

Debating the ROI of the Company Picnic

...by Paul Terry

“Okay, indulge me on this question: do you think we’re getting enough bang for our buck with our company picnics?” Simon asked earnestly.

“I’ll bite. Yes, I do. But, let me guess; you’re not actually bringing me this question because I’m the CFO. You must be conjuring up some new harebrained scheme from HR. What, there’s some new “most awesome place to work” award we’ve not won yet?” Wanda said, trying to feign interest.

“No, I can’t think of anything I’d rather use the picnic budget for. In fact, I’ve never considered challenging the

got 2 minutes to convince me you’re not wasting my time with this question.”

“Well, actually, I was considering bringing it to the executive committee...”

“Geez, then you’ve got 1 minute, and this better be good,” Wanda said with a dismissive frown.

“Yeah, I agree it sounds like a clever way for consultants to attract some attention. Their argument comes down to 3 things. We never come close to 100%

Leadership in health promotion



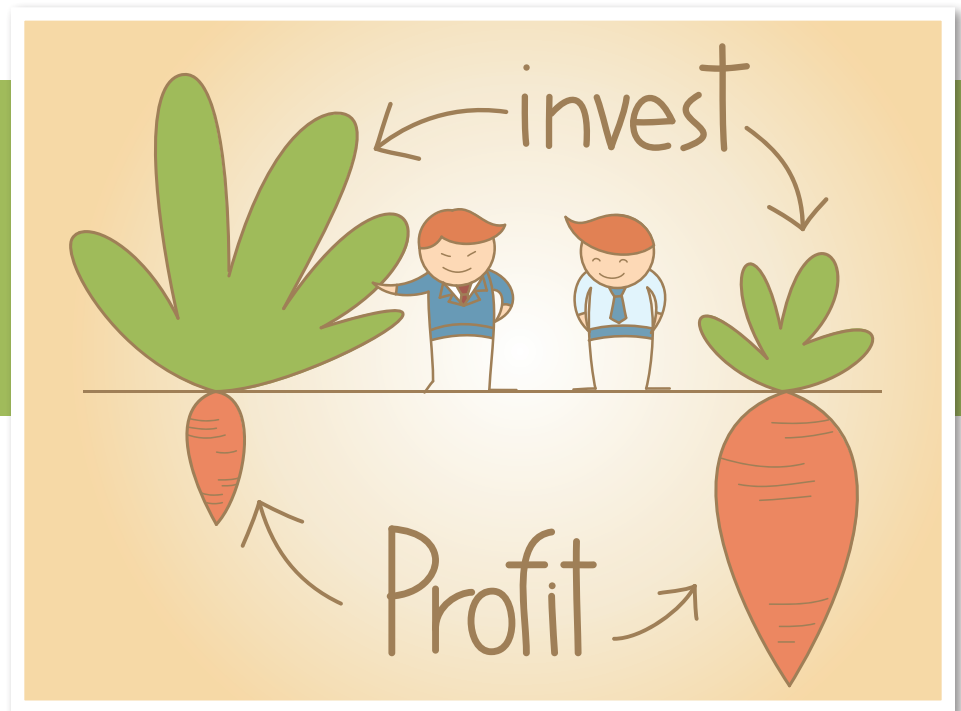
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picnics have been inflated by caterers. The point the experts seemed most fixated on is selection bias.

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value of the company picnics, given they’ve become such a fixture here. But I happened on an HR conference session the other day that had experts carping on the picnics, saying they don’t produce a big-enough ROI.”

“As CFO, let me say I hope you didn’t expense that conference. But as a friend, I know when you get this brooding look that I shouldn’t blow you off, so you’ve



participation at picnics, so that means employees aren’t really engaged.” Simon noticed Wanda shifting impatiently, but forged on. “Second, the benefits like greater retention or performance are hard to measure, and the ROIs from

They think employees who are most likely to go to company picnics are the ones who already like picnics — that they’re probably off having their own picnics anyway.”

