



# WHAT EVERY CFO SHOULD KNOW ABOUT WORKFORCE WELLBEING

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## The Hidden Cost of Poor Workforce Wellbeing

An Executive Strategy Brief for Organizational Leaders

### Presented by:

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*Drawing on research from the CDC, SHRM, Gallup, Willis Towers Watson, and the Integrated Benefits Institute*





# Why Workforce Wellbeing Is a Business Imperative

**Employee wellbeing is no longer solely an HR initiative.** For many organizations, it has become a financial and operational priority that leadership teams must address directly.

**Chronic conditions, absenteeism, burnout, and disengagement** all influence productivity, healthcare spending, and workforce stability.

According to the CDC, heart disease and stroke together account for more than 1 in 4 deaths in the United States, and when both direct and indirect impacts are considered, their total annual economic cost

**exceed \$417 billion.**

## Executive Insight

Organizations that treat workforce wellbeing as a strategic business priority, not simply a wellness initiative, are better positioned to manage costs, sustain productivity, and drive long-term workforce performance.





# The Hidden Costs of Workforce Wellbeing Gaps

While healthcare costs are often the most visible expense related to workforce wellbeing, organizations also experience **significant indirect costs** tied to workforce wellbeing.

These indirect costs (though not always immediately apparent) can materially impact financial performance, workforce stability, and day-to-day operations.

Research from the Integrated Benefits Institute suggests that for every **\$1 invested in employee benefits, employers may incur an additional \$0.61 in indirect costs** related to absence, disability, and reduced work output.

This positions workforce wellbeing as a measurable business risk. As it directly influences cost, performance, and long-term outcomes, rather than simply being a benefits line item.



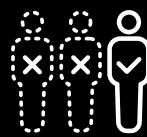
## Presenteeism

Employees who are present but not fully productive due to wellbeing challenges can create productivity losses that often exceed absenteeism costs.



## Chronic Conditions

Conditions such as cardiovascular disease, diabetes, and musculoskeletal disorders drive long-term costs and workforce risk.



## Absenteeism

When employees miss work due to illness or personal wellbeing challenges, organizations experience lost productivity and operational disruption.



## Burnout & Disengagement

Workplace stress and burnout can contribute to reduced productivity, higher turnover, and declining employee engagement.

## Hidden Workforce Cost Example

For an organization with 1,000 employees, absenteeism alone can represent approximately

**\$1.69 million in annual productivity loss,**

based on CDC estimates of **\$1,685 per employee** annually.

When additional factors such as presenteeism, burnout, and chronic conditions are considered, the financial impact on organizational performance can grow significantly.



# Why Traditional Wellness Programs Fall Short

Many organizations have implemented wellness programs aimed at improving their employees' wellbeing and engagement. While these initiatives can increase awareness and participation, they often **fall short of delivering measurable business outcomes**.

Most programs focus on surface-level activities, rather than addressing the **underlying workforce drivers** that influence performance, cost, and retention.

Without aligning initiatives to broader business objectives, organizations struggle to connect employee wellbeing efforts to meaningful operational or financial impact.



## Activity vs Outcome

Many wellness programs emphasize participation in activities rather than measurable improvements in workforce health or productivity.



## Limited Strategic Alignment

Programs are often implemented without clear alignment with leadership priorities such as productivity, retention, or workforce performance.



## Insufficient Measurement

Organizations frequently lack the tools to measure how wellbeing initiatives influence absenteeism, engagement, or healthcare costs.



## Fragmented Program Design

Wellness initiatives may operate as isolated activities rather than coordinated strategies that address key workforce health drivers.

**Most wellness programs measure participation, not performance.**



# What CFOs Are Facing Today

Across industries, employers are facing growing financial pressure driven by workforce wellbeing challenges. Rising healthcare costs, productivity losses, burnout, and employee turnover are increasingly influencing organizational performance and financial planning.

These workforce wellbeing factors often appear across multiple areas of business operations, creating costs that extend beyond healthcare spending alone.

