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The Value Evolution

In July 2017, an unlikely group convened on the campus of Birmingham-Southern College to learn how to show the value of what they do. Although this task is not all that unusual, the audience may surprise you. The United Methodist Endorsing Agency (UMEA), a division of the General Board of Higher Education and Ministry (GBHEM), hosted this Return on Investment (ROI) Workshop for 57 senior chaplains, spiritual care managers, and faith community leaders. Here's an excerpt of an article about the program published by The United Methodist Church [1].

> Over the last several years, a major paradigm shift has occurred in how organizational systems understand and value spiritual care. For many organizations, value and relevance are primarily centered on the bottom line. Although monetary value is a critical concern, it is the comparison of this value with the program/project costs that captures the attention of stakeholders—translating into ROI.
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> "Show me the money" is the familiar response from many business leaders and investors. Sometimes this is an appropriate response. At

other times, it is misguided, especially when it comes to understanding the impact and value of chaplaincy and spiritual care. As Jeffrey Parkkila, senior chaplain at Westminster Retirement Community, Winter Park, Florida, stated, "I have struggled to find the language to communicate with the corporate world the needs of ministry and the value of spiritual care. This ROI training gives me a platform to communicate our value."

Realizing that measures not subject to monetary conversion are also important, if not critical to most programming and projects, participants learned that a balanced profile of success is required, which must include qualitative and quantitative data as well as financial and non-financial outcomes.

John Callanan, senior chaplain with United Methodist Homes of the Greater New Jersey Conference reflected, "My CEO has been pleading with me to demonstrate value, now I have a process to demonstrate the impact of pastoral care and bring the pastoral care department into greater accountability."

Stephen Brinkley, senior chaplain of the Trauma Center at Orlando Regional Medical Center commented, "Business language is a new language for me—yet, my health system is challenging me to translate the value of ministry in a new way. Failure to do so on my part jeopardizes the future of chaplaincy."

Jack and Patti Phillips engaged the workshop participants in learning a new language by embracing the ROI Methodology. The methodology offers a balanced approach to measurement that captures five levels of outcome data.

When chaplains and spiritual care leaders engage the process, the ROI model provides alignment, connecting needs assessment with evaluation, thereby empowering the translation of ministry's value and impact within organizational systems.

Invigorated by what she was learning, Linda Stetter, director of Spiritual Care, St. Mary Corwin Medical Center, Pueblo, Colorado, stated, "I can now quantify my ministry. This methodology empowers Spiritual Care to not be perceived as a cost center—but an organizational contribution center! This is great news!"

Jeffrey Uhler, chaplain at the Aurora Medical Center, Milwaukee, Wisconsin, added, "Last evening I received a message from my supervisor about a conversation she was having with management pertaining to the addition of chaplaincy staff. Management's feedback to her, 'You'll need an ROI plan.' Today, chaplaincy received good news—we have learned a methodology to give management just what they asked for, the ability to demonstrate ROI. I am excited!"

> Bruce Fenner, endorsing agent for The United Methodist Church and director of endorsement at UMEA noted that the evaluations of this leadership development workshop were the highest of any program ever offered by the endorsing agency for its constituents. He attributes this to the outstanding leadership, clarity of vision, practical instruction, and applicability of the material for this time of our lives. "We were fortunate to have Jack and Patti Phillips bring their leadership. They are world-renowned experts in the field of measurement," noted Fenner. "If we, as clergy working in specialized ministry, are to be relevant in this increasingly secular culture and workforce, there is a pressing need to learn a new language in ministry—the language of business. Business leaders do not typically understand the pastoral care world, nor are they going to learn our language. Rather, we must become bilingual if spiritual care is to have value and impact in broader organizational systems. There is nothing better suited to get us on our way than what we experienced from ROI Institute."

This program underscores how the need for results has shifted, even in unexpected settings. No organization or profession can escape the need for accountability and even "business results." The good news about this group is their attitude about this task and the progress they are making. Chaplaincy groups are showing the impact of their work, and a publisher has agreed to publish their case studies and stories. An important professional community had stepped up to this challenge.

