

SAP White Paper
Well-Being at Work

Creating Resilient Cultures: Why Businesses Need to Invest in Employee Well-being

How to Get Management on Board



Table of Contents

- 4** Gaining Management's Commitment to Make Well-Being a Strategic and Cultural Priority
- 6** Developing a Culture of Well-Being to Drive Optimal Results
- 8** Understanding Each Leader's Perspective and Role in the Well-Being Culture Transformation
- 11** It's Time to Value Well-Being

The move to a hyperconnected, technology-centric, always-on work environment is creating increasing pressure on companies and employees to keep up in a world where change is not just constant, but ever accelerating. To succeed in this world, businesses need employees who can not only withstand challenge and uncertainty, but **who embrace and thrive on the opportunities associated with change. This requires creating a culture that understand and supports the importance of well-being. Well-being is no longer a nice to have. It's now a critical “strategy for workforce readiness.”¹**

1. HR Technology Disruptions for 2018, Bersin, 2017.

Gaining Management's Commitment to Make Well-Being a Strategic and Cultural Priority

Well-being encompasses all elements of an employee's experience at work and at home, which collectively determine how "well" they feel.

These five facets of well-being are:

- **Body** (physical well-being) related to energy level, pain management, and physical feelings
- **Mind** (psychological well-being) related to positive mental feelings and the ability to focus
- **Connections** (social well-being) related to a sense of belonging and feeling supported
- **Resources** (financial well-being) related to a sense of security and ability to provide for ourselves and families
- **Motivations** (sense of purpose) related to a sense of contribution and feeling our lives are meaningful

But gaining Management's commitment to make well-being a strategic and cultural priority can be a challenge. Few organizations have successfully implemented a holistic well-being strategy that achieves true culture change. Instead, most organizations have addressed well-being at a relatively superficial level, such as:

- **Providing optional benefits to individual employees that target a specific well-being challenge:** Individual solutions like wearable technology, biometric screenings, walking clubs, and half-day Fridays are great for helping employees improve specific behaviors, but do little to change the cultural environment in which those employees must work.
- **Improving the work environment, but only in certain areas:** For example, some companies have improved office spaces with ergonomic desks that help with posture and joint pain, but these same companies continue to serve unhealthy food in the cafeteria.

THE IMPACT OF POOR WELL-BEING

8.4%

The expected increase of global healthcare costs in 2018, nearly three times the rate of inflation²

\$2 trillion

The cost of poor physical, psychological, and social well-being (due to chronic illness, injuries, stress, and disengagement) in the U.S.³

\$1 trillion

The estimated global cost of lost productivity due to depression and anxiety disorders⁴

\$411 billion

The cost of sleep deprivation to U.S. employers
Source: Rand Corporation

2. Aon Hewitt, "Global Medical Costs Expected to Increase in 2018 as Local Rates of Inflation Rise," 2017.

3. Global Wellness Institute, "The Future of Wellness at Work," 2016.

4. World Health Organization, "Mental Health in the Workplace," 2017.

• **Graduating well-being out of healthcare benefits, but keeping it as a distinct conversation in an area like total rewards:**

Many companies have a wellness director whose job is to promote the physical well-being of employees. But these same companies frequently neglect psychological and social aspects of well-being that are reinforced by the behavior and decisions of company leaders and managers. Well-being is thought of as a program done for employees, not a “way of doing business” that is reflected in the organization’s core values, goals, or practices.

Although these isolated approaches do yield some benefits and can positively impact employee well-being in certain areas, they don’t deliver the strategic cultural transformation an organization needs to drive improved engagement and performance. To develop a strong culture of well-being, the entire organization, top to bottom, must embrace well-being as a value and make this evident through its words and actions. In this white paper, you’ll learn how you can foster this culture, why the Management is so important to this transformational effort, and how to get them on board — with specific tips for the Managing Director, Operations Director, Finance Director, IT Director, and HR Director.