## Rising Benefits Costs

Steady increases in employer healthcare spending

## Productivity Loss

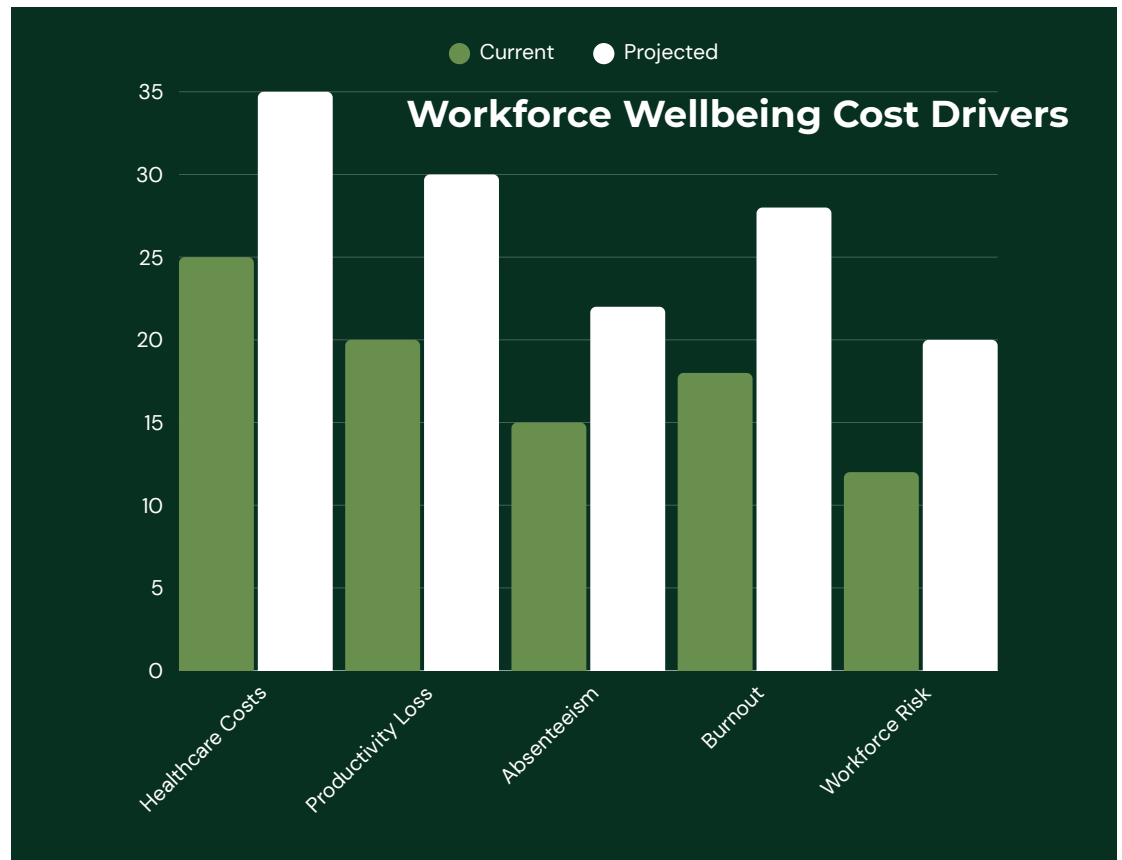
wellbeing-related absences disrupt output and operations

## Presenteeism

Employees working at reduced capacity due to wellbeing challenges

## Burnout & Turnover

Stress-driven disengagement increases turnover costs



## Workplace Insight

During a recent multi-site workforce initiative conducted across corporate locations in the U.S. and Canada, employee feedback following participation revealed strong demand for continued access to workplace wellbeing services.

