MBNA Fitness Center

Executive Summary

This is a proposal for the implementation of an on-site fitness center. The fitness center will be part of our new initiative from our "Wellness Program".

Today's corporate environment can be extremely stressful, both mentally and physically. The fitness center is a way to introduce employees to a healthy lifestyle into their daily routine. An on-site fitness center will provide the employees convenience to help motivate them to a healthier lifestyle. A report in the "American Journal of Health Promotion" discovered that health care costs can be reduced an average of $3.48 for every $1 spent by the company to promote a healthy friendly work site. Health Care costs have been rapidly increasing for the past 3 years. In addition, absenteeism has been a problem in several departments in the past 2 years. The new Wellness Program initiative will not be a success unless the company provides a place where employees can make a change. An increase in our employees' health will help increase our bottom line by decreasing the absenteeism, reduce health care costs, which in turn will create a more productive environment.

The on-site fitness center will provide employees a convenient location to stay fit and healthy. The information provided in the document will help describe this project including benefits, costs, implementation time line, and several important business strategies.

A healthy company…. is a productive company!!!

Project Analysis

Problem Statement:

The problem is the substantial increase in both healthcare costs and employee absenteeism. The company must consider initiatives to reduce the problem at hand by providing the employees with a facility to workout and stay fit. Failure to address this issue could cause a continued negative impact on overall profits and employee's productivity.

Project Objective:

The main objective is to increase employees overall health which will in turn: reduce costs incurred due to absenteeism and healthcare expenses. The Fitness Center project will provide a convenient place for employees to work out. While providing a healthy work atmosphere, the company will be able to reduce costs and increase productivity.

Project Scope:

Project Justification: Providing and promoting a healthy work environment for employees will help reduce healthcare costs and absenteeism.

Product Characteristics/Requirements:

1. Adequate space providing a comfortable fitness environment of 3,000 sq ft.
2. Well light room with track lighting
3. 10x12 mirror placed by the free-weight area
4. Cardio equipment (10 pieces)
5. Weight area (1 multi-gym machine, 3 benches, 3 benches w/ racks, 20 dumbbell sets, and weight mats to cover entire floor area of 500 sq ft.
6. Communication information displayed in each section of the fitness center. This will include safety information, fitness center rules, etc.

Summary of Project Deliverables:

Project management-related deliverables: project analysis, scope statement, team roles/task assignments (WBS), process and predecessors, costs, benefits, status reports, project presentation, final project report.

Product-related deliverables: floor plan/layout, fitness center rules/regulations, ongoing support.

Return on Investment Analysis

Costs:

Project Cost = $71,465	
Design	$325
Material	$18,195
Fitness Equipment	$35,932
Labor	$17,013

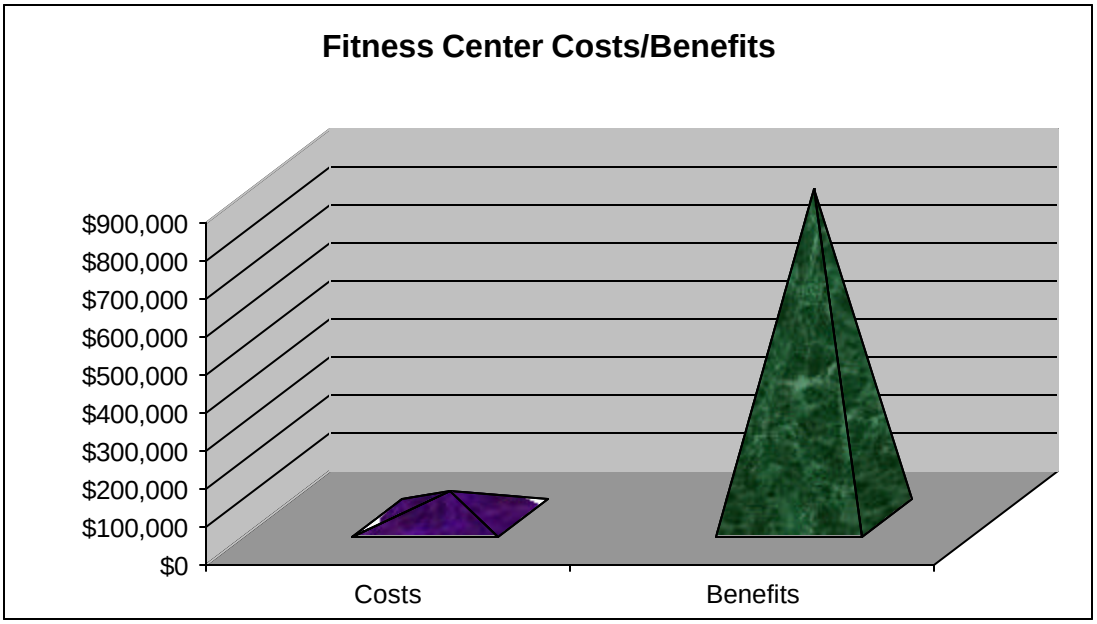
Current Costs	
Averages:	
Absenteeism Cost per employee/per hour	$50
Average employee health cost per year	$6,300

