

Calculating Your Return On Investment



Let's do the Math...

Personal problems that spill into the workplace can cause stress, lower productivity and even create uncomfortable situations for co-workers and colleagues.

From absenteeism to sick leave abuses and high employee turnover to distractions and even damage to company property, the overall well being of your employees can be an asset to your organization's growth.

If your company is like many today, rising healthcare costs and personnel issues can threaten your financial and human resources, causing job performance issues that ultimately impact on your bottom line.

In order to help you through the decision-making process regarding the purchase of EAP services, we have provided this Worksheet for you to calculate the approximate cost of services and potential return on investment (ROI) for your organization.

	SAMPLE ORGANIZATION:	YOUR ORGANIZATION:
EAP Cost		
Number of employees in your organization:	100	_____
Average EAP cost per employee, per year:	\$26	x _____ \$26.00
Total Annual cost for EAP services:	\$2,600	= \$ _____
Current Cost of Employee Problems		
Number of employees in your organization:	100	_____
Employees experiencing serious difficulties:	10%	x _____ 10%
Employees with personal difficulties per year:	10	= _____
Average annual wage:	\$38,500	x \$ _____
Salary of employees "at risk":	\$385,000	= \$ _____
Performance decline of troubled employees*:	37.5%	x _____ 37.5%
Cost of productivity decline:	\$144,375	= \$ _____
Return On Investment		
Anticipated utilization of EAP in Year 1:	4%	_____ 4%
Number of employees:	100	x _____
Average annual wage, per employee:	\$38,500	x \$ _____
Performance fall-off due to problems:	37.5%	x _____ 37.5%
Average success rate of EAP intervention(s):	75%	x _____ 75%
Productivity cost savings from EAP interventions:	\$43,313	= \$ _____
Cost of EAP:	\$2,600	- \$ _____
Cost savings to Organization:	\$40,713	= \$ _____
Cost savings divided by EAP Cost = ROI:	\$15.66 : \$1	\$ _____

*37.5% is a conservative estimate of an employee's performance fall-off and decrease when an employee is experiencing personal difficulties (determined by a number of different measures such as absenteeism, lateness, personal telephone calls, distractions, idle time, discussion of problems with co-workers/manager, sick days, and the like).
-Andrew Walton & Associates, European Union.

