

# Information Technology, Inc. Stress Audit<sup>®</sup>

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*Prepared by:*

**Stress Directions<sup>®</sup>** 

**Executive Summary:**

According to **Information Technology, Inc.** data, Group Health, Workers Comp, Short Term Disability, and Long Term Disability costs total **\$82,335,000** annually. The impact of Employee Turnover, Absenteeism, and Presenteeism on corporate performance results (direct and indirect costs) amounts to **\$116,115,000** annually. Of the combined Cost Exposure and Performance Vulnerability annual total of **\$198,450,000**, more than **41%** of the total (**\$81,747,000**) is attributable to **employee stress** as measured by the Personal Stress Navigator®.

Of the total costs associated with Performance Vulnerabilities (**\$116,115,000**) in 2002, statistical analysis of the relationship between PSN data and estimated cost data indicates almost **48%** (**\$55,340,700**) of that total is due to **employee stress**.

Of the **\$82,335,000** in Cost Exposures reported by **Information Technologies, Inc** in 2002, statistical analysis indicates over **32%** (**\$26,406,300**) is due to **employee stress**.

A “drill down” to specific PSN items contributing to employee stress found three PSN items to be responsible for over **15%** (**\$17,692,484**) of the estimated direct and indirect costs (**\$116,115,000**) of the total Performance Vulnerability data supplied by **Information Technologies, Inc.** These same three items statistically accounted for over **13%** (**\$10,849,328**) of the **\$82,335,000** in 2002 Cost Exposures reported by **Information Technologies, Inc.**

**Table 1 Direct and Indirect Costs Attributable to Stress**

<b>Average Salary</b>	\$65,000	<b># Employees</b>	15,000	<b>Annual Payroll</b>	\$975,000,000
<b>Average Benefits</b>	\$5,489	<b># Employees</b>	15,000	<b>Annual Benefits</b>	\$82,335,000
<b>Total/Average Employee</b>	\$70,489	<b># Employees</b>	15,000	<b>Annual Employment Costs</b>	\$1,057,335,000
<b>Scale</b>	<b>Annual Cost/Employee</b>	<b># Employees</b>	<b>Annual Total Cost</b>	<b>% Attrib. to Stress</b>	<b>Annual Attrib. to Stress Cost</b>
Performance Vulnerabilities	\$7,741	15,000	\$116,115,000	48%	\$55,340,700
Turnover	\$3,693	15,000	\$55,395,000	40%	\$22,158,000
Absenteeism	\$810	15,000	\$12,150,000	50%	\$6,075,000
Presenteeism	\$3,238	15,000	\$48,570,000	56%	\$27,107,700
Organizational Asynchrony		15,000	Unknown		Unknown
Cost Exposures	\$5,489	15,000	\$82,335,000	32%	\$26,406,300
Workers Compensation	\$310	15,000	\$4,650,000	33%	\$1,534,500
Short Term Disability	\$165	15,000	\$2,475,000	50%	\$1,237,500
Long Term Disability	\$112	15,000	\$1,680,000	50%	\$840,000
Group Health Care	\$4,902	15,000	\$73,530,000	31%	\$22,794,300
	<b>Total Annual Cost=</b>		<b>\$198,450,000</b>	<b>Total Attributable to Stress=</b>	<b>\$81,747,000</b>

**Table 2 Costs of Presenteeism Attributable to Stress**

Scale	Annual Cost/ Employee	# Employees	Annual Total Cost	% Attrib. to Stress	Annual Attrib. to Stress Cost
Presenteeism	\$3,238	15,000	\$48,570,000	56%	\$27,107,700
Burnout	\$1,458	15,000	\$21,870,000	54%	\$11,809,800
Physical Health	\$583	15,000	\$8,745,000	65%	\$5,684,250
Mental Health	\$712	15,000	\$10,680,000	63%	\$6,728,400
Work Distractions	\$226	15,000	\$3,390,000	45%	\$1,525,500
Life Distractions	\$259	15,000	\$3,885,000	35%	\$1,359,750

**Stress Related Performance Vulnerabilities**

Based upon employee Personal Stress Navigator® (PSN) data and data drawn from **Information Technologies** records, Performance Vulnerabilities cost **Information Technologies, Inc. \$116,115,000** in 2002. Statistical analysis of the relationship between PSN data and cost data indicates almost **48%**, **\$55,340,700**, of that total is due to **employee stress**.

