

The Corporate Wellbeing Market:

Explosive Growth Continues



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One of the fastest growing marketplaces in the world is the wellness industry, a \$4.2 trillion market encompassing personalized medicine, healthy eating and nutrition programs, fitness offerings, spas and tourist destinations, and workplace wellbeing solutions. In fact, the Global Wellness Institute, a research firm that follows this market, estimates that the entire wellness market makes up more than 5.3% of global economic output and is almost half the size of the entire global healthcare market¹.

A growing segment of this market is workplace wellness – often referred to as corporate wellbeing – estimated to be a \$47.5 billion market (as of 2017) and increasing at 4.8% per year. This paper will provide further background on this market segment and offer HR and business leaders perspective on its importance and value to business.

Why Corporate Wellbeing Exists: Work Is Making People Sick

Why do we need corporate wellbeing programs at all? Shouldn't work be safe, enjoyable, and healthy at its core?

While we'd all like to believe this is the case, research shows otherwise. Jeffrey Pfeffer, a professor at Stanford University, points out in his book, *Dying for a Paycheck: How Modern Management Harms Employee Health and Company Performance – and What We Can Do About It*, “The workplace is the single biggest source of stress in America.” In the U.S. and U.K., more than 60% of workers cite a poor work-life balance and almost 40% of American workers believe they cannot achieve career success without negatively impacting their family life. In 2017, 52% of Americans reported having unused vacation at the end of the year.² The U.K.'s Health and Safety Executive Council estimates that over half of the working days lost due to illness between 2017 and 2018 were a result of work-related stress,

anxiety, or depression – a whopping 26.8 million lost workdays during that period.³

PwC estimates that employee absenteeism associated with mental health conditions costs Australian businesses \$4.7 billion per year. “Presenteeism,” coined to denote employees who are less productive in their jobs due to mental health conditions, is estimated to cost Australian businesses \$6.1 billion per year.⁴

Employee engagement, the common HR metric for evaluating employee stress and satisfaction, has been relatively flat over the last ten years. Gallup research shows that 53% of workers are not engaged at work and 13% are actively disengaged, meaning employees dislike their work so much they are undermining their employer in some way.⁵

I've been doing research on this topic for quite a while, and my conclusion is that despite all the new technologies and tools we have at work, we have created a workplace of overwhelmed employees. We spend almost four hours a day on emails or phones, we run from meeting to meeting, and we have a pervasive fear of missing out (FOMO) because we don't have enough time to deal with countless unread messages, texts, or social media activities. In a study I recently completed with LinkedIn, we found that 28% of professionals believe they spend at least one day a week on emails and messages that have nothing to do with their jobs.⁶

Economic productivity, the ultimate measure of this problem, is slowing and almost flat. We are in a strange period of time where unemployment is low and the economy and stock market are growing, yet we are getting less work done each day, despite a flood of new tools and technology.

The relationship between employers and workplace safety, health, and wellbeing isn't new. Starting in the mid-1800s, companies such as Cadbury built special living arrangements for their employees. The Japanese introduced workplace exercise after World War II, and many Japanese companies now offer exercise classes during work hours.

³ <http://www.hse.gov.uk/statistics/overall/hssh1718.pdf>

⁴ <https://www.headsup.org.au/training-and-resources/news/2015/01/23/the-financial-cost-of-ignoring-mental-health-in-the-workplace>

⁵ <https://news.gallup.com/poll/241649/employee-engagement-rise.aspx>

⁶ <https://www.linkedin.com/pulse/want-happy-work-spend-time-learning-josh-bersin/>

¹ Global Wellness Economy Monitor – October 2018, The Global Wellness Institute

² https://www.ustravel.org/system/files/media_root/document/StateofAmericanVacation2018.pdf

A 20-Year Commitment to Employee Wellbeing

Central Michigan University (CMU) has been on the path to wellbeing for over 20 years. What began as a means of controlling healthcare costs has expanded over time to a holistic approach to overall wellness. In 2014, CMU partnered with Virgin Pulse to further encourage healthy behavior changes and gain data-based insights to guide decisions related to program offerings.

“We are very much committed to building a culture in which health and wellbeing are part of employees’ daily lives,” said Tammy Griffin, manager of employee health and wellness. “Our staff population is aging, and it’s important that we do everything we can to manage healthcare costs.”

