



CALCULATING REAL ROI ON CORPORATE WELLNESS

An HR guide to making a
business case for
corporate wellness

Great **Myth** Vs Hard **Fact**



What people think

Workplace wellness programs are a “nice to have” and offer little if any tangible commercial benefits.

The reality

It is absolutely true that workplace wellness can keep employees happy. However, **workplace wellness initiatives are a strategic business tool that** deliver quantitative ROI to all business units.

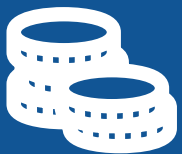
Justifying A Case For Workplace Wellness



HR managers may find it difficult to justify workplace wellness programs due to a lack of presenting ROI based on data and facts.

Soft returns of effective workplace wellness programs such as higher employee motivation and positivity are a given, but the hard returns such as health care costs savings and productivity increases can be harder to measure. The good news is that **it can and is already being done.**

WHY SHOULD YOU CALCULATE ROI?



Secure budget for future programs

ROI reporting will show the impact that your program has on the company and is worthy of fund allocation for future projects



Report business value to leadership

An HR manager's job is never easy and ROI data will prove your department is more than a cost centre, it plays a proactive role in improving company profitability



Demonstrate accountability

Your efforts and resulting accomplishments need to be recognized and the best way is to quantify the hard returns



Project future returns

Calculating and presenting ROI is the most effective way to demonstrate the strategic and commercial value of HR

Part 1 : Measuring success of your existing corporate wellness program

You're running a corporate wellness program that is a hit with the workforce, and now it's time to quantify your achievements to leadership



TOP 5 METRICS YOU SHOULD BE TRACKING

These are the metrics that you need to include in your ROI report to make a convincing case of positive returns



1. DIRECT COSTS

The total price of running your corporate wellness initiative



2. INDIRECT COSTS

Any non-financial contributions enabling delivery of the wellness initiative – ie lost work hours due to employees attending a wellness seminar



3. LOST DAYS DUE TO INJURY/ILLNESS

The number of work days lost due to an employee injury or illness



4. MEDICAL COSTS

Any medical costs arising from treatment or assessment of injury or illness



5. ENGAGEMENT & COMPLETION RATES

Total number of employees who start, consistently participate and complete any wellness initiative

OTHER METRICS YOU SHOULD BE TRACKING

- ✓ STAFF TURNOVER RATES
- ✓ INSURANCE PREMIUMS
- ✓ TOTAL NO. OF CLAIMS
- ✓ AVERAGE DURATION OF CLAIMS
- ✓ AVERAGE SALARY
- ✓ TOTAL COST OF WELLNESS PROGRAM
- ✓ LOST TIME INJURY FREQUENCY RATE

These metrics are a good way to get you started on your way to justifying corporate wellness ROI. There are far more detailed and deeper levels of data that [WellteQ can provide](#) to help empower more informed HR decisions

Calculating ROI

Different industries have different standards and practices on calculating ROI, below is a basic example

	No wellness program in place	Wellness program in place
	2016	2017
No. of days of unplanned leave	200	130
Average daily salary	\$150	\$150
Total medical costs	\$10,000	\$6,500 (\$3,500 reduction)
Lost work days saved	200 x \$150 = \$30,000	150 x \$150 = \$19,500 (\$10,500 reduction)
Cost of wellness program	None	\$4,000
Savings	None	\$3,500 + 10,500 = \$14,000
ROI achieved	None	\$14,000 - \$4,000 = \$10,000

Part 2 : Making the case for a corporate wellness program

Secure funding for your corporate wellness program by showing your management how alarming the situation is





The Absenteesim Crisis

Australia

- Average absenteeism rate per employee per annum : 9.5 days
- Absenteeism cost per employee per annum : A\$3,608
- Absenteeism can cost up to 8% of total payroll costs

US

- Average absenteeism rate per employee per annum : 2.9 days
- Absenteeism cost per employee per annum : US\$3,600

UK

- Average absenteeism rate per employee per annum : 4.3 days
- Absenteeism cost per employee per annum : £554

**Workplace Wellness reduces
these unnecessary costs**



Absenteeism in Australia by industry

(days lost per employee per year 2016)



The average daily salary for an Australian in 2016 is A\$224

	Avg days lost Per person	Cost of lost work days
Telecommunications	11.6 days	A\$2,598
Public Sector	10.9 days	A\$2,441
Transport & Logistics	10.8 days	A\$2,419
Banking & Finance	9.7 days	A\$2,172

How much did your company
lose in lost work days this year?

