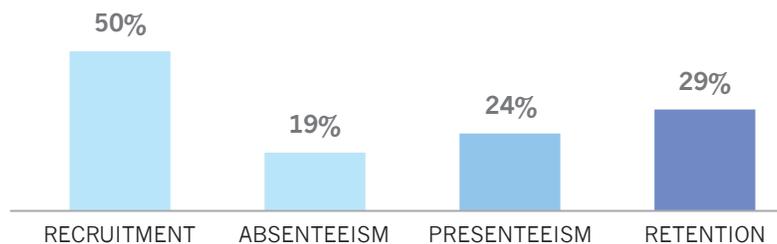


RETURN ON INVESTMENT: A Logic Model for the Tutor.com Benefit

This report describes the positive financial outcomes that can provide a significant return on investment (ROI) for the online private tutoring services provided by Tutor.com to ABC Organization. The financial value to the organization from sponsoring this benefit comes from three outcome areas at different phases of the employee life-cycle: Recruitment Value among new employees in deciding to come to work for the organization; Performance Value among current employees; and Retention Value keeping employees from leaving. In this model, default figures are taken from industry data for the level of tutoring service utilization and the cost values assigned to the outcomes and from survey research at a Fortune 100 technology company for the rate and size of the outcome effects from tutoring.

KEY METRICS (From the Employer)	
Employer Name	ABC Organization
Number of Employees	10,000
Employees in total population who are relevant to potential use of Tutor.com	50%
Number of employees with a user account for self/family member use of Tutor.com services	100
Average annual total compensation per employee (wages & benefits combined)	\$72,634
Employee mix of managers and non-manager full-time employees (respectively)	20% and 80%

Outcome Effect Sizes from Research at a Fortune 100 Technology Company:
Percentage of Employees with Positive Impact



ROI Area I: Recruitment and Retention

Recruitment

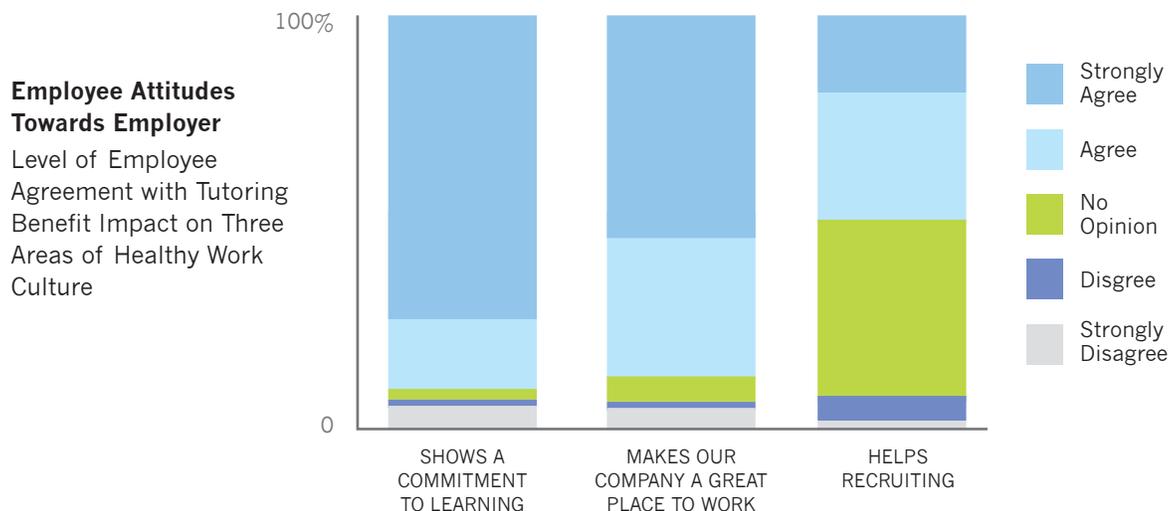
LOGIC: The first area of ROI value from having a tutoring benefit is a more rapid time to hire employees. Survey data indicates that half of the employee users of Tutor.com (50%) reported that having the tutoring service as part of the employee benefits package was one factor that contributed positively to their decision to originally take the job. This positive effect on attraction to the company is estimated to result in a slightly higher rate of job offers being accepted than otherwise may have occurred without having the tutoring benefit, which in turn reduces the average cost per new hire as the overall hiring process is more efficient.

