

# ROI Cost Models



## Content

### **03 Costs**

**03** Recruitment costs

**04** Productivity Gains & Cost Savings from less attrition

**05** Cost Savings from Travel

### **07 Revenue**

**07** Innovation & Leadership

**08** Increasing successes from competitive tendering

## Costs

### Recruitment and Talent

Our customers tell us that successfully bringing in and retaining talent is becoming increasingly dependent on sustainability credentials. Particularly in the case of hiring younger employees, sustainability is coming up as a key question at the interview stage and is leading to decisions as to whether the potential employee joins the organisation.

By becoming more attractive to talent (1), employers can reduce or even eliminate recruitment costs of £3,000/employee (2), and reduce replacement costs of up to 2x an individual's salary through lost productivity (3).

Today we don't monitor employee's perceptions of the organisation as a result of using Pawprint, but we intend to gather this data both from employers and independently in order to build more robust figures around our impact on talent.

### Reduction in Recruitment Costs

We make the assumption that an organisation using Pawprint is considered to make an organisation more attractive to individuals looking for employment, and **1%** of individuals will discover the organisation as a result of sustainability engagement initiatives.

Each year, when an organisation has to replace a % of their organisation, the recruitment costs will be eliminated for the **1%** of individuals coming to the organisation as a result of sustainability engagement initiatives.

#### Formula

$$\text{Employees} \times (\text{Talent Attrition} + \text{Expansion} \times \text{Pawprint Reduction}) \times \text{Recruitment Cost} \\ = \text{Cost Saving in Recruitment Costs}$$

#### Example

A business with 25,000 employees, 5% attrition rate and £3,000 hiring cost  
= £37,500 / year

1. <https://www.gallup.com/workplace/352118/environment-social-governance-reporting-perspective.aspx>

2. <https://www.glassdoor.co.uk/employers/blog/calculate-cost-per-hire/>

3. <https://www.e-days.com/news/employee-turnover-rates-an-industry-comparison>

## Productivity Gains & Cost Savings from less attrition

An organisation using Pawprint is likely to contribute to the 68% of individuals who stay with an employer longer as a result of being upskilled [4].

Customers regularly cite us as an important education tool in their organisation, and underestimated by leaders as an important tool in upskilling individuals. As an education tool, we make the assumption that we contribute 10% to the upskilling potential of an employee within an organisation, and positively engage 10% of the organisation.

Given that an organisation has an active programme in upskilling individuals delivering retention of 68% of individuals, assuming this cuts attrition by 68%, we assume Pawprint will contribute to **10%** of the Productivity improvements gained by these employees no longer leaving.

Each employee being replaced is calculated at a productivity loss of 0.5 x an average salary.

### Formula

$$\begin{aligned} &\text{Employees} \times (\text{Talent Attrition} \times 68\% \times \text{Pawprint Attribution} \times \text{Engagement}) \times \\ &\quad \text{Replacement Cost} \times \text{Productivity Loss} \\ &= \text{Cost Saving in Productivity} \end{aligned}$$

### Example

with 25,000 employees, 5% attrition rate, £32,000 average salary  
= £136,000 / year

### Example customer

<b>Seats</b>	25,000
<b>Cost</b>	£168,675
<b>Cost per seat</b>	£6.74
<b>Reduction in hiring cost</b>	- £37,500
<b>Reduction in productivity loss</b>	- £136,000
<b>ROI total</b>	+ £4825
<b>ROI per seat</b>	+ £0.48

4. <https://www.shrm.org/resourcesandtools/hr-topics/organizational-and-employee-development/pages/employees-fear-employers-dont-offer-enough-career-skills-development.aspx>

## Cost Savings from Travel - lasting change

Most service organisations we talk to see travel as one of their most challenging areas to address in sustainability. Travel costs a lot of carbon, depending on how individuals travel, yet the cost savings are also significant if businesses change their behaviour.

Here, we are assuming that through the use of Pawprint, a permanent change in policy and behaviour has been made through enablement, engagement and education.

If an organisation has 5% of its individuals flying short haul, at least 10 times a year each, it is conceivable that at least 25% of these flights could be remote meetings.

