

## **How your company can achieve a non-smoking workforce – at no financial risk whatsoever**

The most valuable asset any company possesses is the members of its workforce. Your employees have dedicated their skill and commitment to the success of your enterprise and the satisfaction of its customers' needs. In turn, you have made a massive commitment to your employees. Your company has devoted significant resources to recruiting the best people, training them, motivating them, remunerating them and promoting them.

Your employees' health is a vital resource that could make a significant difference to the success of your company. A healthy workforce has higher productivity, less absenteeism, and greater longevity. You already know how much expense and effort goes into maintaining and upgrading the equipment and machinery that your company uses. The health of your employees is even more vital to the well-being of your company than the condition of your physical plant.

According to the National Institute for Health and Clinical Excellence, smoking is the largest preventable cause of death in the United Kingdom. Yet some 27 percent of adults continue to smoke. The smoking habit costs businesses a lot of money. Those employees who smoke cost the average employer £1800 each every year in lost productivity. On average, smokers are absent through sickness 32.2% more than their non-smoking colleagues. Smokers face early retirement at a far higher rate than the non-smokers, due to the damage they have done to their health. Death rates before retirement are also significantly higher for smokers than non-smokers. Both these mean that companies lose skills, knowledge and corporate continuity by the sickness or death of some of their most experienced staff. "Time and motion" studies have found that smoke breaks taken by smokers above and beyond the official breaks granted to all employees add up to an average of 30 minutes a day, or no less than 18 days per smoker per year. In addition, employers have to pay higher insurance premiums for every employee who smokes. The insurance companies know the risks all too well.

The Health Act 2006 comes into force throughout England, Wales and Northern Ireland in the summer of 2007, and smoking will be banned in all workplaces. It has already been banned in Scotland since 2006. This means that there will be no designated smoking areas in establishments such as pubs, restaurants and private members' clubs. No workplace will have a separate smokers' room. The new legislation provides both a challenge to many employers and an opportunity for all companies to do their best for their employees. According to opinion polls, 72 percent of smokers say they want to quit the habit. Your company can provide all of its employees who want to quit with the opportunity to become non-smokers – at no financial risk whatsoever to the company.

Employers gain in six ways from supporting smoking cessation in the workplace:

- (1) **Better employee health.** Those employees who quit smoking add years to their working lives, have less absenteeism, fewer breaks, and higher energy. Good physical health is beyond price for employer and employee alike. However, your insurance premiums will be reduced with every employee who quits smoking.

- (2) **Improved productivity.** Non-smoking employees enjoy better physical health, and are able to concentrate on their jobs more. Studies of workplace smoking cessation have shown that when employees quit smoking, they become significantly more productive.
- (3) **Lower costs.** Your insurance premiums will be reduced with every employee who quits smoking. The Canadian Lung Association, which has studied the effects of smoking cessation workplace programmes in Canada, has shown that smoking cessation support is a sound economic investment which is especially profitable when offered over the long term (five or more years). You can precisely calculate the exact sum of money you will save from each employee who becomes a non-smoker by the formulas at the end of this report.
- (4) **Greater job satisfaction.** These days, most smokers know how much better off they will be, at work and outside, once they become non-smokers. Healthy workers with a strong sense of individual well-being enjoy higher morale and contribute to the general quality of the workplace environment. An enhanced team spirit is created when everyone in the workplace becomes a non-smoker. Employees become more productive and feel a greater sense of mutual support and company loyalty.
- (5) **The workplace is an effective place for smoking cessation.** People spend a lot of time at work, tend to define themselves largely by their jobs, and are influenced by the group environment of the workplace. Therefore they are more likely to be influenced by the positive encouragement to become non-smokers by their managers and co-workers. The fact that all workplaces are now becoming smoke-free by law adds to that supportive environment.
- (6) **Enhanced company image.** Increasingly, companies are becoming aware of the importance of corporate social responsibility. Providing the opportunity for the enhancement of health and well-being among employees is an example. Companies that commit to their employees' health present a responsible image within the workplace and in the wider community. This in turn helps to attract and maintain the best employees. A business which is seen to be pro-active in supporting its workforce becomes a business where people want to work.

Fortunately, your company can achieve these benefits with no financial risk whatsoever. Our corporate smoking cessation seminars are designed for your employees to stop smoking – and stay stopped for good. At our seminars, approximately ten employees at a time are taken through the entire process of stopping smoking. We use proven techniques which use the power of group dynamics while being adapted to every individual who attends. Over many decades of smoking cessation, a number of approaches have consistently proven themselves to be effective. Our seminars combine them to provide a service which enables all your employees who want to quit smoking to do so – and to prepare them to stay non-smokers for good in every conceivable situation after the session.

When the employees attend the seminar, we first ask the group how they started smoking. We explain that when people start smoking, they do so for a positive reason.

