Department Meetings, Fitness Classes, Prevention Screenings, Health Fairs, National Health and Fitness Day, e-Health Platform, *Self-Care Guide* Distribution, and Health Coaching.

HRA AND HEALTH SCREENING OBJECTIVES

In 2003, HFC was contracted by Masterfoods to launch a full-scale Health Risk Assessment (HRA) and Health Screenings to its employees across the United States. The key objectives of the program and accomplishments of each are described below.

OBJECTIVE 1: 50% of all associates participate in *Mars on the Move*.

RESULTS: 78% participated.

OBJECTIVE 2: Identify baseline biometrics and health behavior data from all Masterfoods USA associates with 50% participation in the HRA.

RESULTS: 49% have participated in the HRA; testing still in progress.

OBJECTIVE 3: 60% of wellness program participants will report the event/lecture increased their knowledge or improved their skills.

RESULTS: 82% increased knowledge or skills.

OBJECTIVE 4: Obtain an 80% "satisfied" rating for overall response on wellness program activities.

RESULTS: 88% satisfied.

The intervention strategies are underway as the program continues in the screening process.