Business Case for Well-Being

# THE *'Why'* BEHIND WELL-BEING

Building a strong and strategic business case for employee well-being programs

*Compiled by Benz Communications and Virgin Pulse*

BENZ COMMUNICATIONS

Eighty-six thousand four hundred. That's not the number of annual heart attacks, yearly incidences of employee depression, or amount spent per employee on benefits programs. Rather, 86,400 is the number of seconds in one day. How they're used—not necessarily how much is spent—is what will move the needle decisively for employee health and well-being.

There are only so many hours in the day—for employees and employers. Workplace well-being programs can play a key role in helping employers to maximize those hours.

To make the most of well-being programs, employers first must accept two key truths:

1. Employees are overwhelmed by well-being challenges.
Almost 28 percent of U.S. workers are obese,[1] 11 percent of the workforce suffers from depression,[2] and more than 60 percent are dissatisfied at work.[3]

2. Employers are in a unique and prominent position to help workers get engaged, educated and empowered about improving their overall well-being. Among employees with access to a workplace well-being program, 60 percent say they are inspired by their company culture to make healthy choices. Without such a program, inspiration plummets: Just 15 percent of workers without access to a well-being program are inspired to make healthy choices.[4]

We know what's wrong. We also know that through well-being programs, employers can be drivers of change. However, there's still little agreement about which tools to use to successfully turn the corner from simply detecting sickness to driving lasting and measurable well-being—and business—results. Recent data is far from clear or compelling: Return on investment for programs traditionally has been studied narrowly (i.e., risk assessments, health screenings and disease management), not holistically. Even then, ROI measurement has ranged from savings as little as $2 per employee per month to $47 per employee per month.[5] More than one-quarter (26 percent) don't measure ROI at all.[6]

Further, there's even less consensus around how to effectively present a winning business case for employee well-being to C-suite leaders. Statistics indicate that merely a quarter (28 percent) of employers say investing in employee wellness is "very effective."[7]

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*Benz Communications and Quantum Workplace 2015*

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Leaders can be more solidly convinced, though, through grounded data and sound plan design. There is meaningful and measurable well-being ROI for employers in areas around engagement, loyalty, and productivity—not just the ones that pertain to medical spending. The tools are there; the numbers are there. They just need to be featured more prominently, and explained more definitively by benefits professionals.

Rather than let benefits managers continue with guesswork, it's time to lay the groundwork for building well-being programs that drive meaningful change for employees and truer, more sustainable ROI for employers. Doing so involves four key steps:

1. NULLIFY THE CASE FOR DOING NOTHING.

2. UNCOVER AND UNLOCK WELL-BEING'S REAL ROI.

3. TURN THE PAGE ON TRADITIONAL PROGRAMS.

4. FOCUS ON DRIVING CHANGE, NOT JUST RAISING AWARENESS.

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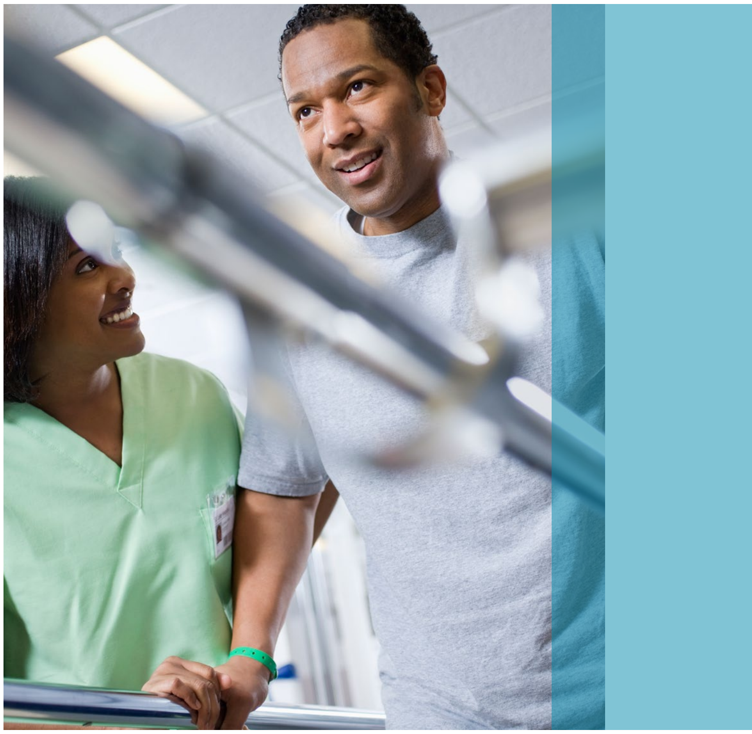
# NULLIFY THE CASE FOR DOING NOTHING