The university’s investment in wellbeing has paid off. Despite the national trend of rising healthcare costs and a mature workforce, CMU healthcare costs have stayed relatively flat over the last three years. Currently, 76% of employees and 50% of eligible spouses are enrolled in the Virgin Pulse rewards program. “We’ve included spouses in our wellness program since 2005, and we believe this contributes to our high levels of participation.”

The Virgin Pulse platform has helped the university promote a variety of wellbeing-related instructional and behavior-changing aids – ranging from encouraging better eating habits and posting healthy recipes to step tracking and exercise recording to “Know Your Numbers,” a self-reporting initiative in which employees track key metrics such as weight and blood pressure. This initiative is enhanced through Virgin Pulse’s partnership with Higi, which has kiosks located in local retailers and drugstores where employees can go to take validated readings. Employees and eligible spouses receive points and rewards for participating in daily healthy habits of their choosing, which can be redeemed for gift cards, merchandise or deposited into a personal bank account.

Griffin credits the success of CMU’s wellbeing program in large part to the involvement of employees. The university’s health care committee is comprised of representatives from 10 employee groups (eight of which are organized) representing CMU’s 2,600 employees. “CMU is like a small city,” said Griffin. “We have a police department, a maintenance department, and our own broadcasting operation, as well as staff and faculty.

We also have employees spread out on campuses throughout the state.” The health care committee makes recommendations regarding health and wellness issues to the University administration, including the selection and later expansion of the Virgin Pulse program.

Griffin also has designated wellbeing advocates – all volunteers – throughout the university. These employees receive advanced training in the Virgin Pulse platform and ensure that new employees know about the platform and offer ongoing encouragement for participation in CMU’s wellbeing offerings and activities. According to Griffin, the platform is actually part of CMU’s social fabric and helps employees connect with one another.

Now four years into the Virgin Pulse partnership, CMU is transitioning to the new Virgin Pulse Hub platform. “One of the biggest benefits I think we’ll see from this move is the ability to personalize messaging and wellbeing program recommendations to employees, based on their interests, their location, and survey responses,” said Griffin. “With its consolidated dashboards, the Hub also serves as *the* place for employees to go for a comprehensive list of wellbeing program options and health and wellbeing benefits. We see the Hub as further supporting our culture of wellbeing.”

With more than 20 years of experience cultivating a culture of wellbeing, Griffin has some sound advice for those looking to establish or grow wellbeing initiatives in their organization. She recommends taking incremental steps, allowing for you to learn and adapt your planning according to results and responses. Most importantly, she stresses the need to involve employees in all facets of planning, implementation, and ongoing program assessments.

“Wellbeing initiatives can represent a lot of change,” she said. “We had some employees who were initially concerned about privacy. Some people were skeptical that certain groups of employees might not have the technical savvy to use the Virgin Pulse platform.

“We did a lot of early promotion and face-to-face presentations during implementation to ease the concerns, and in the end, the data spoke for itself. Wellbeing is now an essential part of who we are and what we do.”