THE IMPACT OF POSITIVE WELL-BEING

10%

Increase in productivity for sick and unhealthy individuals who participated in wellness programs, with a 5% increase for average workers⁵

2x

Companies with highly effective well-being programs are twice as likely to significantly outperform peer companies⁶

50%

Companies with highly effective well-being programs are 50% more likely than competitors to report lower turnover rates⁷

50%

Companies with highly effective well-being programs see 50% higher revenue per employee⁸

5. Timothy Gubler; Ian Larkin; Lamar Pierce. “Doing Well by Making Well: The Impact of Corporate Wellness Programs on Employee Productivity,” Management Science, 2017.

6. Willis Towers Watson, “Employee Health and Business Success: Making the Connections and Taking Action,” 2016.

7. Ibid.

8. Ibid.

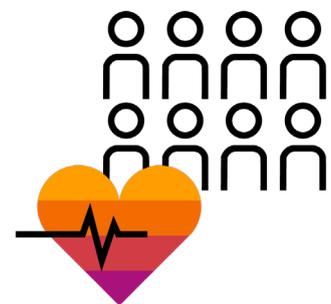
Developing a Culture of Well-Being to Drive Optimal Results

HOW TO DRIVE MANAGEMENT OWNERSHIP AND CREATE A CULTURE OF WELL-BEING

A transformational improvement in employee well-being will not come from simply buying fitness technology or implementing mindfulness programs. It requires changing the core beliefs, norms, and behaviors that define a company's culture. Wearable technology, gym memberships, fitness campaigns, mindfulness programs — these can all be effective and useful, but their success depends on whether the culture and leadership reinforce their value and support their use. An organization with a half-hearted well-being program will fail in employee adoption every time. For employees to prioritize their well-being, they must perceive that the business isn't just checking a benefits box but making well-being a strategic imperative. In fact, by providing employees with well-being perks that aren't supported by how the business actually operates, your organization increases the risk of creating skeptical, disillusioned employees.

To develop a culture of well-being and drive optimal results, you'll need to secure the internal commitment and external behavior of the Managing Director, Operations Director, Finance Director, IT Director, and HR Director. These leaders must own the strategy and serve as role models who will actively support a well-being culture. Leaders who fail to commit to creating a well-being culture may inadvertently or unintentionally weaken it through their absence or active resistance. Having management executives who weaken your company's culture of well-being, whether by their attitude, behavior, or leadership style, can be worse for your business than making no well-being investment at all.

Ninety percent of executives say that **improving workforce health and productivity is a core component of their organization's overall health strategy**, yet 56% only offer various health and well-being programs without a unified health and productivity strategy.⁹



9. Willis Towers Watson, "Employee Health and Business Success: Making the Connections and Taking Action," 2016.

Alternatively, leaders who embody well-being as a value and support the company's commitment to it are a huge asset. When Management believes in the benefits of positive employee well-being and acts as owners of the well-being strategy, there's no limit to the positive outcomes your organization can reach. These leaders not only model well-being practices in their personal lives but also create policies and manage the business in a way that symbolizes well-being is a true value for the company. Imagine the impact of leaders who champion well-being by:

- Making time for exercise and healthy eating in their personal lives
- Holding walking meetings and avoid scheduling meetings during the lunch hour
- Showing active care and flexibility to employees who are struggling with work and life demands
- Integrating well-being into their conversations with employees
- Prioritizing healthy working hours over deadlines
- Emphasizing safety over productivity when setting operational goals

These behaviors may seem small, but this is the kind of leadership that creates the cultural shift organizations need to align on well-being as a guiding principle. All too often executives will conceptually agree that well-being is important, but give preference to other priorities that seem to have more immediate impact on the business. Just like the person who chronically skimps on sleep in an effort to "get more done," leaders treat well-being as something that is nice to have but

not something that is important enough to the business to make it a true priority. Well-being has traditionally been relegated to HR as an "employee problem" or "employee benefit" (depending on the perspective), but it's time to elevate it to a management strategic priority. To do this, you need to get each of your leaders to see their role in creating a strong, positive well-being culture.

