Steps CFOs can take to find reliable metrics for tracking well-being

CFOs and finance teams are accustomed to identifying and tracking metrics that help them evaluate the health and performance of the company. Now they may need to apply those skills to strategic risks and opportunities related to human capital and their critical role in driving a business strategy.

In many cases under the broader ESG (environmental, social, and governance) agenda, some CFOs are intensifying their search for reliable metrics by which to measure utilization of the company's well-being program, as well as progress toward the company's broader wellness goals. But CFOs have few, if any, solid indicators to determine which parts of their well-being offerings are working and why. Indeed, in the 2020 Deloitte Global Human Capital Trends study, 61% of respondents said that their organizations were not measuring well-being's impact on organizational performance.[1]

A combination of disruptive events— from the COVID-19 pandemic to changes in the social and political environment—has reminded employees that there's more to life than work. In the 2021 Global Human Capital Trends survey, employees ranked "improving worker well-being" as their third-highest priority in what they hope to achieve through their work transformation efforts in the next one to three years. Curiously, improving well-being was the second-to-last outcome identified by executives.[2] That disconnect helps explain why companies need more precise measurements to track the impact of their well-being investments and gain insights into value drivers to unlock.

In this edition of *CFO Insights*, we'll explore the opportunities and obstacles finance executives may face as they seek to apply rigor to quantifying the return on investment for well-being.

A challenging exercise

In the past, many CFOs have focused on tracking related activities that were known to reduce health care spending, such as quitting smoking. Partly driven by an ever-tightening labor market, companies have turned their focus to improving employees' physical and mental health, with CFOs building a culture that "prioritizes employee well-being and resilience," as reflected in Deloitte's CFO Agenda.[3]

As we noted in our book, *Work Better Together: How to Cultivate Strong Relationships to Maximize Well-Being and Boost Bottom Lines* (McGraw-Hill, 2021), there's no easily accessible blueprint for reframing an organization around well-being.[4]

What CFOs need to figure out sounds straightforward: How can the company deploy its budgeted dollars to generate the greatest impact on workforce well-being and value for the company? A precise answer, however, requires insights that many CFOs likely have yet to capture, including what workers need.

In general, executives and employees say they are overworked and overtired (see Figure 1).

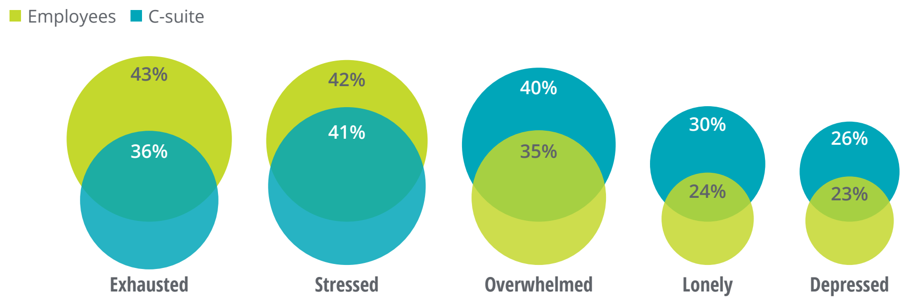
Between January and March 2022, an average of 2.5% of workers switched jobs each month, up from 2.3% in 2021.[5] One survey found that feeling disrespected was one of the top three reasons that spurred most of those who quit their jobs in 2021 to make that decision.[6] A survey of 2,100 employees and C-level executives across four countries, conducted by Deloitte and Workplace Intelligence, found that nearly 70% of C-suite executives are seriously considering quitting for a job that better supports their well-being, as are almost 60% of employees.[7] (For more survey findings, see sidebar, "Why companies need to deliver a healthy dose of well-being.")

While executives and employees alike may express concerns over their well-being, many surveyed leaders may not have a clear understanding of what might drive workers away or at least cause them to feel disengaged (see Figure 2). In the Deloitte and Workplace Intelligence study, in fact, a sizable percentage of executives seemed to be overestimating—and significantly so—how well their employees are, and how supported they feel by their leaders. While more than eight out of 10 global executives believe that their employees are thriving in all aspects of their well-being, just 56% of workers think that their company's executives even care about their well-being.[8]

Figure 1. A workforce fit to be tired

Around one out of three employees and executives are constantly struggling with fatigue and poor mental health