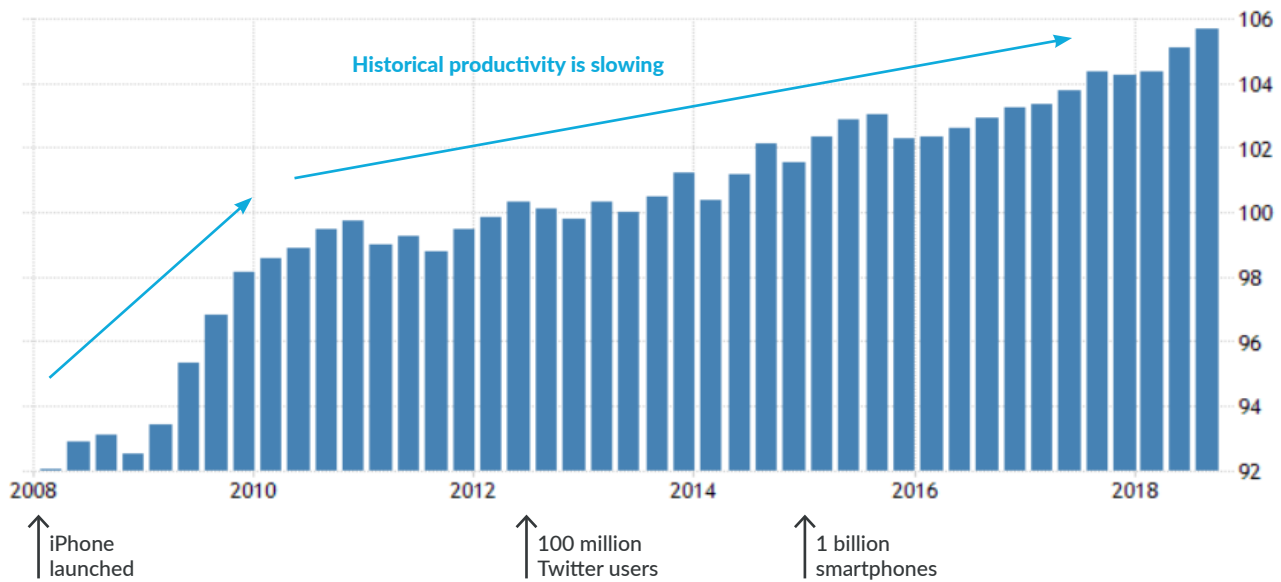


Figure 1: History of Workforce Productivity

SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

In the U.S., companies began offering health insurance benefits in the early 1940s as a way to attract scarce workers. Occupational Safety and Health Administration was formed in 1971, bringing dramatic improvements in workplace safety. Today, companies are offering wellness-related benefits ranging from gym memberships, in-house doctors, and onsite child care centers to digital programs that support healthy daily behaviors.

The problem is not a lack of ideas or investment, but rather a lack of clarity about what to do and how to do it. This is an area worthy of focus, because if the workplace is not supportive, if managers are not helpful and sensitive to employee needs, and if business leaders and HR departments are not creating a sense of focus, purpose, and productivity, people – and businesses – will suffer.

Corporate Wellbeing Matures

Corporate wellbeing was originally seen as a “benefit,” managed by the employee compensation and benefits departments. As Figure 2 on the next page indicates, corporate wellbeing programs started with a health focus and were primarily palliative – health insurance and employee assistance programs (EAPs) that were designed to help employees when they fell on hard times. When I worked for IBM in the 1980s,

employees were given the option to call an EAP hotline when we had a health issue or problem at home that was impacting our work. The job of the people manning the EAP phone line was to coach employees to a healthcare provider, even though they had no expertise in prevention or coaching. These programs were aimed at helping employers avoid costly insurance claims and employee absenteeism, and making employees more productive at work.

Today, these types of programs, which are offered by almost every employer and healthcare provider, are a foundation of the wellbeing market. In terms of corporate wellbeing maturity, I position companies with wellbeing programs centered around these types of offerings in Level 1 in Figure 4.

As companies move to a more proactive approach, they progress to Level 2. At this stage, corporate wellbeing expands to include offerings for personal productivity and health improvement. Here we see companies offering employees fitness centers, walking and yoga classes, stress reduction programs, and wellbeing challenges to help them improve their nutrition, mindfulness, and fitness levels. These programs are offered for free by most companies and employees can take advantage of them as much or as little as they like.

I visited an automobile manufacturing plant recently, where employees are constantly moving and performing various

