

PART IV

EMPLOYERS GETTING STARTED (EGS) On the Road to Mental Health and Productivity

MODULE ONE

GOVERNANCE AND MENTAL HEALTH IN THE WORKPLACE

All the players with a vested interest in the success of employer organizations have a role to play in advancing workplaces along the road to mental health and productivity. The following are guidelines for investors and members of boards of directors.

Highlights

Part IV moves into the workplace and sets out a specific slate of goals which guide this Business and Economic Plan for Mental Health and Productivity. They are:

- a. To develop a standard and strategy for mental health in the workplace that is based on sound principles not exigencies. These principles are spelled out in this Plan.
- b. To forge a Workplace Mental Health System to create a new frontline in both the primary and secondary prevention of mental disorders and disabilities. This is discussed in detail in this Plan.
- c. To define and promote the means to prevent the disabling effects of depression, anxiety and effective treatment of these disorders including an integrated model of disability and performance management as a powerful instrument for this purpose.
- d. To define and promote the means to reduce the production losses associated with employee absence and on-the-job downtime due to advanced mental disorders especially among employees with longer-term continuous service.
- e. To promote heightened awareness and vigilance among physicians, managers and employees of the risks of depression co-occurring with heart disease. This Plan contains a dedicated section on this.
- f. To support efforts to defeat stigma and discrimination and to create a national strategy for suicide prevention.

PREVENTING THE PREVENTABLE
Suicide in Canada: The Business of Business

The Roundtable supports the *Canadian Suicide Blueprint for a Canadian National Suicide Prevention Strategy* being advanced by the Canadian Association for Suicide Prevention (CASP).

There are more suicides in Canada than murders – 4,000 a year and aside from the sheer humanity of preventing this, there are pragmatic implications for employers. Those who die by suicide are mostly younger people in the prime or their earning, spending or growing years – otherwise productive parents, employees, consumers and future employees – lost forever.

Mostly, these are the fatalities caused by depression. The economic costs are significant in the workplace and marketplace alike. There are also legal liability concerns for employers if an employee signals intent but nothing is done.

In 2006, the Roundtable will work with employers, EAP professionals and CASP itself to do four things:

1. Develop response guidelines to help executives, managers and co-workers respond properly if an employee mopes or talks to them about taking his or her own life. What do you do first? What do you do, period?
2. Develop the elements of training for co-worker, colleague or direct reports to support an employee who receives news of suicide in their family.
3. Distribute the Roundtable's "*Guidelines for Working Parents to Protect the Mental Health of their Children*" to employees. These focus on teen suicide.
4. Bring an Employer Delegation to CASP's annual meeting in Toronto to help launch suicide prevention in the workplaces of Canada.

The Roundtable believes this: Canadians need a bold but measurable goal to motivate passion and support for the flesh and blood of a national suicide prevention strategy.

We believe that a goal to save 3,000 lives from suicide over the next 10 years is realistic and called for given the "treat-ability" of depression, the leading cause of suicide.

Let that trumpet our intent to prevent the preventable – suicide in Canada.

Investor Guidelines for Mental Health and Productivity

Discussion

Module One contains the first known slate of guidelines for institutional investors and boards of directors to mandate/support management policies to protect shareholder value against:

1. Unfunded costs of unmanaged absence due to unchecked mental health problems in the workforce.
2. Inherent instability of business plans which fail to recognize the underlying challenge mental disorders poses to productive capacity in the organization.
3. Chronic job stress on a large scale, raising questions about the quality of management of companies which tolerate and feed it.

Investors

OMERS President and CEO Paul Haggis: *“Employee health and productivity are fundamental aspects of good management and appropriate measures for institutional investors to use in assessing the quality of management of companies in which they invest.”*

Governance

Torstar Chairman John Evans, MD: *“The case for the importance and severity of mental disability is incontrovertible and any board of directors that doesn’t insist on having environment, safety and health on its agenda – with a special emphasis on mental health – is not discharging its governance responsibility.”*

Leadership

Gordon Nixon, President and CEO, Royal Bank Financial Group: *“Today’s economy puts a premium on information and innovation. This is an economy of mental performance where the capacity of employees to think, be creative and be innovative is key to the competitiveness of all business – including my own.”*

Following are “Mental Health and Productivity” guidelines for institutional investors and boards of directors.

European Investors

There is evidence that European investors are beginning to worry about the impact of job stress on their investment. A worry well placed.

Meanwhile, in accounting and management terms, human resources are inadequately defined in terms of their asset value to companies competing in a brain-based economy where there is such a high premium on innovation as a key to productivity.

Yet:

- Between 1982 and 1998, the percentage of market value attributable to intangible assets grew from 38% to 85%.
- Studies find that about 85% of the new jobs coming on stream in the U.S. require cerebral not manual skills.
- Study after study shows financials are a “rear view mirror” of performance, a lagging indicator. The attitudes of people – morale, perspective, outlook, health – are leading indicators.
- At the same time, Watson Wyatt Worldwide tells us most employers don’t keep track of employee absenteeism on any given day.
- The leading source of disability in today’s work environment is depression often co-morbid with other chronic illnesses – compounding the disablement and time off work.
- These matters touch upon basic aspects of management:
 - Quantifying, managing and reducing risk
 - Protecting valued assets and those investments in them.
 - Tracking carefully the return on investments, assets and resources

By absorbing unfunded costs due to unmanaged employee absences including those due to mental illnesses, employers – including publicly-traded corporations – are, in effect, taxing themselves.

