



Psychological Health and Safety Business Case – Establishing Baseline Costs

Cost Categories	<i>Brainstorm what data needs to be included in each category. How would you measure or obtain the data for each of these categories in your organization?</i>
DIRECT COSTS	
Employee Absences/Injuries	<ul style="list-style-type: none"> - Overtime, sick time, WCB insurance and fees. - Short term disability, Long term disability, return to work, modified work. - Temporary staff costs. - Efficiency costs; missed quotas. - Triple cost- sick time bank, double time overtime for one absence. - Increased benefit costs from providers. Premiums ~\$500,000. Health & Safety Infractions – Physical injuries relating to poor PH&S
Legal Costs	<ul style="list-style-type: none"> - Lawyer, mediator, cost of witnesses, court, cost of complaints in arbitration. - Cost of process compliance – OHS fines/penalties - HR, OH&S time to investigate; participant time to be investigated. - Cost(s) with 'getting it wrong'. Grievances, grievance arbitration (~\$10,000/ day). - Cost(s) of investigations and related legal opinions. - Cost(s) of independent third party investigations. - Union grievance against the employer. - Human Rights claims - Accounting – legal fees, severance pay - Arbitrations - Constructive Dismissal claims
Health costs	<ul style="list-style-type: none"> - EFAP (Employee family assistance program)- costs may rise because of communication of the plan (+) or because of the need. - Disability management costs; reintegration back to work costs - Medicalization costs of conflict; treated as illness but conflict remains - Health of family could be compromised, impacting the time away from work more - Workplace culture, morale and productivity of those involved - IME costs – Independent medical exams - Prescriptions/medication costs
Turnover	<ul style="list-style-type: none"> - Training, Orientation, Onboarding, Exit Interviews, Job Postings, Recruitment, Advertising positions – replacing an employee is about ~50% of the annual pay. - Average Attrition rates. 9-10% to as high as 50%. - You tend to lose the high performers (who have opportunities). - You tend to retain the people that are 'survivors'. - Social media can be rated for 'favorable' vs 'unfavorable' - Severance costs, constructive dismissal, Wallace damages, people with working notice - Exit interview time - Employees moved down
Sabotage/Theft/Damage	<ul style="list-style-type: none"> - Security costs/Cyber security costs - Intellectual property theft/damage - Inventory - Physical damage – repair fees or replace equipment - Insurance claims - Law enforcement - Time Theft - Whistle Blower Line



<p>Restructuring costs</p>	<ul style="list-style-type: none"> - Restructuring to avoid the impact of a lack of psychological safety. - Move managers or move teams - May need external support (consultants) to assist with the reorg - Adjusting job classifications or roles/responsibilities - Org chart changes - Change management costs - Consultants – workplace restoration
<p><i>TIME COSTS (CONFLICT, STRESS & OTHER)</i></p>	
<p>Manager Time HR Time Employee Time</p>	<ul style="list-style-type: none"> - KPIs - Calendar time kept in files for tracking - “How much time do you spend on unproductive conflict?” - Average manager time is 15% to 80% (depending on definition). - Time spent on Grievances/Complaints - Time spent on Performance management - Coaching/Training time - Meetings with lawyers, authorities/OHS, etc. - Burnout
<p><i>INDIRECT COSTS</i></p>	
<p>Productivity Costs</p>	<ul style="list-style-type: none"> - Quality of widgets, quantity of widgets made - Misspent energy on the conflict - Productivity and response time to the customer, customer satisfaction - Overtime costs could compromise productivity - Quality of the response to the customer is poor as the key contact/ subject matter expert/ lead person is away/ ill/ unavailable - Cost(s) associated with programs and training that take people ‘off the floor’ - Presenteeism; distracted employees - Rework - Timeline extensions
<p>Reputation Costs/Corporate Social Responsibility</p>	<ul style="list-style-type: none"> - Loss of revenue - Amazon example, regarding treatment of employees and reputation costs and the cost to repair the reputation - Client retention (can be measured). - Referrals - The people that left have a story which is often heard by clients/ customers - Rebranding - Public Relations costs - Brand sabotage – social media – confidential info at risk - Glass Door/Yelp - Non-profit – possible loss of funding from gov’n’t and donors
<p>Morale/Engagement</p>	<ul style="list-style-type: none"> - Good will - Survivor guilt- the people who remain after a down size have reduced performance related to guilt - Boeing – the human cost; the people who could have said something - Learned complacency - Engagement surveys: problem is that it is not measuring engagement the way we want. Easy to measure, but hard to quantify the costs.

Support for Building the Business Case:

Workplace Strategies for Mental Health – Including Establishing Baseline Costs –

<https://www.workplacestrategiesformentalhealth.com/>



Health & Safety Ontario – The Business Case for a Healthy Workplace

https://www.wsps.ca/WSPS/media/Site/Resources/Downloads/BusinessCaseHW_Final.pdf?ext=.pdf

Making the Business Case, Great-West Life Centre for Mental Health in the Workplace – Workplace Strategies for Mental Health:

<http://www.workplacestrategiesformentalhealth.com/display.asp?|1=3&|2=37&d=37>

The ROI in Workplace Mental Health Programs – Deloitte -

<https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/about-deloitte/ca-en-about-blueprint-for-workplace-mental-health-final-aoda.pdf>