Chapter 16

Measuring ROI in
Selection and Onboarding

Global Bank Inc.

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This case study measures the success of a project that is very common to large organizations. Each year companies hire new MBA graduates and integrate them into the organization in leadership roles. Some of the new prospects are successful and some are not. This is an example of a program that worked extremely well because it was designed to achieve the desired results. It involves changes in recruiting and selection of rotational assignments where the participants add value to the department to which they are assigned. This study shows the impact and financial ROI of this revised program.

BACKGROUND

Global Bank Inc. (GBI) is a large commercial and consumer banking organization with a strong presence in the United States and a significant presence outside the United States. Functionally, Global Bank operates through different divisions, including retail banking, electronic banking, international banking, consumer loans, commercial loans, home mortgages, wealth management, corporate services, and investments. The bank provides services to several regions in the United States as well as globally, with a strong presence in six countries. GBI is experiencing significant growth and is planning for future growth; however, the management team is concerned that the management talent is not deep enough in the organization.

The Situation

Each year, Global Bank recruits from major business schools, hiring more than 100 MBA graduates. Executives had two concerns about the program: there were not enough new MBAs and the turnover among newly hired MBAs seemed too high. The records show that up to 30 percent of new MBA hires left in the first two years, after GBI invested a significant amount of money in their development. GBI had experimented with rotational training programs in the past, but that did not seem to work out well, and the turnover rate was even higher. Management was convinced that the turnover had more to do with the way new hires transitioned into the bank. They concluded that three issues were contributing to the problem:

- The need for a distinct career path.
- A lack of meaningful assignments in rotational areas.
- Placements were not occurring as quickly as they should be.

These three challenges led the global talent management team to develop a new onboarding program for MBA candidates.

Needs Analysis

The talent management team decided to conduct additional analyses to understand what was causing the high turnover rates and to understand why the previous program was not more successful. They also wanted to understand how a new program could be implemented in a different way so that it would be successful. The ultimate goal is to retain these individuals, assign them to key positions, and have them perform exceptionally.

Although the team felt that these conclusions were correct, HR wanted to make sure they were approaching the right solution. With this in mind, the HR team reviewed exit interview data and made calls to previous MBA hires who had left the company to ask what would have been helpful to improve the program. They also explored what they could have done differently to keep the graduates at Global Bank. These proved to be very fruitful conversations.

Current MBA graduates who were still employed were invited to join focus groups to understand why some of their colleagues had left and to solicit specific actions to lower the turnover rate. This approach, using the nominal group technique, removed the pressure for current MBAs to explain why they might leave—no one wants to admit that leaving the company is

something they plan to do. Some analysis was run on the MBA graduates employed by the company to uncover the cause of their success. This was conducted in an attempt to understand whether school, age, gender, marital status, or grades were linked to tenure and career progression. This analysis revealed that grades, age, gender, and marital status made very little difference. However, three schools had significantly higher tenure and career success, which seemed to be based on the MBA curriculum in those schools that was applied to and focused on leadership.

Finally, the selection process itself was reviewed to see whether some adjustments could be made to ensure that the right candidate was selected. This analysis revealed some insight and new assessment possibilities that could predict success. With these analyses complete, the program was developed and proposed.

PROGRAM DESCRIPTION

The new program involved three parts: The first part was recruiting and selection, which had three changes. The second part was the MBA rotational assignment, which had five changes. Finally, the third part was a comprehensive, two-week workshop.

Recruiting/Selection

In the first change, the recruiting team placed an emphasis on the three schools that seemed to generate more success. These particular schools had a higher number of graduates who had progressed in the organization. After interviewing these candidates it appeared that the philosophy of the business schools was to produce graduates who accelerate quickly and take more responsibility in a leadership position.

The second change represented an assessment tool that was customized to GBI and was focused on three important dimensions:

- Eagerness to lead a team
- Willingness to assume responsibility and accountability quickly
- The values of the candidate compared with the culture of GBI

This instrument, purchased from a reputable supplier and adjusted for GBI, was used to connect these issues with retention. Low scores on this assessment would normally mean that the candidate would not be employed.