Absenteeism in USA by industry

(days lost per employee per year 2016)



The average daily salary for a US employee in 2016 is US\$121

	Avg days lost Per person	Cost of lost work days
Education services	3.4 days	US\$411
Healthcare	4.3 days	US\$520
Office & Admin	3.6 days	US\$435
Public Sector	3.6 days	US\$435

How much did your company
lose in lost work days this year?

Absenteeism in UK by sector

(days lost per employee per year 2016)



The average daily salary for a UK employee in 2016 is £75

	Avg days lost Per person	Cost of lost work days
Public Sector	8.1 days	£608
Private Sector	5.1 days	£382

How much did your company lose in lost work days this year?

What's your situation in 2017?

How many work days did your workforce lose in 2017?

What was your company's absenteeism cost per employee per annum?

Studies suggest that employee wellness can reduce absenteeism rates by 25%

Research places generated average annual savings of wellness programs at \$1,600 per employee

How much are you going to save in 2018?

	In 2017	In 2018
Lost work days	Your number here	25% reduction
Savings per employee	Your number here	\$1,600 per employee



100 employees in your company means your potential health cost savings is \$160,000

More Evidence

In a survey, **more than 60 percent of employers** said workplace wellness programs reduced their organizations' healthcare costs.

A study revealed that **Pepsi had an average reduction of \$30 in health care costs per member per month (PMPM)** for members engaged in either the lifestyle or disease management program.

In a study by the Rand Company found that **employees that participated in a disease management program resulted in savings of \$136 per employee per month.** These savings were largely in part by the 30% reduction in inpatient visits.




Johnson & Johnson's corporate wellness ROI returns

Research on J&J's wellness program concluded the following :

1. From 2002 to 2008, Johnson & Johnson experienced a **3.7%** lower average annual growth in medical costs .
2. The company produced a ROI of **\$3.92** for every dollar spent.
3. With a higher, yet still conservative, annual program cost per employee of \$300, the ROI is a **\$1.88 cost savings** per every dollar spent.
4. Overall, these programs delivered a positive ROI between **\$1.88 and \$3.92** for each dollar invested.
5. Healthcare costs savings over 6 years **\$250 million**

PROVEN

How much should effective corporate wellness cost per employee?




Wellness Council of America recommends **\$400** per employee per year

Dr. Dee Edington, wellness ROI expert recommends **\$300 - \$400** per employee per year

Dr. Ron Goetzel, Cornell University recommends **\$150** per employee per year

The average expenditure per employee spent on corporate wellness US\$693/employee pa



Workplace Wellness is a strategic investment that saves companies money while driving competitive advantage in business

Your call to action



1. Collect current facts on how corporate wellness is a legitimate cost saving strategy.
2. Prepare your company's current health and absenteeism costs and project cost savings based on current industry estimates.
3. Present a case to your leadership on how offering a corporate wellness program will result in business benefit.
4. Identify the metrics that you need to track that will justify your program
5. Work with an respected industry leader to map out a wellness program that will help you achieve your goals for the company



wellteq
www.wellteq.co

Delivering wellness ROI

Need help increasing ROI on your corporate wellness program?



WellteQ is the leading digital wellness solution for employee health engagement and HR data analytics. Our suite of innovative engagement programs include activity challenges, mental wellness, financial wellness, HR onboarding and virtual coaching for employees.

We offer the most comprehensive data analytics for real time engagement and post program ROI in market.

Contact us : questions@wellteq.co