While "show me the money" is not a new request for business, top leaders of all types of organizations want value for their investments. It is relatively new to the public sector. While "showing the money" is the ultimate report of value for many, organization leaders recognize that value lies in the eye of the beholder; therefore, the method used to show the money must also show the value as perceived by all stakeholders. Just as important, organizations need a methodology that provides data to help improve investment decisions. This book presents an approach that does both: it captures the value that organizations receive for investing in programs and projects, and it develops needed data to improve those programs in the future.

This chapter presents the evolution of value—moving from activity-focused value to the ultimate value, return on investment (ROI). This chapter also describes issues and challenges faced by those seeking a technique to show the money.

The Value Shift

"Show me the money" represents the newest value statement. In the past, program success was measured by activity or input, such as number of people involved, programs implemented, actions taken, money spent, days to complete. Little consideration was given to the impacts derived from these activities and inputs. Today the value definition has shifted: value is defined by results versus activity. More frequently, value is defined as monetary benefits compared with costs to calculate the financial ROI. Figure 1.1 reveals the many applications of this concept. These examples

1. The British Columbia Interior Health System calculated the ROI for a new procedure for colorectal surgery.
2. The Ministry of Education in Dubai calculated the ROI for implementing a model classroom program.
3. A major U.S. city calculated the ROI for investing in housing to reduce the number of homeless citizens on the streets.
4. The Australian Capital Territory Community Care agency forecast the ROI for the implementation of a client relationship management (CRM) system.
5. Horizon Home, a comprehensive shelter and protection system for abused and battered women, developed the ROI for the services provided to clients.
6. The state of Alabama developed the ROI for a recidivism program for drug related offenders.
7. A major city calculated the ROI for a new disciplinary system and selection system to reduce unplanned absenteeism and bus delays.
8. The Healthy Living Group in a Canadian government healthcare system developed the ROI for a smoking cessation program for citizens under the age of 35.
9. The UN Women agency measured the ROI for a micro financing program to increase economic empowerment of women, especially of those who are most excluded.
10. A large insurance company developed the forecast and actual ROI for a work at home program for two job groups.
11. A major hotel chain calculated the financial value and ROI of its coaching program.
12. An NGO has developed the impact and ROI for a new law to make domestic violence illegal in Kazakhstan.
13. A refugee services agency conducted ROI studies on two of its major programs: employment and vocation services.
14. The Singapore Defense Science and Technology Agency (DSTA) is measuring the ROI on team effectiveness.
15. The Danish Postal Service calculated the ROI for a project to improve employee engagement.
16. A large U.S. bank calculated the ROI for sponsoring a major sports event.
17. The World Food Programme (Rome, Italy) developed the ROI for a leadership development program for country directors.
18. A major U.S. defense department agency calculated the ROI for a master's degree offered to high potential employees inside the agency.

Figure 1.1 A Variety of ROI Applications – The Possibilities are Endless. (*Continued*)

19 The Association for Talent Development calculated the ROI for the annual conference, from participant perspective and exhibitor perspective.
20 The United Nations Security Department calculated the ROI for providing police training in Kuala Lumpur, Malaysia.
21 Novartis, a Swiss-based pharmaceutical, developed the ROI for a management development program.
22 A package delivery company developed the ROI for the replacement of keys with a fob in courier vehicles.
23 Laboratory Systems, a small 13-person company in Ireland, calculated the ROI for new product development.
24 Innova Energy developed the ROI for a stress reduction program.
25 A large Canadian bank calculated the ROI for networking among its senior leaders.
26 A large international consulting firm calculated the ROI for a social media system designed to manage the knowledge of their consultants.
27 The U.S. Air Force calculated the ROI for implementing new procedures to prevent an intrusion into a database.
28 The Institute for Clergy Excellence calculated the ROI in a program to address the burn out among clergy.
29 Sprint/Nextel developed the ROI for a diversity program.
30 A large European software company calculated the ROI for a virtual business development conference for the sales team.

Figure 1.1 A Variety of ROI Applications – The Possibilities are Endless.

span the globe and types of organizations, with most of them in the public sector.

From education and business, to government, healthcare, and public policy, organizations are showing value by using the comprehensive evaluation process described in this book. Although this methodology to "show the money" had its beginnings in the 1970s, it has expanded in recent years to become the most comprehensive and far-reaching approach to demonstrating the value for money.

