

The Return On Investment for ending stress

The new competitive edge is all about the brain. More specifically, it is about an ability of the brain -- called neuroplasticity -- to expand, reorganize and better integrate higher brain function. The result is a brain that can sustain peak performance. Businesses that take advantage of this breakthrough will eventually overwhelm their competitors.

The icing on the cake is that the ROI for implementing this process is enormous, solving old problems like turnover, health care costs, worker's comp, and absenteeism

Turnover

40% of turnover is due to stress.¹ Lower stress and you recover these losses. Profitability increases by 2% for every 1% reduction in turnover.²

According to a 1999 benchmarking study conducted by a consortium led by the MEDSTAT Group of Ann Arbor, MI, turnover costs, on average, \$3,693/worker/year.³ Other estimates of the costs of turnover have ranged from 25% to over 250% of the employee's salary. At the top end, Xerox has reported that it cost them \$1 Million - \$1.5 Million to replace a senior executive.⁴

Healthcare

¹ Hom, Peter W. and Kinicki, Angelo J., 2001, Toward a greater understanding of how dissatisfaction drives employee turnover, *Academy of Management Journal*

² Ibid

³ Joyaux, Andrée, 1999, The MEDSTAT Group, <http://www.medstat.com>,
contact:andree.joyaux@medstat.com

⁴ www.stress.org/job.htm



Twenty-two percent (22%) of group health insurance costs are stress related, with annual expenditures of nearly \$400 billion.⁵ Heart patients attending stress management programs have 42% lower health care costs.⁶ Other studies have documented 50% reduction in medical services utilization in companies that offer stress reduction.⁷

Workers Comp:

Thirty-three percent (33%) of Workers Compensation costs is attributed to stress.⁸ Subjects who reported stress at age 23 were 2.5 times more likely to report back pain at 33 than subjects who did report stress at age 23.⁹

Under low stress conditions, subjects reported no back pain and the pattern of EMG activity indicated no spinal strain; under high stress conditions however, subjects did complain of back pain and exhibited an aberrant EMG pattern consistent with spinal strain.¹⁰

Absenteeism and Presenteeism:

A major survey of 333 Human Resource executives in US companies found that 12% of absences from work are attributable to stress.¹¹ This translates into 1 million people out of work every day in America due to stress.¹²

The persistent issue of absenteeism costs small companies, on average, \$60,000 per year and larger companies approximately \$3,600,000 per year.¹³

Stress related “*presenteeism*” (workers present but functioning below expectations) costs 32 times the cost of absenteeism. This can amount to a staggering \$115 million per year in large corporations.¹⁴

⁵ Manning, M., *et.al.*, 1996

⁶ Duke University and APA study showing stress management reduced cardiac events as well as health costs. *American Journal of Cardiology*, January 15, 2002.

⁷ S. Alper, Mindfulness-Based Stress Reduction Program at the Scripps Center for Integrative Medicine in La Jolla, California

⁸ Wojcik, J., 1999, “Stress a major risk in comp.” *Business Insurance*, 04/19/1999.

⁹ Power C, Frank J, Hertzman C, Schierhout G, Li L., 2001, Predictors of low back pain onset in a British cohort study. *Am J Public Health*, 91(10):1671-8.

¹⁰ Marras, W., Davis, K., Fergusen, Sue A., Lucas, B., Purnendu, G., (2001) Spine loading characteristics of patients with low back pain compared with asymptomatic individuals, *Spine*, December: 256612574

¹¹ <http://www.cch.com/absenteeism/absentmain.html>

¹² Joyaux, Andrée, 1999, The MEDSTAT Group

¹³ <http://www.medstat.com.contact:andree.joyaux@medstat.com>

¹⁴ The Business Case for Corporate Stress Assessment and Intervention When the right thing is the smart thing . The Stress Knowledge Company, www.stressdirections.com, Lyle H. Miller, Ph.D.