However, there could be some overriding exceptions, so at this point it was merely used as an indicator, not an absolute cutoff. Only after more data analysis would it be used as a go or no-go decision maker.

The third change was to focus the interviews on three areas: the culture of the organization, a sense of responsibility and accountability, and the desire to lead teams to success.

Rotational Assignments

The rotational program had five changes. The first focused on the amount of time in the program. Previously, graduates completed the program in two years, with each assignment set for three or six months. Now, those times are negotiated between the participants, a career advisor, and the appropriate departments.

The second change involved the nature of the rotational assignment. With this change, the participant is assigned to fill a current job within a particular department and is expected to rise to the average performance level of that job within two months. For most of the departments, that should not be a difficult task.

The third change was that participants would have to recommend changes to improve the function within their assigned department. They were encouraged to take a fresh look at the process, examine the tasks, and review the systems. Any suggested improvements could be technology driven, procedure driven, or leadership driven, or involve human resources in terms of reward systems, job design, and so on. Recommendations are required in the new program, and showing the monetary value of the improvement using a conservative estimation process is even better.

A fourth change involved the rotational schedule. Participants must now complete at least six rotations, ideally seven or eight. This would be in part determined by the eagerness of the participants to assume the full-time responsibility, and their readiness for a full-time assignment. Thus, participants will not always be rotating through functions that have little need for them, saving the functions with the most growth opportunities near the end of their rotations. This way they can likely translate their assignments into full-time positions.

The final change in this process is that the new candidates must assume a leadership role in their permanent assignment, ideally within a year after employment. The objective of this program is to develop leaders who had

business experience before they entered the graduate MBA program. These candidates should be able to rapidly move into leadership roles and up the career ladder.

Formal Training

An important part of this program is a comprehensive two-week workshop that provides the training necessary to succeed at Global Bank. The workshop is taught by external faculty and internal experts, covering 16 modules:

1. Introduction to the MBA Program
2. Company Mission, Vision, Values, and Strategic Objectives
3. Retail Banking
4. Electronic Banking
5. International Banking
6. Corporate Services
7. Consumer Lending
8. Commercial Lending
9. Home Mortgages
10. Wealth Management
11. Investment Services
12. Negotiations
13. Process Improvement
14. Managing Change
15. Performance Management
16. Leadership Development

Because only a few participants have banking experience, this aligns the new MBA recruits to the company and the banking business, while covering key soft-skills topics that are necessary to succeed in the bank.

THE EVALUATION APPROACH

Rationale for ROI

Some conversations with the senior team revealed a desire to see the impact of this program and maybe the financial ROI. The most important measure to track is retention, as these high-potential candidates need to remain with the bank. Second, and just as important, is that they should be successful when they are placed in permanent jobs. Third, they need to meet the performance levels with their rotating assignments. Finally, the participants need to drive improvements throughout the system as they rotate through the program. It was decided to measure this program using the ROI Methodology process, which captures reaction, learning, application, impact, and ROI. This is the most comprehensive evaluation system and is ideally suited for this type of analysis.

The Objectives

The objectives of this program were comprehensive and follow the levels of evaluation. All objectives were developed with input from executives and other stakeholders.

For Level 1 (Reaction), the program should be perceived by participants as relevant to their individual needs, important to their own career success, and something they would recommend to others. The managers in the departments where the participants work need to see the program as necessary and important to the company's success.

For Level 2 (Learning), before participants can begin their rotational assignments they must learn the basics of banking and the organization during the two-week classroom program. This program includes a variety of exercises and the learning is measured using a combination of self-assessments, quizzes, role plays, and simulations. The objective is to have a minimum of 90 percent of participants successfully complete this program. If participants do not complete the program successfully, they could be removed from the program. This would be examined on a case-by-case basis with the decision based on objective criteria.

