

Expediting Employee Behavior Change BY Implementing THE Right Incentives

Bill Sims has been working with companies to develop tailored and customized incentive campaigns for years. As one of the leaders in the industry, Sims has helped many companies to improve employee health and contain costs. In this interview, Bill Sims sits down with WELCOA President, Dr. David Hunnicutt, to discuss what works best when it comes to developing and implementing employee incentive-based wellness campaigns.



How important are incentives to the behavior change process?

Sims: I believe that the last numbers that I've seen say that 75% of all companies who implement a wellness program use some sort of incentive to do it. So I would think, in my opinion, if you don't have a well-thought out recognition strategy, you probably are wasting your time to even get involved in wellness.

When you're using an incentive program, should you use carrots or sticks? What's your view?

Sims: I think the answer to your question is, "yes." By that I mean carrots and/or sticks can work in facilitating the behavior change process. Now having said that, it's important to share with you that carrots are highly preferable to sticks when it comes to incenting employees. From the literature, the concept of positive reinforcement has been studied time and time again. One of the best books I've read on the topic is Dr. Aubrey Daniel's book, *Bringing Out the Best in People*. In his book, he reinforces the fact that both carrots and sticks have their place. There are times when you have to use negative reinforcement. For instance, if you encounter an employee

who is doing something that could kill someone or kill themselves, you might have to use negative reinforcement immediately to get them to stop a behavior. But negative reinforcement should be used as a means of last resort—that's what most wellness practitioners and corporate executives are missing.

By far, the most effective strategy for reinforcement is positive reinforcement, and I'll give you a couple of stories to illustrate that.

The first story is about four guys that I encountered in the U.K. who were working on a brick wall. Specifically, the law over there says that all employees have to wear hard hats. Well, three guys were wearing a hard hat, and they were obviously complying with the rule. However, one guy wasn't. Sure enough, around the corner walks the manager and what does he do? He uses negative reinforcement, the stick approach. "If you don't put on your hard hat, you're off the project." So this guy quickly finds his hard hat, and he puts it on. Unfortunately, he's embarrassed and his buddies are laughing at him. So now the manager walks away from that side of the project to the other side because he has to yell at more people because that's what managers do...right? After the manager leaves, what do you think the guy with hard hat issue does? Bingo, he takes it off.

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—**Bill Sims**
on **Negative Reinforcement**



From this scenario, we can learn that negative reinforcement gets you the behavior change—as long as you're there to yell or scream at the person. The minute you leave, guess what? Their behavior goes back to where it was originally.

Now contrast this phenomenon with another story. The same problem—we had a company we were working with where the safety director was trying to get employees to wear hard hats and they wouldn't. So as their consultant, we said, "look, why don't you stop nagging and screaming since that isn't working. Instead, perhaps you should consider positively reinforcing the right behavior." After some buy-in and setting up a tangible incentive as positive reinforcement, the safety director went back to the same site and, instead of yelling at all those who weren't in compliance; she picked one guy out of the crowd that was indeed wearing his hard hat. She goes over to the guy; she hands him a little "You did it right" card on the spot thanking him for complying with the rules. She also tells him that she appreciates what he's doing and to keep up the good work. The gift card allowed the employee to obtain a nice gift for himself. Everyone on the construction project took notice of that behavior.

What do you think happened the next time she visited the site? Yep, that's right, she had 17 guys standing around her, grinning, and pointing at their hard hats.

So when we look at positive reinforcement, in my experience, I've found that it's the only tool that sustains the behavior where people will continue doing the right thing whether you're there or not. Here's a specific workplace wellness example; the positive reinforcement that goes along with having a personal health coach. In fact, when you look at the results using good health coaches, I'm not surprised to see that behavior change rates are significantly higher than when you don't use coaches—and good coaches are great at positively reinforcing their clients.

On a related note, I recently read a study that came out of Neuron magazine. In this study, researchers conducted MRI brain analyses on subjects, and they found that when you hand people money, you stimulate a certain quadrant of the brain. Guess what else? When people are given positive reinforcement, researchers tell us it stimulates the same part of the brain. So in my world, I figure it's a whole lot cheaper to pat people on the back and use positive reinforcement than to bribe them with money—which can become an entitlement sort of mentality, if you're not careful.

When you talk about incentives, what type of incentives work best from your experience?

Sims: In the last 10 years, I have had major differences with the gurus who've said you should use healthcare discounts or that you should use money. For what it's worth, I also differed with these "experts" when they said T-shirts and water bottles were the answers to all of the health and prevention problems in the early 80s.

But to answer your question and to get to the heart of this issue, we conducted our own study gathering information from about 800 companies—and here's the questions we asked: "To get people to do a health risk assessment or a health risk appraisal, how much money are you spending on your incentive award?" Then we asked, "What percentage of participation are you getting?" Thirdly, we asked "What type of award are you using—merchandise, cash, or discounts on healthcare?"

