It's More Than Just a Number

Understanding the true value of your workplace wellness program

BY MEG ALEXANDER, MPH

WHENEVER A PRUDENT COMPANY invests their time, energy and financial resources into something, decision-makers typically have some semblance of how the investment will affect their bottom line.

Return on investment (ROI) is the tried-and-trued evaluation method for corporate wellness programs. However, traditional ROI analyses overlook many of the benefits, thereby underestimating the program's true value, which is why so many business leaders, benefits consultants and third-party wellness vendors are shifting to the more comprehensive value on investment (VOI) paradigm.

Return on investment (ROI) refers to the amount of money gained (or lost) for every dollar invested. When a corporate wellness program is said to have a positive ROI, it signifies that the money saved exceeds the cost of the investment. These fiscal savings are namely due to a reduction in employee health care consumption as well as a decrease in workers' compensation and disability claim payouts. These data are preferred points of reference as they are objective and readily available.

However, ROI is an imperfect measure. For one, it is difficult to prove causation, tying wellness program dollars invested to specific outcomes like healthcare expenditure. Secondly, it can take years to reverse disease and eliminate certain health risks, which means a positive return may not be readily apparent despite promising trends in population health.

Without proof of return, businesses with tighter budgets may be tempted to preemptively throw in the towel. What's more, ROI gives company leadership zero insight into workplace environment and the employee experience, which undoubtedly affects business performance, albeit less overtly.

Value on investment (VOI) is a more comprehensive measure referring to the overall value obtained from a financial investment. It encapsulates both the "hard" numbers as well as the "soft," or intangible benefits.

For example, wellness program participation correlates with employee productivity because healthy employees not only tend to take fewer sick days, they are also thought to perform more optimally at work due to increased energy levels as well as improved cognitive and emotional functioning. Such programs also serve to improve employee engagement and morale because they provide a space for coworkers to connect with one another in a new way. In strengthening coworker relationships, wellness initiatives enhance team cohesion and effectiveness, which is especially important in collaborative work environments. Not to mention, employees naturally feel valued when their employers take an interest in their wellbeing, influencing factors such as job satisfaction, recruitment and retention, all of which are huge advantages in competitive industries with high turnover rates.

It should be mentioned that measuring VOI can be more time and resource-intensive because unlike ROI, the data are subjective. As people come together to participate in wellness initiatives, there is usually an excited energy that circulates throughout the workplace. It can't necessarily be measured, but it can be seen and felt.

These intangible benefits are often overlooked but they exist and most certainly should be accounted for. Businesses typically employ the survey method to estimate employee engagement, job satisfaction and morale. If applicable, employee evaluations and customer satisfaction surveys may also be used to extrapolate insights on productivity.

The benefits of an employee wellness program extend far beyond healthcare cost savings as measured by myopic ROI analyses. VOI, by contrast, encapsulates the financial return on employee wellbeing programs plus so much more, enabling those charged with the delicate task of evaluating these programs to do right by the process and recognize their true value. ■

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