As seen in **Figure 1**, at right, Performance Vulnerability is composed

of Turnover, Absenteeism, Presenteeism, and Organizational Asynchrony. The costs associated with each of these components are listed in Table 3, below. The relative contribution of stress to each component of Performance Vulnerability was statistically determined. Note the absence of cost data for Organizational Asynchrony. While there is ample evidence to suggest Organizational Asynchrony (organizational misalignments, organizational disconnects, faulty communication patterns, etc.) can be an expensive performance vulnerability, it is difficult to define, measure and assign costs to it.

**Figure 1 Performance Vulnerabilities/Stress Costs 2002**



**Table 3**

Information Technologies, Inc. Performance Vulnerabilities		
Components of Performance Vulnerability	2002 Cost Total	2002 Cost Attributable to Stress
<b>Performance Vulnerabilities TOTAL</b>	<b>\$116,115,000</b>	<b>\$55,340,700</b>
Turnover	\$55,395,000	\$22,158,000
Absenteeism	\$12,150,000	\$6,075,000
Presenteeism	\$48,570,000	\$27,107,700
Organizational Asynchrony	Unknown	Unknown

First cousin to Absenteeism, the Presenteeism component of Performance Vulnerabilities is defined as: Employee at work but functioning below capacity. As shown in Table 4, below, there are five contributing elements to overall Presenteeism: **1. Burnout:** Employee unable to function to capacity due to exhaustion of physical and psychological resources in the pursuit of unattainable goals; **2. Physical health:** Employee at work but unable to function to capacity because of physical ailments; **3. Mental Health:** Employee at work but unable to function to capacity due to mental health issues; **4. Work Distractions:** Employee at work but unable to function to capacity due to distractions in the workplace; **5. Life Distractions:** Employee at work but unable to function to capacity due to distractions outside the workplace. The total and stress costs of Presenteeism and its components were statistically derived from PSN data.

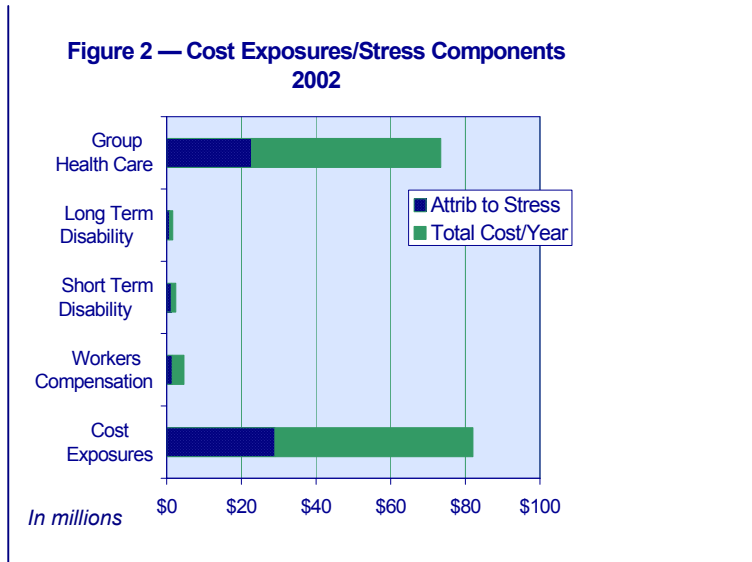
**Table 4**

<b>Information Technologies, Inc. Presenteeism</b>		
<b>Components of Presenteeism</b>	<b>2002 Cost Total</b>	<b>2002 Cost Attributable to Stress</b>
<b>Presenteeism TOTAL</b>	<b>\$48,570,000</b>	<b>\$27,107,700</b>
Burnout	\$21,870,000	\$11,809,800
Physical Health	\$8,745,000	\$5,684,250
Mental Health	\$10,680,000	\$6,728,400
Work Distractions	\$3,390,000	\$1,525,500
Life Distractions	\$3,885,000	\$1,359,750