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What we found was pretty interesting. First, we found that the groups who were using discounts on healthcare to drive employee participation were spending about \$450 per employee per year to get people to do a health risk assessment. Surprisingly, their average level of participation was 50%. Next, when we looked at the companies who were providing cash incentives, we found that they were doing significantly better than the people offering healthcare discounts. Specifically, this group reported that they spent an average of \$210 per employee per year, and were getting 70% participation rates. So, thus far in our study, we learned that it is possible to spend \$210 a person a year and get 70% participation rather than spend \$450 and get 50% to take part.



ABOUT WELCOA

Based in Omaha, Nebraska, the Wellness Council of America was founded in 1987 as a national non-profit membership organization dedicated to promoting healthier life styles for all Americans, especially through health promotion initiatives at the worksite. Organizationally, WELCOA serves as an umbrella, linking communities and coalitions together into a supportive network that includes Well City initiatives, Well Workplaces, and individual and corporate members throughout the United States.

Working Well—Specifically, WELCOA focuses on building Well Workplaces—organizations that are dedicated to the health of their employees. The Well Workplace process provides business leaders and members with a structure or blue print to help their organizations build results-oriented wellness programs. Ultimately these programs help employees make better lifestyle choices, and positively impact the organization's bottom line. To date, over 700 companies have received the prestigious Well Workplace award. In addition, nine cities have been designated as Well Cities—Jacksonville, FL; Omaha, NE; Chattanooga, TN; Hobart, IN; Lincoln, NE; Kearney, NE; Kanawha Valley, WV; and Gainesville, FL and Bangor, ME—while several other cities have made the commitment to join this exclusive group.

Leading Edge Wellness Information—In addition to helping organizations build structurally sound wellness programs, WELCOA serves as a national clearinghouse and information center on worksite wellness. WELCOA responds to thousands of requests for information and materials by publishing a number of source books, a monthly health and wellness newsletter, an extensive line of brochures, as well as conducting numerous training seminars.

Wellness Council of America [WELCOA]

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But here's where it gets interesting—and I'll have to just touch on the highlights—when it came to offering merchandise (things like gifts cards, etc.) we found that it's possible to spend far less than \$210 per person a year and get even higher participation rates. Bottom line? It may be six times more expensive to use cash than it is to use a tangible reinforcement. If people want to learn more about this, they can simply access our website and watch a short video—www.greenbeansandicecream.com.

And so the answer to your question is—cash and healthcare discounts can work. But merchandise may work even better than both of them.

From your perspective, is there a dollar value that strikes a chord with employees? What I mean by that is this; "Is there a dollar value that has to be on the table in order for people to start taking it seriously?"

Sims: Yeah, great question. I think I should talk about the church of the here and now. In the early 80s when we started doing wellness incentive programs, pretty much all the program incentives were things like T-shirts and water bottles. What we found was that these incentives were useful in reaching the already healthy people—the runners and walkers. However, when we asked the high-risk folks to take part, they laughed us out of the building. So what we can conclude from this experience? One size of incentive definitely doesn't fit all.

Why is that you ask? Here's why. It's going to take a whole lot bigger award to motivate medium- and high-risk participation than it ever will to motivate low-risk people. To get true behavior change, we have to start tailoring our incentive budgets to get the attention of the people who are at the most risk.

So the answer to your question is, if I'm a low-risk person who is intrinsically motivated, you probably don't have to give me anything; I'll do it without you rewarding me. If I'm at moderate-risk, you'll probably have to put \$100 to \$200 on the table for me to take you seriously. If I'm at high-risk and I have a whole lot of behavioral issues—I'm diabetic, I'm on insulin—you might need to think about \$500 to \$1,000. We believe that the one-size-fits-all approach to incentives is what killed wellness in the 80s and we're afraid it will kill the movement again if we don't kind of wake people up to the fact that we've got to get a whole lot more creative with incentivizing participation.



“The reason I’ve struggled with it [Prochaska’s Model] is that it essentially says that people will only change as they progress through certain stages—and to a large part, I agree with that. The problem is that I don’t think his model is practical from a pragmatic business standpoint. We’ve got to get people to change faster—just ask any CFO in America—we don’t have the luxury of time.”

—**Bill Sims**
*on the Importance of Motivating
People to Change Behaviors*



Is there a good model for providing positive reinforcement for employees when it comes to wellness and prevention?

Sims: I will be speaking in Stevens Point, WI in a couple of months and I'm addressing this topic. In fact, you may be reading my obituary soon thereafter because my title is "Prochaska Was Wrong." I say that with great respect to Dr. Prochaska, but I've really had some problems with the Prochaska model over the years. The reason I've struggled with it is that it essentially says that people will only change as they progress through certain stages—and to a large part, I agree with that. The problem is that I don't think his model is practical from a pragmatic business standpoint. We've got to get people to change faster—just ask any CFO in America—we don't have the luxury of time.

Again, if you want another alternative to the Stages of Change, I would suggest that people read the book, *Bringing Out The Best in People* by Dr. Aubrey Daniels. In this book, Dr. Daniels talks about PICs and NICs. PICs stands for positive, immediate and certain. NICs stands for negative, immediate and certain. Together, PICs and NICs are the basic prerequisites to get people to adopt new behaviors or leave old behaviors behind.

