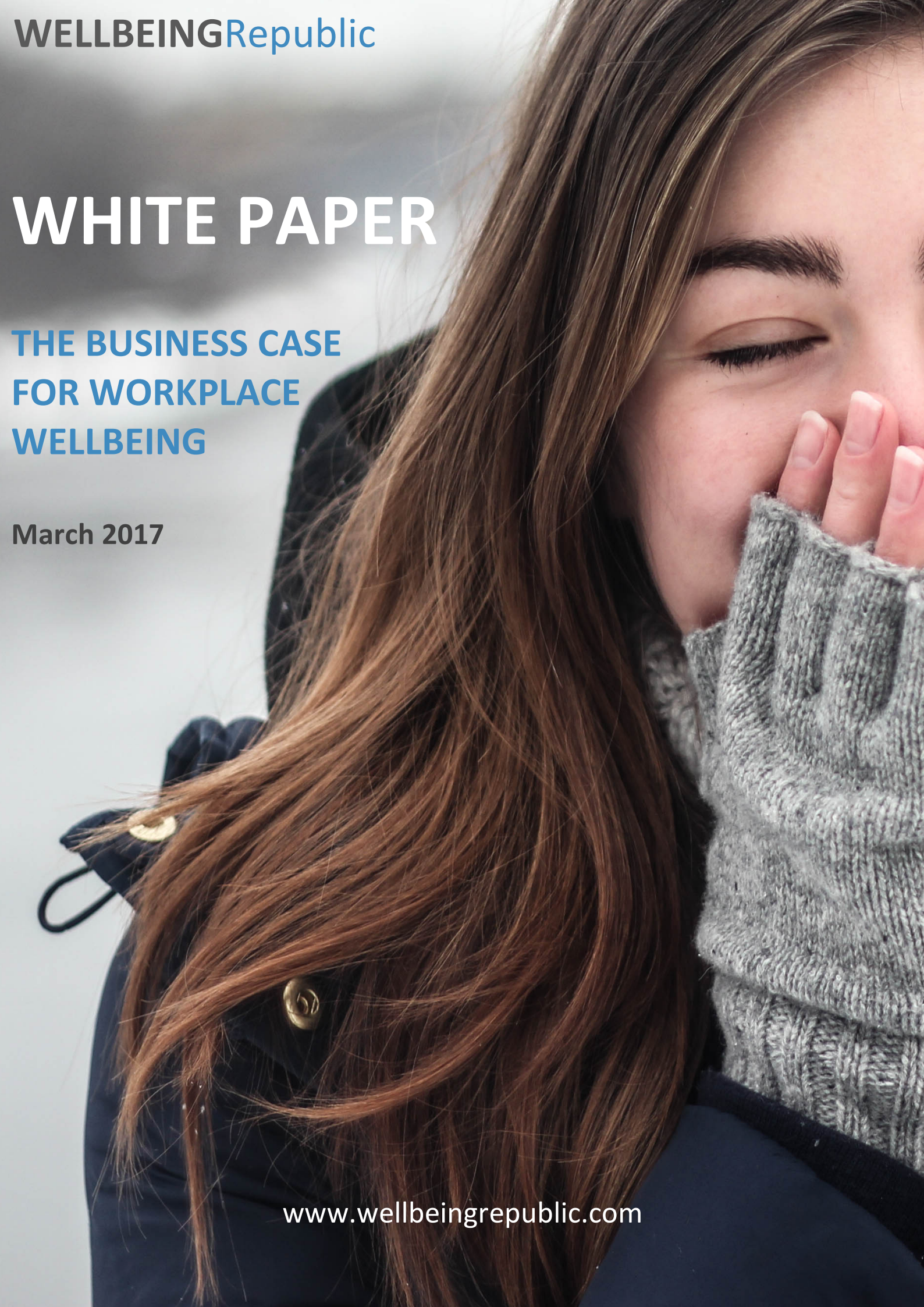


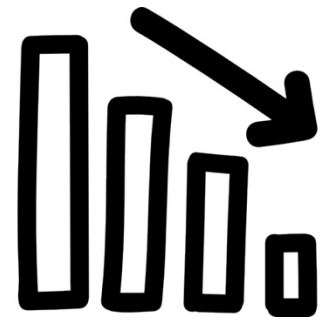
WHITE PAPER

THE BUSINESS CASE FOR WORKPLACE WELLBEING

March 2017



BUSINESSES COULD BE LOSING MILLIONS IN LOST PROFITS, AS A DIRECT RESULT OF NOT INVESTING STRATEGICALLY IN WORKPLACE WELLBEING



HOW?

