ROI Institute Toolkit

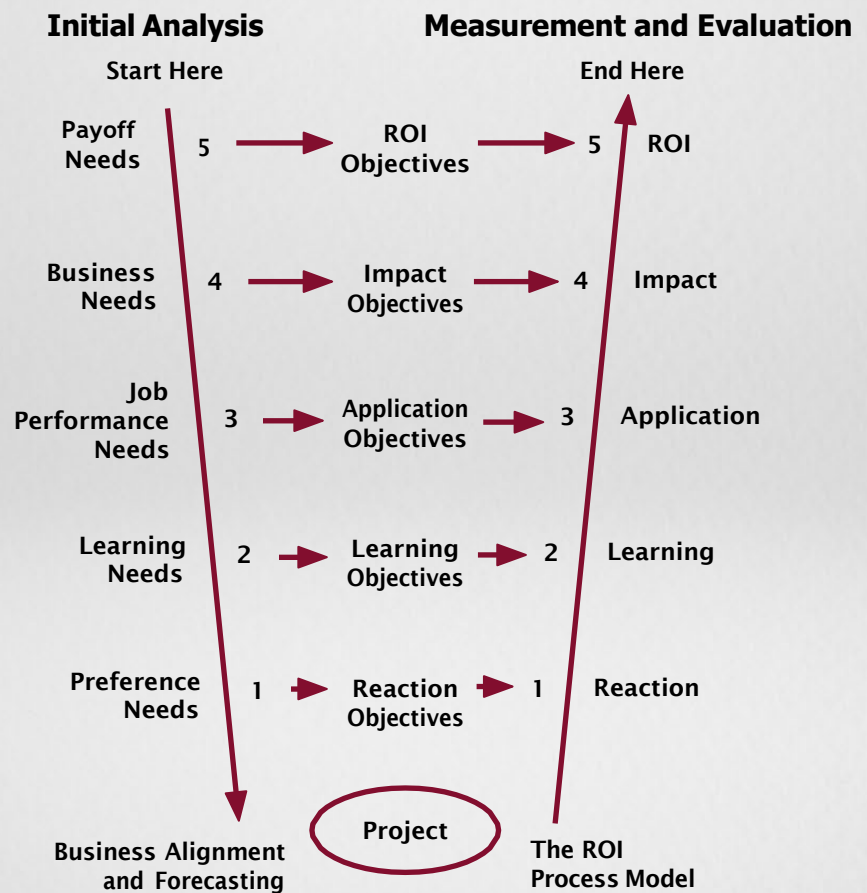# The Alignment Conversation

Tools to help you align investments to business needs

The following tools provide a framework for the alignment conversation between client and the business partner.

The documents below provide questions you can use with clients to help ensure alignment between the ultimate payoff opportunity for the organization and a solution. It is a tool to support implementation of the left side of the alignment model (below). In this document, you will find:

1. A simple worksheet that you can use to take notes while having a conversation with clients. Once alignment is clear, set your objectives, position the program/ project by designing, developing, and implementing it based on the objectives, and evaluate accordingly.

2. Sample worksheet completed after a conversation with a plant manager concerned that his team could not manage a meeting.

3. An "if – then" table, describing what you ask given what you know.

4. Sample business case for a solution after the alignment analysis. The sample demonstrates the flow of the logic, rather than the details of the case.

5. The "Great Idea" conversation. A conversation you can have when the client brings the solution to you.

The Alignment Process

Initial Analysis
Start Here

Measurement and Evaluation
End Here

Initial Analysis		Measurement and Evaluation
Payoff Needs	5 → ROI Objectives →	5 ROI
Business Needs	4 → Impact Objectives →	4 Impact
Job Performance Needs	3 → Application Objectives →	3 Application
Learning Needs	2 → Learning Objectives →	2 Learning
Preference Needs	1 → Reaction Objectives →	1 Reaction

Business Alignment and Forecasting

Project

The ROI Process Model

Simple Worksheet

5 **What is the problem or opportunity? What is the value of the opportunity?** Problems and opportunities can be obvious (e.g. we are losing $1 million a month due to the disposal of perfectly good products), or they can be not so obvious (e.g., we want to be a great place to work).