As participants proceed through the assignments they must complete a simple quiz about the work in that function. They are briefed ahead of time about the topics, which are all focused on the work of that particular department. This quiz is designed to ensure that participants know the key elements of activity for that department. Those who fail to score at least 80 percent would have an opportunity to try again with verbal questions. If the results are unsatisfactory, the participant will usually have to work in the department for a longer period. Additionally, during every assignment participants complete a self-assessment on how well the program is meeting their learning needs.

For Level 3 (Application), the application part of the process focuses on job assignments and individual projects. As participants learn a particular job, they must perform it. Job performance is measured with very specific criteria and success is defined with input from the department manager. The goal is to perform the job at an average performance level within two months. For most of these situations, that goal should not be difficult. The MBA graduates are talented individuals and most of them should achieve this within the first month for a majority of the assignments.

Another application objective focuses on the project and has two parts: A project improvement recommendation must be submitted after three

months, and if possible, it should have a monetary value assigned to it. Participants will be given instructions on how to formulate their project, complete it, conduct the analyses, and present it. They will also be asked to present the recommendation in a formal meeting with the department manager and any key employees.

Several objectives are developed at Level 4 (Business Impact). After the program is fully operational:

1. 80 percent of participants will receive a permanent assignment within one year.
2. A 90 percent retention rate will be achieved after two years.
3. At least 50 percent of participant projects are implemented in the rotational departments representing direct efficiency and effectiveness measures, with a $10,000 average target.

For Level 5 (ROI), the ROI objective is set at 20 percent, keeping it slightly above the minimum required for capital expenditures. This is only a minimum acceptable performance.

Monetary value would come from a reduction in turnover, participant performance in their job, and implementing improvements in the departments. The cost of the program would include administrative costs, the cost for the two weeks of training, and subsidized salaries in the department where the participants work. In those departments, salaries would be subsidized by 20 percent from the global talent team budget to entice department heads to use these participants in their work. The department absorbs the rest of their salary because the participants are performing an actual job. This is an important monetary contribution from the participant.

EVALUATION PLANNING

Data Collection Plan

Figure 16-1 shows the data collection plan for this program, which is quite comprehensive, involving a variety of data collection methods, including questionnaires and data monitoring. The challenge is to collect an appropriate amount of data without significantly burdening the participants to provide too much. At the same time, participants know they are proving themselves and will take these assignments seriously. A major part of the evaluation is the promotion to permanent assignment, followed by retention and the implementation of individual projects.

Figure 16-1. Data Collection Plan

Program: MBA Onboarding _____   Responsibility: _____   Date: _____

Level	Broad Program Objective(s)	Measures	Data Collection Method/Instruments	Data Sources	Timing	Responsibilities
1	**REACTION AND PLANNED ACTION** After completing this program, participants will: • Perceive this program as relevant to their individual needs • Perceive this program as important to their own career success • Recommend this program to other participants After participants visit each department, section manager will: • Perceive this program as necessary • Perceive this program to be important to the company's success	• Achieve 4 out of 5 on 5-point rating scale	• Questionnaire	• Participants • Section managers	• After two months and every two months • After each rotation	• Talent development team
2	**LEARNING AND CONFIDENCE** After completing the two-week program on 12 knowledge and skill areas for banking, participants will: • Demonstrate successful acquisition of knowledge and skills After completing each rotational assignment participants will: • Demonstrate their knowledge of the department's function, processes, and activities • Assess the extent to which the visit met their learning needs	• 90% of participants score successful • 80% Score • Achieve 4 out of 5 on 5-point scale	• Quizzes • Exercises • Department quiz	• Participants • Questionnaire	• At the end of two-week program • After each assigned area	• Talent development team