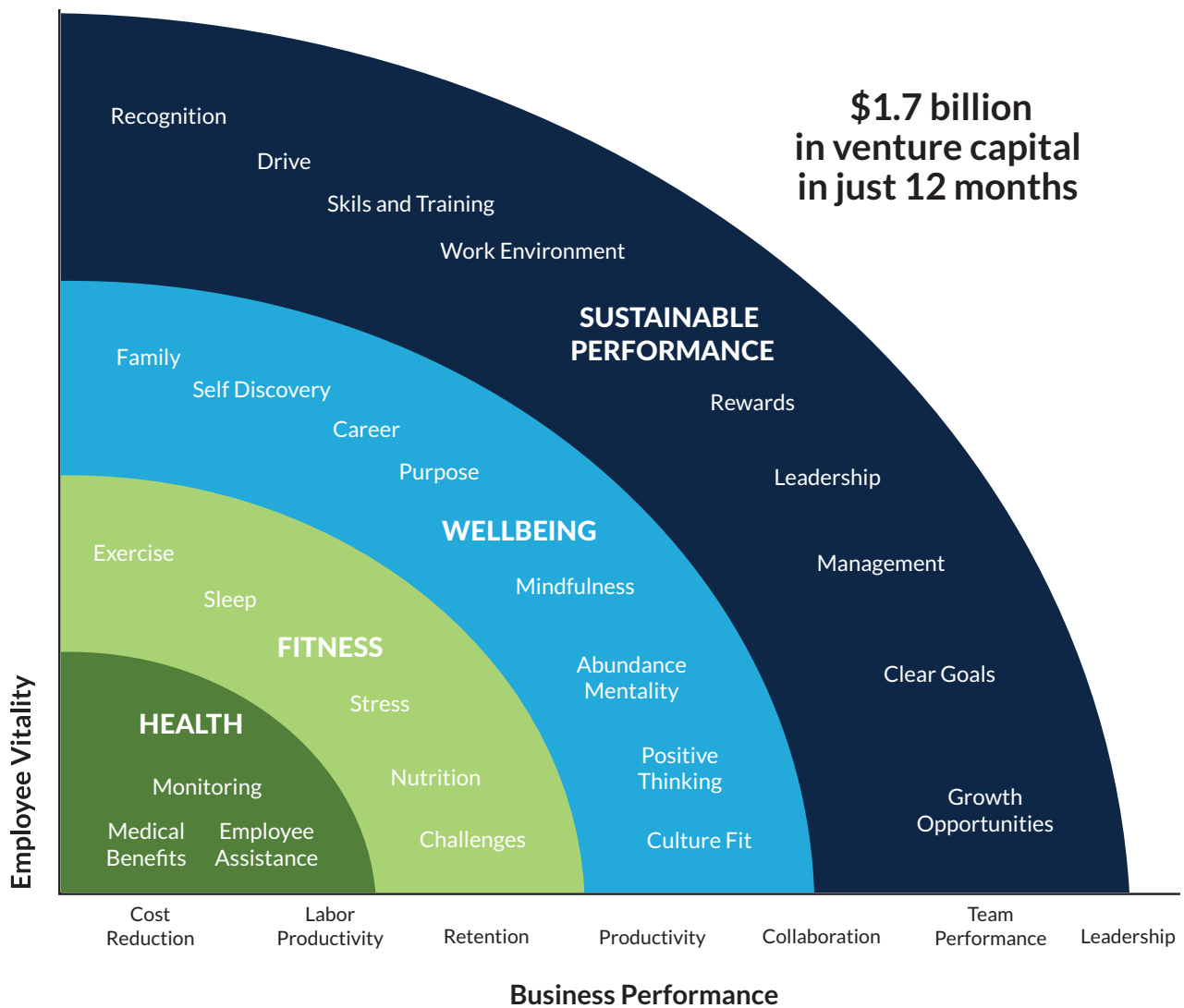



Figure 2: Corporate Wellbeing Market

types of physically demanding manual tasks. In the middle of this sprawling plant, the company has built a healthy-eating cafeteria and a gym. I asked if employees use these facilities. The answer was yes – many employees come in early or leave work late to go to the gym, despite the rigorous nature of their jobs. But this is all optional.

A common benefit offered by many companies is a fitness club reimbursement program, which reimburses employees (partially or in full) to join a fitness club or gym. Employers don't typically monitor such programs, so the result is that this is considered a benefit, not necessarily a wellbeing program.

As Figure 4 indicates, at some point in a company's wellbeing maturity, the focus shifts from fitness and health to a more holistic view of wellbeing, encompassing programs such as:

- Physical wellbeing: health, fitness, nutrition
- Psychological wellbeing: mental health, stress reduction, focus, happiness, feeling of belonging, purpose
- Family and lifestyle wellbeing: vacation, family planning, childcare, egg donation, parenting support
- Financial wellbeing: financial assessment and education, student or personal loans, bonuses, financial planning and coaching
- Personal wellbeing: executive or personal coaches, sabbaticals, personal developmental assignments, job transfers
- Career wellbeing: career coaching, career assessment
- Citizen wellbeing: participation in volunteer, citizenship, and community service activities.