For a London based organisation of 1,000 employees, with average annual earnings of £50,000 per employee, the cost of lost productivity and employee turnover alone could equate to more than £11.5 million per year.

10.9%
LOST PRODUCTIVITY
£5.5 MILLION



Absence
4.5 days



Presenteeism*
23 days

15%
STAFF TURNOVER
£6 MILLION



SEARCH

Agency Fees
£1.5 million



Associated Costs**
£4.5 million

+ NOT INCLUDING



Poor Engagement
+
Lost Opportunity Cost

Figures extrapolated from Britain's Healthiest Workplace (2016), the CIPD and research by Oxford Economics (2014)

*Presenteeism means someone who is at work but not fully functioning because of illness or other medical conditions

**Associated costs include wind-down of departing employee and wind-up of new employee, lost management time etc

WHY IS PRESENTEEISM SUCH A BIG ISSUE?

Unless you work in an industry sector that charges clients by the minute, and can therefore measure realisation rates (such as in accountancy or law), or you work in manufacturing (and can therefore measure output), presenteeism might not be particularly straight forward to measure. However, that doesn't mean it is not impacting your bottom line. The obvious example might be someone turning up to work with a cold and working with a foggy head. However, those suffering from impaired thinking due to mental health issues, will be much more prevalent, yet much harder to identify. It could mean that you are employing more people to do the same job than you actually need, or that you are missing out of large swathes of opportunity cost.



1 in 3

EMPLOYEES SUFFER FROM A MENTAL HEALTH RELATED ISSUE, EACH YEAR

STRESS

Cortisol reduces executive functioning, on average, by 31%. Chronic stress increases the risk of stroke, heart attacks and diabetes. It also shrinks the brain (specifically the hippocampus and pre-frontal cortex) and impairs sleep quality, further harming productivity at work.

ANXIETY

Anxiety affects executive functioning, focus, mood, morale and productivity. It forces the brain to work harder and research has shown that people perform worse on more challenging tasks, as a result.

DEPRESSION

Depression affects mood, morale, motivation, executive functioning, engagement and productivity. Those suffering from depression might also have higher levels of absence, due to fatigue and poor motivation.

BURN-OUT

Prolonged periods of stress and other mental health problems, can lead to burn-out. Burn-out is essentially the mental and physical exhaustion experienced by someone, when the demands of their work consistently exceed the amount of energy they have available – it's the epidemic of the modern workplace. Burn-out is prevalent amongst some of the hardest workers, who are career-focussed, to the detriment of their health.

SLEEP DEBT

Stress, long-hours and lifestyle can impact the quantity and quality of sleep employees get. It is estimated that sleep debt is costing the UK economy £40 billion per year. Research has shown that regularly getting less than six hours of sleep is the equivalent of showing up to work mildly drunk. Worryingly, those taking part in the research were unaware of the dip in their performance – their perception was skewed.

CHANGING MINDSETS

Whilst the tide is turning, the predominant school of thought remains: "facetime" equals performance. Businesses should be concerned not with time spent in the office (or who is checking emails out of hours), but with output quality and quantity. Time spent in the office should not be seen as a badge of honour.



**DOES NOT
EQUAL**



HOW WILL INVESTING IN WORKPLACE WELLBEING HELP?

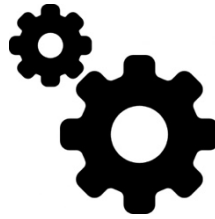
There is now substantive evidence that demonstrates happy employees drive a business' bottom line. Currently, only a fraction of businesses are taking note - they are the ones reaping the benefits. Some of those benefits include*:



Productivity
+31%



Loyalty
+33%



Engagement
+108%



Sales
+37%



Absence
-33%

*Figures obtained from various research papers and case studies, which we are happy to share with you on request.

At its simplest, wellbeing is about maximising people's happiness and, where possible, minimising levels of negative stress. Traditionally, wellbeing was thought of as simply exercise, nutrition and, more recently, mental health. However, there is a little bit more to it than that – our wellbeing model is built around six key pillars, of which health is just one element. There are many variables that can impact on someone's levels of happiness, from work related pressures to financial ones. Add to that whether someone has a good support network, an inclusive and fair work environment and has time to spend with their loved ones, as well as time to exercise and relax – they are all factors which influence wellbeing. Businesses have the potential to effect positive change that benefits not just employees, but their bottom line.