For detailed information on cost see* ***appendix A.*

Benefits:

☞☞The number of unscheduled absent work days for 2002 was 3,500 days out of the 6,000 employees working at our site in California. That totals to a cost of (8hrs x $50 x 3,500) = 1.4 million. If the number of unscheduled absent work days drops by **8%** in the first year (3220), the total savings would be **$112,000.**

☞☞Healthcare costs per employee for the company went from 5,000 in 2001 to $6,300 in 2003. This is a total cost of $37.8 million. If we can reduce this cost by **2%,** the total savings would be **$756,000.**



Research on Fitness Center Success

The information below gives specific measures of success by other companies who invested in on-site fitness centers/wellness programs.

- ?? Recently, Johnson and Johnson watched its absenteeism rate fall by 15% within two years of introducing a fitness program on-site (www.barracksfitness.com).
- ?? Officials for Wilmington, Delaware based DuPont Co. cited a 47.5% drop in absenteeism over a six-year period for participants in their wellness program. *(LexisNexis, Indianapolis Business Journal, 2003)*
- ?? Steelcase Inc. located in Grand Rapids, Mich reported a 55% drop in medical claims due to their fitness friendly work environment. *(LexisNexis, Indianapolis Business Journal, 2003)*
- ?? According to a study published by the American Journal of Health Promotions, for every $1 spent on wellness programs, employers can expect a return of $2.30 to $10 through medical claims, reduced absenteeism, and improved productivity. *(LexisNexis, Indianapolis Business Journal, 2003)*
- ?? General Electric, Cincinnati, found that regular exercisers were absent from work 45% fewer days than non-participants. *(www.sbaer.uca.edu)*

Measures of Success

In order for this project to succeed, the following goals must be met:

?? The team will need to accomplish all tasks in the allotted time, with safety and quality as a necessity when implementing the construction phase.

?? The fitness center must be used by at least 8% of the 6,000 employees located at this California site.

?? Healthcare cost must decline by 2% 15 months after the fitness center's opening date.

?? Absenteeism needs to decline by 8% within 10 months after the fitness center's opening date.

Feasibility Study

Technical Feasibility:

There is a location on the first floor that was once used for storage and office space that has been empty for over 2 years. The room is 3,000 square feet and provides a convenient location for all employees. There are currently electrical outlets and two bathrooms (men and women) with showers.

Economic Feasibility:

Time, resources, and funds are available in order to implement the project successfully. Cost of employee's time as well as the cost of the material is minimal compared to the cost savings once the fitness center is put to use.

Operational Feasibility:

The human resource department has received several requests over the past 5 years to have an on-site fitness facility. Recent results of a survey distributed to all employees, of the 40% that responded, more than half of them gave a extremely high rating on whether or not they would use the fitness center at least 3 times a week.

Requirement Analysis

Deliverables:

?? End Product: A fitness center 10,000 square feet provided for the employees.

?? Project management-related deliverables: Project analysis, scope statement, team roles/task assignments (WBS), process and predecessors, costs, status reports, project presentation, final project report.