We can stand on more than a decade's worth of data to measure the devastating costs to employers from:

- Chronic disease. One hundred-seventeen million Americans suffer from at least one chronic illness, accounting for half of all deaths and costing the U.S. billions annually in combined costs.[8]
- Presenteeism and absenteeism. Poor health costs the U.S. economy $576 billion a year. More than a third of that amount, $227 billion, is due to lost productivity from employee absenteeism or presenteesim.[9]
- Disability and leave of absence. About $117 billion of that $576 billion accounts for wage replacement due to employee absence from workers' compensation, short-term disability, or long-term disability.[10]

A company is **4X more likely to experience a loss in talented workers** in the next year if employees are not satisfied with wellness promotion.

*Independence Blue Cross, Preventive Health and Wellness Department*



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When confronted with the hundreds of billions of dollars that these combined costs drain from U.S. companies, it can be difficult to focus on anything else. Still, there are also significant dollars associated with problems that don't generate as much buzz, but can affect employers in ways that are just as significant:

- **Lower engagement.** Among employees who are inspired by their company culture to make healthy choices, 80% are engaged in their jobs, citing satisfaction with their work, team members, manager and benefits. Conversely, when employees are not inspired to be healthy, only 44 percent are engaged in their jobs.[11]
- **Higher turnover.** A company is four times more likely to experience a loss in talented workers in the next year if employees are not satisfied with wellness promotion.[12] Translated into dollars, the cost of turnover and replacement has been cited as anywhere from 21 percent to 150 percent of an employee's salary, based on skills, experience, and industry.
- **Lost employee investment.** The average company spends nearly $100,000 per year on employee onboarding[13] and about $1,200 per employee per year on employee training.[14] Those dollars are lost when dissatisfied and disengaged employees quit, along with untold amounts in lost institutional knowledge.

These are problems that are not going away. Statistics show such problems are only getting worse: Nearly 70 percent of American employees are currently disengaged in their jobs.[15] The leading causes of stress are related to workload and juggling work and family life,[16] and carry an annual price tag of $300 billion.[17] Further, by 2020, 157 million U.S. adults will have at least one chronic illness;[18] the top three chronic diseases currently cost $717 billion a year.[19]

Just as troubling for benefits managers, employers are the segment of U.S. society that ultimately will pay the highest price (second only to employees themselves) for not meeting these challenges head on.

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*Benz Communications and Quantum Workplace, 2015.*

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# UNCOVER AND UNLOCK WELL-BEING'S REAL ROI

Clearly, sitting idle is not an option for employers. Yet, there's no getting around the fact that securing C-suite sponsorship for well-being programs requires laying out a case for results—which usually translates into dollars. So, benefits managers must build a rock-solid business case for employee well-being programs by illustrating ROI.

For managers, building that case in terms that matter to employees and execs, there is key data to support well-being's ROI—just perhaps not the way C-suite leaders might think.

- **Significant business results through recognition as an employer of choice.** Employees/prospective employees are more likely to stay with/seek an employer that promotes well-being; 64 percent of workers who are satisfied with health promotion say they plan to stay a minimum of five years at their company.[20] This percentage holds even greater value when faced with data that turnover-related costs represent more than 12 percent of pretax earnings for the average U.S. company, loosely translated into $180 million for a Fortune 500 company.[21]

  Further, when health and well-being are actively promoted, companies are 2.5 times more likely to be viewed as a top performing organization[21]—and, in fact, are top performers: More than 40 percent of the companies listed among Fortune magazine's "America's 100 Best Companies to Work For" also appear on the Fortune 500.[22]

- **More satisfied, productive, and profitable employees.** Regardless of your business model (public, private, nonprofit), your people power your business. To do that in the most efficient and effective way, you need them showing up for work healthy, engaged, productive, driven and satisfied. Employee satisfaction, behavior and turnover in a given year all can be used to predict the following year's profitability, and also have a strong correlation to customer satisfaction.[23]

- **Better integration with other corporate priorities.** When done the right way, well-being programs can seamlessly go hand in hand with other business initiatives, such as workplace safety through injury-prevention and ergonomic programs. Both well-being and ergonomics initiatives are linked to lower injury rates, absenteeism/presenteeism, and workers' compensation, plus higher productivity and morale. Investing in well-being can naturally flow into positive gains for similar employee priorities.