- First, by not addressing those cost factors within their control including workplace chronic stress impugning the asset value of employees who represent the largest single investment employers have.
- Second, by not pressing other parties for corrective action on other cost factors including, in the case of government, poor access and less than adequate care and treatment available to employees through publicly-funded health care.
- Third, by not doing the homework necessary to be able to see direct spending on human resources as an investment or opportunity cost with returns and benefits if we found a way properly to calculate them.

Action

Institutional investors are advised to use employer health issues as another way to evaluate the quality of management of the companies in which they currently invest or may do so in the future:

1. Inquire and determine whether corporate directors and the management team grasp the operational and cost impact of employee absence due to mental disorders.
2. Sharpen this inquiry by asking for specific data on the company's:
 - Disability, group health and absence pay-outs as a % of payroll
 - Experience with employment law or human rights complaints
 - Operational, not just HR costs associated with employee disability.
3. Determine if the costs and incidence of absence and disability are clearly known to the company's management and whether these costs are adequately funded.
4. Probe how many employees of more than 10 years continuous service are among those on long-term or short-term disability and what management is doing to re-capture their asset value. This is a bell-weather.

Board of Directors Guideline on Mental Health and Productivity

(This Guideline was endorsed by the business leaders named at the end)

Discussion

The costs of mental illness in the Canadian labour force exceed \$33 billion per year. Depression is the leading cause of disability in the workforce.

The greatest concentration of mental illness occurs among men and women in their prime working years with ten or more years of service with their current employer.

The prevalence of mental illness across such a wide track of the working population affects a range of corporate policy and strategic issues – among them:

- The recruitment and retention of skills employees who want balance between their working, personal, or family lives.
- The viability of business plans in an economy which puts a premium on innovation and productivity as the pathway to national prosperity and international competitiveness for Canada.

- Employee productive capacity for innovation, service and workplace team relationships are necessary for companies to sustain performance. People are leading indicators of performance. Financials are lagging indicators.

It is widely known, among employers, that depression and anxiety in the workforce – the most common and often serious forms of mental illness – are a leading source of employee absence and disability – and productivity impairment.

Unchecked, the absence or downtime of employees arguably poses material risks to the realization of business planning objectives and optimal shareholder value and, as such, may constitute a form of unfunded liability among public companies.

Action

Corporate directors are advised to:

- Place the topic of environment, health and safety with an emphasis on mental health on the agenda of board and board committee meetings.
- Report this action to shareholders in the normal course as a matter of appropriate disclosure and governance given the recent attention given to these topics and the conscionable merits of reporting and acting on them.
- Express your explicit support and/or wishes to senior management for a comprehensive assessment of the prevalence/costs of mental disorders in the workforce.
- Consider the *Investor Guidelines for Mental Health and Productivity* to focus board and management attention on these matters through the lens of shareholder value.

This Guideline was endorsed on February 17, 2004 by:

John Evans, MD, Chairman Emeritus, Torstar Ltd.

John Hunkin, former President and CEO, CIBC

Gordon Nixon, President and CEO, RBC Financial Group

Guy Saint-Pierre, Chairman Emeritus, Royal Bank of Canada

Honourable Michael Wilson, Chairman, UBS Canada

Further Discussion

Arnie Cader, Roundtable Director, President, The Delphi Corporation: *“Good Governance has been taken to a whole new level in Canadian companies. Boards are reconsidering how they examine the companies that they’re running and how they look at management. One of those factors should be what companies have in place for the mental health of its employees.”*

Paul Haggis, President and CEO, OMERS: *“Investing in companies means investing in people. So, in a word, absolutely, yes, investors must pay attention to these considerations.”*

John Hunkin, Former President and CEO, CIBC: *“If you are a CEO in today’s world, one of the things you learn is that, in fact, the majority of our shareholders have a very short-term view of the world. That’s reality. But, creating a great corporation suggests sustainability of performance over time.*

And I don’t think you can have sustainability unless you have good practices around human resources. And clearly, mental health issues are some of the very most important.

Management practices relating to mental health are good business practices that not only warrant the attention of management, but also should be very much on the mind of the board of directors.”

Rod Phillips, Roundtable Vice President and President and CEO, WarrenShepell, the EAP Professionals: *“There is a fantastic return on investment with increased utilization of EAP services. That can be demonstrated in productivity costs, employee turnover costs, management time dealing with a troubled employee, and prevention of cases going from short-to long-term disability. So the key message is that promoting mental health in the workplace is a cost-effective effort that can be demonstrated over and over and over again. It makes absolutely good business sense and good people sense.”*

Postscript

These governance guides aim to produce incentives and support for CEOs and their management teams to build mental health into their vision of a healthy workplace. For this, we proceed to Module Two of “Employers Getting Started” (EGS).