Types of Values

Value is determined by stakeholders' perspectives, which may include organizational, spiritual, personal, and social values. Value is defined by consumers, taxpayers, and shareholders. Capitalism defines value as the economic contribution to shareholders. The global reporting initiative (GRI), established in 1997, defines value from three perspectives: environmental, economic, and societal.

Even as projects, processes, and programs are implemented to improve the social, environmental, and economic climates, the monetary value is often sought to ensure that resources are allocated appropriately and that investments reap a return. No longer is it enough to report the number of programs offered, the number of participants or volunteers trained, or the dollars generated through a fundraising effort. Stakeholders at all levels—including executives, administrators, politicians, shareholders, managers and supervisors, taxpayers, project designers, and participants—are searching for outcomes, and in many cases, the monetary values of those outcomes.

"Strive not to be a success, but rather to be of value." – Albert Einstein

The Importance of Monetary Values

Many people are concerned that too much focus is placed on economic value. But it is economics, or money, that allows organizations and individuals to contribute to the greater good. Monetary resources are limited, and they can be put to best use—or underused or overused. Organizations and individuals have choices about where they invest these resources. To ensure that monetary resources are put to best use, they must be allocated to programs, processes, and projects that yield the greatest return.

For example, if a program is implemented to improve outcomes, and it does improve outcomes, we can assume that the initiative was successful. But if the initiative cost more than the outcome gains are worth, has value been added to the organization? Could a less expensive process have yielded similar or even better results, possibly reaping a positive ROI? Questions like these are, or should be, asked on a routine basis. No longer will activity suffice as a measure of results. A new generation of decision makers is defining value in a new way.

The "Show Me" Generation

Figure 1.2 illustrates the requirements of the new "show me" generation. "Show me" implies that stakeholders want to see impact data (i.e., outcome numbers and measures). This accounted for the initial attempt to see value in programs. This evolved into "show me the money," a direct call for financial results. But this alone does not provide the needed evidence to ensure that projects add value. Often, a connection between programs and value is assumed, but that assumption soon must give way to the need to show an actual connection. Hence, "show me the real money" was an attempt at establishing credibility. This phase, though critical, still left stakeholders with an unanswered question: "Do the monetary benefits linked to the program outweigh the costs?" This question is the mantra

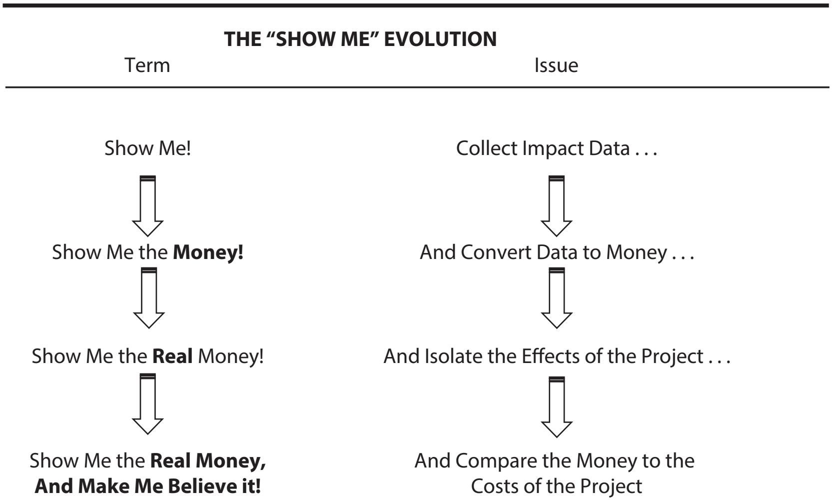

Figure 1.2 The "Show Me" Evolution.

for the new "show me" generation: "Show me the real money and make me believe it." But this new generation of project sponsors also recognizes that value is more than just a single number: value is what makes the entire organization system tick—hence the need to report value based on people's various definitions.