RESULT: For the year, ABC Organization had 1,600 new hires. Half of this group was relevant to future use of tutoring service. Given there are many reasons to take a new job, only a 2% reduction in the average cost to hire a new employee (\$2,532) was used for the financial value of more efficient recruiting because of the tutoring benefit. Having 400 new employees each with a \$51 savings adds up to a total return amount of \$20,256. When this amount is compared to the total investment in the tutoring benefit, the ROI for Recruitment savings is \$.88:\$1.00.

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Retention

LOGIC: Greater employee loyalty can be fostered by offering highly valued benefits that can be customized to the needs of the employee, such as the private tutoring service benefit. This outcome area is relevant to employees at risk for leaving who value the tutoring. Survey study data indicate that about a third of the employee users of the tutoring service (29.3%) reported that if they had the opportunity to work someplace else, having to then give up the tutoring service as part of the employee benefits package would make it harder to leave. This effect is expected to result in a lower rate of employee turnover and avoided replacement costs.



RESULT: For the year, ABC Organization had a turnover rate of 15% across all employees. When applied to the 100 users of the tutoring service, 15 employees in this group were considered “at-risk” for leaving the company. From this group, 4.4 were estimated to have the avoided turnover outcome effect. But to be appropriately conservative, only 10% of the people in this at-risk group were used in the ROI model. This step yields one employee every two years. The cost value of not having to replace an employee at ABC Organization is 70% of the amount of the average employee annual compensation, or \$50,844 (using a number well below the widely-cited replacement cost of 150% of compensation). This yields a total return for this effect of \$22,346. When this amount is compared to the total investment in the tutoring benefit, the ROI for improved Retention is \$.97:\$1.00.

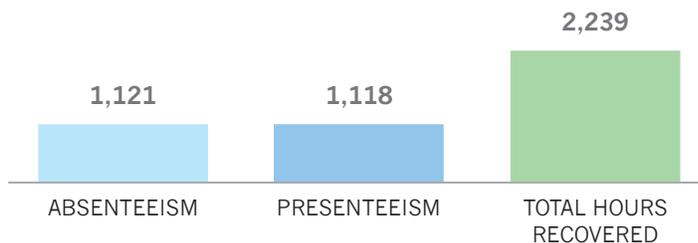
ROI Area II: Workforce Performance

LOGIC: The second area of ROI value is better workforce performance among the employee users of the service due to lower levels of school-related work absenteeism and presenteeism. Reduced absenteeism is avoided absence from work (i.e., missed work, arriving to work late or leaving work early related to schoolwork) due to self or family use of the tutoring service. Reduced presenteeism is avoided work productivity losses (i.e., interrupted less often while at work by calls and e-mails and worrying less about schoolwork) due to self or family use of tutoring service. Survey data indicates that about 1 in 5 employee users of the tutoring service were able to avoid this kind of absence from work (18.9%) and that they avoided an average of 5.93 hours of absence each month. Survey data also indicates that about 1 in 4 employee users of the tutoring service were able to avoid work presenteeism (24.4%) and they avoided an average of 4.58 hours of lost productivity each month. For the ROI model, these hours are extended over the 10 months of the school year.

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Total Hours of Avoided Lost Time In Work performance Annually

For all Employee Users of Tutoring Benefit at ABC Organization



RESULT: For the year, ABC Organization had 100 employees with use of the tutoring service (either by family members, themselves or both). Avoided absenteeism was estimated to be an outcome for 19 employees, who each avoided a total of 59.30 hours of work absence for the school year. Avoided presenteeism was estimated to be an outcome for 24 employees, who each avoided 45.80 hours of lost productivity for the school year. The total combined hours of avoided work performance loss for these employees was 2,239 hours. A work performance multiplier of 1.50 was used to value an hour of fully productive work. Thus, an hour of missed work or an hour of lost work productivity was valued at \$55.38 (1.50 times the average hourly compensation rate at ABC Organization of \$36.92). When this figure was applied to the total hours of avoided lost work performance, the resulting total return amount was \$117,242. All of these effects are based on actual reported results, however, to be appropriately conservative, only 90% of this amount was actually used in the ROI model. This yields a total return of \$105,517. When this amount is compared to the total investment in the tutoring benefit, the ROI for improved Performance is \$4.59:\$1.00.

Full ROI

All together, the ROI Model components yield an estimated \$148,119 in total program savings. Compared to the \$23,000 cost of the tutoring benefit, the combined return is \$6.44 for every \$1.00 invested by ABC Organization in the Tutor.com services.

ROI for ABC Organization

