

How our staff's mental wellbeing is linked to productivity

By Neil Franklin - Head of Skills Intelligence



Key message: Stop restarting the learning curve on people, processes, products, contracts and technology

Value			20%-40%+	
		10-20%		
	5-10%			
Timeframe (months)	0-18	18-36	36-48	48+
People	Team Dynamics	Workforce leveling, Training	Long term career development	Culture change
Processes	Explicit method reuse	Documented processes	Continuous process improvement	ISO standards for continuous delivery
Designs	Design templates	Repeat building same asset	Standard Assets	DfMA Asset Standards
Contracts	Heavy lifting to document intent	Reuse / extend same framework	Small changes	Repeatable standard call off
Technology	Project tools and templates	Automated design and reporting	Whole life asset management	Digital replicas of assets
Resourcing	Consultants, contractors & sub contracts		Employees, trainees and long term-supplier relationships and talent development	

Productivity – HM Treasury study

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After 4 years, this could be worth > 10% productivity improvement

After 4 years, this could be worth > 5% productivity improvement

Productivity - HM Treasury study

- Rail spends approximately **£25bn** per annum
- Assume industry **labour costs** 50%, equivalent to **£12.5bn** per annum
- Current rate of RPI is 3.1%, equivalent to nearly £400m per annum
- In rail, we have wage inflation approaching 5.5%, equivalent to nearly £700m
- So we have a **difference of £300m per annum** which will continue if we do nothing.
- Therefore investing in skills development, training, changing culture and developing long term supplier relationships will alleviate the imbalance between supply and demand.

Doing nothing is not an option

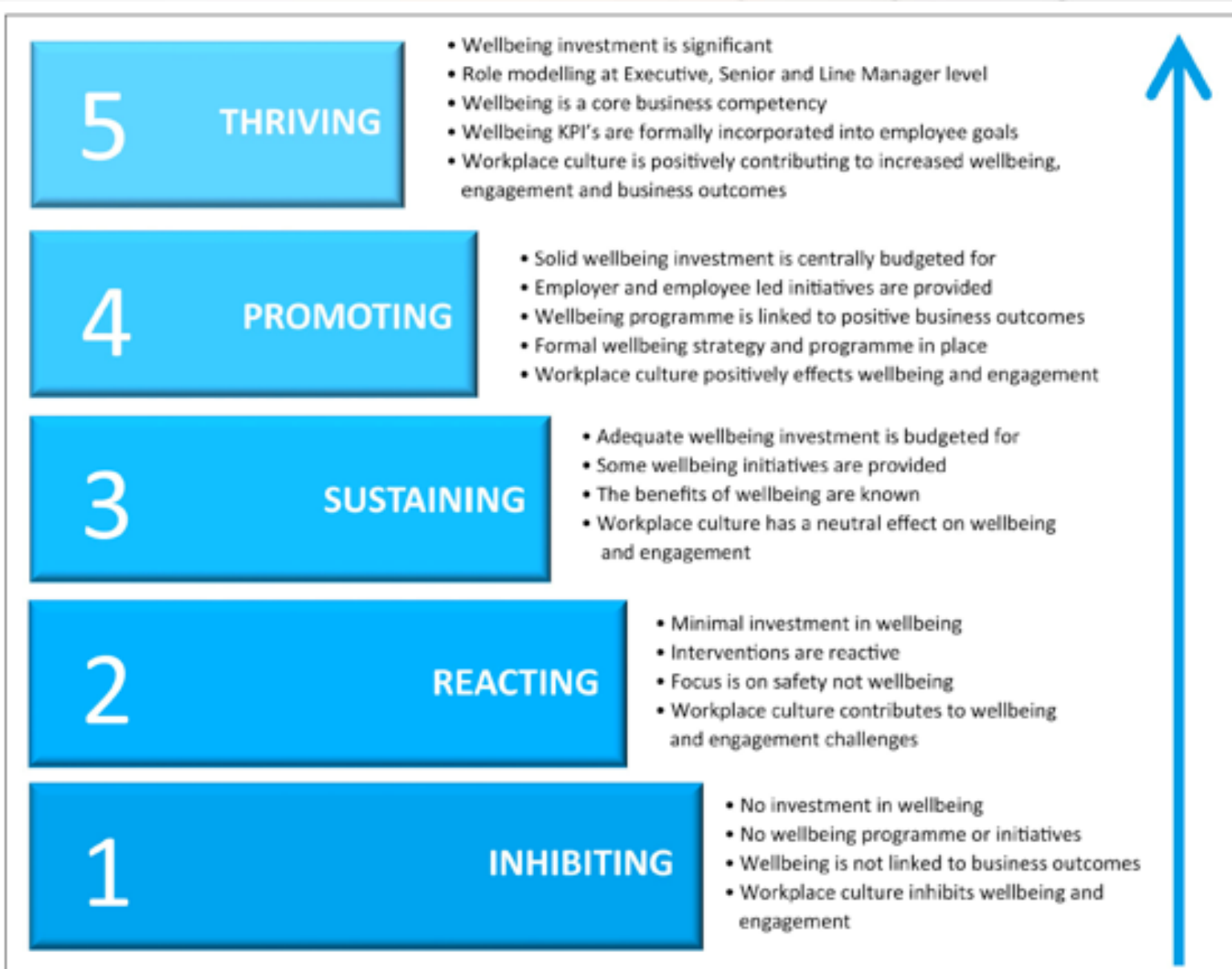
- The two **main causes of productivity loss** are musculoskeletal (MSK) disorders and mental health conditions
- About 40% of all work-related ill health stems from MSK injuries, with an estimated 16 days lost per worker each year
- The **second leading contributor** to lower productivity **is poor mental health**.
 - **Poor mental health costs** employers **an average £1,205-£1,560 per employee** each year - for all employees, not just those taking time off
- ❑ **So for rail, that's between £300m and £400m in lost productivity**