Figure 16-1. Data Collection Plan *(continued)*

Level	Broad Program Objective(s)	Measures	Data Collection Method/Instruments	Data Sources	Timing	Responsibilities
3	**APPLICATION/IMPLEMENTATION** During the rotational assignments: • Participants achieve average performance in two months in an existing job in the department • Participants submit a process improvement project to the section manager no later than three months into the assignment. • Participants complete at least four assignments in the program	• Rating of performance 3 out of 5 on 5-point scale	• Rating form • Report submitted	• Section manager • Participants	• After each assignment • Three months into assignment	• Talent development team
4	**BUSINESS IMPACT** After completing the program: • 80% of participants receive a permanent assignment in one year • Annualized turnover rate of MBA graduates will be less than 18% after one year and two years of operation • A least 50% of process improvement projects will be implemented realizing at least $10,000 of direct effectiveness and efficiency measures	• Transfer complete • Voluntary turnover rate • Monetary value of improvement	• Job transfer form • Performance monitoring • Project report summary	• HR records • HR records • Project documents	• Program completion • One year, two years • End of assignment	• Talent development team
5	**ROI** • The project will deliver at least a 20% ROI	Baseline Data: Comments:				

The ROI Analysis Plan

Figure 16-2 shows the ROI analysis plan for data analysis techniques and information. For isolating the effects of the program, expert estimates would need to be used. Sometimes the expert is the participant and at other times the expert is the talent management staff. For converting data to monetary values, the turnover reduction is the critical impact. An accepted value taken from previous studies is used where the cost of turnover is 1.5 times the annual salary. For these projects the availability of monetary value will depend on the extent that the participants have already tackled the issue. If they have, then the number is used, subject to credibility tests and potential further analysis.

The costs are fully loaded, including 20 percent of the salaries of the MBA participants while they are on the rotational assignments. A variety of intangibles is perceived to be linked directly to this program. The executives will need this information along with other audiences. Communication of results is a critical part of the plan.

Timing and Sampling

The program was developed and ready to go in January 2013 for MBA graduates recruited for the year. The target was to recruit about 125 MBAs who would be cycled through the program. The largest group would join the company after spring graduation (during May and June). The talent development team decided that the evaluation would be for the first year, but only for the 54 graduates that were recruited in the spring. Essentially, this becomes the sample of graduates that measures impact and ROI.

The graduates participated in a two-week learning program as their first assignment in the organization. Because they were available in May or June, three separate two-week learning sessions were organized for these graduates and all 54 attended.

Although data were collected from the other graduates during the year, the analysis was confined just to these 54, and their performance was traced for one year, or until their first permanent assignments. The tracking would include the participants' performance in the potential assignments. Although the sample size was small, it represents almost half of the graduates for the year and was the appropriate size for the executives who wanted to see the effects of the program as quickly as possible.

Figure 16-2. ROI Analysis Plan

Program/Project: <u>MBA Onboarding</u>   Responsibility: _____   Date: _____

Data Items (Usually Level 4)	Methods for Isolating the Effects of the Program/Process	Methods of Converting Data to Monetary Values	Cost Categories	Intangible Benefits	Communication Targets for Final Report	Other Influences/ Issues During Application	Comments
Job Assignment	• Expert Estimation	• Estimation	• Needs Assessment • Design Development • Coordinated Administration • Participant Salaries • Classroom • On-the-job and Classroom Training • Facilities • Evaluation	• Job Satisfaction • Job Engagement • Recruiting Image • Leadership Succession • Operational Efficiency	• Senior Executives • Department Managers • Section Managers • MBA Participants • Talent Development Team • Prospective MBA Students • All Employees		
Voluntary Turnover Rate	• Participant Estimation	• Standard Value					
Project Implementation	• Expert Estimation	Variety: • Standard Values • Expert Input • External Consultants					

Execution

As the new program was implemented, a full-time program director was assigned to be part of the talent development team. Initially, this person was responsible for the design and development of the program using external vendors. Then after implementation, she was responsible for administering the program effectively. This person had a full-time assistant, and the cost of both of these individuals would be included in the overall cost. These two individuals worked through placements in rotational assignments; addressed performance issues; assisted with data collection, coordination, and administration; provided performance feedback; and tackled other issues that surfaced during the program.