MEANINGFUL WORK	HANDS-ON MANAGEMENT	PRODUCTIVE ENVIRONMENT	GROWTH OPPORTUNITY	TRUST IN LEADERSHIP
Autonomy	Clear goal setting	Flexible work environment	Facilitated talent mobility	Mission and purpose
Selection to fit	Coaching and feedback	Recognition rich culture	Career growth in many paths	Investment in people, trust
Small teams	Leadership development	Open, flexible work spaces	Self and formal development	Transparency and communication
Time for slack	Modern performance management	Inclusive, diverse culture	High impact learning culture	Inspiration

Figure 3: The Simply Irresistible Organization

While these can all be considered benefits and personal improvement programs, this expansive set of offerings moves a company from a focus on “making you healthier” to “helping you perform better.” And this is where the marketplace is going.

Ultimately the reason we have corporate wellbeing programs is not to replace an employee’s personal healthcare or medical program, but rather to ensure that employees have enough support, education, and information to work productively, maintain their level of vigor and positive attitude, and ultimately perform well at work. Such thinking takes a company to Level 3 (Figure 4) on the maturity continuum.

Companies at Level 3 view investments in corporate wellbeing as a vital and critical part of the company’s sustainable

competitive performance. In other words, wellbeing is to business as fitness and exercise are to a sports team: it’s the critical set of tools, training, and support needed to win more games.

As Figure 4 illustrates, at Level 3, companies begin to consider a much broader set of questions. Are we setting achievable goals? Is the work environment productive? Is management selecting people well and coaching people well? Are there enough training programs to keep people on pace? Are people rewarded and recognized for their efforts?

The Simply Irresistible Model, which I developed while at Deloitte, is based on these broader issues of employee productivity and performance. Ultimately I believe corporate



Figure 4: A Maturity Model for Corporate Wellbeing

WELLNESS INDUSTRY SEGMENTS	MARKET SIZE	GROWTH RATE
Personal care, beauty, anti-aging	\$1,083 billion	4.1%
Healthy eating, nutrition, weight	\$702 billion	4.1%
Wellness tourism	\$639 billion	6.5%
Fitness and mind-body	\$595 billion	4.8%
Preventive and personalized medicine	\$574 billion	3.7%
Spas	\$118 billion	9.8%
Workplace wellness	\$47.5 billion	4.8%

Figure 5: Overall Wellbeing Market

wellbeing programs and performance and engagement programs must all come together.

Companies arrive at Level 4 (Figure 4) when they look at wellbeing as a force for social good. Here the company is not only taking care of its employees, their families, and their work teams. Its leaders also realize they cannot fully deliver on their wellbeing promise without helping to improve the health of their communities and local stakeholders. Companies embark on fitness campaigns and health improvement programs for their communities, and invest in programs to ensure their products, manufacturing facilities, and other initiatives are creating positive, sustainable impact.

The global wellness industry is fragmented, complex and somewhat confusing. As Figure 5 indicates, this enormous market includes multiple segments, which make up a wellness ecosystem that includes everything from diet and exercise to workplace wellness solutions. So today, as the market has grown, almost every type of solution is being offered to corporate HR managers, adding up to a wide range of options that can be quite overwhelming for these time-strapped professionals to manage. So, we need a way to help organizations curate and integrate these programs.

Based on my studies and observations, I recommend that companies “walk before they run” when it comes to creating a holistic corporate wellbeing program. These five steps can help guide HR professionals toward a successful corporate wellbeing strategy for your organization:

Step 1: Understand and focus on workforce health.

The first step in your strategy is make sure your employees are healthy. Research from the U.S. Centers for Disease Control estimates that six in ten adults in the U.S. have a chronic disease (e.g., stress, lung disease, stroke, Alzheimer’s, diabetes, kidney disease) and four in ten have two or more diseases. Statistics on the cost of health are staggering:

- Stress accounts for 37% of all work-related illness and 45% of sick days (Towers Watson).
- Heart disease and stroke cost \$126 billion in lost productivity each year (American Heart Association).
- One in seven dollars of healthcare is spent on diabetes (American Diabetes Association).
- Alzheimer’s alone costs U.S. businesses \$61 billion per year (Alzheimer’s Association).

