

# CIANBRO

**1946**—Forty years after 11-year-old Raphael Cianchette boarded a passenger ship alone in Naples, Italy, bound for America, four of his sons—Carl, Ken, Bud, and Chuck—locked arms to build a construction empire.

With Ken and Bud's Army savings for seed money and Chuck's 1934 pickup truck as the company vehicle, Carl launched the family enterprise. Incorporated in 1949, Cianbro, now an employee-owned company, is one of the East Coast's largest civil and heavy industrial construction and construction services companies.

Carl, Ken, Bud, and Chuck Cianchette were raised to be hardworking, self-reliant entrepreneurs. Instilled with their parents' philosophy – treat people with dignity and respect, your word is your bond, and give back from which you take – the boys delivered newspapers, worked odd jobs, and learned early the value of a positive, can-do attitude and the rewards of an honest day's work.

They believed in themselves and they believed they could succeed by working together. They also believed they could achieve the impossible regardless of the obstacles. This same confidence and can-do spirit lives on in our people today. It is what allows Cianbro to successfully complete some of the most complex projects in the construction industry.

The Cianchette brothers—each unique and different individuals—provided our company with tremendous depth in its early years. Their mutual respect and trust in one another allowed them to focus on growing the company. They initiated the teamwork that Cianbro thrives on today. And, they believed that the people who worked beside them should be the future owners of the company. Their legacy lives on.

# Cianbro's Business Context And Background

## Cianbro's Vision, Mission And Values

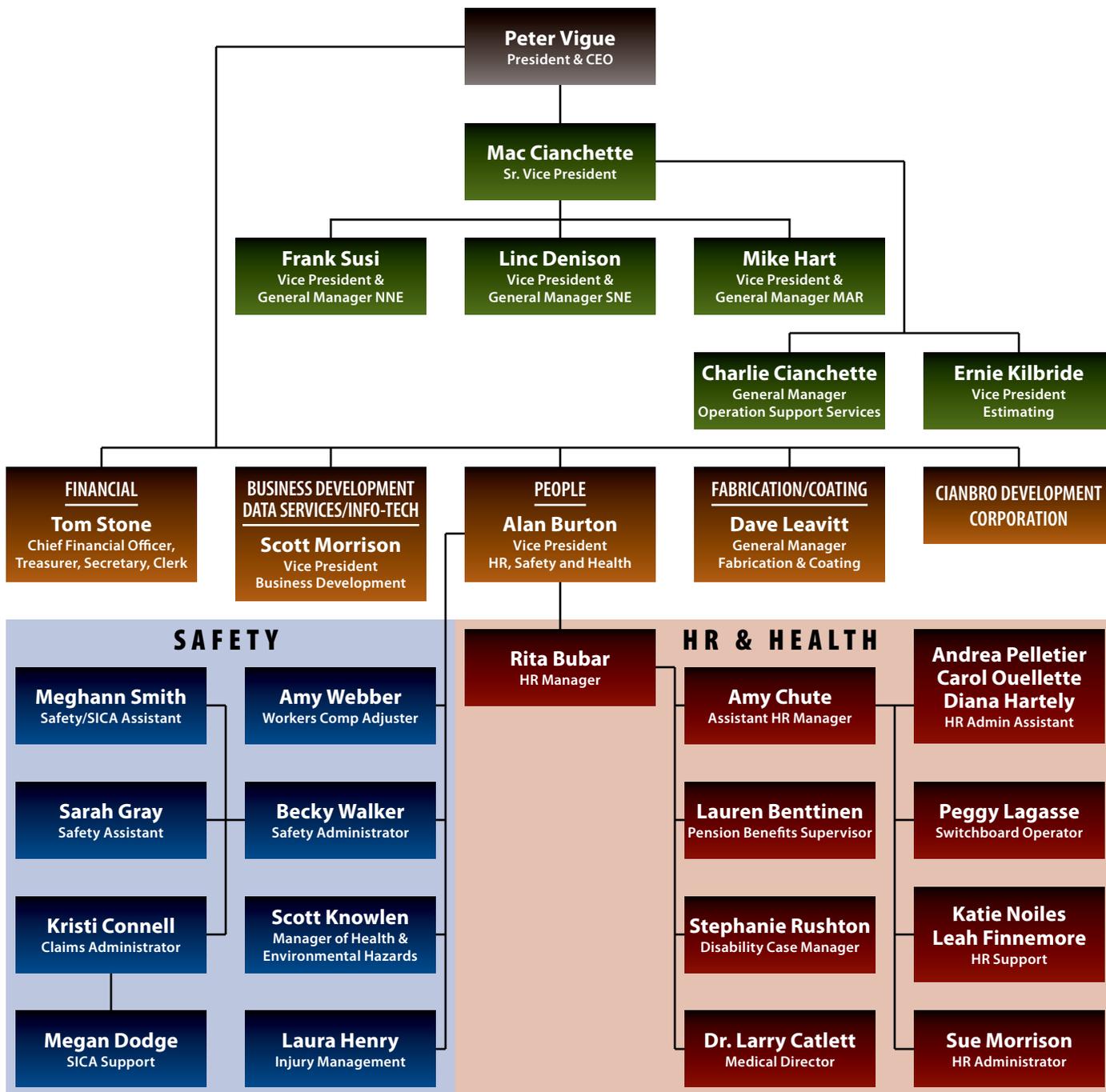
**Vision:** To be the constructor of choice.

**Mission:** Cianbro will safely construct quality facilities on time and at a competitive price. Through innovation, efficiency, and a can-do spirit, we will develop our people, satisfy our customers, and grow profitably.

## Services And Traits Of The Organization

Cianbro, an employee-owned open shop general contractor, services from the Northeast through the Mid-Atlantic states. Services include: commercial and institutional, heavy industrial, energy systems, pulp, paper and forest, marine, high tech, transportation, fabrication and coating, data services, and electrical. Our success can be attributed directly to our team's spirit of working safe, cooperation,

## Organizational Chart



enthusiasm and genuine concern for customers – one that is unmatched in the industry. The company is recognized nationally for its safety program. Cianbro meets and exceeds safety compliance with the Occupational Safety and Health Administration and works with many regulatory agencies on employee health and safety and hazardous materials. Offering construction services from the conceptual stages of design through start up, our TQM approach brings continual improvement, partnering and quality processes to construction marketplace. Throughout the Eastern United States, Cianbro offers a wide range of services in our areas of expertise.

People are the foundation of Cianbro's success and our most valuable resource. Continuing success depends on our ability to attract, select, and retain the highest quality people who can successfully meet the diverse challenges of Cianbro's involvement and growth in the construction industry. To accomplish this, we must maintain an environment that continually and visibly reinforces and celebrates the concepts of treating people with trust and respect, working together, multi-skilled employee, can-do spirit and safety.

### Present Competitive Position Within The Industry

Cianbro has its corporate office in Pittsfield, Maine and regional offices in Pittsfield and Portland, Maine; Bloomfield, Connecticut; and Baltimore, Maryland. It is one of the East Coast's largest civil and heavy industrial construction and construction services companies with gross annual sales in excess of \$360 million and over 2,000 team members. Cianbro operates in 13 states as a prime contractor and under the guidelines of a "federal contractor."

Listed in the top 100 of *Engineering News Record's* Top 400 Contractors, Cianbro is ranked as a leader in the market areas of hydropower, pulp and paper, industrial process, and manufacturing. Best known for hands-on construction, Cianbro also provides construction management services.

Throughout its history, Cianbro has completed many technically complex and environmentally sensitive projects for a wide variety of public and private clients. For over 50 years, Cianbro has satisfied clients in automated distribution centers, chemicals and pharmaceuticals, fabrication and coating, food and beverage processing, fossil fuel, hydropower, nuclear power plants, hospitals, large building complexes, parking garages, pulp and paper, semiconductors, transportation, marine infrastructure, and water and wastewater.

### Core Values Of The Organization

We value people who exercise judgment and take action; accept accountability for their actions; learn from experience and continuously improve; treat others with honesty, fairness, dignity, and respect. We value our word as our bond, meeting commitments and expecting others to meet theirs. We value our faith in others and assume the risk to establish mutual trust and respect. We value relationships with others willing to work toward mutual goals and mutual prosperity. We value accepting responsibility, earning rights, and sharing opportunities. We value our reputation as a measure of our integrity; we aspire to be industry leaders. We value our role as responsible corporate citizens, being a part of the society, not just the economy.