**Stress Related Cost Exposures**

Based upon **Information Technologies, Inc.** data, Cost Exposures (Group Healthcare Cost, Long term Disability Cost, Short Term Disability Cost, and Workers Compensation) in total equaled **\$82,335,000** in 2002. According to statistical analyses the relationship between employment Cost Exposures and PSN data, employee stress levels accounted for over **32%**, **\$26,406,300**, of total Cost Exposures experienced by **Information Technologies, Inc.** in 2002.

**Figure 2 — Cost Exposures/Stress Components 2002**



Cost Exposures and the portion due to stress are shown by cost category in Table 5 below.

**Table 5**

<b>Information Technologies, Inc. Cost Exposures</b>		
<b>Employment Cost Components</b>	<b>2002 Cost Total</b>	<b>2002 Cost Attributable to Stress</b>
<b>Cost Exposures TOTAL</b>	<b>\$82,335,000</b>	<b>\$26,406,300</b>
Workers Compensation	\$4,650,000	\$1,534,500
Short Term Disability	\$2,475,000	\$1,237,500
Long Term Disability	\$1,680,000	\$840,000
Group Health Care	\$73,530,000	\$22,794,300

**Costs Associated With Root Cause Drivers**

A “drill down” to the costs associated with the Root Cause Drivers of stress provides insights as to specific demands and pressures responsible for Performance Vulnerabilities and Cost Exposures. Statistical analysis of PSN items in their relationship to cost parameters provided by **Information Technologies, Inc.** makes it possible to ascribe discrete costs to individual PSN items. Table 6 lists three discrete PSN items and the stress costs statistically ascribed to them.

**Table 6**

<b>Information Technologies, Inc. Direct and Indirect Costs Attributable to PSN Items</b>			
<b>PSN Item</b>	<b>Scales Affected</b>	<b>Cost Attributable to Item</b>	<b>Total Cost Attributable to PSN Item</b>
<b>Many emergencies at work</b>	<b>Performance Vulnerabilities</b>	<b>\$8,465,593</b>	
	Turnover	\$2,413,006	
	Absenteeism	\$1,071,630	
	Presenteeism	\$4,980,957	
	Work Distractions	\$3,120,023	
	Burnout	\$1,860,934	
	Organizational Asynchrony		
	<b>Cost Exposures</b>	<b>\$4,658,312</b>	
	Group Health Care	\$3,529,261	
	Workers Compensation	\$1,129,051	
			<b>\$13,123,905</b>

<b>Uncooperative co-workers</b>	<b>Performance Vulnerabilities</b>	<b>\$5,451,267</b>	
	Turnover	\$1,324,862	
	Absenteeism	\$705,335	
	Presenteeism	\$3,421,070	
	Burnout	\$1,348,623	
	Work Distractions	\$2,072,447	
	Organizational Asynchrony		
	<b>Cost Exposures</b>	<b>\$4,679,151</b>	
	Group Health Care	\$2,693,528	
	Workers Compensation	\$1,985,623	
			<b>\$10,130,418</b>
<b>Little opportunity for advancement</b>	<b>Performance Vulnerabilities</b>	<b>\$3,775,624</b>	
	Turnover	\$2,561,465	
	Absenteeism	\$410,670	
	Presenteeism	\$803,489	
	Work Distractions	\$803,489	
	Organizational Asynchrony		
	<b>Cost Exposures</b>	<b>\$1,511,865</b>	
	Workers Compensation	\$1,511,865	
			<b>\$5,287,489</b>