

Iululemon Fosters Community through Sweaty Pursuits



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Building a Healthier Future through People and Communities

lululemon athletica inc. is a global athletic apparel company headquartered in British Columbia, Canada, that strives to be an active player in fostering community within the regions it operates. Since its inception in 1998, lululemon has expanded its operations beyond North America and currently serves markets in EMEA and APAC. With more than 29,000 employees, lululemon recognizes that people are at the heart of everything it does and that its products are at the heart of *what* people do.

The company is known for creating apparel designed for yoga, running, exercise, dance, and most other “sweaty pursuits,” a term used by the company to describe physical activities. lululemon believes that sweat has the power to bring people together (see Figure 1). By equipping people with attire that enables their movement, empowering ambassadors to elevate their local communities with physical group activities, and partnering with small fitness businesses around the globe, lululemon is striving to create positive change to build a healthier, thriving future (see Figure 2).

Figure 1: “Community isn’t just where we are, it’s who we are.”



Source: “[Community is Everything](#),” lululemon, 2022

Summary

Challenge

- Supporting employee total wellness while encouraging connections within local communities.
- Transitioning from a traditional benefits mindset to a culture of health and wellbeing.
- Ensuring benefit solutions cater to individual employee interests while being globally accessible and compliant with international tax laws.

Solution

- Developed a scalable group fitness reimbursement program called Sweaty Pursuits in partnership with Forma.
- Streamlined reimbursement efficiency and broadened the options within Sweaty Pursuits by approving purchases with merchant category codes.
- Broadened the initial reimbursement program to include group fitness activities and cultural experiences that involve physical activity.

Results

- Platform engagement rate is 83.35%.
- Employee satisfaction rate is 96.7%.
- Reduced healthcare claims and related costs.

A Gap Between Traditional Benefits Approaches and Company Values

In 2019, lululemon embarked on a multiyear benefits transformation journey to create a global employee experience that prioritizes wellbeing. John Le, Senior Director of Health and Wealth at lululemon, shared the vision: “As an organization, we want to help people do and feel their best. That’s not just about supporting their athletic performance through clothes but helping people physically and mentally feel their best—full stop.” This is an ongoing initiative within lululemon. “Today, we are shifting our benefits language to be more focused on wellbeing and health,” Le continued.

When this benefits transformation journey began, the company rolled out a fitness reimbursement program now known as Sweaty Pursuits. Through this program, employees

in select global markets could leverage a monthly stipend and be reimbursed for group fitness classes that they attended at partner yoga studios. The adoption of the Sweaty Pursuits was significant, but there were limitations to the program at first that inhibited the program's impact on employee wellness.

From an employee experience perspective, employees wanted to support their favorite local yoga studios without worrying if the studios were official partners of the company. In addition, many employees wanted to be active—to sweat through different pursuits. “Some were physically unable to perform yoga activities, and others had strong preferences for other fitness activities,” explained Le. A common question received by the health and wealth team was, “What if the way I prefer to sweat is not in a group setting?” lululemon responded by allowing employees to be reimbursed for online group fitness classes. Still, the solution did not resolve all challenges.

From an operational perspective, the global benefits program presented tax compliance issues. lululemon did not have the administrative capacity to handle reimbursements in multiple countries due to significant variations in tax laws. Furthermore, employees in some locations received cash reimbursements immediately after displaying their receipts. Maintaining a constant pool of reimbursement funds onsite proved unreasonably challenging, given the demand for the wellness benefit.

lululemon recognized it needed a unifying solution that removed administrative burdens, offered customizability at the individual level, accommodated international tax laws, and operated seamlessly. The last requirement was of particular importance to lululemon, as the purpose of Sweaty Pursuits was to eliminate barriers to physical, mental, social, and financial health—the four pillars of lululemon's wellness philosophy. A lengthy reimbursement process could pose a financial burden to some employees and reduce the equity and engagement of the Sweaty Pursuits program.