The New Definition of Value

The changing perspectives on value and the shifts that are occurring in organizations have all led to a new definition of value. Value is no longer defined as a single number; rather, its definition is comprised of a variety of data points. Value must be balanced with quantitative and qualitative data, as well as financial and nonfinancial perspectives. The data sometimes reflect tactical issues, such as activity, as well as strategic issues, such as financial impact. Value must be derived using different time frames and not necessarily represent a single point in time. It must reflect the value systems that are important to stakeholders. The data representing value must be collected from credible sources, using cost-effective methods; and value must be action oriented, compelling individuals to make adjustments and changes.

The processes used to calculate value must be consistent from one project to another. Standards must be in place so that results can be compared. These standards must support conservative outcomes, leaving assumptions to decision makers.

The ROI Methodology presented in this book meets all these criteria. It captures six types of data that reflect the issues contained in the new definition of value: reaction and perceived value, learning and confidence, application and implementation, impact and consequences, return on investment, and intangible benefits.

Why Now?

In the past decade, a variety of forces have driven additional focus on measuring the impact of programs, including the financial contribution and ROI. These forces have challenged old ways of defining program success.

Program Failures

A recent *New York Times* analysis revealed that McKinsey and Company, a top consulting firm, entered into a consulting contract to help Eskom, a South American state-owned electric utility, improve its performance. Power blackouts were common, maintenance was being deferred, a major boiler exploded, and the company was on the verge of insolvency. In 2015, McKinsey thought it could help with a large contract with a potential value of $700 million. This contract is now under investigation by the authorities who claim that the contract was illegal and that "it is far from clear that the flailing power company is much better off than it was before." Also, McKinsey has worked with the state-owned rail and port agency, Transnet, since 2005. Still, Transnet "remained an underachiever, its ports inadequate, its freight rail system moribund." In a statement, McKinsey said, "We are embarrassed by these failings, and we apologize to the people of South Africa, our clients, our colleagues and our alumni, who rightly expect more of our firm [2]."

Almost every organization encounters unsuccessful projects—projects that go astray, costing far too much and failing to deliver on promises. Project disasters occur in business organizations as well as in government, NGOs, and nonprofit organizations. Some project disasters are legendary. Some are swept into closets and covered up, but they are there, and the numbers are far too large to tolerate [3]. The endless string of failures has generated increased concerns about measuring project and program success—before, during, and after implementation.

The critics of these projects suggest that the failure could be avoided if: (1) the project is based on a legitimate need from the beginning; (2) adequate planning is in place at the outset; (3) data are collected throughout the project to confirm that the implementation is on track; and (4) an impact study is conducted to detail the project's contribution. Unfortunately, these steps are sometimes unintentionally omitted, not fully understood, or purposely ignored; hence, greater emphasis is being placed on the processes of accountability. This book attempts to show how these four elements come together to create value-adding projects and programs.

Budget Constraints

The prevailing economic model relies on a continual expansion of the size of the budget for projects and programs. A world in which things simply go on as usual is already inconceivable. The modern economy is structurally reliant on economic growth for its stability. When growth falters—as it did dramatically during the financial crisis—politicians panic. Businesses struggle to survive. People lose their jobs and sometimes their homes. A spiral of recession looms. Governments have less money. NGO funding suffers. Nonprofits lose donors or donor money. All types of projects and programs are trimmed or eliminated [4].

Even in times of uncertainty, budgets are scrutinized and reduced. The key is to keep as much of the budget as possible or increase it in the face of uncertainty. To do this, you need to show the value for money with credible data. The challenge for us is to create the conditions under which this is possible. It is the most urgent task of our time.

Project and Program Costs

The costs of projects and programs continue to grow. As costs rise, the budgets for these projects become targets for others who would like to have the money for their own projects. What was once considered a mere cost of doing business is now considered an investment, and one to be wisely allocated. For example, consider the field of learning and development in the United States. Learning and development is, of course, necessary, particularly to introduce new skills and technology to employees, but 20 years ago it was regarded by some company executives as a frivolous expense. These days, the annual direct cost of organizational learning and development is estimated to be over $150 billion in the United States. A few large organizations spend as much as $1 billion every year on operational learning and development. With numbers like these, learning and development is no longer considered a frivolous expense; rather, it is regarded as an investment, and many executives expect a return on major programs.