According to Dr. Daniels, if you want to get people to change their behavior, you've got to give them some type of reinforcement. Specifically, you could use PICs—reinforcement that is positive, immediate and certain; this is very effective in getting people to adopt new behaviors. To the contrary, you could also use NICs as reinforcement—negative, immediate and certain; NICs are also useful in getting people to extinguish certain negative behaviors.

So let's put this model into action. Suppose you want to get people to be more physically active—a noble goal. On day one, they go out and walk 10,000 steps. Well, the following morning, that individual is going to get some reinforcement and it's going to be negative, immediate and certain. They'll be sore as sore can be. If you don't intervene with PICs, that individual will avoid walking like the plague.

However, if you offer other incentives—like let's say a \$30 Visa gift card, the individual might think, "Hey, I'm a little uncomfortable but if I stick with it, I can get my gift card." And that's exactly, how incentives can work to help people adopt health behaviors. Now, in eight weeks, that person might get their gift card, and since they are already active, there's a better chance they'll continue on with the behavior. But more likely, they'll sign-up for the next program in hopes of getting their next incentive prize.

I think Dr. Daniels model is really a useful one in explaining the dynamics of behavior change—I've gotten a lot of mileage out of it and it has really helped our client companies.

The question I have for you, Bill, is this. When you're using incentives, are there a lot of people who will try to game the system?

Sims: Yeah, I think you're going to have that in any system—it's a fact of life that you're going to have people who try to beat the system, and I think you just have to accept that. It's like the story of the guy who got his pedometer and he won the walking contest, and during that period of time he gained 20 pounds. When they handed him the award, one of his buddies kind of ratted him out. He said, really, Joe just tied his pedometer to his hunting dogs.

So does it happen? Of course, it happens. My advice is to put small rules into place and to keep moving. The number of people who try to game the system will be relatively small in the grand scheme of things.

I think that's probably pretty true. In your perspective is there a length of incentive program that works best? A lot of people are running year-long campaigns. In your experience is that too long or is that okay?

Sims: I think if you look at some of the best incentive programs out there—let's use the airline industry as an example—you can really learn a lot on how to (and how not to) do things. For example, they've all got these loyalty programs where customers rack up points in frequent flyer accounts and the credit card companies are jumping on the bandwagon now. They had a choice somewhere back there to just discount their airline ticket prices, right? If cash were really King, they should've done that. They should have just sold the ticket cheaper and that would've made me loyal. But they opted to keep the price a little higher and allow me to accumulate points on an ongoing basis. So here's what that means for me. I got a million points with American Express. When it comes time to buy something at a restaurant or anywhere, what card do I pull out? It ain't Visa; it's American Express.

So I believe that if we create our incentive campaign right, it needs to be an ongoing system where medium- and high-risk people are accumulating points, because all of a sudden when they've got enough points to get



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—*Bill Sims on Methodologies for Positive Reinforcement*

a plasma TV or something like that, pretty soon, they want more points, and the only way to get those points is to engage in the wellness program and change their behaviors. So I kind of think maybe it's longer than a year, and ideally it should be an ongoing effort that really reaches out to these people and grabs hold of them. I also, again, think we're giving away way too much to our low-risk people at the expense of getting our medium- and high-risk people onboard.

What's the most important piece of advice you would give to a worksite wellness practitioner about incentives?

Sims: It would be this: use a combination of strategies. Pilot several solutions. Don't be afraid to do something different. If you're getting 50% participation and you're spending \$450 a person a year to get there, the only way to go is up. So I think test and try various solutions to see what's right for your workforce. At the end of the day, are people always going to give healthcare discounts for wellness involvement? Probably so, perhaps just because there are so many people doing it right now. And, in the big picture, there's probably a place for cash as well. Maybe it's all three strategies. I think a blended approach of incentive strategies and recognition strategies coupled with targeting medium-risk and high-risk people with extra awards and incentives can really get behavior change to occur. That's where I hope we can get wellness to go so we can avoid the problems of the late 80s.

You obviously have a lot of knowledge and experience in the area of incentives. Where can the typical wellness practitioner go to learn more about using incentives?

Sims: Good question. The first place is the safety literature. In fact, I would say that the world of safety has affected behavior just about as well as anyone—and they

use incentives to do it. So I think people should look there first—there's a lot of research addressing what's worked over the past 30 years.

Another area for some interesting research is that of the world of sales incentives—which is a multi-billion dollar business that would dwarf safety or wellness. And when you really look closely at the this research by the way, I believe that the evidence is pretty clear that the guys in the world of sales incentives have found that you can motivate people better with merchandise than you can with cash. Thus for anyone who wants to learn more, they should check out these two areas. ★



ABOUT Bill Sims

Bill Sims is a leading authority on successfully utilizing wellness incentives. With more than 20 years of experience, Bill has helped companies of all kinds improve health and productivity by implementing engaging and effective wellness incentive programs.



ABOUT David Hunnicutt PHD

Dr. David Hunnicutt is the President of the Wellness Council of America. As a leader in the field of health promotion, his vision has led to the creation of numerous publications designed to link health promotion objectives to business outcomes.



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