**96% of participating employees indicated they would welcome similar workplace wellbeing services moving forward.**

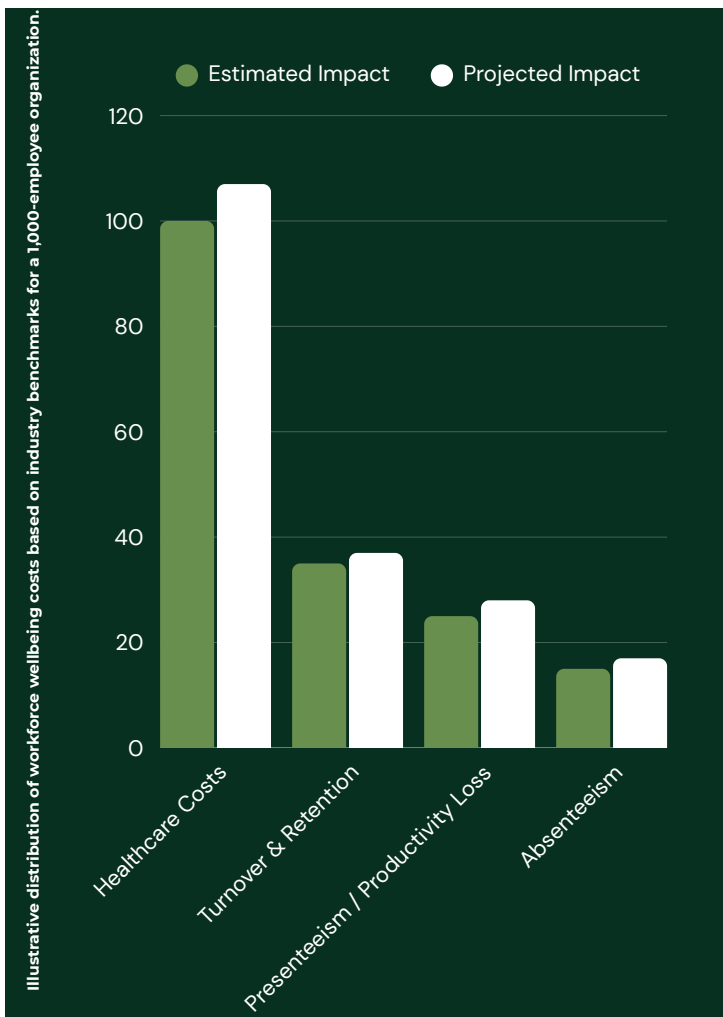
Workforce health trends are widely documented by organizations including the CDC, SHRM, Willis Towers Watson (WTW), and the Integrated Benefits Institute.



# The Financial Impact of Workforce Wellbeing

The financial impact of workforce wellbeing extends far beyond healthcare claims. Absenteeism, reduced productivity, turnover, and burnout directly affect cost, performance, and operational stability. For many organizations, **replacing a single employee can cost up to 2x their annual salary**, positioning workforce wellbeing as a measurable financial risk, not just a benefits concern.

Illustrative model of workforce wellbeing cost drivers based on industry benchmarks



Sources: CDC, SHRM, Kaiser Family Foundation, Harvard Business Review (industry benchmarks and modeled estimates)

## Productivity Impact

Absenteeism-related productivity losses alone cost employers approximately \$1,685 per employee annually, according to CDC estimates.

For an organization with 1,000 employees, this represents roughly:

**\$1.69 million in annual productivity loss**

When presenteeism and reduced output are included, the total financial impact can increase significantly.

### Example Scenario: An Organization with 1,000 Employees

\$15 million in annual benefit-related spending

A 7% increase in benefits costs could add:

**\$1.05 million**

in additional annual expenses.

**Replacing an employee can cost 50% or more of annual salary, depending on the role.**

Based on an average salary of \$75,000, replacement costs may reach:

**\$37,500 per employee**

At a 15% turnover rate in a 1,000-employee organization, this could represent more than:

**\$5.6 million in annual replacement costs**



# Workforce Wellbeing Strategy Maturity Framework

A structured view of how workforce wellbeing strategies evolve, and how maturity impacts cost, performance, and organizational outcomes.