HOW TO GET MANAGEMENT TO LEAD THE TRANSFORMATION

Members of management may assume that the range of programs, initiatives, or campaigns available to employees to support their well-being is enough. But a series of loosely coupled initiatives fails to create a true culture of well-being. Employees don't quit, underperform, burn out, or disengage because of a poor well-being campaign. They quit because of insensitive organizational practices, non-supportive leadership behaviors, stressful team dynamics, and toxic job conditions. These are the factors that define a culture and that directly impact an employee's well-being at work. The full executive team is responsible for creating this environment and making it conducive to positive employee well-being—as well as endorsing and promoting well-being programs in a way that encourages and empowers employees to participate.

To secure the executive sponsorship you need to create a true culture of well-being, each leader's perspective and unique role in the well-being culture transformation needs to be taken into consideration.

Understanding Each Leader's Perspective and Role in the Well-Being Culture Transformation

THE MANAGING DIRECTOR

As the ultimate decision-maker and owner of business strategy, the Managing Director has a major influence on the opinions of the rest of Management. What makes them most powerful in gaining stakeholder commitment also makes them most effective in executing a well-being strategy and fostering cultural transformation. This is why it's imperative that the Managing Director makes a conscious effort to model positive well-being choices and behaviors. The Managing Director should be the visible transformational leader; their strategy, communications, and decisions should convey management's commitment to employee well-being. This works best if they feel personally connected to the value of well-being. For instance, a leader who has experienced health issues or seen the positive impact of making healthier choices on their own quality of life will often understand how necessary and catalytic it is for their people. It is important for Managing Directors to find an aspect of well-being that resonates personally and inspires them to champion their organization's well-being culture change in an authentic and passionate way.

Managing Directors tend to find a well-being investment most compelling if it shows potential to motivate and enable the workforce to better execute their strategy. They want to understand how well-being can enhance the sustainability of business operations, decrease costs, and increase employee engagement and productivity. To secure commitment from the Managing Director, you should emphasize how a strong culture of well-being:

- Leads to engaged employees who want to go the extra mile
- Equips employees with agility and resilience to respond favorably to organizational changes
- Increases commitment to the long-term vision and strategy of the organization
- Enhances the company image — for potential employees, customers, and investors
- Increases productivity and operational sustainability

THE OPERATIONS DIRECTOR

If the Managing Director is the symbolic leader and promoter of employee well-being, the Operations Director is the person who must concretely lead the effort. As the official owner of most people resources and the main executor of business strategy, the Operations Director is arguably the most critical out of the entire leadership team to the success of a well-being transformation. The Operations Director has the power to communicate the value of well-being to their managers and influence the goals, decisions, and specific strategies that drive the successful creation of a positive well-being culture. The Operations Director should regularly include well-being in conversations with their leadership team and set expectations that their team does the same and so on, cascading this focus through their operations. By rewarding managers for being sensitive and supportive to the well-being of employees, they empower their people to manage the company in a more human way.

Your Operation Directors is looking for a way to drive a culture that improves efficiency, mitigates risk, and empowers employees to do their best work. Positive employee well-being can play a key part in this by:

- Equipping employees with the capacity to deliver in spite of everyday challenges
- Decreasing presenteeism — where workers might be present but not in the right physical, emotional, or mental state and unlikely to be optimally productive
- Decreasing costly or dangerous work errors due to unhealthy, stressed, or fatigued employees
- Decreasing absenteeism caused by work-related stress, hypertension, and other health issues

THE FINANCE DIRECTOR

Gaining the support of the Finance Director is important to adopting a comprehensive well-being strategy because they have the final say on all financial issues, meaning they have the responsibility to make sure any well-being investment makes fiscal sense for the company. Like other members of the management, they also need to have a personal understanding of the value of employee well-being.

