

Organisation Health and the ROI of Wellbeing



by Paul Kearns

Trust, commitment, loyalty, engagement, wellbeing – all words that the vast majority of human beings value and would like to see fostered by their own organisation. Employers who do not truly reflect the same values under-perform and will also find it much more difficult to manage their people. Yet rarely does anyone actually make clear and tangible connections between organisational health and the achievement of hard organisational objectives. We do.

If wellbeing is worth having it is worth it not just in terms of the improved quality of working life but in hard currency as well. In fact the two go hand-in-hand. Consider applying the simple but rigorous discipline of ROI (return on investment) to the notion of investing in improving the wellbeing of your own organisation.

$$\begin{aligned}\text{Net ROI} &= \frac{\text{Gross Benefit of Wellbeing} - \text{Cost of project}}{\text{Cost of project}} \times 100\% \\ &= \frac{\pounds 100,000 - \pounds 50,000}{\pounds 50,000} \times 100\% \\ &= 100\%\end{aligned}$$

How much would you have to spend to improve wellbeing by just 1% and what would the benefits be in terms of increasing sales or cost reductions? Or maybe a 1% fall in errors or customer complaints? What about a 1% increase in output or throughput? All of these simple measures have clear £ signs attached and if they add up to £100k you can spend £50k on improving wellbeing and still achieve a 100% net ROI. That is just for starters. Wellbeing breeds itself and gathers momentum. Think what returns would accrue in years 2, 3 or even 10?

Of course, you could take the view that wellbeing is one of life's unmeasurables? If so, maybe you don't take it that seriously?