Time for Payout

Although this plan required tracking the graduates' performance until the permanent assignment, which would usually be about one year, an important question had to be addressed during the planning process—is this a long-term or short-term solution? Following the guiding principles of the ROI Methodology, if it is a short-term solution, only one year of benefits are used in the analysis. It was clear to the team that this was not a short-term solution because it involves at least a one-year commitment for each individual and much planning, preparation, and cost. Some could argue that the benefits of the program should be monitored for several years (or at least the data should be extrapolated for several years). After some discussion, it was decided to use a two-year payout, which was a very conservative approach. On a practical basis, the team would monitor the turnover for one year and extrapolate it for a second year. The monetary value from the participants' process improvement projects would be extrapolated for two years. This was considered to be ultraconservative, as a case could be made for extrapolating this data for three or four years. The important point is that the decision was made to stick with a two-year analysis before data collection began.

RESULTS

The results are presented in this section, arranged by levels of data, from reaction to ROI. In addition, the intangibles are presented to make a complete set of six types of outcome data sets.

Reaction Data

Table 16-1 shows the reaction data from both the participants and the managers. For the participants, the numbers exceeded the target of an average of four-out-of-five, but for the managers it was slightly less. Although the managers seem to support the program, there was some concern about how necessary and important the program was to company success. This early feedback allowed the talent development team to work with the section managers to continuously explain the importance of the program.

Table 16-1. Reaction Data

Participant's Perception	Rating
1. Relevant to Needs	4.3
2. Important to Career	4.4
3. Recommend to Others	4.2
Manager's Perception	
4. Program Is Necessary	3.9
5. Program Is Important to Company Success	3.7
Scale: 1 = Not at All; 2 = A Little; 3 = Moderate Amount; 4 = Much; 5 = Very Much	
N = 54 MBA Participants 100% Response	

Learning Data

Table 16-2 shows the learning data, which have several important parts. Data were collected for the 16 modules of the two-week program. Through a variety of exercises, quizzes, and simulations, evidence was available to the faculty that the participants were completing the program. Of the 54 individuals, only one was unsuccessful, leaving a 98 percent completion rate. The unsuccessful individual was allowed to make up extra time and continue the program.

Table 16-2. Learning Data

Learning Component	Successful Completion
Two-Week Workshop	98%
Rotational Assignment Quiz	96%
Rotational Assignment Self-Rating	4.4 of 5
N = 54 MBA Participants 100% Response	

The departmental quiz administered at the end of the rotational assignment tested the participants' knowledge of the activities, processes, and functions of the departments. All but two MBA participants successfully completed the quiz, and those two individuals stayed a little longer in the department and verbally passed the assessment.

At the end of the assignment the participants provided feedback, including the amount to which the assignment met their learning needs. Collectively, they scored a 4.4 out of a five-point scale.

Application Data

Table 16-3 shows the application data. As this table reveals, there were several components to application. The first, and perhaps most important, was the performance rating of the individuals performing an actual job in each rotational assignment. The goal was for the individual to assume the job as quickly as possible and reach an acceptable level of performance within two months. Ninety-six percent, representing 52 out of 54, achieved average performance within that timeframe, with the average time being 1.2 months. The other two were counseled and allowed to spend more time. One of those individuals left the organization. Collectively, 93 percent provided process improvement projects, which represented 50 out of the 54. The individuals who did not provided acceptable reasons for not being able to complete that assignment and they were allowed to continue the program.

Table 16-3. Application Data

Application Component	Success
Achieved Average Performance Average Time to Performance Submitting Process Improvement Project	96% 1.2 months 92% (50)
N = 54 MBA Participants 100% Response	

Impact Data

Table 16-4 shows the impact data for this program, which involved several issues. The first issue was the time for permanent assignment. The goal is to secure an assignment quickly, with an objective for 80 percent to have a permanent assignment in one year. That objective was exceeded, with 84 percent landing assignments in that time period. The average time to permanent assignment was 13.2 months, indicating that several individuals

remained in the program for more than one year. This is acceptable considering that the pressure is on to find a permanent assignment as soon as possible.