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*Society for Human Resource Management*

In short, everyone—whether current employees or prospective ones, managers or executives—can be engaged and energized about being part of a company they believe is doing the right thing for the right reasons. That energy becomes embedded in company culture in ways that pay off on the balance sheet.

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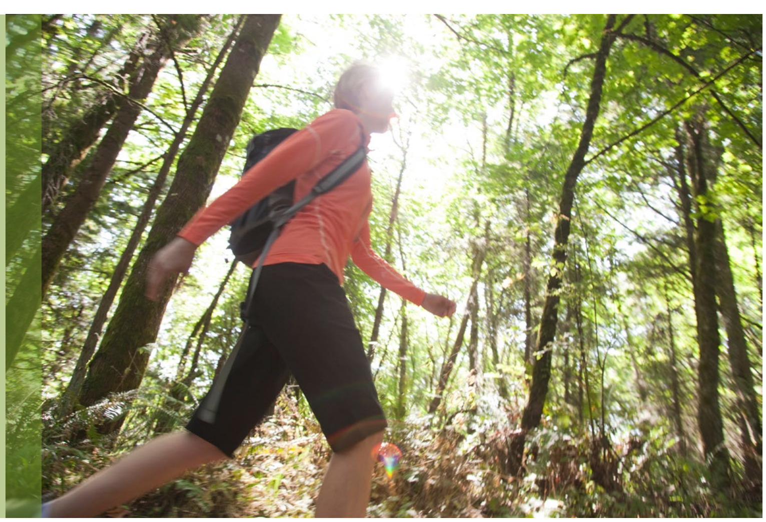
# TURN THE PAGE ON TRADITIONAL WELLNESS PROGRAMS

Invasive. Discriminatory. Illegally coercive. Not worth the cost. Ineffective.

All of those complaints have been levied against wellness programs—in court, in public, or both—during the past several years.

A CVS cashier sued the company, claiming that a mandatory wellness program "made her disclose personal information." The company's program charges employees a $600 penalty fee if they don't submit to a yearly wellness screening, and made national headlines as employees and wellness experts alike spoke out against the rules. The lawsuit is ongoing.

A similar outcry occurred at Penn State University, when campus officials attempted to implement a mandatory health improvement program as well. The protests grew so heated that the university ultimately repealed the program after less than a year.



On the federal level, in 2014 the U.S. Equal Employment Opportunities Commission sued four employers in as many months, alleging that the companies' wellness programs are discriminatory, unlawfully coercive, and/or violate federal employment laws—including the Health Insurance Portability and Accountability Act, Americans with Disabilities Act, Genetic Information Nondiscrimination Act, and Civil Rights Act. Those challenges are ongoing as well.

The truth is, those complaints aren't wrong. The problem, though, isn't with wellness programs—it's with how those programs are designed. They take too narrow a view on overall well-being and its potential to impact an organization. Further, research indicates that most traditional programs aren't evidence-based—there is no evidence that a risk assessment or screening alone improves health outcomes.

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Still, the overwhelming majority (95 percent)[24] of wellness programs feature a health assessment, biometric screening, or both. Most employers also offer big incentives to participate in assessments and screenings—up to $500 per employee on average.

While assessments and screenings are key to raising awareness of health risks and intervening in acute issues, they are not the most effective way to spark lasting behavior change.

Also, simply targeting risk detection and intervention for chronic or acute disease has the potential to disengage employees who aren't "sick" or perceive themselves as such.

Again, risk assessments and biometric screenings have an important place in setting a baseline for health status and health knowledge. You can't know where you're going without a map of where you are, so to speak. However, stopping at this stage gives a "Now what?" feel to a well-being program, when there is so much more that employers can—and should—do.

What is a way to create a program that invokes long-term change for employees?

- Break down the well-being journey into small, yet significant goals. Through the work of Stanford professor Dr. BJ Fogg,[25] we know that the key to changing behaviors is to form simple habits.
- Allow people to choose a goal that's meaningful to them—you wouldn't ask a marathon runner to walk more.
- Reward them for reaching their goals.
- Create a community that recognizes their success and celebrates their accomplishments, while also helping them to revise and refocus their participation if they lose steam along the way.

These components are the building blocks for a stronger and more purposeful shift in well-being program design.

