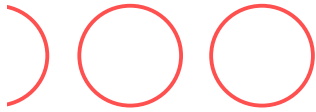




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# Return on Investment Of Happy Employees

Below you will see conservative annual estimations for the cost of one unhappy employee as well as the value for one happy employee. The valuation of these come from research you will find on the following pages as well as from educated assumptions for those areas where research has either not occurred or been uncovered.

## CONSERVATIVE ANNUAL ESTIMATIONS

For an employee with an annual salary of \$40,000

Estimated Possible Cost of ONE Unhappy Employee	
Loss of productivity salary cost about \$46/week (2 hours week)	\$2,400
10% less productive than average (output loss)	\$8,000
Brain drain on fellow employees (5 emps/1 hour/week@\$20/hour)	\$5,200
Turnover - conservative 50% of Salary	\$20,000
Get sick more often (productivity loss, increased cost of healthcare)	\$1,000
More lawsuits	\$2,000
	<b>\$38,600</b>
Estimated Cost of TEN Unhappy Employees	\$386,000

Estimated Possible Value of ONE Happy Employee	
More productive, efficient - 12% more than average (output gain)	\$9,600
Happier Coworkers (affect 5)	\$5,200
Increase Customer Satisfaction (14% better customer service) which leads to Increased Revenue Growth	\$2,500
Absent 28.4% less than unhappy	\$619
Fewer Mistakes - 26% Fewer	\$2,000
Better Employment Brand - Easier Recruitment	\$1,000
	<b>\$20,919</b>
Estimated Value of TEN Happy Employees	\$209,190

Value of ONE Unhappy Employee Becoming a Happy Employee	<b>\$59,519</b>
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## The Research: Value of Happy Employees

- 1) **The productivity loss of one unhappy employee who makes \$65,000 is \$75 per week or \$3900 per year.** Source: Thomas Wright, Jon Wefald Leadership Chair in Business Administration and professor of management at K-State
- 2) **Happy workers are 12% more productive than average while unhappy workers are 10% less productive than average (for a total spread of 22%!)**  
Source: Andrew Oswald, a professor of economics at Warwick Business School
- 3) **Happy workers are absent 28.4 percent (or 12.3 days) less for an estimated annual value of \$619 per happy employee.** Source: Kathryn Rost, PhD, of the University of Colorado Health Sciences Center
- 4) **Watson Wyatt reports that total turnover costs including hard dollars and lost productivity are approximately 48% – 61% of salary.** Source: Watson Wyatt Insider September 2005, VOL. 15, NO.9
- 5) **(Example of Brain Drain) Average employee spends 2.8 hours a day worrying about job concerns such as company layoffs or losing his or her job.**  
Source: Lynn Taylor Consulting, Survey of 1,000 adult workers released in March 2009
- 6) **Companies with employees who were highly engaged beat the average revenue growth in their business sector by one percent while companies with low engagement fell behind their business sector's revenue growth by an average of two percent.**  
Source: Towers Perrin Talent Report Understanding What Drives Employee Engagement (2003)
- 7) **97% of the MBAs said they were willing to forgo financial benefits to work for an organization with a better reputation for corporate social responsibility and ethics. The study defined exactly how much the MBAs would forgo: 14% of salary.**  
Source: A 2003 Stanford Graduate School of Business study of almost one thousand graduating MBAs at the nation's top ten schools, conducted by professors David Montgomery and Catherine Ramus
- 8) **Employees in highly participative work climates provided 14% better customer service, committed 26% fewer clinical errors, demonstrated 79% lower burnout, and felt 61% lower likelihood of leaving the organization than employees in more authoritarian work climates.**  
Source: Angermeier, Dunford, Boss & Boss; Journal of Healthcare Management – March 2009
- 9) **40 to 80 percent of customer satisfaction and loyalty is determined by the customer-employee relationship.** Source: White paper by the Corporate Leadership Council
- 10) **A one-unit increase in employee satisfaction led to a 0.31-unit increase in customer satisfaction. In turn, a one-unit increase in customer satisfaction created a 0.28-unit improvement in financial performance.** Source: Forum for People Performance Management & Measurement, Northwestern University
- 11) **Sears analyzed data from 800 stores and found that a 5 percent increase in employee satisfaction drove a 1.3 percent increase in customer satisfaction, in turn bringing a 0.5 percent increase in revenue growth.** Source: Study published in the Harvard Business Review