The same is true for information technology (IT). Years ago, it seemed a necessary but minor part of most organizational structures. Not so today. Consider, for example, FedEx. Casual observers may not regard FedEx as a high-tech company. It apparently consists of trucks and airplanes moving packages. Yet FedEx handles and keeps track of more than 125 million packages per day, coordinating the work of 400,000 employees, and operating 664 airplanes and more than 170,000 vehicles in more than 220 countries [5]. Seconds and minutes count with FedEx. A technology glitch could amount to a public relations disaster [6]. Because of the importance of IT, the company gives it an annual budget of more than $1 billion, a significant amount that attracts the attention of many executives.

Donors are More Demanding

There are over 1.4 million nonprofits in the United States, more than 500,000 of which have been created in the last 10 years! Yet according to the Urban Institute, there are only 1,100 different "types" of nonprofit programs (such as hunger relief, after school, arts and culture, housing, elder care, etc.). Simple math tells us, on average, there are over 1,000 nonprofits for each type of problem. Donors have a huge range of choices competing for their charitable instincts. That's a lot of people trying to do the same thing! [7]. There are hundreds of choices for where we can donate funds and get the same warm glow. The differentiator is the results…the impact of the nonprofit.

The Bill and Melinda Gates Foundation is probably the best example of how donor behavior has changed. When this foundation makes a grant, it requires value for money in several ways. When donors give money to the foundation, they are prepared to show the value for money. Their largest donor is Warren Buffett, one of the richest people on the planet and probably the most astute investor.

Bill and Melinda addressed their 2017 annual letter to Warren Buffett, who in 2006 donated the bulk of his fortune to their foundation to fight disease and reduce inequity [8]. Ten years later, in 2016, Buffet asked them to reflect on what impact his gift had on the world. In his letter, he stated:

> I also believe it's important that people better understand why success in philanthropy is measured differently from success in business or government. Your letter might explain how the two of you measure yourselves and how you would like the final scorecard to read. Your foundation will always be in the spotlight. It's important, therefore, that it be well understood. And there is no better way to this understanding that personal and direct communication from the two whose names are on the door.

Their response to Buffet captures the value for money:

> Ten years ago, when we first got word of your gift to the foundation, we were speechless. It was the biggest single gift anyone ever gave anybody for anything. We knew we owed you a fantastic return on your investment. Of course, philanthropy isn't like business. We don't have sales and profits to show you. There's no share price to report. But there are numbers we watch closely to guide our work and measure our progress. Our goals are shared by many other organizations working to save and improve lives. We're all in this together. So, most of the numbers we look at don't focus just on how we as a foundation are doing, but on *how the world is doing*—and how we see our role. Warren, your gift doubled the foundation's resources. It's allowed us to expand our work in US education, support smallholder farmers, and create financial services for the poor. But in this letter, we're going to tell you about our work in global health—because that was the starting point of our philanthropy, and it's the majority of what we do. We'll tell the story through the numbers that drive our work.

They went on to report the success of Buffet's investments. The focus was on impact but occasionally ventured into ROI. For example: "And for every dollar spent on childhood immunizations, you get $44 in economic benefits. That includes saving the money that families lose when a child is sick, and a parent can't work." This focus is needed in all types of public sector organizations.

Measurement at the Impact Level Is No Longer Optional

A consistent and persistent trend in accountability is evident in organizations across the globe: almost every function, process, project, or initiative is judged based on higher standards than in the past. Various functions in organizations are attempting to show their worth by capturing and demonstrating the value they add to the organization. They compete for funds; therefore, they have to show value. For example, the research and development function must show its value in monetary terms to compete with mainstream processes, such as sales and production, which for more than a century have shown their value in direct monetary terms.

Funders need to know whether programs are really producing change or just trying to change. "I don't know" becomes a very expensive proposition when people are attaching economic value to actual results. Organizations will no longer be able to duck the measurement question by citing the complexity of their work.

Process Improvements Use

The use of ROI and the need to show monetary value have increased because of the organizational improvement processes that have dominated many organizations, particularly in North America, Europe, and Asia. These process improvement efforts (with labels such as business process improvements, reengineering, Six Sigma, Lean processes, and analytics) have elevated the need to show value in three important ways. First, these processes themselves often create or enhance a measurement culture within organizations. Second, these processes have been successful at adding real value to the organization. Third, the quest to show the value of these processes has created the need to show their actual monetary impact, up to and including ROI.