?? Product-related deliverables: Floor plan/layout, fitness center rules/regulations, ongoing support.

Ongoing Support:

?? Two maintenance workers that will need to dedicate 5% of their time each day to perform daily checks on equipment performance.

?? Two janitorial workers need to dedicate 5% of their time each day to perform daily cleaning of equipment and locker rooms

?? Project manager will stay on as a liaison to questions/comments that arise for 2 years after completion date.

Risk Assessment

Risks of implementing the on-site fitness center:

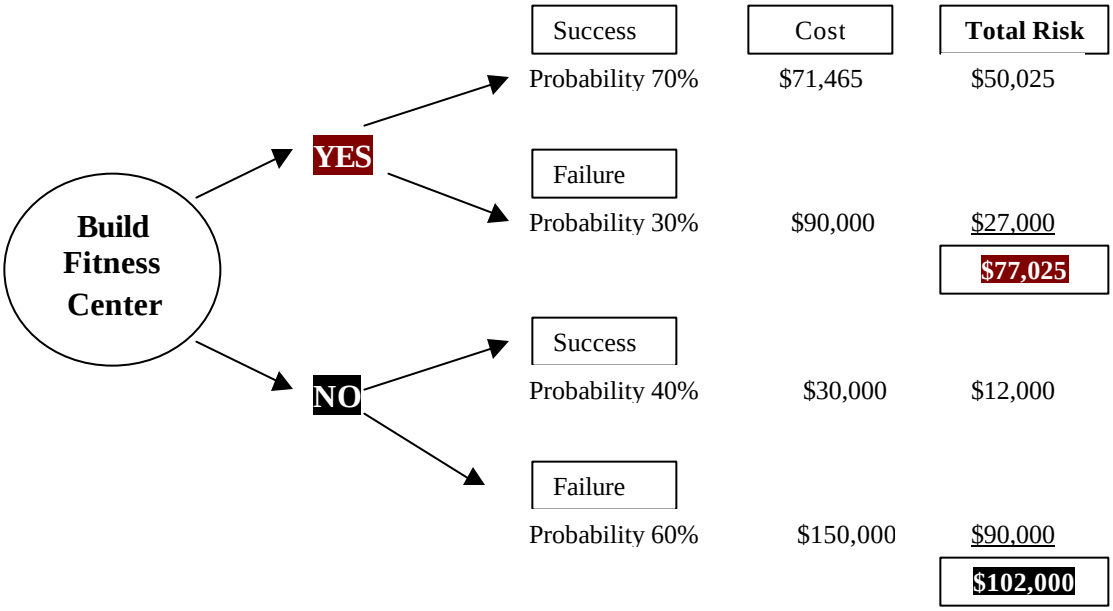
70% fitness center will be used and reduce costs

30% fitness center will not reduce costs

Risks of not implementing the on-site fitness center:

40% gain additional profits if the space was used for a different project.

60% continue to lose money due to healthcare costs & absenteeism



Risk tracking:

In order for this project to be successful, employees must use the fitness center weekly to improve their health. When an employee enters the fitness center, they will need to scan their employee ID to check in at the door. Each month, the project manager will print out a summary on the number of attendees that use the fitness center each week. At that point, the manager could take action on the situation if it appears to heading towards failure. If the attendance is not meeting the 8% usage rate, the team will need more promotion efforts for the fitness center and possible conduct surveys or a couple focus groups to find out why people have not been using the facility.

Communication Plan

?? **Timeliness/Information Type**: project information and updates will be given to the following

☞☞Project manager/ Assistant manager: every other day managers will receive a progress report by voicemail and email. Daily problems and question will be best communicated by paging and voicemail.

☞☞Project team: will meet twice as a team with managers before beginning implementation. During the project implementation phase, the team will meet for 30 minutes each morning at 7am before the work begins.

?? **Length of communication:**

☞☞Information flow among the team and managers during: planning phase, implementation phase, evaluation phase. There will be a monthly meeting conducted for the first year after completion by the team managers and design team to make sure the fitness center is measuring up to its success criteria.

