Using Employee Engagement to Determine the Value of Your Wellness Investment
The prevalence of corporate wellness programs has grown rapidly over the past decade – today over 80% of mid and large-sized corporations have a wellness program in place (1).

That’s certainly no surprise as companies grapple with rising health care costs, up 159% since 1999 (2), and seek every opportunity to control these costs. The ROI from wellness programs meets a clear standard of logic – you get employees healthier, they use less health care services, your health care costs go down. However, companies continually struggle to prove that “avoided costs” are attributed to their wellness investment. After all, how can you prove anything about something that didn’t happen?

We think there’s a better, more holistic approach to finding the real value of corporate wellness. One that’s connected to profit creation – not just cost avoidance. This approach is forward-looking, linked to financial success, and can help catapult the wellness strategy of a company – and the HR department as a whole – into a much more strategic silo. It’s accomplished by connecting Employee Wellness, Employee Engagement, and Company Profitability.

RECOGNIZING THE EMPLOYEE ENGAGEMENT OPPORTUNITY
Employee Engagement has been linked to company profitability and increased shareholder returns, presenting a value-generating opportunity that’s meaningful to every business. By connecting employee participation and health with Employee Engagement, your wellness program will impact far more than just employee well-being and healthcare costs.

Employee Engagement is impacted by three key factors (4):

» **How employees feel about their jobs.** Specifically their relationships with managers, the nature of the jobs they perform, potential career growth, and line of sight between individual employees and company performance.

» **How employees feel about their company.** Trust and integrity, pride in the company, connection with co-workers and team members, and training and development are essential to engagement.

» **How employees feel about themselves.** Fitness and wellness levels, self-esteem, energy, and avoidance of illness strongly contribute to workplace engagement.

Clearly, effective corporate wellness programs can impact factors that drive how employees feel about themselves.
To project the growing value of a wellness investment, employee health metrics (e.g., body mass index, biometric risk factors) and Employee Engagement data should be tracked. Employee Engagement can be measured in a variety of ways, including several validated, 3rd party tools.

**LINKING BETTER HEALTH AND IMPROVED ENGAGEMENT WITH HIGHER PROFITS**

The engagement-profit chain model allows Employee Engagement to generate greater returns by revealing how a workforce’s discretionary effort triggers a series of actions that drive profitability. This concept has been visualized by Bain & Company in the “Promoter Flywheel” (see Graph 1).

In other words, engaged employees lead to higher service levels, quality, and productivity. This leads to higher customer satisfaction, which can be attributed to increased sales via repeat business and referrals. Increased sales drive higher profits and, therefore, greater shareholder returns. (5)

The research shows that the most engaged organizations have more positive financial gains:

- **5x greater** total shareholder returns over five years than the least engaged organizations (5)
- **6% higher** net-profit margins (5)

**The Promoter Flywheel**

**Loyal Customers**
- Buy more
- Stay longer
- Refer friends
- Provide feedback and ideas

**Profitable, sustainable organic growth**

**Engaged Employees**
- Are enthusiastic about their work
- Provide better customer experiences
- Influence other employees
- Provide feedback and ideas

**Growth opportunity**

**Excellence, trust, value**

**Enthusiasm, creativity**
MEASURING EMPLOYEE ENGAGEMENT

There are several options available to measure Employee Engagement today. Many organizations use long-standing internal surveys; there are companies that offer surveys as a service (Gallup, Society for Human Resource Management, Engagement Institute, and Best Places to Work to name a few); and there are other publically available, well-supported loyalty surveys like Net Promoter Score and Word of Mouth Index.

We recommend seeking an approach that allows you to group employees into a few key categories. One well-known survey tool uses three categories based on how participants respond to questions on a scale of 1 – 10 (1 = Deeply Disengaged, 10 = Highly Engaged): Promoters, Passives, and Detractors:

» Promoters: Highly engaged, responding with an average of 8 – 10 on both their likelihood to recommend the company as a workplace and as a service provider. These individuals are the organization’s cheerleaders and likely to give discretionary effort by going above and beyond to reach company goals. You want more of these!

» Passives: These people are generally neutral about the company as a workplace and as a service provider. They are less likely to give their time voluntarily to support company goals. This group is important to understand but is factored out of the overall Employee Engagement Score.

» Detractors: This category represents survey participants whose responses to each question averaged 5 or lower. They are considered actively disengaged (e.g. gossiping, creating peer dissent, and poorly supporting clients). It’s critical to minimize the number of these individuals for maximum company success.

USING EMPLOYEE ENGAGEMENT TO MEASURE WELLNESS PROGRAM ROI

Graph 3 shows the impact a wellness program has on the engagement of a marketing firm’s diversified and dispersed population of over 3,000 employees. It demonstrates the company’s overall level of Employee Engagement and concludes:

» The vast majority of respondents (85.9%) are highly engaged Promoters, responding with an average of 8 – 10 on both their likelihood to recommend the company as a workplace and as a service provider.

» Passives represent 9.6% of the respondents. These individuals are generally neutral about the company as a workplace and as a service provider.

» Detractors represent less than 5% of survey participants.

The Employee Engagement Score is calculated by subtracting Detractors (4.4%) from Promoters (85.9%). In this case, an impressive 81.5!
Now, here’s where things get really interesting. By correlating key wellness data points, such as participation and body mass index (BMI), we can determine that:

» Participants in wellness programs tend to have higher engagement rates than employees who do not participate in wellness.

» Of those who do participate in wellness, engagement rates increase in correlation to their BMI.

CONNECTING THE DOTS BETWEEN EMPLOYEE WELLNESS AND FINANCIAL PERFORMANCE

There’s a growing body of research connecting Employee Engagement with the bottom line. This data is preliminary and requires additional years of analysis for comparison purposes and to have assurance of a causal relationship. However, forward-thinking companies should broaden their understanding of wellness program impact and seize the opportunity to improve bottom line outcomes by investing in employee health!
ABOUT PREVENTURE
Preventure is a global provider of corporate wellness and health improvement programs, specializing in comprehensive fitness and wellness benefits. We’re passionate about improving employee health and creating increased value for our corporate clients as we do it!

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SOURCES