Table 16-4. Impact Data

Impact Component Permanent Assignment	Success
Secure Assignment in One Year	84%
Average Time to Permanent Assignment	13.2 months
Turnover and Retention	
Voluntary Annualized Turnover Rate One Year	4%
Previous Annualized Turnover Rate One Year	22%
Process Improvement Projects	
Process Improvement Projects Submitted 50	93%
Process Improvement Projects Implemented 24	48%
Average Value of Process Improvement Projects	$7,340
Highest Value of Process Improvement Projects	$40,000
Lowest Value of Process Improvement Projects	$1,200
Total Monetary Value	$176,160
Percent Attributed to This Program	81%
Confidence in the Estimation	78%
Adjusted Monetary Benefits	**$111,298**

In regard to turnover, the annualized voluntary turnover rate for this group was 4 percent (two individuals left) in one year, as compared with the previous turnover rate of 22 percent. The team concluded that no external conditions could have lowered this number aside from the new approach of the program. Thus, the difference in these turnover rates would be attributed to the program. Essentially this is a trend analysis, in which the team suggested that the 22 percent turnover trend would have continued if the new program had not been implemented. The difference in the two, which is the 18 percent, is attributed to this program.

Process improvement is the next area for adding value. Fifty participants, representing 93 percent, submitted projects. However, only 24 projects (48 percent) were implemented, which was slightly less than the goal of 50 percent. The average monetary value for these projects was disappointing ($7,340), which is less than the $10,000 goal. The largest value of $40,000 was a surprise to the team. They felt that some individuals' projects would have a much higher cost savings.

Other factors could have caused these projects to be implemented and other factors could have influenced the results. In some cases, the projects would probably have been implemented anyway because they were opportunities that needed to be addressed, or problems that needed solving. Participants were asked, along with the section manager, to estimate the percent of this improvement as related to the program. For many projects, 100 percent of the improvement was allocated to this program, suggesting that this project would probably not have been attempted otherwise and that there were no other variables influencing the savings.

To make it more credible, the individuals were asked to indicate their confidence in the percentage, and the confidence ranged from as low as 60 percent to as high as 100 percent, with an average of 78 percent. When these adjustments are made, the total monetary value, attributed to the program, with adjustments for confidence in the allocation, is $111,298.

Converting Data to Money

Table 16-5 shows the process of converting data to money. The turnover rate conversion was straightforward. First, the number of turnovers was calculated. Basically, 18 percent turnover (10 turnovers), annualized, was prevented by this program. There were two turnovers by the end of the program (4 percent); however, previously it would have been 12 turnovers, so the improvement is 10. The cost of turnover, which is usually a multiple of an annual salary, is readily available in the literature and generally accepted within the talent development team. The team used a value of 1.5 times the annual salary to represent the cost of turnover. This is a conservative amount because when an individual leaves there is a tremendous loss of effort and time into the processes, as well as cost of recruiting and selection. The average MBA salary was priced at $80,000 for this group. It is interesting to note that most of the graduates came from three schools that seemed to have the best record at Global Bank. These were not the highest-ranked MBA schools, but rather those that stressed leadership as an important component, and prepared their MBA students to take leadership roles. Had Global Bank recruited at the top-tier schools, this salary would have been higher. So the cost of a single turnover is determined by $80,000 times 1.5 yields $120,000. By avoiding 10 turnovers, this provided a monetary benefit of $1.2 million.

