THE FINANCIAL CASE FOR EQUITABLE, DIVERSE AND INCLUSIVE WORKPLACE PRACTICES

ROI Calculator: Methodology, Assumptions and Research | VERSION 0.4

Purpose of the calculator

The calculator provides organisations with a practical framework for estimating the potential commercial implications of implementing workplace practices that support equity, diversity and inclusion (EDI). These practices may be implemented through the T-EDI Standards® or another organisational approach. The calculator estimates the potential value of the practices, not the financial return from adopting a particular framework.

It is intended to support informed discussion and business-case development by translating selected workforce outcomes into indicative financial estimates. It is not a guarantee of results, a substitute for organisation-specific financial modelling, or a measure of the financial value of the T-EDI Standards themselves.

What the model includes

Potential benefits modelled	Costs modelled
Reduced employee attrition: estimated savings from fewer employee departures and replacement costs.	Parental leave: estimated salary capacity cost associated with additional or more accessible parental leave.
Increased productivity: a proxy estimate of value associated with improved engagement, team effectiveness and performance.	Implementation and administration: an allowance for internal effort to establish and administer practices.

The model focuses on these selected pathways because they can be expressed using a relatively small set of inputs. It does not attempt to monetise every possible outcome, such as improved innovation, employer reputation, customer retention, procurement outcomes, reduced legal exposure or broader social impact.

How organisations can use it

- Use the default assumptions as a starting point, then replace them with internal workforce and financial data wherever possible.
- Compare the modelled benefits with the actual costs of the organisation's chosen implementation approach.

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- Test alternative assumptions and scenarios rather than relying on a single headline result.
- Use the output to inform a business case and discussion between people, finance and operational leaders.

Important distinction: The calculator models potential financial effects of workplace practices. The T-EDI Standards are one framework organisations can use to guide and measure those practices.

1. How the calculator works

The model uses a representative organisation as its starting point. Workforce size, average fully burdened salary and baseline attrition establish the organisation's scale and starting position. Research-informed assumptions are then applied to estimate potential benefits and costs. Users can adjust key inputs to better reflect their own organisation.

Core inputs and default assumptions

Input	Default	Meaning / use
Total employees (N)	3,000	Organisation-specific; set to actual headcount.
Fully burdened average annual salary (S)	$136,000	Default based on a software engineering salary benchmark plus 15%; replace with a suitable internal average.
Baseline annual attrition (A)	20%	Default model assumption; use the organisation's actual annual rate.
Employee replacement cost (R)	20% of salary	Research-informed default; should reflect recruitment, vacancy, onboarding and other replacement costs relevant to the organisation.
Relative attrition reduction (D)	5%	Model assumption applied as a relative reduction to baseline attrition, not a five-percentage-point reduction.
Productivity improvement (P)	10%	Model assumption informed by engagement/productivity literature; not a direct measure of EDI impact.
Productivity recapture (C)	50%	Assumes the organisation captures half of the modelled productivity improvement as business value.
Risk adjustment (Q)	20%	A haircut applied to estimated benefits to reflect uncertainty in realisation and attribution.
Return on labour (L)	1.0	Revenue proxy multiplier. The intended model assumption is revenue equal to workforce salary cost; see working note below.

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Benefit calculations

A. Reduced attrition

Avoided departures = N × A × D
Gross attrition saving = avoided departures × S × R
Risk-adjusted attrition benefit = gross attrition saving × (1 − Q)

- At the default settings: 3,000 × 20% × 5% = 30 avoided departures. 30 × $136,000 × 20% = $816,000 gross annual saving. After the 20% risk adjustment, the modelled benefit is $652,800 at full maturity.

B. Increased productivity

Revenue proxy = N × S × L
Gross productivity value = revenue proxy × P × C
Risk-adjusted productivity benefit = gross productivity value × (1 − Q)

- At the default settings: 3,000 × $136,000 × 1.0 = $408 million revenue proxy. $408 million × 10% × 50% = $20.4 million gross productivity value. After the 20% risk adjustment, the modelled benefit is $16.32 million at full maturity.

Interpretation The productivity calculation is a proxy based on labour cost, not a forecast of revenue or profit. It assumes that some productivity improvement can be translated into business value. Organisations should test this assumption carefully.

2. Costs, timing and worked example

Cost calculations

A. Parental leave

The original methodology estimates the share of work capacity used for parental leave from an average of 1.6 children over a 20-year child-rearing period, with 12 weeks of leave per child: (1.6 × 12) ÷ (20 × 51) = approximately 1.9% of workweeks. The model applies this 1.9% capacity share to the proportion of employees assumed to be in child-rearing years (90%). In line with the clarification to the methodology, the 12/52 duration factor is not applied a second time.