Peter Vigue, President and CEO of Cianbro, believes that people are the company's most valuable resource, and that as an employee owned company, safety and health should be a priority in every work activity. Management's commitment to establishing an injury-free workplace starts at the top and involves every team member. In order to maintain a successful safety program, all managers must feel personally responsible for, and be held accountable for, the health and well being of our team members. In fact, the company has set a "zero injury" goal that all managers and supervisors are expected to adopt and live by. Along with providing the leadership and vision, management also provides the resources to ensure a successful program. Over 50 safety related training courses are offered to team members to give them the knowledge necessary for successful safety performance.

Cianbro applies the same philosophy to team member health as it does to safety. Taking a page out of its successful safety program, Cianbro is working with team members to eliminate at-risk health behavior. Exercising, eating right, losing and controlling weight, being tobacco free, lowering blood pressure and cholesterol, managing stress and diseases is the order of the day at Cianbro. With its "Behavior-Based" Healthy Lifestyle Program, Cianbro gives team members (and their dependents) ongoing access to personal health coaches and a 15% discount off their medical plan cost.

### Challenges To The Organization

Cianbro has many strengths. On the people front – expertise, flexibility, leadership, integrity, depth, experience, culture, skills, attitude, approach, safety, innovation, creativity, entrepreneurial, compassion, caring, and efficient.

Other assets include our relationships with customers, financial institutions, vendors, subcontractors, policy makers and our business strengths in reputation, diversification, risk management, buying power, and as an open shop.

That being said, we still face many challenges. We face the economic challenges that all companies face. We must maintain and grow our market share, particularly in the Mid-Atlantic and Southern New England regions where we are less known. We must cultivate new and existing relationships, solve customer problems and be the contractor of choice. Many customers only make a few sizable capital investments in construction to need a contractor like Cianbro. We work ourselves out of a job each time we complete a project. Therefore, we must always be bidding new work and looking for new opportunities. We must continue to be diversified in order to provide growth for the company as well as career growth for team members within the company. As an employee owned company, it is extremely important to be profitable to retain team member equity in their retirement plan.

Another big challenge we face is retaining our culture as time passes. Our culture is grounded in our roots from our founders, the Cianchette brothers. We are committed to keeping the values they instilled in us while growing the company and remaining open shop and merit based. In the past we have faced challenges from Union organizers. Our philosophy has always been to pay and treat people well. Our challenge is to create an environment where team members feel they have a voice in the company, that their actions matter and that they can make a difference.

We face immediate challenges as our work force ages. 27% of our workforce will retire in the next five to ten years. Succession planning is key.

Health care costs remain a challenge for us as a company and to our team members. Health care is 11% of our burden rate, the single largest benefit cost, far exceeding retirement benefits. We ask ourselves how we can stay in business and continue to see these costs grow at the rate they have been over the last few years. Many companies will not be able to stay in business and continue to provide health care for their employees unless things change.

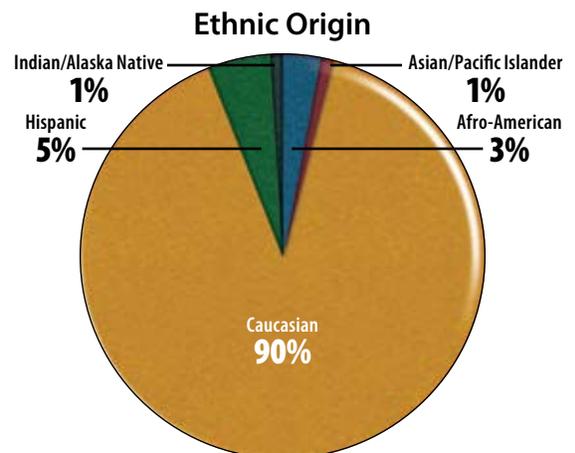
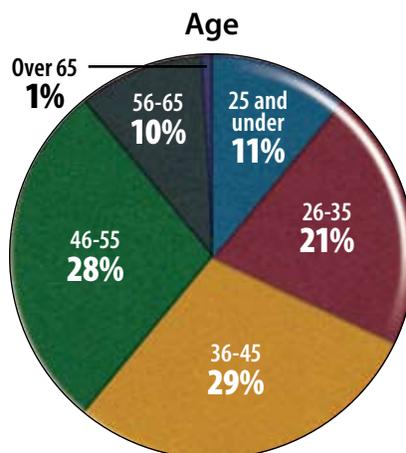
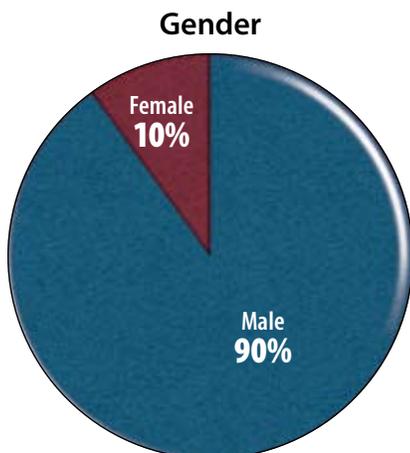
## Present Approach To Corporate Health

### The Genesis Of Our Wellness Program

The importance of safety and health at Cianbro is best represented and championed by Pete Vigue, President and CEO. In the 80's, he started a push to create a culture focused on the safety and health of our team members. Cianbro's innovative and creative safety program, including the behavioral safety program, CAPP (Cianbro Accident Prevention Program), began because Pete became convinced that it was the right thing to do. Cianbro's commitment to safety became number one and "safety first" became its mind set.

In 1988 we implemented a pre-placement physical and a drug test for all new hires. We partnered with Dr. Larry Catlett, who notified each applicant, in writing, the results of their physical and included notes about their non-work related health issues. We became part of a process that encouraged employees to take better care of their health. When the Americans with Disabilities Act took effect, we took pains to identify work modifications, which allowed us to employ applicants with their restrictions and not ask them to do any work they weren't physically capable of performing. Our incident rates and worker's compensation costs began to decline while our medical costs increased.

**Demographic Overview**—As of June 2005, Cianbro employs 1,839 team members distributed as follows:



In the early 90's, Pete visited the Cooper Clinic for physical problems. Through this experience, he learned to deal with his illness through diet, exercise and healthy living. Frustrated with managed care, the rising cost of medical coverage and the ravages of preventable disease, Pete brought this concept of healthy living to Cianbro. The same culture change Pete brought about with safety, carried over into wellness. Driven by a strong belief of doing the right thing for team members and the "health" of the company, Pete empowered the human resources team to create a wellness program. Improving team member's quality of life and reducing at-risk health behavior was the company's answer to address increasing health issues and high medical premium costs. We can't focus on a claims based system but rather a claims prevention program. We must focus on preventing lifestyle behavior illnesses and mitigating the effect of other illnesses.

### How Long The Program Has Been In Place

Our Wellness Program grew naturally as a result of initiatives that began in the 90's such as 24-hour coverage for team members and coordinating like coverage and processes across our benefits program. Pete then directed the human resources team to create a formal Wellness Program. At this stage, the program included enhancing the medical plan to include coverage for well care, physicals, immunizations, birth control, and other preventive services, creating like systems and coordinating disability benefits between work related and non work related, relating the safety at work experience to safety at home, a seat belt program, and a tobacco-free program in offices, trailers and vehicles and a wellness newsletter.

In 1997, with the help of our medical director, Dr. Larry Catlett, we started a six-month pilot program. Participants were asked to complete a short Health Risk Appraisal (HRA), work on identified controllable at-risk behaviors and periodically meet with a nurse health coach. Outcomes indicated that one-on-one health coaching encounters could significantly reduce at-risk health behaviors and physical measurements across the studied population (see pilot results below). Cultural supports of

wellness such as newsletters, wellness points, lunch and learns and online wellness information set the stage for the interventions to come. In 1998, the pilot program went company wide as a purely telephonic program with no incentives and existed with only a small enrollment through 2000. In 2001, we implemented a revamped program based on a one-on-one interventions and an incentive for participation tied to our medical plan called the Healthy LifeStyle Program (HLP).

### Wellness Vision And Mission Statements

**Vision:** To be the Healthiest Company in America.

**Mission:** To continuously provide and promote programs throughout Cianbro that encourage, educate, and support team members and their dependents to make healthy, mental, physical and financial lifestyle choices on a daily basis.