“You’re punking me, right? You know how much our CEO loves the company picnics. Are you wired with a tape recorder or something?” Wanda said gravely, patting Simon on his chest. “Is the CEO testing me on her belief that happy employees drive shareholder value? Well, I agree!”

“Come on, I said indulge me. These weren’t dim-wits at this session. I actually think they were serious.”

“Rrrright,” Wanda said tartly. “You bring this to the executive committee and you better have a pretty good idea about where we’d get a better bang for the buck. And real evidence, not a bunch of assertions. Smart leaders can detect a 1-sided argument based on cherry-picked data in about 30 seconds.”

“That’s why I wanted to run it by you first. What I’ve learned about most leaders is they have a short attention span for problems, but an endless capacity for working on solutions. We’re a company with quality improvement in our DNA. I’m always open to putting HR initiatives into the quality queue.”

Wanda paused a while to consider this, but then her answers came with her usual crisp cadence. “First, the picnics are voluntary, so no one expects 100%. Besides, we offer great food and family fun so, for those not coming, it apparently wasn’t their thing this time. Who knows, maybe next time. We just need to do our part to keep it enticing and as inclusive as we can for everybody. Second, if the ROI is 1:1; that is, for every dollar we spend on the picnics, we get a dollar’s worth of you name it — happier, more-engaged, more-satisfied, more-likely-to-stay staff — a 1:1 means it’s a free event. Anyone who understands finance knows if an ROI is positive at any level, it means invest more.

The caterers are inept if they think they need to inflate the benefits. If it’s even a 2:1 ROI it means we should probably be having 6 picnics a year, not 3.”

Wanda paused again, but just long enough to lean into Simon like she did when she was saying no to a budget request. “As for selection bias, now that’s somewhat interesting. I suppose it’s often the case that companies preach to their choirs. But, what? We should fold up the church because there are atheists? Like, the picnics aren’t attractive to some of our grumps, so we should withdraw support from those who have told us how much they love them? As much as quality improvement is baked into our culture, we spent many years grooming our early adopters to help us win over those who thought QA projects were a waste of time. We’re known as an exemplary quality company now, and we still have naysayers in pockets. If it weren’t for a leadership team that understands the value of quality to their bones, I doubt we would have had the patience to build our quality culture a handful of converts at a time. I’m pretty sure they see the picnics the same way. It might not be for everybody, may never be, but they know in a blink it’s the right thing to do.”

“Yeah, like I said, I couldn’t have thought this picnic problem idea up.” Simon said, knowing that Wanda was giving him a minor dose of what would happen at the executive committee. “What about opportunity cost questions? One of the experts argued that the money is probably better spent on building a healthy culture. Another suggested that employees would probably rather just get paid more.”

“As if a picnic isn’t one of the many pieces it takes to make our culture great? Look, I can tell you’re trying to be a

thoughtful steward of our company’s and our employees’ hard-earned money. But if you bring a half-baked notion that something’s not working to company leaders, you better be at the ready with a convincing plan for what *will* work better. When I compare what we spend on picnics to other employee benefits like insurance, workers comp, training and development, our quality improvement office or even the execs’ bonus pool, you’re really barking up the wrong tree if you’re challenging a picnic’s value. No one is beating down my door suggesting we need to prove a higher ROI on things the executive team believes in, especially given that the reasons companies do them have been so well documented for anyone who reads, and our execs are rabid readers. And if we were to spread the cost of picnics across everyone’s paychecks, I’m certain it wouldn’t even be noticed compared to the boost we get in morale, team spirit, and improved performance from bringing people together around some great benefits.”

“Okay, you passed, I *am* wired!” Simon teased. “Thanks for being a good sport and hearing me out.”

“Well, you can thank me by switching to my team at the next picnic’s volleyball tourney. We’re sooo sick of coming in second to you Amazons in HR.”

“Fat chance, Wanda. In fact, beating you and the execs is the penultimate joy we in HR get from a picnic. I guess that’s why the experts think it’s hard to measure the ROI of picnics.”

“For sure. Geez, what’s next... they’ll be slamming our wellness program?” 🍷