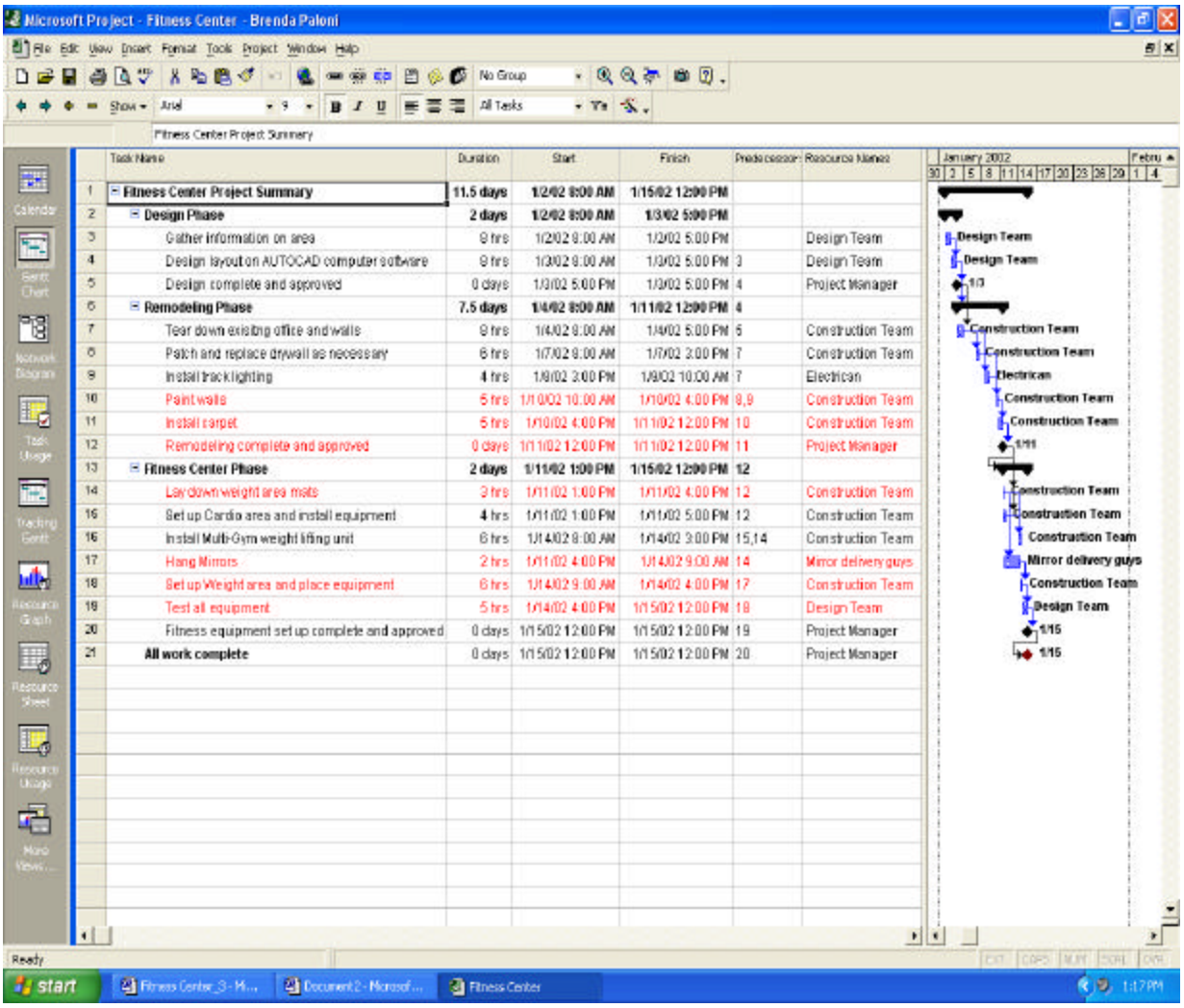
Development Phase

?? **11 people** will assist in the project

?? Project duration is expected to last **11.5 days**

?? The team will work through the weekend to complete the project

?? The project will be implemented in **3 phases**: Design, Remodeling, and Fitness Center. *(see below)*