Workplace absence costs the UK economy about £18 billion a year

- **85% of employees** globally **are not actively engaged** in their work
- **77% of employees are sleep deprived**
- **95% of employees that call in sick with stress give a different reason**
- **58%** of people **say they trust strangers more than their own boss**
- **Suicide is the most common cause of death for men aged 20-49 years old**
- ✓ The great news is that over the last five years, we have seen a rise in employee wellbeing programmes. **65% of companies now** claim to **have a wellbeing programme** in place. However, the level of engagement and commitment varies considerably.

Current research into today's workplace tells a worrying story

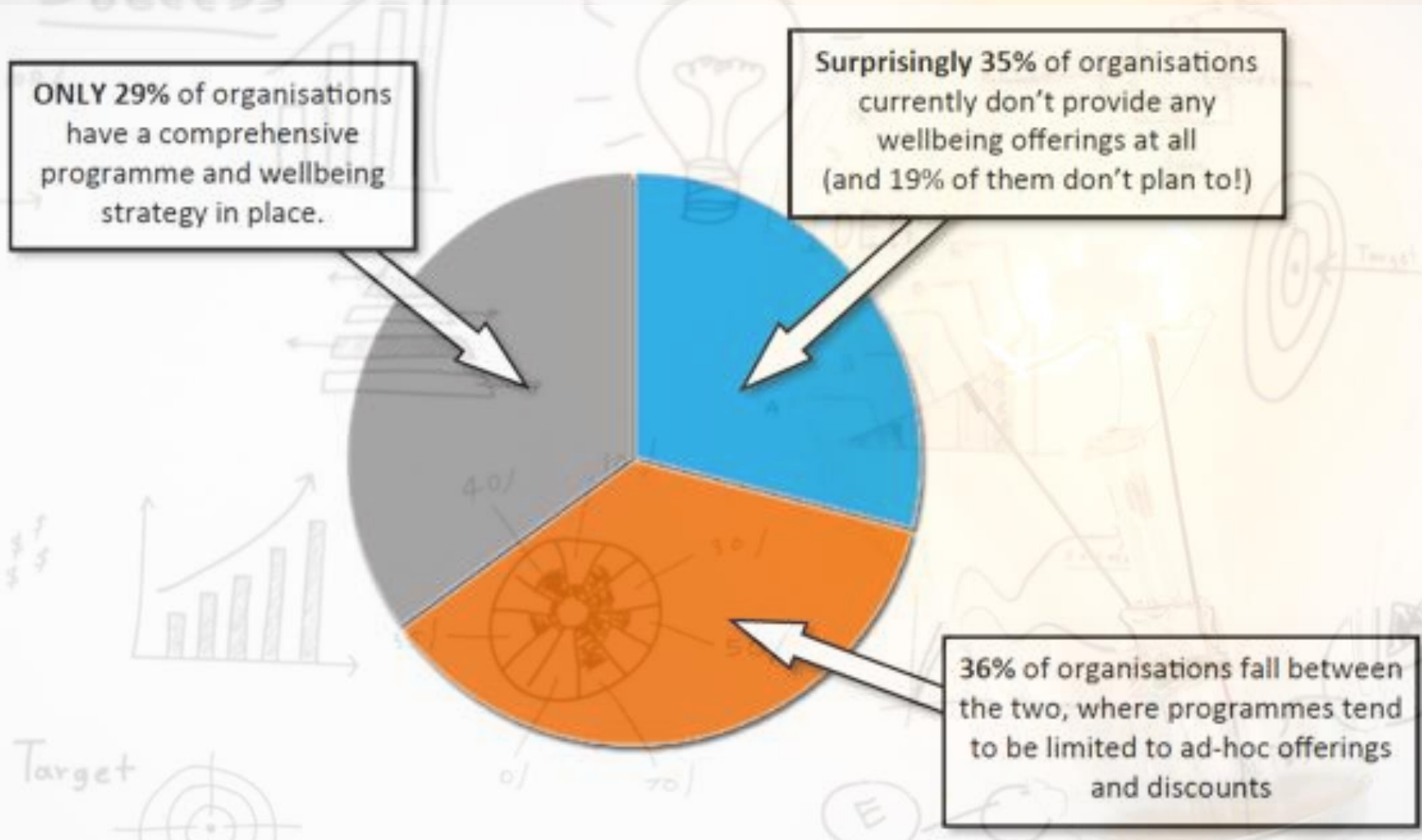
- However, the level of engagement and commitment varies considerably. From research, we have grouped organisations into **levels of maturity**.
- **I think the rail industry is between Stages 1 and 2**



The Kamwell Wellbeing Maturity Model © Kamwell Limited 2018

Maturity levels

- The response to wellbeing is disappointingly limited in many companies.