4 **What key business measures, if improved, would indicate the problem or opportunity is being addressed?** Typical measures are those associated with output, quality, cost, time, customer satisfaction, job satisfaction, work habits, and innovation (e.g., false rejects, length of stay, inventory overrun, absenteeism, overtime, employee turnover, customer churn).

3 **What specific performance change must occur to improve the business measures? What metrics indicate that this change is occurring or needs to occur?** For example, supervisors are not having conversations with staff who fail to show up for work, my ONA metrics indicate my key people are at risk of burnout, new hires need to perform at a higher level within a shorter period of time.

2 **What knowledge, skills, or information could prepare those charged with the performance change?** For example, supervisors need to know how to have crucial conversations, inspectors need to learn the difference between acceptable and unacceptable products, key performer needs to know how to protect and manage their time, while other staff need to gain knowledge in areas where deficient.

1 **How best can the knowledge, skills information, or insight be delivered so that people acquire the knowledge they need to change performance in order to improve the business measures, thereby, solving the problem or leveraging the opportunity?** For example, new procedure launched during staff meetings, new technology introduced to team, new reporting process introduced to key stakeholder during executive retreat.

Sample Alignment Worksheet Completed

LEVEL OF NEED	NEEDS
Payoff Opportunity *What is the economic opportunity or problem?*	• Specific dollar amount unknown (estimated hundreds of thousands in U.S. dollars due to time wasted in meetings).
Business Need *What are the specific business needs?*	• Too many meetings • Too many people attending meetings • Meetings are too long
Job Performance Need *What is happening or not happening on the job that is causing the business need?*	• Meetings are not planned • Agendas for meetings are not developed prior to the meeting • Agendas for meetings are not being followed • Consideration of time and cost of unnecessary meetings is lacking • Poor facilitation of meetings • Follow-up on actions resulting from the meeting is not taking place • Conflict that occurs during meetings is not appropriately managed • Proper selection of meeting participants is not occurring • Good meeting management practices are not implemented • Consideration of cost of meetings is not taking place
Learning Need *What knowledge, skill, or information is needed in order to change what is happening or not happening on the job?*	• Ability to identify the extent and cost of meetings • Ability to identify positives, negatives, and implications of basic meeting issues and dynamics • Effective meeting behaviors
Preference Needs *How best can this knowledge, skill, or information be communicated so that change on the job occurs?*	• Facilitator-led workshop • Job aids and tools provided • Relevant and useful information a requirement