Table 16-5. Converting Data to Money

For Year One	
Turnover Data	
Improvement 22% – 4% = 18%	
Cost of Turnover = 1.5 x Annual Salary	
Annual MBA Salary = $80,000	
Cost Avoided $80,000 x 1.5 x 10 =	$1,200,000
Process Improvement Projects	
From Table 16-4	$111,298
Early Job Assignment	
The Value Is Not Very Credible	N/A
Total Monetary Benefits (First Year)	$1,311,298
For Year Two (Extrapolated)	
Turnover Data	$1,200,000
Process Improvement Projects	$111,298
Total Monetary Benefits (Second Year)	1,311,298
Total Monetary Benefits Two Years	**$2,622,596**

Regarding the process improvement projects, the projects themselves required the individuals to show the monetary value possible with the improvement. Multiple years were included when it was appropriate and most of the projects contained second, third, and in one case even 10 years of revenue stream. From those implemented projects, $111,298 was claimed for the first year, and the same amount was claimed for the second year.

The early job assignment, which is very critical in the new design, had some obvious value. Having a person in a leadership role quickly adds value to the bank, sometimes even preventing an external hiring into the job. Although the number could have been estimated, it was not pursued because the value is not credible enough to include. This left a total monetary value for the first year of $1,311,298. When this is extrapolated for the second year, it leaves $2,622,596 for the total monetary value.

Program Costs

Table 16-6 shows the cost of this program. All the costs for needs assessments and program development were included, although there would be value for this for the next few years. The workshop development,

workshop materials, facilitation, and facilities for the workshop were also included. The workshop materials are used beyond the two-week assignment, and included some other reading assignments that were required during rotational assignments. The coordination and administration, which involved two full-time people, were also included. The salaries of participants were indicated completely from the two-week assignment, recognizing that there is no direct value to the organization while they are in the two-week class. Therefore, the total salaries fully loaded using a 40 percent benefit factor realized a total of $232,615. A 40 percent benefit factor is suggesting that the total benefits package represented about 40 percent of the annual pay.

For the rotational assignment, the talent development department assumed 20 percent of their pay, and the visiting department absorbed the remaining 80 percent. When this 20 percent is calculated on a one-year basis, the total is $1,209,600. A salary of $80,000 was used with a 40 percent adjustment for the benefits (80,000 x 54 x 1.4 x 20% = $1,209,600). Executives at different levels were involved in the program, reviewing data, helping to plan, reviewing consequences, having discussions, and serving as mentors. This total time was estimated to be $55,000 by the talent development team. The cost of evaluation was $50,000 as an external firm conducted it. This gave a one-year total cost of $1,902,215.

Table 16-6. Total Cost of Program

For Year One	
Needs Assessment	$10,000
Program Development	5,000
Workshop Development	20,000
Coordination	93,000
Facilitation of Workshop (3 Groups)	150,000
Facilities, Food, and Refreshments	45,000
Administrative Expense	16,000
Workshop Materials	16,000
Participants (Salaries)	
Two-Week Workshop	232,615
Rotational Assignments (20%) 12 Months	1,209,600
Executive Time (Salaries)	55,000
Evaluation	50,000
	Total $1,902,215

Table 16-6. Total Cost of Program (*continued*)

For Year Two (Extrapolated)	
Coordination	16,000
Administration	5,000
MBA Participants Salaries 20%, 1.2 months	120,960
Executive Time	5,500
	Total $147,460
	Two-Year Total $2,049,675

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When the year-two costs were calculated, they are not repeated for those who were placed into assignments. Some costs were still there for any MBA students who were not yet assigned. They represent coordination and administration time and salaries for 1.2 months, the average length of time beyond the 12 months included in the first-year monetary costs. The executive time is now down to $5,500, leaving a total of $147,460 for the second year. The two-year total cost of this program, fully loaded and being ultraconservative, is $2,049,675.

BCR and ROI Calculations

Table 16-7 shows the benefit-cost ratio and the ROI calculations for this program. Using the total benefits for two years and the total costs for two years, the benefit-cost ratio is 1.28 and the ROI is 28 percent, exceeding the minimum acceptable performance of 20 percent. Using two years of costs and benefits is very conservative. If a third-year framework is used, the total costs do not change from the second year because all students are assigned and in their permanent assignment. However, the benefits continue as these individuals remain on the job. If there is still only a 4 percent turnover in

the third year, the ROI calculation would be almost 100 percent. This would not only meet the objective, but is an impressive payoff for the program.