### Formula

$$\begin{aligned} &\text{Employees} \times \text{Flights} \times 5\% \times 25\% \times \text{Short Haul Cost} \\ &= \text{Cost savings from reduction in flights} \end{aligned}$$

### Example

$$\begin{aligned} &\text{With 25,000 employees, 10\% frequent fliers, £140-£260 cost} \\ &= \text{£875,000-£1,625,000 / year} \end{aligned}$$

If an organisation has 1% of individuals, who due to demographics & policy tend to fly business class on 2 long haul flights a year, but convert to premium class

### Formula

$$\begin{aligned} &\text{Employees} \times 1\% \times 2 \times \text{Reduction from Business to Premium} \\ &= \text{Cost savings from reduction in flight class} \end{aligned}$$

### Example

$$\begin{aligned} &\text{with 25,000 employees, 1\% frequent business fliers, £2,600~£4,000} \\ &= \text{£1,300,000-£2,000,000 / year} \end{aligned}$$

### Example customer

<b>Seats</b>	25,000
<b>Cost</b>	£168,675
<b>Cost per seat</b>	£6.74
<b>ROI total</b>	+ £2,006,325~£3,456,325
<b>ROI per seat</b>	+ £73.51~£131.51

## Cost Savings from Travel - Initial engagement

If an organisation has 5% of its individuals flying short haul, at least 10 times a year each, it is conceivable that at least 25% of these flights could be remote meetings. Here, we are assuming that Pawprint has a direct impact on 10% of individuals' behaviour in the business, but does not drive policy change.

### Formula

$$\text{Employees} \times \text{Flights} \times 5\% \times 25\% \times \text{Short Haul Cost} \times 10\% \\ = \text{Cost savings from reduction in flights}$$

### Example

$$\text{with 25,000 employees, 10\% frequent fliers, £140-£260 cost} \\ = \text{£87,500-£162,500 / year}$$

If an organisation has 1% of individuals, who due to demographics & policy tend to fly business class on 2 long haul flights a year, but convert to premium class

### Formula

$$\text{Employees} \times 1\% \times 2 \times \text{Reduction from Business to Premium} \times 10\% \\ = \text{Cost savings from reduction in flight class}$$

### Example

$$\text{with 25,000 employees, 1\% frequent business fliers, £2,600~£4,000} \\ = \text{£130,000-£200,000 / yea}$$

### Example customer

<b>Seats</b>	25,000
<b>Cost</b>	£168,675
<b>Cost per seat</b>	£6.74
<b>ROI total</b>	+ £200,632~£345,632
<b>ROI per seat</b>	+ £1.28~£7.08

# Revenue

## Innovation & Leadership

Our customers tell us that they would not be able to move as quickly or as effectively in innovating on sustainability without Pawprint. They also cite a much higher success rate with leadership who are actively engaged and empowering employees to be engaged.

Through empowerment and engagement of employees, organisations have 27% higher profits [Wagner & Harter, 2006] than other comparable organisations over a 6 year period. That’s an increase of around 4% year on year for 6 years. On top of this, organisations who are more sustainable consistently outperform organisations who are less sustainable [5].

Taking the assumption that 10% of an organisation’s overall sustainability strategy is linked to employee engagement and Scope 3 reporting, we can look at the impact we have on profit through sustainability leadership.

If we positively deliver sustainable results for the business, we can expect to contribute partially to the 4% increased profits for each of those employees.

### Formula

$$\text{Employees} \times (\text{Sus. Strategy Contribution} \times 4\%) \times \text{Profit per Employee} \\ = \text{Profit Increase as a result of Pawprint}$$

### Example

10,000 employee company with £70,000 profit per employee  
= £2,800,000 / year

### Example customer

<b>Seats</b>	10,000
<b>Cost</b>	£78,675
<b>Cost per seat</b>	£7.87
<b>Increase profits</b>	+ £2,800,000
<b>ROI total</b>	+ £2,721,325
<b>ROI per seat</b>	+ £272.13

5. <https://link.springer.com/article/10.1007/s10551-011-1063-y>

## Increasing successes from competitive tendering

Our customers tell us that sustainability is now regularly a key point area for the “social value” portion of tenders, particularly when working with the public sector.

We can assume that social value is worth 20% of the score of a bid, with sustainability employee engagement and/or Scope 3 reporting counting towards 15% of that score. Given the strength of Pawprint in these areas, we expect it to account for the entire 15% of this area.

Assuming a business requires 70% or above on any given area of the bid, we can assume that as a whole, our contribution to any bid succeeding is on average 2.1% (15% of 20% of social value, weighted at 70%).

### Formula

$$\text{Revenue} \times \text{Percentage from Tenders} \times \text{Tender Value of Pawprint} \\ = \text{Potential Revenue}$$

### Example

Example 10,000 employee company with £300,000 revenue per employee, and 15% of revenue as a result of tendered bids with strict social value criteria  
= £9,450,000

### Example customer

<b>Seats</b>	10,000
<b>Cost</b>	£78,675
<b>Cost per seat</b>	£7.87
<b>Revenue as a result of social value</b>	+ £9,450,000
<b>ROI total</b>	+ £9,371,325
<b>ROI per seat</b>	+ £937





Have a question?  
Please reach out to us at [hello@pawprint.eco](mailto:hello@pawprint.eco) or visit  
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