If–Then Table

IF YOU ONLY KNOW THE	THEN ASK FOR
Payoff Opportunity (Level 5) In other words, clients are concerned with the organization's ability to make money, save money, or avoid cost. Or they are concerned with the organization's reputation, ability to drive innovation, engagement of employees.	*The estimated value of that opportunity.* For example, if they are interested in reducing costs, ask them for the specific amount in cost overrun. Then ask them to define the specific business measures that need to be improved in order to take advantage of the payoff opportunity.
Business Measure(s) that Need to Improve (Level 4) Business measures may be categorized as hard data or soft data. Hard data measures represent measures of output, quality, cost, and time. Soft data measures are measures of job satisfaction, customer satisfaction, work habits, innovation.	*Clarity around the measure including baseline and target performance.* For example, if they are concerned with employee turnover, try to get a definition—is it all turnover or just the regrettable turnover in one area? Ask for the baseline (where are we today?) and how much the measures need to be improved. If you do not know, ask for the monetary value of the measure to estimate the payoff opportunity. For example, if the measure is absenteeism, ask them how much absenteeism costs the company. If they do not know, ask them what happens when someone does not show up for work. Given that, how much do they estimate that costs the company per day? Then (following the standard), ask them to adjust that value for confidence. You can then calculate the estimated cost of turnover: estimated cost x confidence = conservative estimate Then, ask them to describe what needs to happen or stop happening (e.g., behavior changes, process changes) in order to improve the business measures. Look for an opportunity here to conduct a performance gap analysis to identify the cause of the business need.
Performance Needs (Level 3) Performance needs represent the behaviors or processes that need to change. In other words, what do people or processes need to start or stop doing?	*Specific business measures that will improve as a result of addressing the performance needs.* What measures will improve if these behaviors or processes change? If identifying improvement is too difficult, ask the question: What happens if we do nothing? Here you have an opportunity to analyze the cause of the business need. Once you are clear on the performance needs, try to determine what it is people need to know to address those needs. This may be answered with the client, through the cause analysis, or even through pre-assessment if the solution becomes clear during the cause analysis.
Learning Needs (Level 2) Learning needs may be knowledge, skill, or information needs. Your client may be focused on how employees are unaware of how their behavior effects customers (lack of awareness is a learning need).	*Specific behaviors that need to change as a result of addressing the learning needs.* What will people do differently by acquiring this knowledge, skill, or information? Then, ask how changing the behavior will improve business measures, what those business measures are, the baseline for those measures, and how much they need to improve.
Preference Needs (Level 1) The preference need is the solution or the ways in which the solution(s) will be implemented (e.g., two-day workshop on meaningful conversations because it was a good book, a three-year, enterprise-wide license to Degreed®, or the creation of dashboards/scorecards, etc.).	*Specific knowledge, skill, or information the client wants people to acquire based on this preference.* What will people learn through this investment that they do not already know? What do they need to know to make it work? Ask the client to describe the behaviors that will change as the result of acquiring this knowledge, skill, and information. Once you know this, try to determine the business measures that will improve as a result of changing the performance. Then ask for the value of the business measures to try to get to the payoff opportunity.

Sample Business Case for a Solution
The Business Case for Skill-Based Pay in a Financial Institution (HR presenting to Executive)

Payoff Need	As you know, throughout our industry, mergers and acquisitions are occurring, reducing the number of competitors. We are faced with a variety of operational issues and customer service is at an all-time low. Currently our overall turnover is 57% compared to industry, which is about 26%. The cost of turnover, depending on position, ranges from 110% to 125% of salary.
Business Need	Voluntary turnover in the branches is the biggest problem. Branch employees interact most directly with our customers. Currently, turnover is at 71%; that is 336 employees voluntarily leaving each year, contributing to our customer service problem. The cost of turnover of these particular jobs is $16,650.
Performance Needs	Because of the cost associated with this problem, we felt it was important to understand why the turnover was occurring. Exit interviews offer a limited perspective. We conducted six focus groups, hearing from 72 people. Participants included those individuals in the same jobs as those who were leaving. We used a process called nominal group technique to get to the root cause of our turnover. By asking focus group participants the question: "Why are your colleagues leaving?" we attempted to remove bias from their responses. Their responses served as a proxy for why they would leave. Through a structured process that lead to ranking and weighing the different reasons for departure, we identified the top ten reasons. The top five reasons for departure include: 1. Lack of opportunity for advancement 2. Lack of opportunity to learn new skills and new product knowledge 3. Pay level not adequate 4. Not enough responsibility and autonomy 5. Lack of recognition and appreciation We can address these issues with a skill-based pay program.
Learning Needs	To make this solution work, branch employees will need to understand why the initiative is underway and their role in addressing the issues. They will need to know how the skill-based pay process works. Additionally, the targeted staff will need to acquire certain knowledge and skills before advancing to a higher level pay. We have already begun conversations with learning and development to identify courses to help branch staff build skills so they can take on additional responsibilities. HR will develop new procedures for how the pay portion of the process works. For the most part, branch supervisors have bought into the idea.
Preference Needs	The best way to role this out is to launch within each of the branches. Knowing that not all staff will want to participate, we will need to ensure that those who do not are not penalized.
Investment	We estimate the program will prevent a minimum of 60 turnovers in the first year. That's $999,000 in cost avoidance. To launch the program, we are asking for an $800,000 investment. So, our target return, in year one, is 25%. Just as important, through the process, employees will begin to perceive that our organization cares about their development. By taking on new responsibilities and having greater autonomy, branch employees will better serve our customers—this should be evident in the customer data over time.