CHANGING MINDSETS

Businesses often find it difficult to secure any meaningful budget for wellbeing. They argue that they already pay large sums for Private Medical Insurance and Employee Assistance Programmes. Neither of those tackle the issues set out on page 1 – they are reactive, not pro-active, and it is estimated that fewer than 20% of employees benefit from their use, in any one year. In contrast, wellbeing interventions are preventative and pay for themselves, by realising untapped potential in the wider workforce. In fact, case studies have consistently shown returns of investment ranging from £3 to £31 for every £1 spent.



**WHAT IF WELLBEING
IS THE COMPETITIVE
ADVANTAGE YOU HAVE
BEEN LOOKING FOR?**

DON'T JUST TAKE OUR WORD FOR IT

Historically, investing in wellbeing may have involved taking a leap of faith, without knowing whether there would be tangible returns on any investment made. Thankfully, in the past decade, in addition to the advances in science, there have been an increasing number of case studies published, from businesses who are pioneers in this space. We thought we'd share a handful of those studies in this paper, to demonstrate the real-life returns on investment. If you need more, just ask, we have access to over 100.



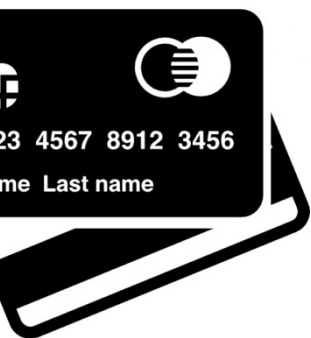
ROYAL MAIL

160,000 employees

OVER 5 YEARS SAVED
£228 MILLION



Invested in nutrition, exercise and mental health interventions



FINANCIAL SERVICES

1,000 employees

IN ONE YEAR SAVED
£412,885
After initial investment of £75,000
Return of 5:1



Invested in promoting healthy lifestyle, fitness classes and relaxation



BRITISH GAS

30,000 employees

SAVED
£31 FOR EVERY £1
Return of 31:1

TARGETTED INTERVENTION

Back care programme:
Improved employee satisfaction + attendance



PROFESSIONAL SERVICES

500 employees

IN FIRST YEAR SAVED
£387,722
After initial investment of £40,000
Return of 9:1



MENTAL HEALTH
Introduced mental health training, which resulted in reduced absence

GOOD NEWS FOR EMPLOYEES + SHAREHOLDERS + CLIENTS

TYPICAL WELLBEING ISSUES

Whilst wellbeing may not sound like a strategic imperative, companies that treat it as such, are reaping the biggest benefits. Wellbeing is integral to every part of a business; from the moment an employee walks through the door on their first day, to the day they leave, their wellbeing will influence their productivity, collaboration, innovation, engagement, growth and many other metrics. Below we have listed a couple of typical wellbeing issues a business may encounter and possible remedial interventions (every situation is unique, so it is not possible to identify a precise intervention – but we have suggested a few ideas):

KEY ISSUE

HIGH TURNOVER

POSSIBLE UNDERLYING ISSUES

Low morale; poor collaboration; lack of support; lack of direction; high stress; poor engagement

POSSIBLE INTERVENTIONS

Staff strategy updates from CEO to drive direction; Manager training on concepts such as compassion; Mental health training; Team building activities; and many more

KEY ISSUE

LOW PRODUCTIVITY

POSSIBLE UNDERLYING ISSUES

Long hours culture; low physical activity; high stress; high absence; poor sleep; lack of direction

POSSIBLE INTERVENTIONS

Culture review; management training on importance of wellbeing; Employee workshops on sleep, mental health, nutrition and exercise; Mentoring; 1-2-1 coaching; and many more

TYPICAL WELLBEING INTERVENTIONS

No matter where your organisation is on its wellbeing journey, it's always useful to take stock of where you are and where you are going. Below we have listed a few of the key things to look out for, depending on how seriously your organisation is looking to take wellbeing.