	Task Name	Duration	Start	Finish	Predecessors	Resource Names
1	**Fitness Center Project Summary**	**11.5 days**	**1/2/02 8:00 AM**	**1/15/02 12:00 PM**		
2	**Design Phase**	**2 days**	**1/2/02 8:00 AM**	**1/3/02 5:00 PM**		
3	Gather information on area	8 hrs	1/2/02 8:00 AM	1/2/02 5:00 PM		Design Team
4	Design layout on AUTOCAD computer software	8 hrs	1/3/02 8:00 AM	1/3/02 5:00 PM	3	Design Team
5	Design complete and approved	0 days	1/3/02 5:00 PM	1/3/02 5:00 PM	4	Project Manager
6	**Remodeling Phase**	**7.5 days**	**1/4/02 8:00 AM**	**1/11/02 12:00 PM**	4	
7	Tear down existing office and walls	8 hrs	1/4/02 8:00 AM	1/4/02 5:00 PM	5	Construction Team
8	Patch and replace drywall as necessary	8 hrs	1/7/02 8:00 AM	1/7/02 3:00 PM	7	Construction Team
9	Install track lighting	4 hrs	1/9/02 3:00 PM	1/9/02 10:00 AM	7	Electrican
10	Paint walls	5 hrs	1/10/02 10:00 AM	1/10/02 4:00 PM	8,9	Construction Team
11	Install carpet	5 hrs	1/10/02 4:00 PM	1/11/02 12:00 PM	10	Construction Team
12	Remodeling complete and approved	0 days	1/11/02 12:00 PM	1/11/02 12:00 PM	11	Project Manager
13	**Fitness Center Phase**	**2 days**	**1/11/02 1:00 PM**	**1/15/02 12:00 PM**	12	
14	Lay down weight area mats	3 hrs	1/11/02 1:00 PM	1/11/02 4:00 PM	12	Construction Team
15	Set up Cardio area and install equipment	4 hrs	1/11/02 1:00 PM	1/11/02 5:00 PM	12	Construction Team
16	Install Multi-Gym weight lifting unit	6 hrs	1/14/02 8:00 AM	1/14/02 3:00 PM	15,14	Construction Team
17	Hang Mirrors	2 hrs	1/11/02 4:00 PM	1/14/02 9:00 AM	14	Mirror delivery guys
18	Set up Weight area and place equipment	6 hrs	1/14/02 9:00 AM	1/14/02 4:00 PM	17	Construction Team
19	Test all equipment	5 hrs	1/14/02 4:00 PM	1/15/02 12:00 PM	18	Design Team
20	Fitness equipment set up complete and approved	0 days	1/15/02 12:00 PM	1/15/02 12:00 PM	19	Project Manager
21	**All work complete**	0 days	1/15/02 12:00 PM	1/15/02 12:00 PM	20	Project Manager

***Red tasks make up the critical path**

Development Phase Cont…..

Main Team Tasks/Roles:

Project Manager: directs the project through its life cycle, ensuring tasks are completed on time, within budget, and at the appropriate quality level. This person will communicate with the customer and manages the project.

Assistant Project Manager: This leader will assist the project manager with a balance between making sure the team is accomplishing the tasks as well as maintaining stable relationships in order to control and resolve any tension.

Design Team: This team will be made up of three members. The design team will create the floor plan, purchase the equipment, and plan each phase/process of implementation.

Implementation Team: This team will be made up of six members. This will include one electrician, three members with construction/remodeling experience, and two members to assist the construction members and attend to any maintenance needs.

Final Analysis

This project is an important step to improving the health of our current employees. The benefits of having healthier workers will show in the cost saving of a decrease in absenteeism and lower healthcare cost for the company. After this fitness center is up and running for employees to use, the costs savings should show within the first 10 months.

The project manager will continue to track the progress of fitness center use, and run monthly reports on the absenteeism of those employees who use the fitness center on a regular basis. The project manager will also review healthcare cost once a year for the next 2-years to track the results and success of the fitness center project.