

Company Profile

Battle Creek, Mich.-based Kellogg Company is a multinational producer of breakfast and other food products. With 17,000 employees working in plants, bakeries, distribution centers, sales offices and other facilities throughout the United States, the company has a geographically and demographically diverse workforce. Employees are evenly divided between salaried non-union and hourly union employees.

The Business Challenge

Kellogg has a long tradition of promoting employee health and wellness through its Feeling Gr-r-reat program. It began offering wellness programs in the 1980s and added health screenings in the early 1990s. In the past, Feeling Gr-r-reat included an incentives component featuring Kellogg-branded merchandise.

The program had been very successful, said Cydney Kilduff, Associate Director of Work Life Benefits. It had, however, hit a plateau. Kellogg wanted to expand the breadth and scope of Feeling Gr-r-reat and move toward financial, in addition to merchandise, incentives.

However, IT resources were limited; to create the program the company envisioned, a technologically savvy partner was needed, who could help develop and administer a sophisticated, scalable incentives offering – one that could meet the needs of Kellogg's large and complex workforce.

Kellogg also wanted a program that was easy to use, administer and explain. The better the program can be communicated, the higher participation will be, Kilduff explained.

IncentOne, with expertise in incentive intelligence and administration and the requisite technological know-how, was well equipped to address Kellogg's concerns.

IncentOne's Solution

In 2007, Kellogg launched IncentOne's Health Power™ integrated, points-based incentive solution. The centerpiece is the health risk assessment (HRA). Eligible employees who

completed the HRA that first year received 180 points -- which entitled them to a \$180 reduction on their health insurance premium. (The incentive applied only to salaried and non-union hourly workers; Kellogg plans to explore ways to include labor union employees as well.)

Kellogg offered one other premium-reduction program that first year: smoking cessation. Employees could log on and complete a "tobacco-free declaration." Tobacco-free employees earned another 180 points -- and another \$180 premium reduction. Those who were not tobacco free could still earn the reduction by participating in a smoking-cessation program.

In the first year, eligible employees could earn up to 360 points, which translated into \$360 in premium reductions.

IncentOne's technological expertise has been crucial: "They are handling all the technology associated with providing the incentives," Kilduff said.

IncentOne's technology platform and data integration services supported Kellogg's efforts. IncentOne managed the feeds to and from vendors and to payroll, making program administration very easy for Kilduff and her team. With a single sign-on to access both the HRA and the tobacco-free declaration, workers could readily fulfill their requirements.



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IncentOne provided more than technology expertise. It also served as a consultant, helping Kellogg create a long-term incentives strategy tailored to its workforce. Kilduff was able to look at IncentOne's success with other employers and identify practices that were best suited to Kellogg as well.

Results

Kellogg reported strong results for both of the programs offered in year one:

- **66% of eligible employees completed a health risk assessment.**
- **54% of those in a smoking cessation program were declared smoke free.**

Kilduff also noted that the number of low-risk employees is growing; currently, it's also at 66%.

She's pleased, but she's eager to move forward. "There's always room for improvement," she said.

Kellogg plans to offer more opportunities for employees to earn points, including flu shots, exercise programs, health coaching, weight loss programs and two exercise challenges. Incentives will be capped at \$400, and employees must first complete an HRA before earning points for any other activities.

For 2010 and beyond, Kilduff said Kellogg hopes to add spouses and dependents. She also said Kellogg would like to find a way to extend the program to union employees.

Key considerations

Kellogg's success provides insights for other employers considering an incentive program:

- **Simplicity is key.** IncentOne helped create a simple interface for employees that allowed everyone -- regardless of education, work schedule or computer experience -- to participate. It even provided alternative resources for employees who were not internet-savvy.
- **Success requires planning.** Kellogg is gradually rolling out a multiyear incentive strategy. IncentOne, by providing a scalable product, was able to work on Kellogg's timeline and at Kellogg's pace.
- **Technology matters.** Kellogg needed vendors who could provide technological expertise. IncentOne delivered.
- **Communication is critical.** IncentOne and Kellogg joined forces on the communications side, helping employees better understand how the incentive program worked.
- **Cookie cutter approaches don't work.** Kellogg has a very strong company culture, and to be successful, an incentive program had to fit into that culture. IncentOne recognized that, and worked with Kilduff to provide the incentives that would be the most effective for Kellogg's workforce (i.e., premium reductions). •