Managers' New Business Focus

In the past, managers of many support functions in government, nonprofit, and private organizations had no business experience. Today, things have changed. Many of these managers have a business background, a formal business education, or a business focus. These new, enlightened managers are more aware of bottom-line issues in the organization and are more knowledgeable of operational and financial concerns. They often take a business approach to their processes, with ROI being a part of that strategy. Because of their background, ROI is a familiar term. They have studied the use of ROI in their academic preparation, where the ROI Methodology was used to evaluate purchasing equipment, building new facilities, or buying a new company. Consequently, they understand and appreciate ROI and are eager to apply it in other areas.

Case Study

The Impact Hiring Initiative at FSG is making strides in helping employers explore innovative best practices in hiring, retention, and advancement of people who are faced with systemic barriers to employment. The concept of impact hiring focuses on establishing talent practices that create business improvements through hiring and developing individuals such as opportunity youth, formerly incarcerated individuals, and people with disabilities.

"A lot of what we're doing focuses on frontline workers and entry level jobs," said Nicole Trimble, Executive Director of the Impact

Hiring Initiative. "Historically, companies have seen these jobs and people as expendable."

That mindset is changing. Companies are reaching out to the Impact Hiring Initiative because they need help attracting talent, filling roles, and handling high turnover.

Kim Shin, an Associate Director at FSG, said, "This needs to move from a community engagement initiative to a business and HR strategy. Looking at inclusive hiring this way will make it a long-term, lasting practice."

The Impact Hiring Initiative offers nine-month-long Innovation Labs that provide employers an opportunity to recognize the business value of impact hiring. These labs include consulting support, peer-to-peer learning, and a communication platform for sharing employment innovations. They are also a space for employers to pilot and test new strategies.

The next step for the Impact Hiring Initiative team is to conduct an ROI study on tracked data from pilot programs explored in the Innovation Labs. They plan to share this case study with other companies in the future to help organizations implement these types of talent strategies and to show how inclusive hiring helps both businesses and the community.

"The ROI is absolutely necessary, as are data and analytics – but those things alone don't change behavior. We have to integrate these quantitative measures with a heart and mind shift," Trimble said. "In order to have employers invest in people who don't look like them, don't have the same background, and haven't had the same life experience, we have to help break down the barriers between them."

Globalization

Over the last 200 years, a period equal to just one-tenth of 1 percent of our existence as a species, humans have experienced high rates of population growth, technological progress, and increases in standards of living. The world's population has grown six fold, per person material output has increased about tenfold, and we live, on average, three times as long as people did 200 years ago. This unprecedented growth in human economic activity has been accompanied by the expansion of international economic activity. Humans have become increasingly interdependent, to the point where most people today could not survive were it not for jobs performed, goods produced, and income spent in other parts of the world.

This economic growth, coupled with instant communication, creates a level playing field across the globe. Success and failures are known quickly, putting pressure on leaders to transform learning from success and failures. When an economic and social miracle occurs in one country, like Singapore, other countries want similar improvements. When a country's economic and social system collapses, like Greece, other countries try to prevent the same default. Both of these scenarios bring new programs and often with increased accountability [9].

The Growth of Project Management

Few processes in organizations have grown as much as project management. Just two decades ago it was considered a lone process attempting to bring organizational and management structure to projects. Today, the Project Management Institute, which offers three levels of certification for professional project managers, has more than 500,000 members in 204 countries [10]. Jobs are being restructured and designed to focus on projects. Many project managers are being asked to show the ROI for their projects. Also, with the growing use of project management solutions, tools, and processes, a corresponding need to show the accountability for investing so heavily in this process has developed.

Evidence-Based or Fact-Based Management

Recently there has been an important trend to move to fact-based or evidence-based management. Although many key decisions have been made using instinctive input and gut feelings, more managers are now using sophisticated and detailed processes to show value. Smart decisions must be based on more than gut feelings or the blink of an eye. With a comprehensive set of measures, including financial ROI, better decisions regarding people, projects, and processes are possible.