### Wellness And Strategic Priorities Of The Organization

As early as 1993, Cianbro's strategic plans have involved employee health. Our objectives were to eliminate at-risk behavior at work and home, improve quality of life, increase productivity, and reduce medical costs for lifestyle-related accidents and illness.

Pete has directly charged his senior managers to support the efforts of both the Safety and Wellness Programs. In 2001, Cianbro's senior managers pledged their support to wellness and the concept of eliminating at-risk behavior. Leading by example, they have made this commitment by incorporating health and wellness goals into Cianbro's annual strategic plan. Pete is directly involved with the "marketing" of both safety and wellness as corporate cultural values. You can't have a healthy company without healthy employees!

Our current strategic plan for 2005 has an overall goal to "create a wellness culture for our team members and families." Under this goal, specific objectives are set with measures of achieving and targeted dates, and managers are named responsible to make sure the objectives are reached.

### The Operating Model And Theoretical Underpinnings Of The Wellness Initiative

Cianbro's operating model for wellness is patterned after our safety program. Our goal in safety is to eliminate at-risk behavior and achieve zero incidents. This goal can easily be applied to wellness by eliminating controllable at-risk health behavior and preventing illness and injury before it happens.

#### Wellness Pilot Results (77 Participants)

	Initial Risk Status	Final Risk Status (after 6 months)
High	8	0
Medium	45	19
Low	24	47

Cianbro is the first construction company to implement a behavior-based safety process throughout its organization. Cianbro's Accident Prevention Process (CAPP) empowers team members to participate in safety improvements by identifying both safe and at-risk behaviors in everyday work. Rather than focusing on compliance or what workers are doing "wrong", observations of team members opens the door to discuss at-risk behaviors and barriers to safe behavior. This leads to problem solving both on the spot and later in committee meetings where data is analyzed and acted on. Cianbro accepts responsibility for establishing and maintaining a safe work environment. "Our team members have the right to go home each day without injury" has been the objective for many years.

Using safety as the foundation of wellness, we understand that caring about our team members doesn't just happen during the workday. We want to send team members home at the end of the day in the same condition in which they came to work. We also want team members to come back to work the next day in the same healthy and safe condition they were in when they went home.

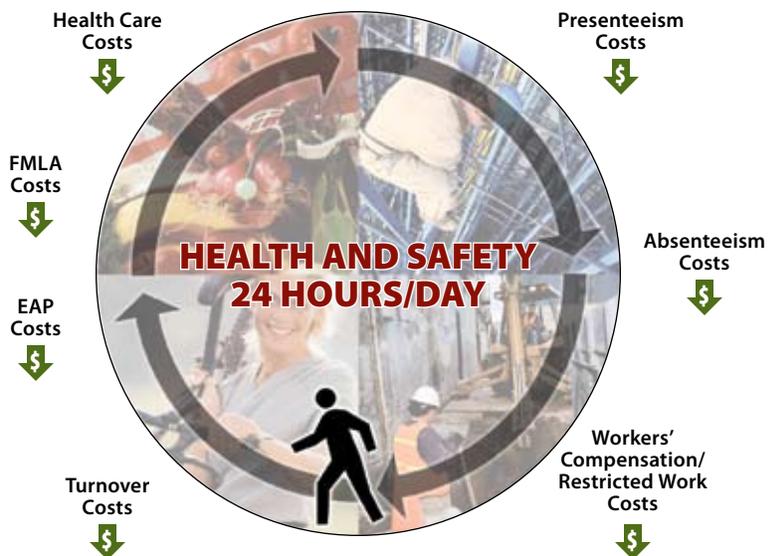
To assure team member's healthy return, Cianbro has adopted a behavior based healthcoaching program that incorporates the techniques of Motivational Interviewing (MI), a proven method of enhancing behavior change. Before proceeding to the development of short and long term goals toward health behavior change, the coach and client must investigate the many issues that may be the underpinnings of the at-risk health behaviors. Our basic assumption is that reduction in at-risk health behavior and consumer education, leads to decreased short and long term health care consumption and thus a decrease in overall health related costs including those noted below.

Wellness initiatives are designed and implemented by the corporate human resources department. The human resources department works with SHARE (Safety & Health Awareness Raises Excellence) Committees within the organization. Part of the mission of these committees is to support the utilization of our current Safety Program, Cianbro's Accident Prevention Process (CAPP) and the Wellness on Worksites Program (WOW). The SHARE committees act as a conduit for disseminating health and safety information and are empowered to bring about change.

### Health Behaviors Within The Organization

The Wellness Program promotes healthy behaviors through its emphasis on safety and wellness interventions. The one-on-one health coaching intervention assesses team members risk status by using our Health Risk Appraisal (HRA) and recording their physical measurements (height, weight, blood pressure, cholesterol, etc). Our Wellness Tracking Software (WTS) identifies and tracks individual risks such as blood pressure, weight, tobacco use, inactivity, stress and depression, hypertension, cholesterol and nutrition. These behavioral risks are assigned a numbered weight according to potential severity or the impact of the risk and risk mutability. The weight for each risk is added up to give the participant an overall behavioral "risk score". At-risk behaviors include not only those mentioned above, but also frequency of mammograms and PAP smears, prostate evaluations, STD risk, drug and alcohol use, children's activity, nutrition status and BMI.

Currently we are modifying our stress risk identification and intervention strategy including the cultural



adaptations, coaching interventions and external resources to address participant risk. This further integration of a support structure for work-life balance issues will allow us to move beyond the “wall” of resistance these issues present and allow us to address the root causes that are often responsible for the maintenance and practice of at-risk health behaviors.

### Cianbro’s Most Innovative Approach

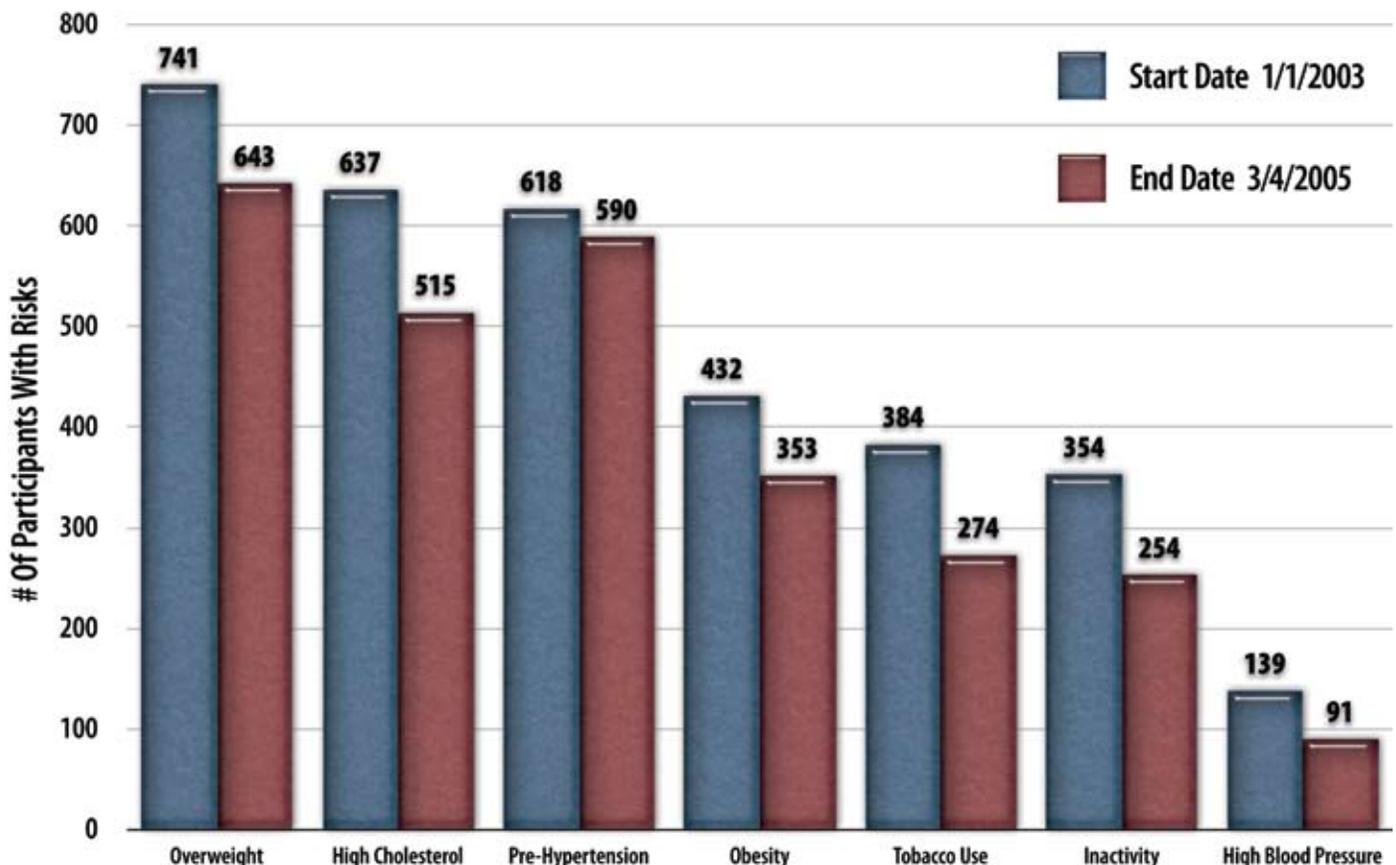
Perhaps the most novel part of our approach has been the development of a program that meets the particular needs and conditions of our construction environment. Rather than impose a structured approach from “outside”, we created one from the ground up taking into consideration the realities of our business strategy and environment.