Estimated parental leave cost = N × eligible workforce share × 1.9% × S

At default settings: 3,000 × 90% × 1.9% × $136,000 = $6,976,800 per year.

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This is a modelled salary-capacity estimate, not a prediction of actual leave uptake or incremental cash expenditure. Where available, organisations should substitute their own parental leave incidence, duration, eligibility and backfill data.

B. Implementation and administration

For organisations with more than 100 employees, the model allows for one FTE at the fully burdened average salary. For organisations with fewer than 100 employees, the source methodology describes an allowance equivalent to 1% of FTE. The precise small-organisation calculation and the treatment of exactly 100 employees remain working assumptions in this version.

At the 3,000-employee default: 1 FTE × $136,000 = $136,000 per year. The allowance does not automatically include external consulting, software, training, programme delivery or other organisation-specific implementation expenditure. Add these costs separately when preparing a business case.

Five-year benefit ramp

The methodology assumes benefits are realised progressively as workplace practices are implemented and embedded. Both attrition and productivity benefits are ramped at 20%, 40%, 60%, 80% and 100% across Years 1 to 5. The cost assumptions are held at their annual modelled level in this illustration.

Year	Benefit ramp	Attrition benefit	Productivity benefit	Annual costs	Net benefit
Year 1	20%	$130,560	$3,264,000	$7,112,800	$-3,718,240
Year 2	40%	$261,120	$6,528,000	$7,112,800	$-323,680
Year 3	60%	$391,680	$9,792,000	$7,112,800	$3,070,880
Year 4	80%	$522,240	$13,056,000	$7,112,800	$6,465,440
Year 5	100%	$652,800	$16,320,000	$7,112,800	$9,860,000

Illustrative default case: 3,000 employees

Full-maturity component	Annual estimate
Risk-adjusted attrition benefit	$652,800
Risk-adjusted productivity benefit	$16,320,000
Parental leave cost	($6,976,800)
Implementation / administration allowance	($136,000)
Modelled net annual benefit at full maturity	$9,860,000
Five-year cumulative net benefit, undiscounted	$15,354,400

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The five-year cumulative figure is the sum of the five annual net estimates above. It is undiscounted and is not a net present value. It assumes the same annual cost level in each year and the stated benefit ramp.

3. Interpreting the results

What the calculator tells you

The calculator produces an indicative estimate of selected potential benefits less selected modelled costs. It can help an organisation frame the scale of a commercial opportunity, identify the assumptions that matter most, and explore how the case changes when its own data or implementation choices are used.

What it does not tell you

- It does not prove that EDI practices will cause a particular financial outcome. Results depend on context, execution and other factors affecting workforce and business performance.
- It does not calculate a conventional ROI percentage, discounted cash flow or net present value. The principal output is an estimated net financial benefit (benefits less costs).
- It does not convert productivity improvements directly into realised revenue or profit. The productivity result is a proxy and should be stress-tested.
- It does not include every cost or benefit. Organisations should add their own implementation, technology, training, consulting, backfill and other relevant costs.
- It does not account for possible overlap between the attrition and productivity pathways. Care is needed to avoid double-counting benefits in a broader business case.

Using organisation-specific data

For a decision-grade business case, organisations should replace defaults wherever reliable internal data are available. Priority inputs include headcount, fully burdened salary, actual attrition by cohort or role, recruitment and vacancy costs, parental leave incidence and duration, existing policies, implementation effort and the proportion of productivity improvement that can reasonably be captured. Scenario testing should include lower, central and higher assumptions.

Working assumptions and version status

Version 0.4 is a working methodology document. It updates the framing and calculation explanation, clarifies the 1.9% parental-leave capacity-share treatment, and aligns the written five-year ramp with the stated approach that both benefit streams ramp over time. The live

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calculator should use the same definitions and formulas. Some implementation details, including the small-organisation administration allowance and the return-on-labour input, remain subject to refinement in future versions.

Selected research and source basis

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Disclaimer: This document is provided for general information only. Calculator outputs are estimates based on stated assumptions and should not be treated as financial advice or a guarantee of outcomes. Organisations should validate inputs and obtain appropriate professional advice for investment decisions.

Calculator Development, Research and Methodology

The T-EDI Standards ROI Calculator and its underlying research and methodology were developed collaboratively by **Dr Braddon Lance, Data Scientist**, who led the development of the calculator, research and modelling, and **Emma Jones, Founder and CEO of Project F**, who conceived the initiative, contributed expertise in workplace equity, diversity and inclusion, and provided strategic direction and review to ensure alignment with the T-EDI Standards®.

The authors acknowledge the contribution of those who provided feedback and reviewed the original methodology.

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