When taken seriously, evidence-based management can change how every manager thinks and acts. It is a way of seeing the world and thinking about the craft of management. Evidence-based management proceeds from the premise that using better, deeper logic and facts to the extent possible helps leaders do their jobs better. It is based on the belief that facing the hard facts about what works and what doesn't work and understanding and rejecting the total nonsense that often passes for sound advice, will help organizations perform better [11]. This move to fact-based management makes expanding measurement to include ROI easier.

Mistrust of Institutions

When there is lack of trust, increased accountability is needed. The public has a mistrust of institutions of all types. While a lack of trust is a concern in business (especially banks and financial institutions), it is a persistent problem with governments, nongovernment organizations (NGOs), and even nonprofits. In 2011, Gallup reported that Americans' approval of Congress was at an all-time low of 13 percent [12].

What may be a surprise is the distrust of nonprofits and charities. In the 1970s, public concern about fundraising and administrative costs in charities grew. By the end of the 1970s, 20 states and numerous county and local governments had adopted laws or ordinances limiting charity solicitations to organizations that could prove a sizable portion of the collection went for charitable purposes rather than for salaries and administrative costs. Many of these were subsequently rendered unconstitutional by US Supreme Court rulings. Things deteriorated further for charities after the attacks on September 11, 2001, when the media and others jumped all over the Red Cross for the speed and manner with which it distributed donations to victims. The *Chronicle of Philanthropy* reported in 2002 that a whopping "forty-two percent of Americans said they had less confidence in charities now than they did before the attacks because of the way charities handled donations."

Six years later, things hadn't improved. A March 2008 survey by the Organizational Performance Initiative at the Wagner School of Public Service also found that Americans remained skeptical of charitable performance and that estimates of charitable waste remained disturbingly high. Only 17 percent felt charities did a "very good job" running programs and services [13].

Benchmarking Limitations

Executive and managers have been obsessed with benchmarking. They have used benchmarking to compare every type of process, function, and activity. Unfortunately, benchmarking has its limitations. First, the concept of best practices is sometimes an elusive issue. Not all participants in a benchmarking project or report necessarily represent the best practices. In fact, they may represent just the opposite: benchmarking studies usually involve organizations willing to pay to participate. Second, the measures could be the wrong measures. What is needed by one organization may not always be needed by another. A specific benchmarked measure or process may be limited in its actual use. Consider, for example, the most benchmarked question for nonprofits and charities: "What percentage of my donation goes to the mission versus overhead?" They want the amount going to the mission (cause) to be very high and the amount going to overhead to be very low. While it makes sense, a little reflection and analysis reveals that this question is flawed in several ways.

1. It makes us think that overhead is not part of the mission, but it is an important part of the charity or nonprofit.
2. It reveals nothing about the quality of the charity's work.
3. It's an input measure, not an impact measure.
4. The way it's calculated can be misleading [14].

Finally, the benchmarking data are often devoid of financial aspects, reflecting few if any measures of the actual financial contributions with ROI values. Therefore, managers have asked for more specific internal processes that can show these important measures.

The Executive Appetite for Monetary Value

Providing value for money is receiving increased interest in the executive suite. Top managers who watch budgets continue to grow without appropriate accountability measures are frustrated, and they are responding to the situation by turning to ROI. Top executives now demand ROI calculations and monetary contributions from programs and services where they were not previously required. For years, managers and department heads convinced executives (and donors) that their processes could not be measured and that the value of their activities should be taken on faith. Executives no longer buy that argument; they demand the same accountability from these functions as they do from the sales and production areas of the organization. These major forces are requiring organizations to shift their measurement processes to include the financial impact and ROI.

Challenges Along the Way

The journey to increased accountability and the quest to show monetary value, including ROI, are not going unchallenged. This movement represents a tremendous cultural shift for individuals, a systemic change in processes, and often a complete rethinking of the initiation, design, development, delivery, and maintenance of processes in organizations.