BASIC



Gym Subsidy or on-site gym classes



On-site shower and changing facilities



Cycle to work scheme and other incentives



Healthy and nutritious food promoted internally



Sports clubs such as football, netball and running

One-off wellbeing workshops with no strategic imperative

INTERMEDIATE



Mental Health First Aiders in place



Wellbeing metrics collected and used



Clear communications and buy-in from the top



Basic wellbeing strategy implemented



Policies reviewed and updated with a wellbeing focus

Pro-active + regular workshops identified from wellbeing metrics collected

ADVANCED



All line managers + senior management fully trained



Wellbeing metrics used to drive business performance



wellbeing strategy linked to overall business strategy



wellbeing road map derived at board level in conjunction with HR



Investment in multi-day sports challenges to promote wellbeing

Bespoke workshops and interventions linked to business strategy

HOW MUCH SHOULD A BUSINESS INVEST IN WELLBEING?

Unless the business happens to be one of the pioneers in this space, the short answer will be: it needs to invest more than it does currently. Those just starting out, tend to rely on free resources from suppliers to deliver wellbeing interventions. Whilst that is not a bad idea, invariably, you get what you pay for. To effect meaningful, long-term change, investment is required in specialists that understand wellbeing and the businesses they partner with. Wellbeing issues aren't always obvious, so the right expertise can be crucial.

You will have seen from the case studies on page 4, that even modest investments can produce sizeable returns. Below we have suggested a minimum level of investment, depending on whether the business is just starting to look at wellbeing (Year One) or has an established programme in place (Year Five). Alternatively, a business may just be starting out but have a burning issue (Big Issues) which needs greater investment, or may have been operating a wellbeing programme for several years and have no issues.

YEAR ONE / NO ISSUES

£50+ per employee

e.g. 500 employees = £25,000
Aim to reach 33% of employees



YEAR FIVE / BIG ISSUES

£100+ per employee

e.g. 500 employees = £50,000
Aim to reach 75% of employees

A LITTLE BIT OF THE SCIENCE

Statistics are great, but we're super geeky and therefore love the science. We happen to think that it's more compelling as a business case too.

Did you know...

- A simple thought can trigger a whole raft of chemical reactions within the body. Just the scary thought of giving a presentation can trigger the release of the stress hormone cortisol, which will impair working memory (including memory retrieval) by a third – the last thing we need before a presentation! Thankfully, understanding how the brain works and the nature of stress, enables us to approach the situation differently. May be we won't have to stress so much, the next time we are giving a big presentation.
- Exercise boosts levels of the neurotransmitter dopamine, which helps us stay focussed on task. A Leeds University study found that those who exercised for 30-60 minutes at lunch were 15% more productive in the afternoon. No need to feel guilty for working up a sweat, or for taking a lunch break!
- Implementing a successful wellbeing intervention requires people to change old habits. Yet, as many as 90% of people struggle to even keep a New Year's resolution. Thankfully, there are some simple tools that can significantly increase the chances of success. Habits are stored in the basal ganglia and are triggered by a specific cue. Learn the cue, change the habit – ok, it's a little more complicated than that, but that's where experts like us come in.

THE BEST INVESTMENT A BUSINESS WILL EVER MAKE



CLOSING THOUGHTS

If a business is looking to grow and become not just a good, but a great place to work, wellbeing isn't a nice to have, it is essential. Whilst historically businesses have largely viewed wellbeing as a tick box exercise and as a benefit for employees, it is promising to see a greater number of organisations integrating wellbeing as part of their wider strategy, and reaping the sizeable benefits.

We have been lucky enough to have access to so many case studies. As businesses become more savvy about the benefits, it is likely that their willingness to share their biggest competitive advantage, will disipate.

A HAPPY COINCIDENCE?

A 2016 academic paper found that US companies, listed on the Standard & Poor 500 (S&P), which had been awarded a coveted wellbeing award, outperformed their S&P peers, by an average of 3:1. The research was carried out by placing an imaginary \$1,000 investment in each company and tracking them over 14 years. Whilst the average return across the S&P was 100% of the original investment, for those that had won the award the average return was 300%. Correlation yes, but not necessarily causation. However, we know where we'd put our money.



ABOUT US

We are a boutique London consultancy specialising exclusively in employee wellbeing. We are in the business of unlocking potential, and believe that wellbeing is at the heart of unlocking that potential; the potential to be happier, healthier, more creative, more productive, more focussed, more compassionate, more resilient and more successful - quite simply, the potential to thrive.

We work with businesses large and small, providing strategic advice, and delivering a range of wellbeing workshops and interventions which we have developed around our holistic wellbeing model, all grounded in the latest science.

Our team is made up of coaches, psychologists and nutritionists who boast a wealth of experience and regularly appear on the news and in the press. If you would like to know more, please get in touch. We would love to hear from you.

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