Percentage who said they "always" or "often" feel this way

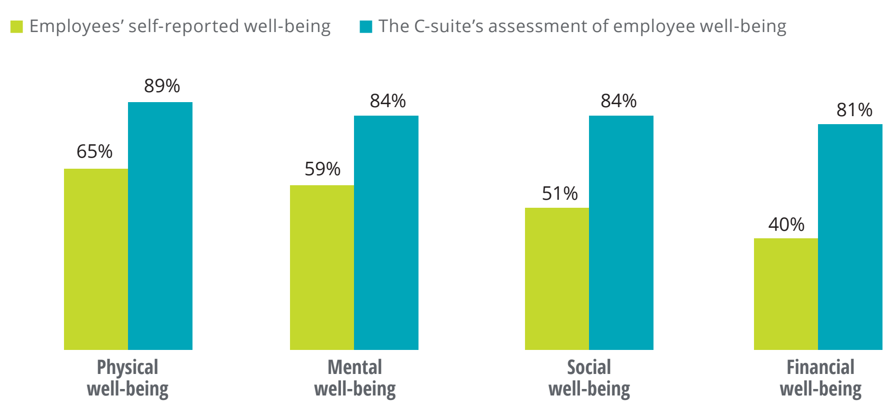


Source: "The C-suite's role in well-being," *Deloitte Insights*, June 22, 2022

Figure 2. Do you feel like we do?

The C-suite significantly underestimates how much employees are struggling with their well-being

Percentage who selected "excellent" or "good"



Source: "The C-suite's role in well-being," *Deloitte Insights*, June 22, 2022

Be wary of getting only half the story

Many CFOs are probably already using metrics that they think gauge the impact of their companies' well-being programs. At best, such metrics provide a partial view of employees' well-being across the organization, rather than a clear understanding and insights that companies can use to develop actions. Below are some often-used metrics in tracking well-being that are not necessarily insightful.

- **Productivity numbers**. Productivity figures can be useful for assessing company performance, but they are typically dated—and dangerous—to rely on for capturing a behavioral and cultural challenge. Employees may be productive for now, but on the verge of burning out. Miserable employees can remain productive—until they storm out.
- **Turnover rates**. A company's level of attrition may reflect only one dimension of employee well-being—concerns about their financial strength. Is the company offering competitive pay and benefits? In a Pew Research Center study, 63% of respondents cited "low pay" as one of their top three reasons for quitting their jobs in 2021, tied with "no opportunities for advancement."[9]
- **Self-reported data**. While surveys and interviews will likely be crucial inputs in measuring employee sentiment,[10] they may not be sufficient in tracking positive and negative sentiment over time. Organizations can also use other measures. For instance, the percentage of workers who use their entire time-off benefit or the amount of overtime people are putting in. Analyzing insurance claims may also help CFOs identify trends.

Untapped data may be key in helping companies dig under to determine what is truly affecting employees' sense of well-being. Such latent data may include the number of hours employees spend in meetings, and the count of after-hours emails being exchanged. By analyzing such information—at an aggregate level, to avoid raising privacy concerns—CFOs may be able to address emerging trends, such as burnout.

Rethink, repurpose, and redesign for well-being

In the Deloitte and Workplace Intelligence survey, most respondents ranked well-being as more important to them than advancing in their career this year.[11] Yet, most employees (83%) and executives (74%) say they face obstacles to achieving their well-being goals. The top two hurdles they cited were a heavy workload/stressful job and having insufficient free time because of long work hours.[12] The following are four principles CFOs can follow to begin restructuring work and the workplace to accommodate, and even promote, well-being—and at very little cost:

1. **Give offices a new purpose**. While flexibility and the ability to work remotely may be important to many employees, that doesn't mean that offices ought to be tossed in the bin of distant memories. Rather than imposing an arbitrary schedule for employees—you *must* come in Tuesdays and Thursdays—it could be more productive to find out why employees might want to get together. By creating appealing in-office events, companies can reinforce a sense of belonging among employees.
2. **Change the flow of the workflow**. Adults can only focus on a single task for about 90 minutes at a time.[13] After that, productivity and energy dissipate. Companies can use data to restructure workflows with the 90-minute threshold in mind, perhaps by inserting breaks or dividing work streams into 90-minute chunks.
3. **Fit spaces to suit new purposes**. Companies may come up with many ideas to improve well-being—such as meditation rooms and mandatory 15-minute breaks between meetings—but such innovations need to be thought through. Companies may have to design spaces where employees can comfortably take time to digest the outcome of a meeting rather than having nowhere to go other than the privacy of their cars or the inner sanctum of a stairwell. To collaborate effectively, employees may need rooms designed for brainstorming. Quiet rooms reinforce the idea that there's nothing wrong with employees taking a few minutes to relax or to think.
4. **Create a mindset where well-being is prioritized**. For companies to get the return they want from well-being spending, the question may not be how much they invest but how strong an effort they make to inform employees about the various programs. Aside from knowing that the program exists, people also need to be encouraged to take advantage of them by participating. CFOs may want to model such behavior.