Fostering Health and Community by Getting Sweaty

lululemon aims to be an experiential brand that ignites communities through sweat, movement, and connection.¹

¹ “Soho Broadway Experiential Stores,” lululemon, 2022.

To create a scalable, accessible wellness reimbursement offering, the company partnered with Forma, a digital benefits platform that enables organizations to efficiently reimburse approved expenses related to employee wellness. In the case of lululemon, the benefits platform powers the reimbursement for nearly any kind of group fitness that allows one to sweat based on an allotted monthly stipend amount. The stipend varies by country and local differences in cost of living and employee type. lululemon offers reimbursement to part-time, seasonal, and full-time employees.

Implementing a Global Group Fitness Benefit

lululemon was intrigued by the solution provider's ability to customize automated reimbursement processes to ensure tax compliance in different countries. “The prospect of employees being reimbursed directly through payroll helped specifically with the tax compliance pain point of the early versions of Sweaty Pursuits,” shared Le.

Initially, lululemon rolled out the benefits platform in four markets: Hong Kong, Taiwan, Korea, and Germany. When selecting these markets, the company focused on identifying nonstarters. These were challenges specific to country laws that needed special attention. “For example, Korea has very particular laws around data privacy, and so we had to work with Forma to address that core requirement before it became an issue,” stated Le. When asked about the implementation of this solution in the selected markets, Le shared, “Once the initial four markets were chosen, we worked closely with the vendor to ensure our implementation reflected country-by-country nuances; as a result, the implementation was fairly seamless.”

When selecting a vendor, lululemon also wanted to prioritize the ability to expand the network of group fitness locations beyond the original yoga partners that were selected at the inception of Sweaty Pursuits. Ensuring employees could receive reimbursements in a timely manner was another critical requirement for lululemon, as many employees had grown accustomed to receiving cash immediately upon proof of attendance. The new, codeveloped solution achieves these goals by basing reimbursement approvals not on specific partner businesses but on merchant category codes. These

four-digit codes designate a business' primary activities. lululemon has selected specific codes that the vendor's admins use to efficiently approve a wide variety of claims. This flexible solution enables employees to visit local fitness businesses that opened recently or experience fitness classes from various large chains without worrying about whether a claim will be approved.

Though transitioning from immediate cash to an automated digital process that connects to payroll is the key to scalability and compliance for lululemon, the company recognized that this transition could cause negative sentiments amongst employees. To prevent this, the company opted to manage the change proactively by communicating the 'why' to employees transparently. "Our change management approach was primarily a widely broadcasted explanation," shared Le. The explanation focused on the requirement to be compliant and shared transparently what the company doesn't have control over. Its employees understood immediately.

Fostering Community and Cultural Enrichment

lululemon recognizes that when your workforce grows or its composition changes, benefits programs like Sweaty Pursuits must also evolve. "With different people, there are different

needs and interests. You hear different requests, so we try to have an open mind when expanding the approved list of merchants," stated Le. This mindset has not only empowered employees financially to foster connections within their communities, it enabled them to pursue cultural experiences as well.

For example, Le recalls an employee from Taiwan who was deeply interested in Chinese group dancing and requested that their classes be reimbursed. Though this type of group physical activity wouldn't have been approved initially due to the merchant code associated with it, lululemon embraced this request. "The activity actually fits our criteria," explained Le, "It's a group activity, and it makes you sweat!" Beyond Sweaty Pursuits' impact on physical, mental, social, and financial wellness, the program enables employees to engage in activities related to their own culture and explore other cultures—all while sweating and building connections.

Results

Beyond increasing access to cultural experiences and fostering community by encouraging employees to engage in group fitness, lululemon has seen significant adoption and positive engagement with the program. Notably, 83.35% of all eligible

Figure 2: lululemon Ambassador Program Builds Community through Sweat



Ambassadors

Our ambassadors elevate their communities through the power of sweat.