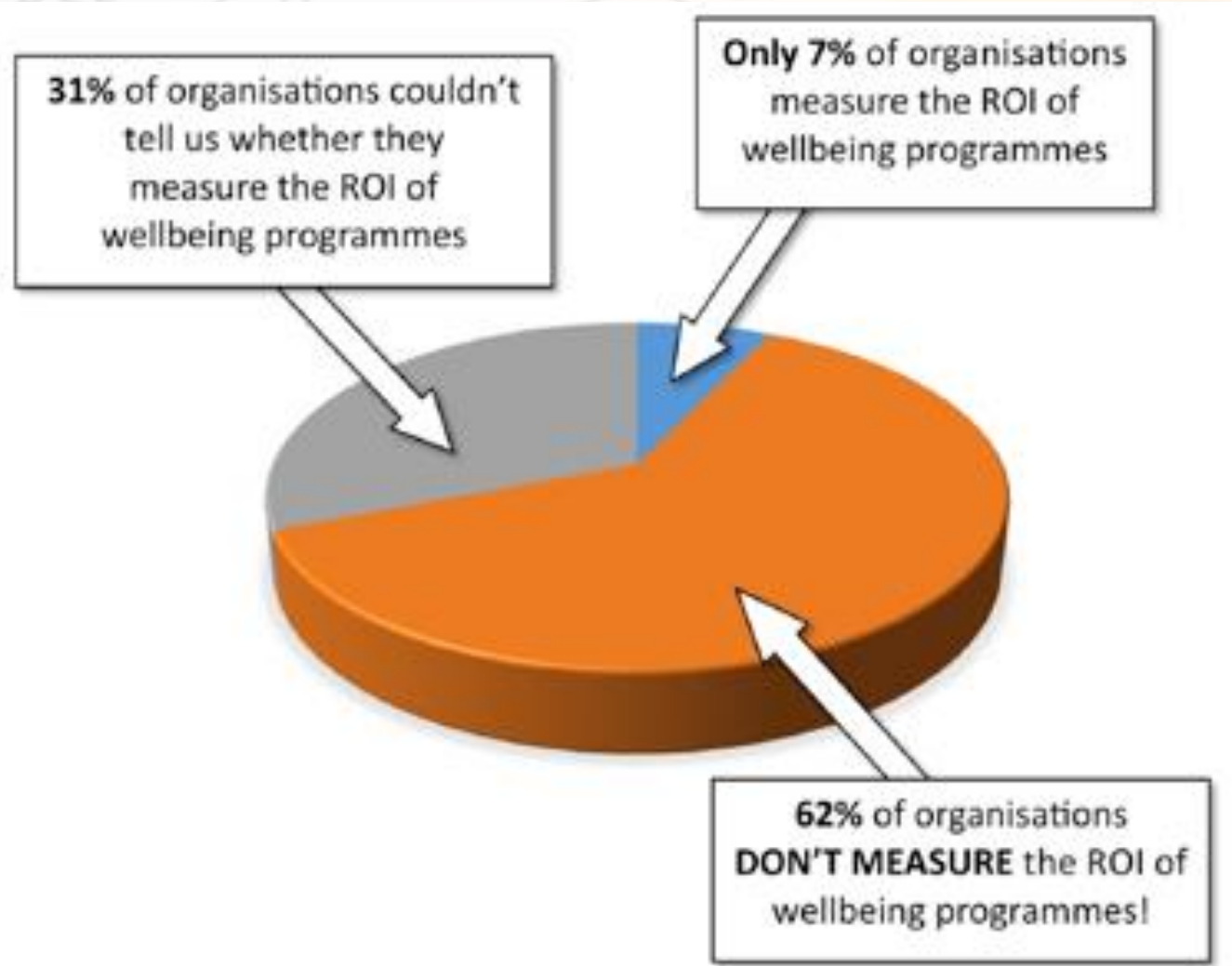
The response to wellbeing

• HR leaders were asked what level of financial investment they were allocating to wellbeing, excluding the cost of already employed staff who are either wellbeing champions or in a wellbeing related function.

- 20% of HR leaders reported no spend on wellbeing
- 33% of employers reported spend of up to £5,000 p/a on wellbeing
- 23% reported spend of between £5,000 and £21,000 p/a on wellbeing