The Healthy LifeStyle Program (HLP) is the center of Cianbro’s Wellness Program. Using the techniques of Motivational Interviewing (MI), which are designed to provide the participant with an opportunity to examine their at-risk health behavior in an environment free of judgments and standard solutions, we have been able to both enhance motivation toward change and

help participants understand the reasons behind their continued health risk practices.

Team members meet with a health educator to complete a Health Risk Appraisal (HRA). Health educators encourage the participant to identify at-risk health behaviors that they feel are important to change. Participants set achievable long term goals and short term benchmarks (alternate behaviors) that are reasonable, attainable and sustainable. Health educators evaluate and enhance the importance of at-risk behavior change and help build the confidence required to reach goals. They provide ongoing counseling at follow-up interviews and track progress over time. The ultimate goal of the intervention is to improve the overall health status of the participants, their quality of life, and productivity at work while reducing the need for, use and cost of health care both in the long and short term. Through their personal health coach, team members are connected to the company’s strategic wellness plan as well as their providers’ expectations for their health. This has resulted in significant behavior changes and cost reductions, the most recent of which are displayed in the following graph:

### Cianbro Behavior Change (1/1/2003 to 3/4/2005)



Dr. Larry Catlett, Cianbro's medical director, manages the program for Cianbro, with his company Occupational Medical Consulting (OMC). OMC hires and trains health educators that travel throughout the East Coast to Cianbro job sites as required. All records are kept confidential and are only accessed by OMC. Only aggregate risk information is released to Cianbro.

Participation in the program is voluntary and an incentive is offered to encourage participation. When a team member joins the program, his or her spouse must participate to qualify for the incentive. Team members that participate receive a 15 percent credit towards their health care cost in addition to the 65 percent contribution the company makes for team members after 6 months of service.

In 2004, we introduced accountability with rights and responsibilities. It is the participants right to receive a 15 percent discount on their medical plan premium; in exchange, it is their responsibility to make behavior change. Participants are accountable for making progress toward their goals. We are concerned with the honesty with which team members and spouses interact with the health educators. When a health educator says, "Are you still exercising three times a week? Do you still weigh 180?" the tendency is to say yes before we even admit to ourselves that we have not exercised for three weeks and have gained ten pounds. With a program that is tied to a monetary incentive it is easy to get participation, but at what cost? We are committed to the principal of eliminating at-risk behavior. While there are still challenges facing us in our program, the outcome we seek is clear – feeling better physically, avoiding and preventing disease, living longer – it is the right thing to do!

New for 2005, all team members must complete a Health Risk Appraisal with OMC in order to remain eligible for medical benefits. So far, this effort at developing a more representative picture of the company's overall health risk burden has resulted in a 10% participation increase in the Healthy LifeStyle Program. Team members who do not join the program are still required to complete an annual HRA.

While our Healthy LifeStyle Program will help us deal with the cost of health care, some elements are beyond our control. Changing behavior is very hard work for individuals and maintaining a behavior change for the long term is even more challenging. Currently we have moved a large portion of the coaching process to the telephone. This is as a result of internal pressure from managers who believe the interaction of the health educator with team members during work time is a

determent to productivity and/or team members need to show more responsibility toward their health by meeting with health educators on their own time. Education and return on investment discussions have softened this position, however, the ability to motivate without face to face interaction will be severely tested, particularly in new and recalcitrant participants. Less overt is the message this send our team that perhaps we are less committed to this effort because we are no longer allowing interviews to take place during work hours. As a result, health educators are available for extended hours during the week and OMC has partnered with a Spanish translator to communicate with participants who prefer to speak in Spanish. Although these obstacles may make it harder for participants to meet their requirements, our commitment to wellness still stands.

### Making Strategic Health Decisions

OMC's Wellness Tracking System (WTS), developed jointly by OMC and Cianbro and currently undergoing a revision update by OMC, is the primary source of program data used in the evaluation and planning for strategic health decisions. WTS stores all participant risks and risk scores (cost and behavior) and tracks change in at-risk health behaviors and population/individual scores over time. Currently we are integrating actual average costs incurred by individuals within the low, medium and high "cost" risk categories. We will track changes over time of both overall costs, levels of costs within risk categories and the change in costs associated with population increase/decrease within the risk categories. Disability and claims data as well as new data on absenteeism will be incorporated into WTS and examined in like manner.

Cianbro also uses various sources of external data. We utilize CDC and like organizations for data on general health risk and disease, and national medical trend data published by Mercer and other groups. Our company information provided by Cigna, our third party administrator, provides us with information on our annual claim costs and how we compare to other businesses. Cianbro's medical plan is self insured and tracks the expected team member costs annually, the actual team member annual cost and annual changes in that cost, and then benchmarks our changes against national trend.

### Addressing At-risk Populations

Cianbro has designed its Healthy LifeStyle Program to address at-risk populations with incentives to participate, environmental and cultural supports within the company

and accountability within the program for progress toward change over time. Motivational interviewing is used to inform and educate the participant about their at-risk behavior and its consequences, but allows them to set their own agenda to make change. Once that agenda is set, the health educator's job is to enhance the importance and confidence of their chosen health behavior changes and assist the individual in setting realistic, sustainable goals toward those changes.

Frequency of intervention and follow-up, educational material, positive reinforcement, comprehensive health care, and Cianbro's environment and incentives keep wellness in front of participants. Providing free tobacco replacement therapy to team members and spouses give participants that additional support to make positive change.

Cianbro also supports the efforts of team members and their families, to get and stay healthy through the medical plan design. All lab, x-ray, and diagnostic testing are covered in or out of network at 100 percent with no deductibles or co-pays. All prevention related tests like mammograms, colonoscopies, PSA, physical exams, immunizations, flu shots, etc. are covered at 100 percent or with a small co-pay. The medical plan even provides coverage for hearing aids. In 2005, Cianbro added coverage for visits to the doctor regarding weight management even if there were no underlying medical diagnosis. Our goal is to support the behavior we are trying to encourage.

### Keeping Low Risk Populations At Low Risk

It is clear both from our own experience and other studies that it is imperative to maintain and increase the low risk population. Participants that maintain a low risk status throughout their lives incur markedly less health related costs across a variety of benefit categories including health care, disability and worker's compensation. Productivity is substantially enhanced as well. A low risk participant that moves to a higher risk status and back may incur substantially high health costs over time than one who remains at a low risk status.

The Healthy LifeStyle Program (HLP) is designed to reward participants who are doing "the right thing." Cianbro rewards all participants in the HLP equally with a 15% health care premium reduction regardless of risk level as long as they maintain progress toward their stated health care goals. Over two hundred participants in the program have low or no risks. For those individuals, we emphasize maintaining their healthy lifestyle or identify behaviors they will maintain to keep their low risk status over time.

### Ensuring The Functionality Of Wellness Initiatives In The Future

Incorporating "sustainability" into a wellness program is essential and must begin in the initial stages of planning. Occupational Medical Consulting (OMC) has developed a Health Readiness Appraisal to be administered, much like the participant's Health Risk Appraisal, prior to program startup and at intervals throughout the program's delivery. This tool is designed to first educate regarding the importance of and then evaluate company progress toward the cultural adaptations required to support, sustain and grow the wellness effort over time.