Well-being in the public domain

To solidify a commitment to well-being, companies may eventually decide to report the results of their well-being metrics publicly. In the Deloitte and Workplace Intelligence survey, 77% of responding executives say that companies should be required to publicly report workplace well-being metrics, a sentiment shared by 55% of employees.[14]

After all, don't investors, boards, and other stakeholders have an interest in making sure a company isn't wearing out employees, and potentially harming its long-term viability? Solidifying the case for investment might even make CFOs feel more relaxed.

Why companies need to deliver a healthy dose of well-being

Everybody needs a time out.

C-suiters and employees alike are highly stressed. That's the sentiment that emerges most strongly from a survey conducted by Deloitte and Workplace Intelligence, a research firm. The goal was to explore the C-suite's role in well-being and examine how an overall poor state of health is affecting retention for workers and executives alike.

The situation is unhealthy enough that 57% of employees and nearly 70% of the C-suite say they are seriously considering quitting for a job that better supports their well-being (see main story). The survey, conducted in February 2022, drew more than 2,100 employees and C-level executives from across four countries: the United States, United Kingdom, Canada, and Australia. The subsequent report, "The C-suite's role in well-being: How health-savvy executives can go beyond workplace wellness to workplace well-being—for themselves and their people" explores the link between work and well-being and outlines how companies can re-imagine work to prioritize well-being.

Among the report's findings:

Many C-suite members and employees say their jobs are harming their well-being. Significantly, 63% of employees and 73% of the C-suite report that their job doesn't allow them to take time off from work and disconnect.

Many executives and employees aren't taking good care of themselves. Despite how stressed many employees may feel, only around half of those surveyed—and two-thirds of the C-suite members—report that they use all their vacation time, take breaks during the day, get enough sleep, and have enough time for friends and family.

Executives may be significantly overestimating how well their employees are doing and how supported they feel by their leaders. Only 65% of employees rate their physical health as "excellent" or "good," yet 89% of executives believe their workers are thriving. Thirty-five percent of C-suite respondents send out communications encouraging employees to take time off, yet only 29% set the example by doing so themselves.

The C-suite must take greater ownership and action around matters of health. A whopping 95% of C-suite executives agree that they should be responsible for employees' well-being, but these sentiments aren't translating into action—68% indicate that they're not doing enough to safeguard employee and stakeholder health.

CFOs and other executives stand to gain a lot by embracing well-being. Not only can they become better and more purpose-driven leaders,[15] but they may discover that they're finally able to prioritize their own well-being—a critical shift that could help them stay the course in their own increasingly demanding role.

End notes

1 2020 Deloitte Human Capital Trends, *Deloitte Insights*, Deloitte Development LLC, 2020.

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3 "The CFO Agenda," CFO Program, Deloitte LLP, 2022.

4 Jen Fisher and Anh Phillips, *Work Better Together: How to Cultivate Strong Relationships to Maximize Well-Being and Boost Bottom Lines* (McGraw-Hill, 2021).

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6 "Majority of workers who quit a job in 2021 cite low pay, no opportunities for advancement, feeling disrespected," Pew Research Center, March 9, 2022.

7 "The C-suite's role in well-being: How health-savvy executives can go beyond workplace wellness to workplace well-being—for themselves and their people," *Deloitte Insights*, Deloitte Development LLC, June 22, 2022.

8 Ibid.

9 "Majority of workers who quit a job in 2021 cite low pay, no opportunities for advancement, feeling disrespected," Pew Research.

10 "Why reporting workplace well-being metrics is a good idea," *Deloitte Insights*, Deloitte Development LLC, June 21, 2022.

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12 Ibid.

13 "A 90-Minute Plan for Personal Effectiveness," *Harvard Business Review*, January 24, 2011.

14 "The C-suite's role in well-being."

15 "The value of corporate purpose," Deloitte Consulting LLP, Deloitte Development LLC, 2020

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