Adapted from Phillips, P. P. and Phillips, J. J. (2016) *Measuring the Success of Employee Engagement.* Alexandria, VA: ATD Press.

Great Idea!

Great Idea Conversation

In the ideal world, solutions evolve from an assessment of need, beginning with the payoff need and flowing through business and performance needs. But on occasion, the boss or a client reads a good book or sees something shiny. They want it—and on top of that, they want it to have enough impact that the benefits of their solution outweigh the costs. Once you say yes to taking on that project, you own it, along with its outcome.

Before saying yes too quickly, try a line of questioning like this:

The Client: Hey, I read a great book on meaningful conversations. I would like a two-day workshop on meaningful conversations next Thursday and Friday, facilitated by a subject matter expert, involving these supervisors, and I want to see a positive ROI as a result. (Level 1 Preference Needs).

YOU: Great idea. I read that book. What exactly do you want people to learn from this workshop?

The Client: I want them to learn how to have meaningful conversations. (Level 2 Learning Need)

YOU: Great idea. I think they need to know how to have meaningful conversations as well. What exactly do you want them to do differently as a result of learning how to have meaningful conversations?

The Client: Don't you know? I want them to start having meaningful conversations with those employees who are not showing up for work (Level 3 Performance Need and Level 4 Need).

YOU: Oh, I see. So, the supervisors are not having conversations with their employees when they do not show up for work. Are you really saying that you have an absenteeism problem?

The Client: Well, yes, that is exactly what I am saying.

YOU: Thanks for the clarification. How bad a problem is it?

The Client: We're at 9% absenteeism; we should be no more than 5% based on industry benchmarks. (The client just gave you the Level 4 target).

YOU: I see. Do you have any idea how much one absence for one day costs?

The Client: The cost is about $150 per day for an unexpected absence. (Level 5 Payoff Need).

YOU: Thanks. So, given you're at 9% absenteeism, with 180 employees working for you, that's 16.2 absences per day. For one year, assuming 240 working days, that's 3,888 absences. Multiply that times $150—that's $583,200 in cost due to people not showing up for work.

The Client: Well, I knew it was expensive.

YOU: While the meaningful conversations workshop will not solve the problem entirely, if the concepts are applied, it can have an impact. To bring a subject matter expert in for two days, plus taking 12 supervisors off the job, using the facility, offering refreshments, travel, etc., it will cost the organization about $40,000. Even if the program only contributed to a 10% reduction in absenteeism, that would save you about $58,320 in the first year. That's more than enough to cover the cost of the program, plus the skills can help with other issues.

The Client: Sounds good. Let's make it happen. Let's also schedule time to discuss how we can determine what is really causing people to miss work.

By clarifying needs up front, you can develop program objectives that position your programs for success and define the measures you will take during the evaluation. You can also help your client determine if their solution is the right solution given the real problem (or opportunity) they are trying to address.

Additional Resources

Phillips, J. J. and Phillips, P. P. (2012) *10 Steps to Successful Business Alignment.* Alexandria: ASTD Press.

Robinson, D. G, Robinson, J. C, Phillips, J. J., Phillips, P. P. and Handshaw, D. (2015) *Performance Consulting: A Strategic Process to Improve, Measure, and Sustain Organizational Results.* San Francisco: Berrett-Koehler.

Phillips, P. P. and Phillips, J. J. (2015) *Making Human Capital Analytics Work: Measuring the ROI of Human Capital Processes and Outcomes.* New York: McGraw-Hill.

Phillips, P. P. and Phillips, J. J. (2016) *Measuring the Success of Employee Engagement.* Alexandria, VA: ATD Press.