Statistics for other countries are just as mind-boggling:

- More than 11 million Australians have at least one of eight chronic diseases.⁷
- Healthcare costs in the European Union currently make up between 7% and 11% of overall GDP expenditure.⁸

⁷ <https://www.aihw.gov.au/reports-data/health-conditions-disability-deaths/chronic-disease/overview>

⁸ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5662668/>

- Cardiovascular disease contributes to one out of three deaths in Singapore.⁹
- In Europe, 28% of adults smoke.¹⁰

These types of costs can be dramatically reduced by helping employees focus on building healthier daily routines and lifestyles. Taking the stairs, drinking less soda, getting more sleep, and reducing stress at work are all habits we can practice and the resulting behavior changes can positively impact our work.

Virgin Pulse's daily engagement platform, for example, can encourage users to do healthy things like meditate each morning, take the stairs, drink more water, eat healthy foods, and save money every day. The thousands of companies using Virgin Pulse's program have seen a 16 % reduction in healthcare claim costs per member, on average, by implementing these tools.

⁹ <https://perspectives.eiu.com/healthcare/cost-silence>

¹⁰ <http://www.euro.who.int/en/health-topics/disease-prevention/tobacco/data-and-statistics>

Step 1 is to understand where the problems and opportunities are within your population and assess the potential cost and health improvements you can obtain by addressing them.

Step 2: Set up a wellbeing program.

After you assess the current state of employee wellness at your organization, it's time to create a wellbeing program tailored to your population's unique needs. In most companies this is done by a single person or small team, aided by an insurance provider, benefits consultant or broker and a wellbeing solution provider such as Virgin Pulse or others with proven solutions. The program should focus on the most important areas of opportunity for your company, and identify holistic solutions for physical, mental, social, and financial wellbeing.

Our research shows that it's also very important to segment your workforce – potentially grouping them by business segment, job role, geographic region or other criteria – to align offerings with needs. For instance, travelling sales and service people may have wellbeing needs for exercise, sleep, and fitness that are adaptable to spending a lot of time on the road.

The Escalating War For Perks

- | | |
|----------------------------------|-----------------------------------|
| 1. Pawternity (pets) | 16. Pet health insurance |
| 2. Fertility support | 17. Unlimited vacation |
| 3. Life coaching | 18. Peer to peer coaching |
| 4. International retreats | 19. Student loan forgiveness |
| 5. Free beer | 20. Commuting allowance |
| 6. Free breakfast, lunch, dinner | 21. Car loan repayment |
| 7. Spa services | 22. Audio aids for hearing |
| 8. Nap rooms | 23. Transgender benefits, surgery |
| 9. Elder care | 24. No meetings Wednesdays |
| 10. Required time off | 25. Pets in the office |
| 11. Service sabbatical | 26. Cooking classes |
| 12. Pet bereavement | 27. Career coaching |
| 13. Office farmer's market | 28. Life coaching |
| 14. Weather-based flex time | 29. Free gym membership |
| 15. Wedding leave | 30. Sleep apnea checks |



A Wellbeing Program for Health and On-the-Job Safety

In 2012, Los Alamos National Laboratory, a multidisciplinary research institution engaged in strategic science on behalf of national security, set out to help employees form healthier habits and decrease the number of on-the-job injuries. The first step was to build the business case. Jamie Aslin, team leader of Institutional Employee Wellbeing at Los Alamos, worked with a Los Alamos economist to benchmark the investment returns and employee engagement of numerous corporate health promotion providers. The two presented the results of their economic analysis to management, and in October 2013 secured support to proceed with a wellbeing program. After selecting Virgin Pulse, Los Alamos launched the program in January 2014.

With Virgin Pulse, Los Alamos was able to provide employees with a simple technology platform they could use to build good lifestyle habits through personalization, tracking, positive feedback, and education. The health and wellness team was able to effectively communicate the new health and wellbeing offerings to employees throughout the campus with Virgin Pulse's tailored campaign capabilities.

The results have exceeded expectations, with more than 65% of employees enrolled. Almost 70% of enrolled employees meet or exceed recommended levels of activity, and nearly a quarter of enrolled employees use a nutrition tracking and

education app. Employees are getting more activity, improving biometric measurements, and losing body weight. The health and wellness team also values the relief in administrative burden that the program has brought, as well as the ability to customize and integrate various health and safety initiatives into the Virgin Pulse platform and consolidate communications.