Current investment in wellbeing

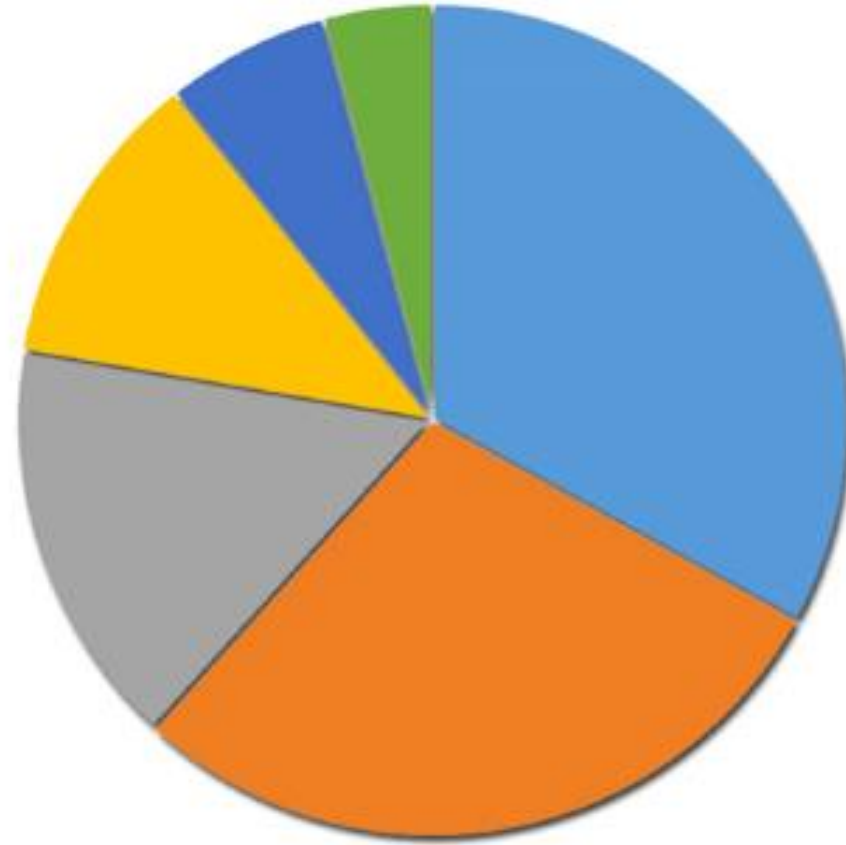
- Did the organisations measure their ROI of wellbeing programmes?



Measuring return on investment

- As any marketer or business owner knows, “what gets measured, gets managed” and the current lack of measurement in the workplace wellbeing space is due to the fact that:

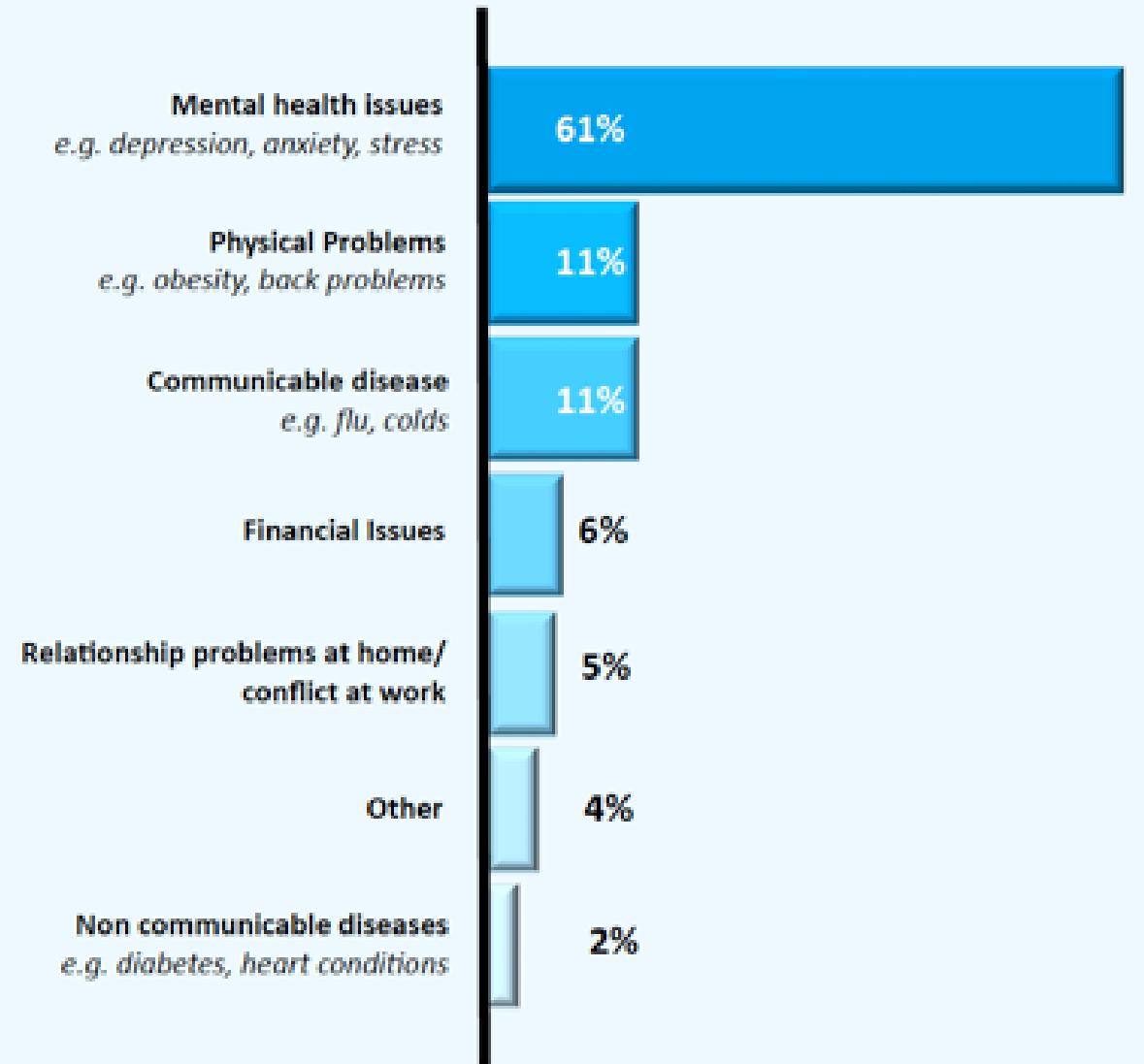
- 4% don't know where to find the data
- 6% disbelieve the accuracy of data collected
- 11% don't know where to start
- 15% don't have any data to track and measure
- 27% haven't been asked to measure ROI
- 31% don't know which KPI's to track