Both success and sustainability are directly tied to management buy-in and modeling of the wellness program. Cianbro's support begins with its CEO, a vocal and adamant supporter at work and on the road of both the rationale and day-to-day activities of wellness. Pete advises that "our continued focus on improving our individual lifestyle behaviors will improve our health and the long term quality of our lives. At a time when many other businesses are reducing or eliminating their employee's healthcare benefits, I cannot overstate the importance of your active participation in Cianbro's Wellness Program." Through his leadership, Cianbro has completed one of the most important steps in assuring sustainability of any workplace program by making wellness a major part of the company's strategic business plan. In fact, the first of the seven pillars of the company's long range strategic plan is "Health and Safety." This pillar is supported by an implementation plan and management is assigned accountability for its success. Within this framework, human resources has been instructed to create a five year Strategic Health and Safety Plan.

Cianbro became 100 percent employee owned at the end of 2004 and as such has tied employee behavior to the financial success of the company. We can't have a healthy company without healthy employees. We have encouraged our "owners" to think like owners and make healthy decisions, financially and behaviorally, for their company. Part of this transition included Fidelity Investments, our pension provider, who assisted Cianbro in a marketing effort which included team member meetings at all project locations. The importance of wellness, financial and physical health to Cianbro as a company and to each individual was stressed as part of this presentation.



Another aspect critical to sustainability is the establishment of Wellness Teams to serve as two-way communication links between those who structure and deliver the program and the program recipients. Membership should be representative of all levels within the company. The Wellness Teams should be influential in the formulation of company wide health goals. Inclusion in the content development and program direction is essential for employee buy-in. Cianbro achieves this through its SHARE committees. The SHARE committees act as a conduit for disseminating health and safety information and are empowered to bring about change.

Producing new and supportive ways to reach optimum health also helps the wellness initiative move forward. Cianbro has committed to a unique measure in its Tobacco Free Status initiated in 2003 by providing NRT (Nicotine Replacement Therapy) coupled with behavior change support through the Healthy Lifestyle Program to

both employees and spouses. Cianbro was the first in the nation to request the direct purchase of NRT products from Glaxo-Smith- Kline who now offers products at a discount to employers across the country. Actions like these are critical to assure sustainability.

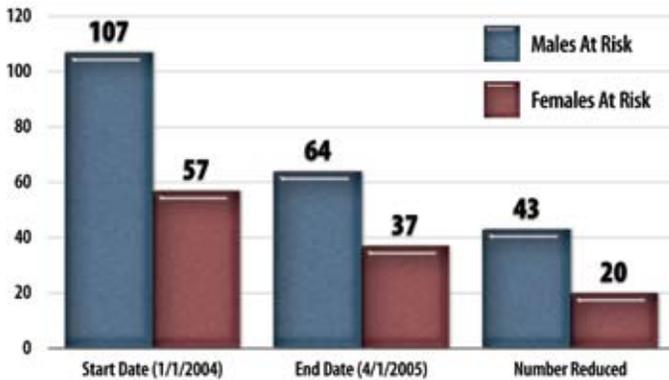
Finally, Cianbro has implemented the mandatory completion of a Health Risk Appraisal (HRA) for all team members and their spouses covered by Cianbro's medical plan but not enrolled in the Healthy LifeStyle Program. This ensures that all team members and spouses enrolled in the medical plan understand their health risks and the behaviors that could put them in jeopardy in the years to come. The Healthy LifeStyle Program is completely voluntary but HRA's must be completed on an annual basis with a health coach. They will review risks and help the participant who does not enroll in the HLP, plan for improvement over the coming year.

## Outcomes

### The Impact Of Health Promotion Programs On Health Risks

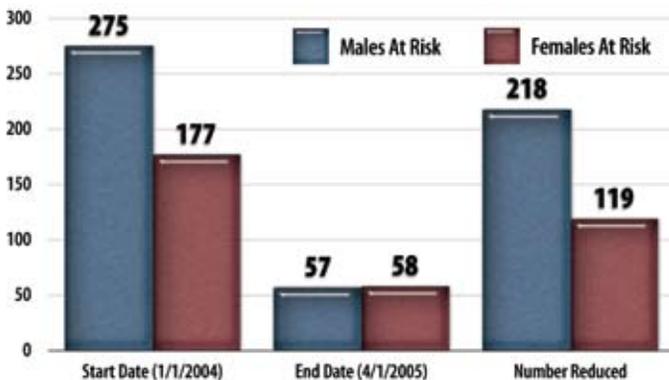
86% of team members and spouses enrolled in Cianbro's medical plan participate in the Healthy LifeStyle Program (HLP). The smoking rate in the HLP population is a sustained 5%. The overall HLP population smoking rate at program introduction exceeded 38%.

#### Tobacco Use



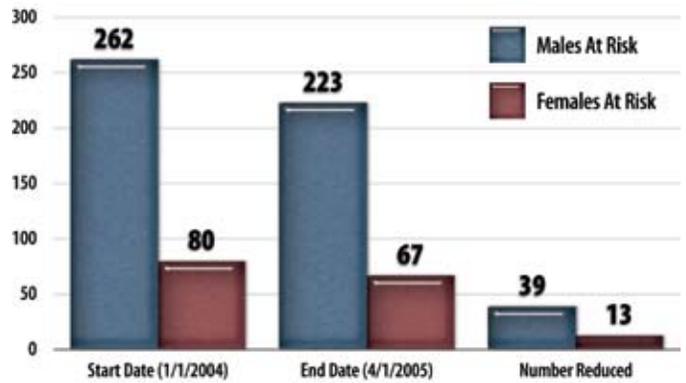
Inactivity, defined as failing to participate in at least 30 minutes of aerobic exercise most days per week, has seen a substantial reduction in incidence as evidenced by the graph to the left. Note that this decrease has occurred on the background of previous decreases. Currently the risk incidence of inactivity in HLP participants is 6%. By contrast, 86% of the Maine population is felt to be at risk for inactivity.

#### Inactivity

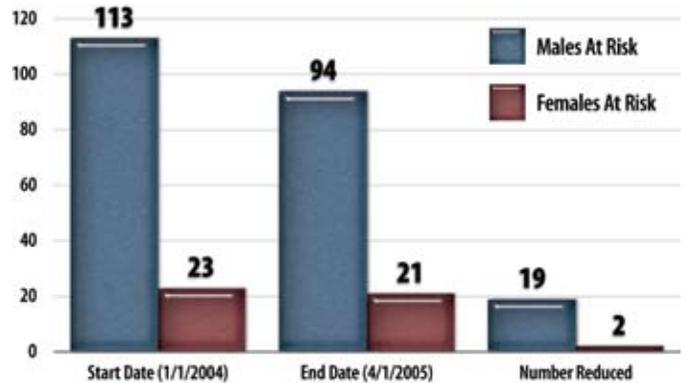


Significant risk reductions have been noted in other categories including those depicted in the following graphs: elevated total cholesterol, pre-hypertension, stress and the seriously overweight.

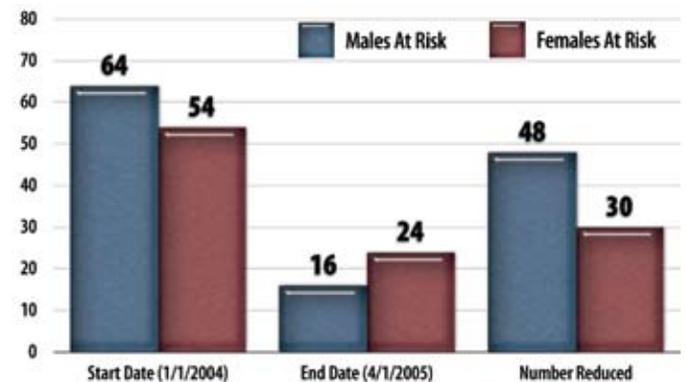
#### High Cholesterol



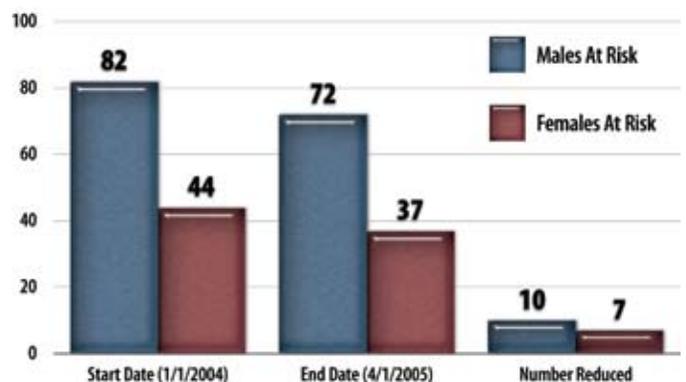
#### Pre-Hypertension



#### Stress



#### Seriously Overweight



Currently our Wellness Tracking Software (WTS) is being modified to include the Health Risk Appraisal (HRA) only category and we will be able to compare risk incidence in this group to that in HLP. We will also have a nearly exact estimate of risk incidence in the overall population as subscription rates to the medical plan are high.