The team was also able to further address safety issues by creating a committee focused on job safety. The committee trains employees on proper push/pull/lifting techniques and other ergonomics involved in manual tasks. It also uses a slip simulator – a kinetic learning experience – to teach proper techniques when walking on slippery surfaces. Over recent years, LANL has seen a 70% reduction in repetitive trauma. It has reduced slips, trips, and falls by 68%, and has decreased push, pull, and lift injuries by 47%.

The wellness program has also helped Los Alamos recruit the 4,000 employees who have joined the organization over the past four years. And their track record of success in supporting employee health and safety through Virgin Pulse is now being used as a model by other government agencies seeking to build business cases for employee health and wellbeing programs.

Manufacturing workers may need safety and eye care, special support for back and lifting activity, or programs to increase sustainability under conditions of high heat, noise, or physical effort. White collar workers may need support to manage their stress and financial wellness or social challenges that foster a stronger workplace culture.

Step 3: Examine a wide range of options.

According to a 2018 report by Integrated Benefits Institute, poor health costs employers \$530 billion a year¹¹. So, once you have outlined a wellbeing program, the next step is to quantify the business cost of “unhealthy” employees, establish a budget, and begin looking at options. And there are many.

If you work with a strategic partner such as Virgin Pulse, the vendor will provide a range of well-vetted solutions, all integrated and accessible through a single platform. This brings tremendous benefits to your employees. They can go to one place for support, the programs can be tailored to their needs, and both they and you receive data and ongoing personalization to make the program better and better over time. An integrated approach like this also increases the utilization of benefits by making employees aware of programs that will benefit them most, which will ultimately maximize the return on these benefit investments.

Such programs may include fitness or medical coaching, tools that assess stress and mental health, as well as tools to help manage blood sugar levels, diet, weight, and exercise. As you start to roll out your program, make sure your vendor has a full range of tools to meet your population’s needs – and experience assessing program results and providing feedback on how to improve, because almost immediately you’ll be asked “what’s really working?” and “what isn’t?”

Step 4: Align your wellbeing program to performance-related programs.

Once you feel you have the basic health and fitness programs that you need in place, it’s important to connect your wellbeing program to your leadership development and employee engagement programs. As my research has shown for years, one of the most important factors in workplace performance is that employees have a sense of growth, development, and career progression. A holistic view of wellbeing includes making sure your employees are well rewarded, have development and growth opportunities, and are paid fairly.

In fact, one may argue that every HR program, from diversity and inclusion to development and rewards, is part of employee wellbeing. Companies that have invested in wellbeing programs for years now connect such programs to their ongoing employee engagement surveys and leadership development programs, so everyone in the company knows how to build and sustain performance through health, fitness, mindfulness, and the right practices of management and development.

Step 5: Connect to your corporate sustainability and responsibility programs.

Finally, as your program becomes institutionalized and highly valued within the company, make sure the program is connected to your social responsibility, volunteerism, and other community support programs. Activities such as corporate fun runs, as well as onsite fitness centers and gym reimbursement programs, onsite coaches and medical professionals are all resources for your employees’ families and outside communities. Making sure your community is served by your program is an important extension of the strategy.

¹¹ <https://www.benefitspro.com/2018/11/15/poor-health-costs-employers-530-billion/?slreturn=20190323180308>

About Josh Bersin



Josh Bersin is an internationally recognized analyst, educator, and thought leader focusing on the global talent market and the challenges impacting business workforces around the world. He studies the world of work, HR and leadership practices, and the broad talent technology market.

He founded Bersin & Associates in 2001 to provide research and advisory services focused on corporate learning. Over the next ten years, he expanded the company's coverage to encompass HR, talent management, talent acquisition, and leadership. He sold the company to Deloitte in 2012, when it became known as Bersin™ by Deloitte. Bersin left Deloitte in June 2018, but he continues to serve as a senior advisor and contributes to major research initiatives. He also sits on the board of UC Berkeley Executive Education.

Bersin is frequently featured in talent and business publications such as Forbes, Harvard Business Review, HR Executive, FastCompany, The Wall Street Journal, and CLO Magazine. He is a regular keynote speaker at industry events around the world and a popular blogger with more than 700,000 followers on LinkedIn.

His education includes a BS in engineering from Cornell University, an MS in engineering from Stanford University, and an MBA from the Haas School of Business at the University of California, Berkeley.