Smoking has, up to now, been a means of helping them achieve that positive value. The purpose of the session is to find a new and more useful way of achieving that positive intention than through the habit of smoking. We take the members of the group through a series of exercises by which they can gain control over their experience in the moment, and alter the impulses which lead them to smoke. We teach them how they can create relaxation at will, and “programme” their minds to achieve the results they want. We go through every aspect of living life as a non-smoker: how to cope with stress, how to enjoy socialising and drinking with smokers, how to handle the issue of weight and staying slim; and how to successfully stay a non-smoker in every situation. Every participant is actively encouraged to bring up any issues which are important to him or her, and those issues will be dealt with. Then we tap into the power of suggestion in order to mobilise every participant’s inner resources to achieve the transformation to becoming a non-smoker that he or she desires. At the end of the session, questions are invited, and each participant is given a CD and handout containing the exercises in the seminar to take home and use any time they are required.

We are totally committed to one goal: the success of the attendees in becoming non-smokers. After the main seminar, telephone and e-mail support can be made available as an optional extra. We also run a follow-up seminar which anyone who attended the first seminar may attend. At this follow-up seminar, the experience of each attendee is dealt with. Some people find it easier than others to stop smoking and stay stopped after the first seminar. At the second seminar we use a somewhat different approach in order that each participant can draw on his or her experience and have the best opportunity to stay a non-smoker permanently.

As explained above, there is no financial risk whatsoever to your company in ordering these seminars for those of your employees who want to quit smoking. It is a fact that when employees make a financial contribution to the cost of the seminar, their motivation to make it a success is substantially increased. Therefore, the employer pays 75 percent of the cost of each place at the event, and the employee pays the remaining 25 percent. If the employee successfully stops smoking and stays stopped, then both the employer and the employee get exactly what they want. On the other hand, if the employee has the misfortune to revert to smoking, then the employee has to repay the 75 percent of the fee to the company, so the company has not lost one penny. This of itself provides an extremely strong incentive to the employee to stay a non-smoker permanently.

### **Calculating the financial costs of smoking within your workplace**

The financial costs to your company caused by employees smoking – or, to say the same thing, the money you will save when they become non-smokers – can be calculated with exactness.

#### **Increased absenteeism**

The annual cost due to increased absenteeism is calculated by finding the difference between the number of sick days taken by smokers and non-smokers, multiplied by the average daily payroll cost, as follows:

**COST ABSENT = (DAYS SMOKER – DAYS NON-SMOKER) × DAILY WAGE × (1 + BENEFITS)**

where:

COST ABSENT = annual cost due to increased absenteeism (in pounds per employee)

DAYS SMOKER = average number of sick days taken annually by employees who smoke (estimated to be 13.5 days)

DAYS NON-SMOKER = average number of sick days taken annual by non-smoking employees (estimated to be 11.7 days)

DAILY WAGE = average daily wage (industrial composite: divide average weekly wage by 5 working days)

BENEFITS = benefits paid by the employer on behalf of the employee (ratio: estimated at 15% of wages)

### **Decreased productivity**

The following formula calculates the annual loss in productivity from cigarette breaks. This is found by multiplying the time taken for cigarette breaks by the average wage. It is known – based on findings from “time and motion” studies - that the average smoker in the workplace takes two unofficial “smoke breaks” a day, of 15 minutes each. This amounts, of course, to 30 minutes a day, or 18 working days lost to the company by the average smoking employee. However, you can calculate the exact amount your company could gain from increased productivity by a non-smoking employee by calculating the formula using figures specific to your workforce.

**COST PROD =  $\frac{\text{TIME}}{\text{CIGS} \times 60 \times \text{WAGE AVERAGE} \times (1 + \text{BENEFITS}) \times \text{DAYS}}$**

where

COST PROD = annual loss in productivity (in pounds per employee)

CIGS = average number of cigarettes smoked per working day in unofficial smoke breaks

TIME = time taken to smoke cigarettes in minutes

60 = number of minutes in an hour

WAGE AVERAGE = average hourly wage (industrial composite: divide average weekly wage by 5 working days)

BENEFITS = benefits paid by the employer on behalf of the employee (average 15% of wages)

DAYS = number of days worked per year

### **Increased insurance premiums**

Employees who smoke are responsible for the filing of more claims, and this increases the premiums paid by employers with smokers on their workforce. The fewer smokers on staff, the lower the premiums. The employer pays an average of 35 percent more for a smoker than for a non-smoker.

The formula for calculating the annual incremental life insurance premium between smoking and non-smoking employees is:

$$\text{COST LIFE} = \frac{\text{PREMIUM AVERAGE} \times \text{EMPLOYER} \times \text{DISCOUNT}}{1 - \text{DISCOUNT} + \% \text{SMOKE} \times \text{DISCOUNT}}$$

where

COST LIFE = annual loss in life insurance premiums (pounds per employee)

PREMIUM AVERAGE = average group life insurance premium per employee, including both employer and employee contributions (pounds per employee)

EMPLOYER = percentage of group life insurance premium paid by employer

DISCOUNT = average discount for non-smokers on individual life insurance (ratio)

%SMOKE = percentage of smokers (ratio)

### **Contact us**

If you would like to discuss how we can help you achieve a smoke-free workforce – at no financial risk to your company, and without obligation, please call David Botsford on (020) 7467 8461 or e-mail: [d.botsford@ntlworld.com](mailto:d.botsford@ntlworld.com)

We're always glad to help.

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