### Creating Programs that Drive Long-term Change

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- Reward people for reaching their goals.
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# FOCUS ON DRIVING CHANGE, NOT JUST RAISING AWARENESS

While there is a firm place within well-being programs for health risk assessments and biometric screenings in setting a baseline health status, focusing solely on these tools narrows outcomes to driving awareness, not necessarily driving change.

Instead of simply creating programs designed to cure sickness, we have effective tools to create programs that cultivate well-being and allow participants to form habits that matter, including:

- Wearable health technology to get real-time data about individual step tracking, plus singular/ongoing activity challenges. In 26 studies involving more than 2,700 participants, users with fitness trackers increased their physical activity by 26.9 percent, reduced their body mass index, and lowered their blood pressure.[25] A device is a great trigger—a reminder to maintain your habit and do more when possible.

- Sleep and food journals to gather actionable feedback about how to adjust habits. In a study of 1,700 people, dieters who kept a food diary for six months lost twice as much weight as those who kept no food record.[26]

- Mindful meditation to connect brain and body, enhance performance, and reduce stress. Meditation has been shown to reduce anxiety and stress, increase memory, and improve attention.[27]

- Company-sponsored volunteer events to strengthen a sense of community and connectedness beyond the workplace. Further, volunteers show lower mortality rates, greater functional ability, and lower rates of depression than people who don't volunteer.[28]

There are meaningful and measurable goals for employees (steps taken, hours slept, calories eaten/burned, hours volunteered, and more) when using holistic metrics. Benefits managers can and should build their well-being plans around those goals and their accompanying metrics, because there is broad and sustainable value that can be found in these holistic areas—ROI will appeal to even the stoniest CEO.

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By focusing on achieving real ROI in ways that move beyond traditional wellness indicators, employers' potential ROI expands as well, in ways that are still meaningful—in terms of people and profit—to C-suite executives.

# VOUCHING FOR VALUE:
## HOW I KNOW WELL-BEING INVESTMENTS MAKE A DIFFERENCE

By Tom Sondergeld

If I only had five minutes to make my case to a company CEO about the importance of investing in employee well-being, I would say the well-being of any workforce has been tied directly and indirectly to its revenue. But apart from that, we invest not necessarily to show ROI or to save money in the near-term, but to give our employees tools and resources to make smart, healthy decisions, which in turn adds value to the company and increases employee retention.

When I look at your employees holistically (overall health, nutrition, energy, focus, productivity) I can clearly see ROI in investing in well-being programs—in terms that have nothing to do with claims data. The many variables that contribute to someone's health risk are ever-changing and difficult to assess in a population. The ROI that is perceptible is softer—increased engagement, increased retention, increased overall health status, and decreased absenteeism. Many of these are perceived and difficult to measure.

To my industry peers who have implemented health risk assessments and biometric screenings at their organization, but haven't seen the health improvements they'd hoped for among their employee population, my advice is to keep at it. Behavior change is different for everyone and needs to be redone many times over before a change actually occurs.

We have also found that the first year of implementing resources like this does initially heighten health interest and can drive up costs as members seek out health care possibly for the first time in preventive visits and other types of health care needs.

Don't get discouraged; health improvement is challenging to measure and occurs only over years (sometimes many).

*Tom Sondergeld is the Senior Director of Benefits and Well-Being at Walgreen Co., where his primary responsibility is to direct and coordinate the health care and wellness activities at Walgreens for all 240,000+ team members and dependents.*

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## About Benz Communications

Benz Communications is a San Francisco-based marketing firm specializing in employee benefits, founded in 2006. The company creates strategic benefits campaigns for employers committed to nurturing high-performing and satisfied employees. Its clients include Fortune 500 companies and Fortune 100 Best Companies to Work For, as well as nonprofit and public firms. An established thought leader in the benefits industry, the firm has a deep stable of research and resources to help companies educate employees about health and financial benefits.

Learn more at **www.benzcommunications.com**.

## About Virgin Pulse

Virgin Pulse replenishes employees with tools that help them build better habits. With its award-winning, online platform, the company cultivates daily habits and sustainable behavior change that help people thrive at work and across all aspects of life. Unlike narrowly focused employee health and engagement solutions, Virgin Pulse creates more meaningful habits and drives greater utilization across HR investments, delivering a better quality of life for employees and better health, increased productivity and improved culture for employers. More than 250 industry leaders representing more than 2 million employees have selected Virgin Pulse's programs to replenish their people and ignite their business.

Learn more at **www.virginpulse.com**.

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