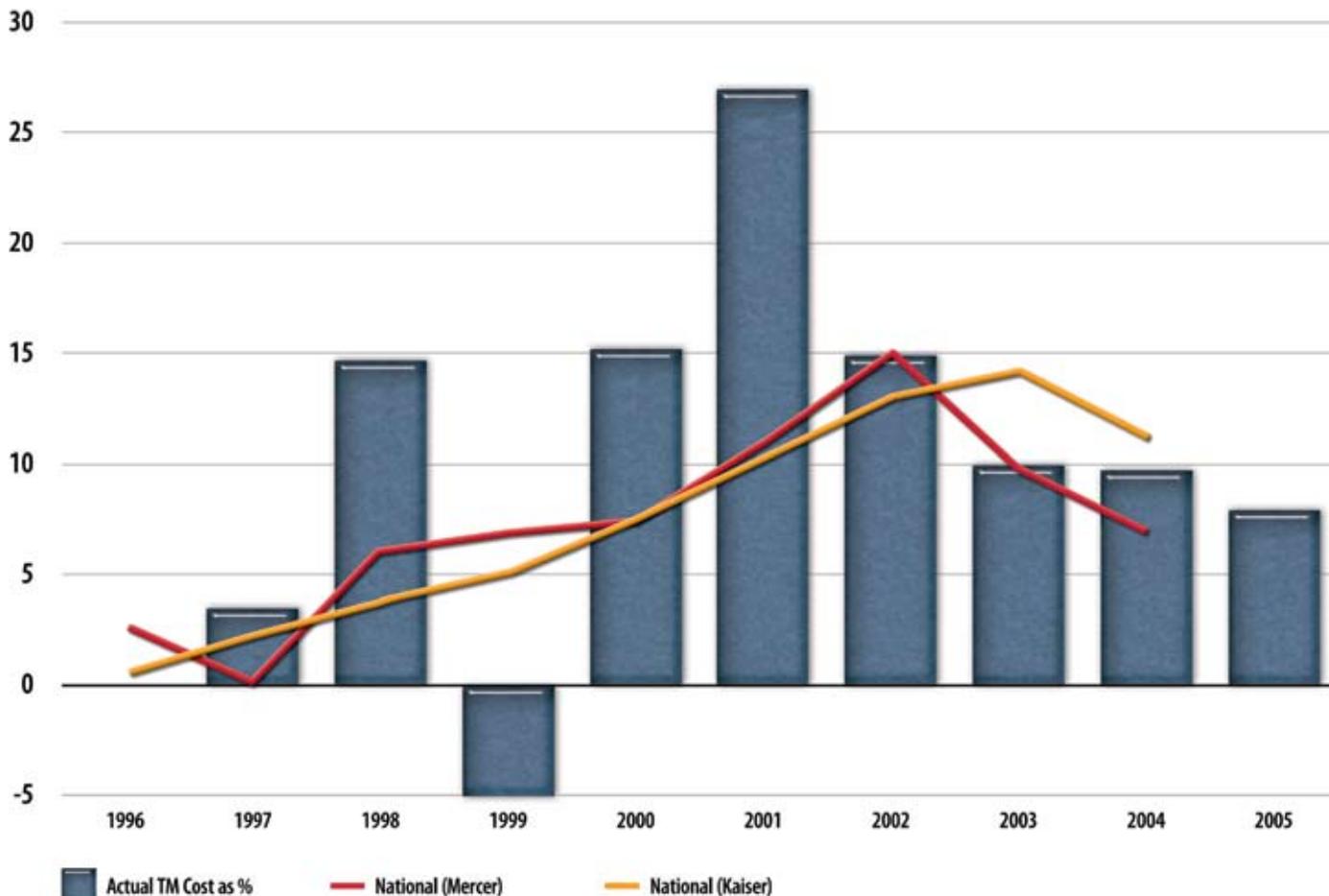
### Wellness Efforts And Financial Outcomes

In 2000 and 2001, Cianbro experienced average increases in annual healthcare costs per employee of 21%. We knew that if this trend continued, our healthcare costs per employee would double by 2005. We implemented the Healthy LifeStyle Program (HLP) in 2001. Today our total healthcare costs, (which include claims, administration fees, reinsurance, and the cost of all our wellness programs) while still trending upward, are increasing at an average annual rate of about 9-10% as compared to the national average of 9-13%. Unlike most other employers who have sharply raised deductibles and copayments, we have only made minor cost shifts to our team members, most particularly with a small increase in

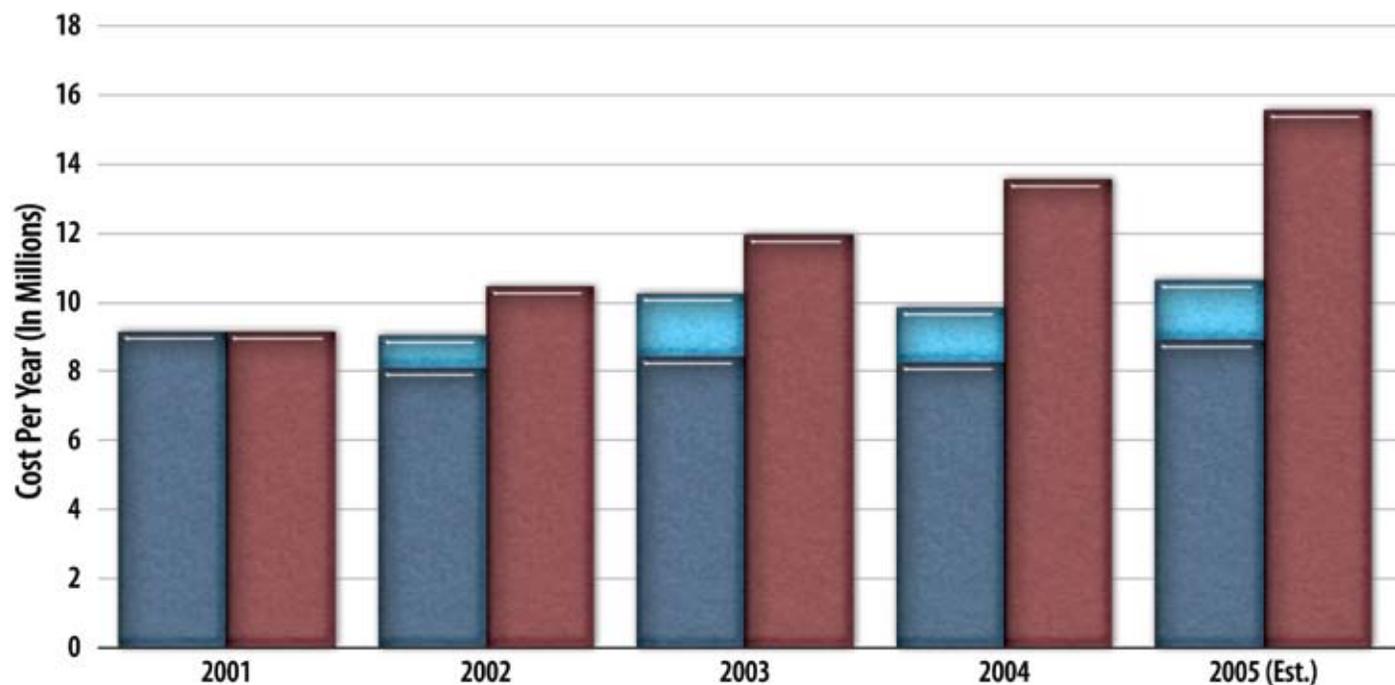
the prescription drug copays. Plus, we've actually been able to increase plan benefits at a time when other companies are reducing them. For example, for plan year 2005, we have added coverage for weight management at the doctor's office without any underlying disease diagnosis.