Preparation and Skills

Although interest in showing the value and measuring ROI is now heightened and much progress has been made, these are still issues that challenge even the most sophisticated and progressive functions. The problem often lies in the lack of preparation and skills that are needed to conduct these types of analyses. The preparation for most jobs in these areas often lacks the required skill building. Rarely do the curricula in degree programs or the courses in a professional development program include processes and techniques to show accountability at this level. Consequently, these skills must be developed by the organization, using a variety of resources, so that they are in place for successful implementation.

Fear of ROI

Few topics stir up emotions to the degree that ROI does. Some program owners suggest that the conclusion behind the ROI value is simple: if it is negative, executives will kill the program; if it is extremely positive, they do not believe it. The potential for this response from executives causes some professionals to avoid the issue altogether. A familiar reaction emerges: "If my project or program is not delivering value, the last thing I want to do is publish a report for my principal sponsor." Unfortunately, if the project is not delivering value, the sponsor probably already knows it, or at least someone in the organization or community does. The best thing to do is to be proactive and to show the value for money using a systematic, credible process.

Then there is the fear of abuse of the data. Will the data be used to punish the program owner, reward participants, or improve processes? Ideally, results should be used to improve processes with positive feedback when appropriate. The challenge is to ensure that data are not misused or abused. The fear of ROI can be minimized when the individuals involved understand the process, how it is designed and delivered, and the value that it can bring from a positive perspective.

Time Commitment

Thorough analysis takes time. Many practitioners and some sponsors are restless and do not want to take the time to do the appropriate analyses. In a fast-paced work environment where decisions are often made quickly and with little input or data, some executives question the time and the effort involved in this type of analysis. What must be shown, however, is that this effort is necessary and appropriate, and will ultimately pay off. When the process is implemented, the individuals involved usually see that the value of the increased effort and activity far outweighs the cost of the time.

Power and Politics

Having appropriate data represents power to many individuals. How that power is used is important. If used for constructive purposes, data are perceived as valuable. If data are used for destructive or political purposes, they may be seen as less valuable. The important issue is that if the information is based on credible facts, then it generates power. If it is based on opinions or gut feelings, then the person who provides those opinions is more influential than the opinions themselves. Essentially, facts create a level playing field for decision-making. As one executive from a high-technology company said, "If a decision is based on facts, then anyone's facts are equal as long as they are relevant; however, if it must be based on opinions, then my opinion counts a lot more." This underscores the power of having credible data for making decisions [15].

Misleading Hype

Claims abound about success and the use of data to support an idea, project, or program. When the facts are examined, however, they often reveal something completely different. For example, some use return on expectations (ROE), suggesting that this is an impact. Further analysis reveals that this is usually only reaction data. Others use social return on investment (SROI) as a substitute for ROI. Unfortunately, many times this is only intangible data with no financial information.

Tremendous claims, ads, and success stories are presented to promote a concept or idea. Exaggerated statements in marketing campaigns add to the confusion. For example, SAP ran a series of ads claiming that companies that use their software are more profitable than those that do not. An independent research unit found the opposite to be true. SAP then refused to show how they arrived at the conclusion.

Projects and programs are evaluated in a variety of ways, and few accepted standards, rules, and processes exist with which to validate those assumptions and claims. A systematic process with conservative, accepted standards can create a credible story of program success.

Sustainability

The final challenge is sustaining such a radical shift in accountability. The implementation of the ROI Methodology must consist of more than just conducting one or two studies to show the value of the project or program. It must represent a complete change in processes so that future projects and programs focus on results. This change will require building capability, developing consistent and compelling communication, involving stakeholders, building the process into projects, creating expectations, and using data for process improvements. This is the only way to sustain any change for the long term; otherwise, it becomes a one-shot or short-term project opportunity.

> ***"Progress always involves risk. You can't steal second base and keep your foot on first." – Frederick B. Wilcox***

Final Thoughts

So what? What does all this mean? This chapter makes the case for having a more comprehensive, credible process to show the value for money. Many important stakeholders are demanding, requiring, or at least suggesting more accountability up to and including the monetary value. "Show me the money" has become a common request—and is being made now more than ever. A variety of forces have created this current focus on results, leaving program planners with only one recourse: to step up to the accountability challenge, create a process that can make a difference, develop data that please a variety of important stakeholders, and use a process that makes projects and programs better in the future. That is the intent of the process described in this book.