## Performance-Driven

- Wellbeing embedded in culture
- Data reviewed regularly
- Executive alignment

**Next Step:** Enterprise optimization

## Emerging

- Recurring programs forming
- Participation improving
- Basic feedback collection

**Financial:** modest investment

## Strategic

- Programs aligned to workforce needs
- Engagement measured
- Financial: moderate investment

**Next Step:** Integrate reporting with HR metrics

## Reactive

- Event-based programs
- Limited measurement
- Financial: viewed as discretionary

**Next Step:** Add structure and participation tracking

**Most organizations operate between Reactive and Emerging—** regardless of investment level. Without structured measurement and leadership alignment, programs often fail to deliver measurable business impact.



# Workforce Wellness Diagnostic

*A structured view of how workforce wellbeing strategies align to measurable business outcomes.*



## Strategy Alignment

- Tied to retention, productivity, and risk reduction
- Leadership actively supports initiatives
- Financial value is clearly defined



## Measurement & Data

- Participation is consistently tracked
- Trends are monitored over time
- Outcomes align with business metrics



## Program Design

- Built for workforce realities (field, office, remote)
- Easy to access and engage
- Evolves based on data



## Engagement & Culture

- Employees actively participate
- Managers reinforce involvement
- Programs support morale and connection



## ROI & SUSTAINABILITY

- Demonstrates the business impact of workforce wellbeing strategy to leadership

## What Your Results Indicate

### Reactive (Lowest Score)

Efforts are inconsistent, difficult to measure, and viewed as discretionary.

### Emerging

Programs are forming, but alignment to business outcomes remains limited.

### Strategic

A defined approach is in place, with growing alignment to leadership priorities.

### Performance-Driven (Highest Score)

Workforce wellbeing is embedded in culture and directly tied to performance, cost control, and long-term outcomes.

## Note

**A full diagnostic assessment and scoring tool can be provided for internal use and leadership alignment.**



# The Financial Impact of Workforce Wellbeing Gaps

Most organizations underestimate the **financial impact of workforce wellbeing** because the costs are indirect, fragmented, and rarely measured together.

Workforce wellbeing is **not a soft benefit. It's a measurable business driver** tied directly to cost, performance, and retention.

## Absenteeism & Presenteeism

Unplanned absences and reduced productivity at work create hidden labor costs that compound over time.

## Turnover & Retention Costs

Burnout and disengagement increase turnover, leading to higher recruiting costs and loss of experienced talent.

## Healthcare & Claims Trends

Without proactive management, organizations experience increasing healthcare utilization, higher claims, and long-term cost escalation.

## Productivity & Operational Drag

Low energy, stress, and unmanaged workforce issues reduce output, slow teams down, and impact overall business performance.

These costs rarely appear in individual reports, but they exist across every organization.

If your assessment results placed you in the Reactive or Emerging stage, these cost drivers are likely already affecting your organization, whether they are being measured or not.

**This structured approach allows leadership teams to move from reactive wellness programs to a measurable workforce wellbeing strategy.**



# Partnering for Better Workforce Outcomes

**Pantea Dougani** is the Founder and CEO of Excel Wellbeing Solutions, a workplace wellness firm that partners with organizations across the United States to support stronger, more engaged workforces.

Since founding the company in 2010, she has worked with municipalities, large employers, and enterprise organizations to bring structured, measurable wellness strategies into the workplace.

**Through Excel Wellbeing Solutions, Pantea partners with organizations to design workforce wellbeing strategies that support both employee wellbeing and long-term business performance.**

For most organizations, workforce wellbeing risk is already impacting cost, performance, and retention, often without visibility.

Based on your current stage, your next step should be wellness embedded in culture, data reviewed regularly, and executive alignment. And we've got the tools to get you there.



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If helpful, we can walk through your results together and outline a strategy specific to your workforce.

## Next Step

*Organizations interested in understanding how workforce wellbeing impacts cost, performance, and retention are invited to continue the conversation.*

*A more detailed Workforce wellbeing Readiness Assessment and strategic review can help identify key gaps, prioritize opportunities, and align workforce wellbeing with business outcomes.*