

ROI

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VOI

INCREASED PRODUCTIVITY

WELLNESS PROGRAM ENGAGEMENT

COMPANY CULTURE BOOST

REDUCED HEALTH RISKS

INCREASED JOB SATISFACTION

REDUCED ABSENTEEISM

LOWER TURNOVER

IMPROVED MORALE

## Evaluating Wellness Incentive Programs?

### Don't Get Bogged-Down in the Quicksand of ROI Numbers

If you're currently evaluating wellness incentive programs while trying to decide if one will be beneficial to your company, it's likely you're making a common mistake: focusing on ROI numbers. It's certainly an *understandable* mistake. But a myopic focus upon ROI numbers is, indeed, a mistake.

You're wondering how that can be, right? How can evaluating the numbers that quantify the success of a wellness program possibly be a mistake?

To answer that question, let's call upon an old tried-and-true analogy...

### The Forest and the Trees

"He couldn't see the forest for the trees." You've heard that analogy so many times that you know instinctively what it means — at least in a broad sense.

But let's apply that old analogy to our discussion about wellness programs ROIs. In this case, the ROI numbers are the trees. The sum of all the benefits of a wellness program is the forest. And — true to the time-tested meaning of this old analogy — focusing upon ROI numbers (the trees) can indeed blind you to the overall potential (the forest) of a wellness incentive program.

It's not that there aren't plenty of black-and-white ROI numbers to consider. Here are a few, courtesy of [an amalgam of studies](#) published by the U.S. Office of Disease Prevention and Health Promotion:

- Wellness programs are proven to help make employees healthier and more active, lowering healthcare costs incurred by employers by \$2 to \$4 for every dollar spent on the program.
- Employees participating in wellness programs tend to be more productive on the job, with one study revealing an average of 10.3 hours of additional annual productivity thanks to a wellness program.
- Workplace wellness programs have been shown to reduce employee healthcare related costs by around 25% (including reduced absenteeism reflected in reductions in average length of sick leave, workers' compensation expenses, and disability insurance costs).
- Wellness programs help encourage physical activity among employees, thereby countering the deadly effects of physical inactivity — now considered a greater health risk than smoking.
- Wellness programs beneficially impact a number of key health metrics, including:
  - The adoption of healthier diets
  - Reductions in obesity
  - Improved cholesterol levels
  - Lowered average blood pressure

[A 2010 Harvard Business Review article](#) even boiled-down wellness program ROI to a simple and compelling number for one very large company, Johnson & Johnson: “J&J’s leaders estimate that wellness programs have cumulatively saved the company \$250 million in health care costs over the past decade; from 2002 to 2008, the return was \$2.71 for every dollar spent.”

No one would argue that all of the above aren’t great ROI numbers. But those are just the trees. Now let’s draw back a bit and take a look at the forest: employee engagement.

## The Benefits of Engagement

Ultimately, a well-designed, well-executed employee wellness program will boost employees’ level of engagement along with their own physical wellbeing. That increase in employee engagement must be combined with all of the hard ROI numbers, like those noted above, in evaluating the big-picture benefits of a wellness program.

But there’s a problem: The benefits of increased employee engagement are difficult to measure in hard numbers. It’s important to include those benefits, though. In fact, the sum value of increased engagement might even exceed the direct measurables of an engagement program.

A [study published in 2015](#) by the Society for Human Resource Management gave a name to those crucial but rather nebulous benefits: The Employee Positivity Factor.

In sum, the Employee Positivity Factor encompasses all of the benefits that employers receive when employees feel better, both physically and mentally, due to their engagement in a wellness program. Employees that feel better have more energy. They have a more positive attitude, both about themselves and about their job.

But how do you measure it?

How do you measure the productivity impact of employees that perform their jobs with a brighter, more positive attitude? How do you directly measure the impact, for example, of customers that have a higher regard for your company because they’ve been interacting with happier, more positive employees.

Because, in truth, the enhanced positivity enabled by a wellness program can permeate throughout every aspect of an employee’s job performance. And that’s almost impossible to measure with hard numbers. But it’s a crucially important benefit of a wellness program.

How important?

Here’s how the SHRM study put it: “The additional contributions made by employees who are “well” could potentially bury the ROI estimated by the hard cost savings.”

No mincing words there!

## Your Wellness Program Isn’t ONLY About Numbers — It’s About VOI

While employee wellness programs offer some wonderfully impressive ROI numbers, those numbers simply don’t tell the whole story. That’s why it’s so important to take a big-picture, forest-instead-of-the-trees view of the potential of an employee wellness program.

A more accurate, big-picture way of evaluating the benefits of a wellness program would be to consider Value on Investment (VOI). A term coined by Gartner, VOI seeks to measure the comprehensive value realized from an investment. Gartner’s VOI concept acknowledges that not all value can be measured with numbers and decimal points (a beneficial boost to a company’s culture might be just one example).

Fail to consider Value on Investment, and you just might miss out on the most important ROI of all — an ROI that you’ll never be able to measure with just numbers.