Table 16-7. BCR and ROI Calculations

Benefits = $2,622,596
Costs = $2,049,675

$$BCR = \frac{\$2,622,596}{\$2,049,675} = 1.28$$

$$ROI = \frac{\$2,622,596 - \$2,049,675}{\$2,049,675} \times 100 = 28\%$$

Intangible Benefits

Table 16-8 shows the intangible benefits derived from this program. The most obvious one is the early job assignment. There is no calculation of this benefit, although it should be very substantial. Because it was not converted to money, it is considered to be an intangible. This allows the bank to use the talents of these graduates to fill key jobs sooner. The program is also building a leadership team, efficiently and effectively, which is a major purpose of the team. The individuals were asked on a follow-up questionnaire to indicate the extent to which certain intangible measures are connected to the program. The table lists those intangible benefits in the order of the strength of their connection to this program. They all were rated at least 3.5 out of a five-point scale, with four as an average. The strongest is career satisfaction, and the weakest is recruiting image, which is perhaps more difficult for them to see.

Table 16-8. Intangible Benefits

	Rank
Early Job Assignment	
Build Leadership Team	
Job Satisfaction (Career)	1
Job Engagement	2
Leadership Succession	3
Operational Efficiency	4
Recruiting Image	5

At least 3.5 out of 5-point scale

CONCLUSIONS AND RECOMMENDATIONS

From all indications, this is a successful program with few minor adjustments that need to be made. It appears that the analysis has yielded the proper solution—having an early assignment is critical, and having detailed training to build capability, knowledge, and thinking in Global Bank was important. The focus on the rotational assignments to learn the job and achieve success was a critical component that seemed to work extremely well.

The disappointing part is that the process improvement projects had less than expected monetary value, which is an opportunity for improvement. In addition, some work is still needed with the managers and executives who did not have the benefit of this type of program. Many of them came up the hard way, starting at the bottom without an MBA and without the comprehensive focus of the program. It is difficult for them to see how critical this program is to the success of the organization.

The conclusion is to continue to administer the program as planned, with the exception of placing more focus on process improvement. Another module should be added to the two-week program to focus on the work projects in each rotational assignment using data from this study, in which the individual topics and how they are calculated are outlined. The participants are encouraged to examine big-picture items as well as small process improvement opportunities. The goal is to have the benefit of an external view from a highly trained individual to see improvements in the processes. This ultimately may be one of the biggest benefits of this program.

Lessons Learned

Ultimately, the talent development team was very pleased with this program, and there were some lessons learned in the process.

1. **Conduct a very thorough needs assessment to understand what is needed to make this program work.** The principal problem was excessive turnover. The nominal group process seemed to reveal many of the key issues that were causing the participants to leave during the program. This enabled a very focused solution that seemed to work extremely well.

2. **Create expectations and plan the process very appropriately.** Individuals must know that they are being evaluated at each rotational assignment, not because of punitive issues, but just to ensure that they are learning what they need to learn. This created expectations

that the MBA graduates met. Regarding the process improvement, the success that was achieved was because of the early planning dedicated to that process. With more planning, it will be much better.

3. **The number of years of benefits is an important issue.** This project was negative for only one year of monetary benefits. But clearly, this is not a one-year, short-term solution. It is a solution that could easily expect to pay off in a three-, four-, or five-year timeframe. Two years were used to keep it extremely conservative, and it may be too conservative. So the lesson learned is to make sure that this is addressed properly, so that it is not too short for the monetary benefits tabulation.

Questions for Discussion
1. Is this study credible? Please explain.
2. Critique the methods used to isolate the effects for the program.
3. Should a monetary benefit be placed on achieving early assignments? Please explain.
4. Should a longer period of time be used for monetary benefits? Please explain.
5. How should this be communicated to the senior executives?