Creating a positive well-being culture doesn't always have to require additional technology or a huge financial investment, but it will inevitably require some level of costs. In any of these purchasing decisions, the Finance Director is going to focus first on whether your well-being strategy will deliver ROI and VOI (value on investment).¹⁰ They need to have proof that your strategy and its associated tools and solutions will spark a cultural and behavioral shift that creates tangible results—that it won't just be another one-time initiative with no lasting outcomes. To get their full support, make sure they know:

- Positive well-being has been proven to reduce costs of healthcare, accidents, and absenteeism
- The well-being solution is part of a sustainable, comprehensive strategy
- There may be some lag time between the implementation of well-being solutions and impact on employee and business outcomes (e.g., decreased healthcare costs)
- Leading and lagging impact indicators will be identified, tracked, and shared with the executive team to inform potential changes to the strategy and its execution

\$4.30
per \$1 in ROI

Average corporate wellness ROI
of \$3.48 per \$1 when considering healthcare costs alone, \$5.82 when examining absenteeism, and \$4.30 when both outcomes are considered

¹⁰. Willis Towers Watson, "Survey: More Employers Are Embracing Value on Investment for Wellness Programs but Medical Cost Concerns Loom Greater Than Ever," 2015.

THE IT DIRECTOR

The IT Director is key to your well-being culture transformation because they are the gatekeeper for technology changes. A strong well-being strategy inevitably includes solutions that might require deploying new technologies, or linking to or updating existing technology systems.

The IT Director is mostly concerned with controlling system administration costs and decreasing the number of systems that must be maintained. They want to be sure that any well-being solution can integrate with other systems and offer a single sign-on to mitigate duplicative work and user issues. The IT Director wants to be sure that:

- Well-being can be integrated into existing technology systems such as an existing HCM platform as a way to support the culture change.
- New well-being technology solutions can be implemented and integrated easily
- New well-being technology solutions will contribute to positive employee and business outcomes

THE HR DIRECTOR

As the leader often responsible for ensuring the company has the workforce needed to execute its strategy, the HR Director should spearhead the effort to align management around the importance of employee well-being and drive the well-being culture transformation. They can use their connections and influence to help each leader understand the specific benefits positive employee well-being will offer to their strategic priorities. As the leader of HR Director, they can utilize their expertise to lead the development of the well-being strategy and make the business case for the specific solutions included within the strategy. The HR Directors can also rework the entire HR strategy to ensure that every HCM practice integrates and promotes well-being—which is, in itself, a huge bolster to transforming the culture.

Your HR Director cares about creating a thriving workplace culture that attracts, retains, and engages top talent. They also want to find ways to drive down healthcare costs. To get the HR Director on board, make sure they know that a comprehensive well-being strategy:

- Enhances the employment brand and applicant attraction by conveying a culture where employees are cared about and empowered to reach their full potential
- Lowers turnover by keeping employees engaged, healthy, and less likely to burn out
- Improves employee engagement
- Increases employee health and reduces healthcare costs

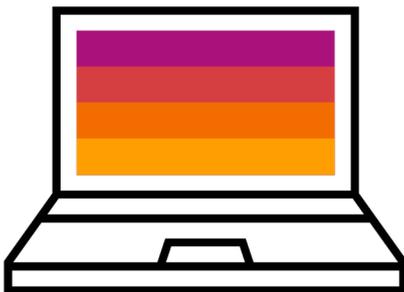
It's Time to Value Well-Being

Fostering a culture of positive well-being won't be an overnight transformation. Starting with Management, a strong well-being culture is best developed by making small, consistent changes over time. These actions embody your organization's commitment to well-being as a critical factor in every employee's personal success and the overall success of the business.

Making this well-being culture change will take leadership's full commitment. Management needs to collectively decide that well-being is a business value and part of your organization's core strategy. They must lead the charge, as individuals and as a team, and demonstrate its importance through their attitudes, communications, decisions, and behaviors. This requires the Management to see employee well-being as an investment and not a cost.

As you begin your journey toward securing the commitment of your organization's executive leadership and developing the strategy that will foster a positive culture of well-being, SAP is here to be your guide.

At SAP SuccessFactors, we have a unique opportunity to not only offer employees these resources in a personalized and "just-in-time" manner, but also help organizations change the nature of their environment by cultivating a culture that proactively fosters positive employee well-being. With our industry-leading technology and unrivaled global reach, SAP works with HR leaders and well-being champions like you to help you operationalize a culture of well-being to enrich employees and drive peak performance.



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