In-depth wellness interventions have been shown to return from \$3-8 dollars in health, productivity, worker's compensation, absenteeism and disability after approximately 5 years. The graph on page 18 assumes that Cianbro's health care costs had continued to increase at 14% annually (maroon portion). The dark blue bar represents the total cost of the medical plan in years 2001 to 2004 and projected 2005 costs. The light blue bar represents the total cost of wellness including the Healthy LifeStyle Program, other "in-house" wellness initiatives and the 10% (2002) and 15% premium reductions (2003 to date) to its participants. ROI is expressed annually in terms of savings on projected costs (at the fixed rate of 14%) / total wellness costs indicating a \$2.51 ROI in 2005 on health care costs. Future ROI's will be calculated to reflect other benefit cost savings as well.

Cianbro % Increase Medical In Costs Per Employee (Actual vs. National)



### Cianbro Wellness ROI Actual vs. Projected Medical Plan Costs



	2001	2002	2003	2004	2005 (Est.)	Total (2002-2005)
Actual Medical Plan Costs (excluding Wellness)	\$9,233,865	\$8,068,089	\$8,507,925	\$8,202,610	\$8,939,728	\$33,718,352
Wellness Program Costs	---	\$1,196,454	\$1,819,046	\$1,765,167	\$1,895,246	\$6,675,913
Projected Medical Plan Costs @ 14% per year	\$9,233,865	\$10,526,606	\$12,000,331	\$13,680,377	\$15,595,630	\$51,802,944
Return on Wellness Investment (ROI) Savings on Projected Cost/Wellness Cost	---	105%	92%	210%	251%	171%

### Advancing The Business Objectives

The ways in which our wellness initiative has advanced our company’s business objectives are huge. As a company we seek to differentiate ourselves from our competitors in the eyes of our clients, customers and current and prospective team members. While we have long been a leader in safety, now we are recognized as a leader in wellness also. Our clients and customers are contacting us to learn how they can become tobacco free, deal with high medical costs, and implement a wellness program. At a time when many other businesses are reducing or eliminating their employee health care benefits, our efforts and concern about wellness allow us to understand the value of a quality and comprehensive health care program for our team members. Our continued focus on improving our individual lifestyle behaviors supports our Company value system as an employee-owned company. It is important for us, as owners of Cianbro, to remember that we have a responsibility to work safely and to ensure our personal wellness and well being knowing that it takes healthy people to operate a healthy company.

Stressing personal accountability in at-risk behavior choices doesn’t stop at the end of the workday. Team members have a lot of influence on how well our company performs. In turn, the company’s performance determines our share of the profits. We need to take ownership of our actions and look for ways to positively influence the actions of others. Every day we have opportunities to do that:

- ◆ When we watch out for each other, our work gets done safely.
- ◆ When we stay healthy and fit, we are more productive and that helps us complete our projects on time.
- ◆ By participating in decisions about how our work areas operate, we help our team be more efficient.
- ◆ By keeping our skills up to date, we can increase the quality of the work we do.

Bottom line, if we want to share the rewards of ownership we need to take responsibility and act like owners. That includes taking responsibility for our health care and lifestyle choices.

## Lessons Learned

Since Cianbro began its first Wellness efforts in the early 90's, many changes and improvements have been made to our Wellness Program. Among the most important lessons learned along the way include the importance of management buy-in and commitment, staying the course with continuous improvement, creating a supportive work environment, the importance of meaningful incentives, and communication, communication, communication! The essence of a Wellness Program involves change and these important lessons learned show how dynamic the process is. You can never assume you are finished with Wellness.

### Senior Management Buy-in And Commitment

Achieving top senior management buy-in was easy at Cianbro since we had the unwavering support and vision of our President and CEO, Pete Vigue. Although this was essential to the program's success, initially this vision did not trickle down to other senior and mid-level managers. It became apparent that we needed to "sell" wellness to the other managers and secure their commitment to support wellness at our multiple worksites. Presentations needed to be made to all management levels about why wellness is important and how it affects our bottom line and the quality of life for our team member's. Once buy-in came from management, then the commitment to support wellness and the cultural changes required for sustainability followed. Securing management buy-in is not a one time thing, but a continuous process. Management needs to receive periodic but frequent feedback on the program's health and financial goals and how progress is being made on each.

### Staying The Course With Continuous Improvement

Along with commitment from management comes the determination to stay the course. When wellness was first introduced at Cianbro, the team member's perception was that it was just another fad that would quietly go away. Staying the course involved creating meaningful objectives, implementing and updating many aspects of the program, collecting and using data to evaluate outcomes and communicating results to all team members. Although the Wellness Program changed considerably from our first pilot project to our present program, it has not gone away but has become stronger, more meaningful and is delivering results! At any point we could have become discouraged, but persistence is necessary for the success of any program. If one approach doesn't work, try another.

## Creating A Supportive Work Environment

Creating a work environment that is supportive of wellness has proven to be quite a challenge at Cianbro. We are a large construction company with many job sites and predominately male blue-collar workers. These workers can be on a job site for a few months to a few days, working 10-12 hour shifts, 4-7 days per week. Many of our team members travel 1-2 hours each way to work or they may live in a hotel many miles from home. This makes it difficult to join a gym or even have home cooked meals. It is a hard environment to encourage daily exercise, eating right, and stress reduction. Creating a work environment that is supportive of wellness is crucial to helping team members overcome barriers to good health. For example, if there are no healthy foods to choose from in the vending machines, then it is impossible to make a good choice. Creating a tobacco-free workplace was another way to create a work environment supportive of wellness. This idea needed a lot of "selling" to management due to the fear of losing valuable team members who use tobacco. We are still working on encouraging flexible work hours, compressed workweeks and reducing work related stress. You must create a health enhancing culture at work since people spend more time at work than at home. A supportive work environment must be paired up with the support of individual efforts during off hours.

### Importance Of Meaningful Incentives

For the support of team members, we needed to look at incentives. What incentives are meaningful and appropriate? We started by offering \$100 gift certificates for participation in our pilot Wellness Program. We moved on to offering wellness points which could be turned in for gift certificates. Wellness points were earned through various wellness promotions such as participation in walkathons or attending health related lunch and learns. The problem with wellness points was that mostly people who already had healthy behaviors were the ones using the points. It was not a motivating tool for people to change unhealthy behaviors. We moved on to providing a 15% discount on health coverage for participation in our Healthy LifeStyle Program (HLP). This program identifies at-risk behaviors and requires goal setting and effort by the team member and spouse to reduce risks. This incentive has been the most successful. While it rewards those team members who already have healthy behaviors, it also gives incentive to those who need to improve.

## Communication, Communication, Communication!

We have a great program, support of our CEO, and our wellness team is all on board with our objectives. Communication occurs through check stuffers, weekly bulletins, and a monthly and quarterly publication. We got some feedback that team members were confused or did not know we had a Wellness Program. No matter how well you think you are doing, don't assume that your efforts at communication are working without careful assessment. We stepped up our efforts to communicate and issued information about wellness in almost every communication sent. Health educators now review the program and its outcomes with all participants at every opportunity. We also asked managers to include health when they discuss safety at the job site. We started to have a member of the wellness team participate on the company-wide SHARE (Safety and Health Awareness Raises Excellence) Committee. This committee provides support and direction for safety and health related efforts. It cannot be overstated that communication is the most valuable tool in your wellness efforts. If employees don't know or understand the goals, objectives and details of your overall program, you will not get the results you are looking for.

## In Conclusion

These lessons learned can be valuable to any business initiating or currently involved in a worksite wellness program. Our recommendations for others would be:

- ♦ **Sell the program right from the start.** Include all levels of management in order to gain commitment. Explain what your wellness program is and why it is imperative to do it. Money talks when you are speaking to managers, so make sure to include the projected increases in the cost of health coverage and how that affects the bottom line. ROI examples are also helpful.
- ♦ **Stay the course – don't start and stop.** Commit to wellness for the long term. While your program will evolve over time, the message about the importance of health, how it affects the individuals and the business, should remain the same.
- ♦ **Make sure your workplace is supporting a healthy environment.** You can't expect employees to "swim upstream" for very long. They need a health enhancing culture at work while receiving ongoing opportunities and support individually.

- ♦ **Evaluate your health coverage.** Does your plan design support the behavior you are trying to encourage? Do you provide first dollar coverage for preventive and diagnostic services, etc.?
- ♦ **Provide meaningful incentives.** Most people need a little nudge in the right direction in the form of an incentive. Make sure your incentives are designed to reach the audience you are targeting.
- ♦ **Communicate your message.** Getting wellness information directly to your targeted audience can be done in a million different ways. Determine who your audience is and how to reach them. The important thing to remember is that you cannot communicate too much. Communication should be viewed as a never-ending process that is vital to your wellness efforts.