- They inspire everything we do.
- They teach classes and host events.
- They sweat hard in our gear and give us feedback.



Source: "Meet Our Ambassadors," lululemon, 2022

employees engage with the platform. Preliminary data analysis has revealed a correlation between regions with Sweaty Pursuits and lower healthcare costs. “For approximately every \$1.00 spent within the reimbursement program in North America, approximately \$6.00 is saved on healthcare costs,” shared Le.

The response to customer service interactions with the vendor amongst this population of group fitness goers is also highly favorable. The customer satisfaction rating of the platform stands strong at 96.7%, leaving lululemon confident that it can outsource the administration of group fitness into additional markets and continue its mission of helping people live longer, healthier, fun lives.

Lessons Learned

Throughout lululemon’s iterations of Sweaty Pursuits, specific key practices have led to the program’s successful adoption. These practices include:

- **Ideate with employees and iterate.** lululemon listened to employee feedback and reiterated Sweaty Pursuits to broaden its accessibility and cater to employees’ interests. The company views this as an imperative practice because lululemon acknowledges that its workforce is growing and evolving in composition. With new interests come opportunities to expand and improve.
- **Design wellness benefits to accommodate individual employee interests.** A wellness program’s impact is defined by workforce engagement with that benefit. While the first iteration of Sweaty Pursuits was embraced by some, engagement grew stronger once the program grew to accommodate any local group fitness activity and employees were given more freedom to select their sweaty pursuits.

- **Leverage merchant category codes.** lululemon swiftly increased the flexibility of Sweaty Pursuits by moving away from fitness company partnerships and switching to merchant category codes. This enabled the company to rapidly expand its benefits program while ensuring that it would update automatically without any lift from lululemon.

Next Steps: Expanding Sweaty Pursuits to Promote Total Wellbeing

lululemon is looking at broadening its approach to total wellness beyond group fitness to include activities that are focused on wellbeing pursuits in a more general sense. “We’re very proud to offer many pursuits,” stated Le, “but some employees prefer not to sweat in a group setting or are unable to participate in many activities within their community.” With this employee experience feedback in mind, lululemon is considering a broad expansion of Sweaty Pursuits.

In addition to a possible expansion in the type of pursuits that can be reimbursed, lululemon is planning to expand the markets where it leverages Forma. The company is working on bringing the platform to the rest of its markets in EMEA and APAC.

lululemon is also actively examining the possibility of providing a debit card to each eligible employee so they can spend their reimbursement allotment each month without needing a reimbursement process. From expanding operations to improving the employees’ user experience, lululemon is actively taking steps to strengthen the wellbeing support that it offers to its workforce.

About the Authors



Josh Bersin

Josh founded Bersin & Associates in 2001 to provide research and advisory services focused on corporate learning. He expanded the company's coverage to encompass HR, talent management, talent acquisition, and leadership and became a recognized expert in the talent market. Josh sold the company to Deloitte in 2012 and was a partner in Bersin by Deloitte up until 2018.

In 2019, Josh founded the Josh Bersin Academy, a professional development academy that has become the "home for HR." In 2020, he put together a team of analysts and advisors who are now working with him to support and guide HR organizations from around the world under the umbrella of The Josh Bersin Company. He is frequently featured in publications such as *Forbes*, *Harvard Business Review*, *HR Executive*, *The Wall Street Journal*, and *CLO Magazine*. He is a popular blogger and has more than 800,000 followers on LinkedIn.



Jordan Schmitting

Jordan Schmitting joined The Josh Bersin Company as a senior research analyst after interning through the organization's Big Reset Initiative. Passionate about the intersection between behavioral sciences and the workplace, Jordan pursued a neuroscience degree before obtaining her master's in Human Resources and Industrial Relations from the University of Minnesota, Twin Cities. She is a certified HR professional and brings experience from multiple industries, including commercial real estate, industrial process solutions, higher education, transportation and retail.

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