A lack of measurement

- Over the past few years, the spotlight has been shining brightly on the topic of mental health in the workplace.
- Poor mental health is now the biggest cause of sickness in the UK with **over 70 million working days lost each year** (approximately **500,000 days lost in rail alone, equivalent to over 2,000 people**)

HR leaders' biggest health concerns:



HR leaders' biggest health concerns this year

- Various studies over the last 5 years have shown that:
- ✓ Organisations with high levels of employee wellbeing have **outperformed the stock market** by 2-3% pa over the last 25 years
 - ✓ FTSE 100 companies who take wellbeing seriously show a **higher than average shareholder return** (61% to 51%)
 - ✓ **Reduced levels of staff turnover** – filling an employee vacancy costs £6,125
 - ✓ **Sickness absence costs UK employers £692 per person – in rail this equates to £173m per annum**
 - ✓ **Presenteeism** (employees work but are under productive due to poor emotional wellbeing) **is about the same**
 - ✓ Organisations promoting health and wellbeing are seen as **3.5 times more likely to be creative and innovative**

How to convince the leaders in your business?

1. **Create a wellbeing strategy**, brand and identity that is aligned to your wider business and people objectives and provides a clearly articulated framework and wellbeing roadmap.
2. **Get senior leadership support** - From the CEO and the leadership team, to the line managers, this level of buy-in and senior role modelling (where possible) will set the right tone and behaviours for a thriving culture.
3. **Invest in wellbeing** - You get out what you put in. Having a clearly defined and dedicated central wellbeing budget will go a long way compared to ad-hoc spending or worse.
4. **Measure the impact** - Identify key metrics (both remedial and preventative) and over time you will start to identify trends that will help you focus your resources and investment in wellbeing more effectively. Consistently measuring your progress will help you start to forecast improvements and set realistic goals.
5. **Share success** - For employee wellbeing to become a part of the organisational culture it needs to be articulated over and over. Colleagues need to see wellbeing in action and hearing stories of how employees have benefited from the programme can be extremely powerful, particularly if senior leaders are engaging and sharing their personal experiences.

5 ways to improve employee wellbeing?