Cianbro has worked at wellness since the early 90's. We continue to evaluate and improve our wellness efforts in order to bring a meaningful, sustainable and successful program to our employee-owners. We know that no one is going to "fix" the healthcare crisis in this country. We need to help our team members and their families take control of their health. We sincerely hope our lessons learned help other companies become successful in their wellness efforts.

## Vision For Health In The New Millennium

### Protecting Employee Health And Well Being While Advancing Business Objectives

Cianbro is healthier and stronger than ever. We continue to invest in our people and facilities to improve our performance and competitiveness. Moving forward, we will continue to stay on course and focused on our strategic plan. It is important for each of us, as owners of Cianbro, to remember we have a responsibility to work safely and to ensure our personal wellness and well-being knowing that it takes healthy people to operate a healthy company. It is all about improving our people's lives. Today our country – and our company – are at a crossroads with health care. Our choices are two, accept what the current system and society imposes on us, or motivate ourselves to take control of our health. At Cianbro, our team is taking control and our goal is to be one of the healthiest companies in America. – Pete Vigue, President & CEO

## The BHAGS That Drive Cianbro's Efforts

As we move forward into 2005 and beyond, we are putting a 5-year strategic plan (as part of our overall business plan) for wellness in place. First and foremost, is to merge and complete an evolution of our wellness concepts into health and safety concepts, creating a true integration between the workplace and home. We must create a culture that understands what happens in the workplace has an affect on the home and what happens at home affects the workplace. Long hours, travel, stress from the uncertainty of future work, being away from home, all these work factors create stress at home. At home, stress about marital and child situations, financial worries, substance abuse, depression, and health problems can play into the workplace and create risk of injury, absenteeism, presenteeism and productivity issues.

Our 5-year strategic plan is broken into two areas: Early Detection and Disease Management, and Health Risk Cost Management.

**Early Detection and Disease Management:** Through 2005-2006, we will implement an important quality tool as part of our medical program for the following 14 procedures/conditions:

- Angioplasty
- Cardiac Catheterization
- Coronary Artery Bypass Grafting
- Heart Valve Replacement
- Colon Surgery
- Laparoscopic Gall Bladder Removal
- Radical Prostatectomy
- Total Abdominal Hysterectomy
- Total Mastectomy
- Disc Surgery
- Spinal Fusion
- Total Hip Replacement
- Total Knee Replacement
- Chronic Obstructive Pulmonary Disease

This quality tool will help medical participants make informed decisions regarding where they receive their health care. Cianbro in partnership with Cigna, our third party medical coverage administer, and in tandem with Cigna's predictive modeling tool which assigns a risk level to participants based on current claims and diagnosis, will provide a toll free number for participants who are contemplating or scheduled for surgery for one of the above conditions. A Cigna case manger will then direct participants to the medical facility closest to them that is

designated as a "Center of Excellence" in quality and cost. If this facility is outside their commutable geographical region, say 100 miles, we will offer an incentive to the participant if they elect to travel to the "Center of Excellence" for their procedure.

Further to address Cianbro's greatest area of work related and non-work related incidents and risk, the company will again partner with Cigna to implement two disease management programs: diabetes and musculoskeletal. A further analytical study will exist on worker's compensation and nonwork related disability claims to target specific musculoskeletal preventable categories. During the same time frame, the company will implement a custom designed ergonomics program supported by the Healthy LifeStyle Program (HLP).

Additionally, in the HLP, we will be adding a customized "recommended screening" report for the individual participant to take to their physician that lists the recommended diagnostic tests to be performed beyond the level of simple health promotion recommendations based on their age, gender, etc. We will include a form to be completed by the physician or the participant with the results of those screenings which will be entered into the participant's health record in the Wellness Tracking Software (WTS). At the end of each year, participants will receive an "Annual Health Summary" of their progress in the program.

**Health Risk Cost Management:** Our goal in this area, is to adopt a program based on the wellness wheel that can be delivered as a training program to the job sites. This enhancement is in the early design stages. Through the HLP we will identify core cost and risk drivers in areas of life satisfaction, health perception, stress, etc. Our wellness wheel may look something like this:



Another part of this goal is to increase our Employee Assistance Program (EAP) utilization with the logic that if team members and families are getting help for their life stress, health risk will go down and EAP usage up.

We have also computed our average risk score for all participants in the HLP and will be setting a goal to reduce that annually by some increment. At the beginning of 2005, we implemented two new programs: a mandatory HRA for all team members and spouses enrolled in medical but not in HLP, and a company wide attendance tracking system. 2005 will become our base line year for both programs.

### Resources Allocated To Systematically Accomplish The Proposed Objectives

Through the initiative of creating a true integration between health (wellness) and safety in the workplace and at home, Cianbro will bring the entire resources of the Company forward to accomplish our goals. By talking about wellness every time we talk about safety, entrusting the responsibility for wellness as well as safety to our front line managers, weaving the wellness elements into existing safety programs, we intend to permeate the organization with the health and safety culture. By having our five year plan, company goals and objectives, tied to the company's overall strategic plan, we are forcing ourselves to look ahead and plan each year's programs, create the budgets and allocate the personnel who can execute the plan.

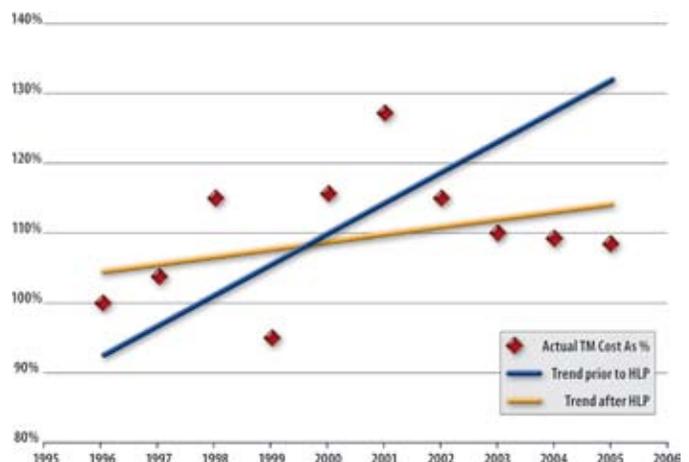
### Achieved Outcomes And Declaring Victory In Worksite Wellness

2005 and 2006 will become base line years for many measurements, such as the programs described in the BHAGS.

- ♦ Through the Healthy LifeStyle Program (HLP), we are tracking our changes in lifestyle risk from year to year. The outcome we expect is to reduce identified risk incrementally each year as we have done since the program inception in 2001.
- ♦ By requiring an annual HRA of everyone enrolled in medical coverage, we will be able to benchmark our risk against our population of those in the HLP and those who are not. We expect the outcome of requiring an HRA to increase participation in the HLP. In 2005 enrollment went from 70% of those on the medical plan to 86%. We also expect to raise the level of health awareness of those who complete the HRA but do not join the HLP.

- ♦ In the quality area, we will be able to look at the effect of directing participants to quality centers of excellence, and measure our incidents and claims relating to diabetes and musculoskeletal. The expected outcome multiple, we will increase the awareness of the effect of quality care upon the outcome of the surgical procedure, and decrease the severity factor of diabetes and musculoskeletal disease or incident.
- ♦ After establishing our base line year in 2005 for attendance tracking, we will extract those absences related to illness and track forward. We will then set goals for reducing all absences but with a focus on wellness for medically related absences.
- ♦ We will continue to benchmark our medical increases against trend and look for continuous improvement. Our desired outcome will be to keep our increases below national trend.

### Cianbro % Change In Costs Per Team Member



Our vision is to create a wellness culture. We will never declare "victory" because we are on a continuous learning path and each question that we answer and each goal that we accomplish simply leads us to the next one. While there is no overall victory, we do have many winners. Every day that we stay healthy as a company, as team members, as families, means that we are all winners. Every day we can offer our employee owners affordable quality health care, a healthy and safe environment, steady employment and a good paycheck...we all win. ★



All information ©Wellness Councils of America (WELCOA) 2006. WELCOA provides worksite wellness products, services, and information to thousands of organizations nationwide. For more information visit [www.welcoa.org](http://www.welcoa.org).

Suggested Citation: Cianbro. (2006). WELCOA's *Absolute Advantage* Magazine.