



VOI vs. ROI

Value on investment (VOI) offers a more comprehensive approach

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Value on investment offers a more comprehensive approach for evaluating corporate health and well-being initiatives

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ROI defined

ROI is evaluated by calculating the dollars saved by the population health and well-being program, divided by the dollars spent. Organizations that are ROI-focused justify investment in health management and well-being programs based primarily on medical cost reduction, absenteeism and disability.

VOI defined

VOI is the total measure of benefits derived from both tangible and intangible initiatives: ROI is a component of VOI.¹ Investments and initiatives labeled soft or intangible stem from the underlying assets (knowledge, digitized information, enabling software and networks), which are intangibly connected to “hard” ROI.¹

VOI compares population health and well-being program participants to non-participants across many factors including productivity, absenteeism, workplace safety, job satisfaction, employee morale, employee performance, talent recruiting and retention and medical cost reduction. The wealth created by investing in intangibles is tracked and measured as VOI rather than ROI.¹

“Where ROI is the measure of the tangible benefits of a project or activity, VOI is the measure of the intangible benefits of a project or an activity. VOI includes ROI.”⁴

***– Cathi Hight, Faculty
Institute for
Organization Management***

Evaluation methods for capturing value

Benefit captured	ROI	VOI
Attract or retain workforce (turnover vs. loyalty)		X
Brain health / energy levels		X
Comradery / community		X
Financial literacy		X
Improve employee productivity / performance (presenteeism)		X
Improve general sick days (absenteeism)	X	X
Improve job safety	X	X
Improve job satisfaction / employee morale		X
Increased business performance metrics		X
Manage / reduce disability claims (workers comp)	X	X
Reduction of health risks	X	X
Reduction of health spend	X	X

Knowledge economy

In our “knowledge economy,” progressive organizations recognize the value of intangibles, the potential for leveraging them and the value they create.¹ More employers are embracing VOI as a better evaluation method for their well-being programs with nearly two-thirds (64 percent) of employers with well-being programs using VOI versus 28 percent of respondents who use ROI.²

Many firms have turned to VOI to evaluate their programs because it encompasses the less tangible and more difficult to measure

benefits of employee health, including decreased use of sick days, increased productivity, employee satisfaction and talent retention.³ These benefits are evaluated in addition to hard savings.

Evaluation considerations

Adoption of VOI, or the continued use of ROI, to evaluate health and well-being programs will be influenced by the length of corporate goals, organization’s access to data and analytics, and where executive leadership is in the journey to well-being.

Health care is too important to stay the same™

Current corporate initiatives

When corporate cost containment has short-term goals with less focus on member experience, aggressive benefit changes are typically made to reduce health care spend. These reductions are accomplished through restricted plan design, narrowing provider networks, fewer proactive management services of conditions (e.g.: diabetes coaching) and/or changes in policy administration.

Risk is shifted more heavily toward the employee population through incentives on deductibles or co-insurance premiums. The results of this cost-driven method is most easily evaluated using ROI. Common results under this design include lower per-member-per-year expense and reduced absenteeism.

When corporate well-being initiatives are long-term and include items such as evaluating total employee impact, the value of unique offerings, building a health-oriented company culture and long-term investments, VOI is the better evaluation method. VOI incorporates all the components of ROI, plus captures the value of less tangible, more holistic offerings.

Positive by-products of a holistic approach to well-being benefits may include:

- Increased success in recruitment and retention
- Reduced health and well-being claims
- Industry achievements (e.g.: *Forbes Top 100 Healthiest Workplaces in America*)
- Improved national, state and county corporate rankings

Additional factors, such as access to data analysis, should also be taken into consideration when selecting an evaluation method.

Ability to analyze data

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and have insight into specific areas of risk within their population,” says Mike Heckman, vice president, population health services, Cerner Corporation. What is measured and how measurements are made allows organizations to capture quantitative metrics and then go further to measure less tangible outcomes. Percentiles and benchmarks allow firms to define and evaluate progress toward achieving their goals. “The right analytic solution, partners and platform can help connect and analyze data for a complete population and give firms the intelligence they seek to make meaningful, long-term decisions,” says Heckman. Holistic population insights begin with aggregated clinical, claims, and well-being data which can then be compared to national and industry benchmarks.

In addition to analytics, where firms are on the continuum of population health management will also affect the ROI vs. VOI choice.

Stage in the well-being journey

When benefits are intangible they are not as easily measured – or often valued. As organizations travel along the continuum to a more holistic well-being program, executive leadership must embrace and value intangible benefits, and evaluation processes must be designed to capture or reflect the impact of both tangible and intangible benefits. There are four specific steps to embracing VOI:

- 1) Secure executive owners who are held accountable for initiatives and outcomes
- 2) Secure executive buy-in of VOI as a more accurate measure of value
- 3) Develop VOI measures, metrics and benchmarks
- 4) Manage and measure VOI while adapting the culture to achieve it

In addition to lower medical costs, VOI evaluations include:

- ***Absenteeism***
 - ***Employee loyalty***
 - ***Employee turnover***
 - ***Presenteeism***
 - ***Short- and long-term disability***
 - ***Tenure***
 - ***Worker morale***
 - ***Workers compensation***
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Conclusion

Evaluating an organization's culture and its philosophy on well-being will help drive which evaluation method – ROI or VOI – best serves organizational goals. VOI is more complex to capture but more inclusive and reflective of comprehensive value. Many factors affect an organization's ability to implement VOI, all which help determine the most appropriate evaluation method:

- Long- or short- term organizational goals
- Where the organization is on the well-being continuum
- Incentive methods used in well-being programs
- Corporate culture and acceptance of VOI by leadership

Progressive organizations recognize the value of both tangible and intangible benefits and the value they create. Embracing VOI requires attention to the planning, design, funding, execution and measurement of results.¹

“The VOI concept was first introduced by Gartner, the world's leading information technology research and advisory company. VOI, or Value on Investment, is defined as “intangible assets that contribute heavily to an organization's performance. These intangible assets include knowledge, processes, the organizational structure, and ability to collaborate.”⁴

– Cathi Hight
Faculty, Institute
For Organization
Management

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