

ROI – How to build a business case for a T&C initiative

Nick Smith of EAM Consulting looks at using the Kirkpatrick Four Levels to help with building the business case for a T&C initiative in your firm.

To make the business case for a T&C initiative we need build a “chain of impact”. One that shows the budget holders clearly and credibly how the various aspects of the T&C initiative will play their part in delivering the desired business results. But how to do this? What links are needed in this chain of impact?

One way to do this is to use Kirkpatrick’s Four Levels but as a planning tool rather than just as a post event evaluation tool. To do this we need to start at Level 4 and determine what the beneficial business results from the initiative should be. Then move to Level 3 and determine who needs to do what and by when to deliver these results. Once we know what needs to be implemented by those involved we can

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determine what new capability (such as knowledge, skills or tools) is required at Level 2. Finally we need to decide how best to present the initiative to those involved in it to get a favourable reaction at Level 1 such that they regard it as relevant and important to their roles and intend to implement it. Without the engagement of those involved our initiative is unlikely to deliver the desired results.



Although this is described above as a linear process it is in practice an iterative one. As we work down the levels it is usual to find that other benefits at the next level up suggest themselves. For example we may realise that the implementation of a new skill at Level 3 may produce not only the desired result at Level 4 but also other beneficial results. For example an initiative designed to reduce rework rates could also free up time for both those in the checking department and the originators of the work. This is also likely to reduce overall completion times.

Once we have developed our chain of impact we need to work up the items at each level into specific, measurable and time-bound objectives. The first step in this process, I would suggest, is to identify the data that will be used as the measures for the objectives at each level. The data for the Level 4 objectives should already exist. It is very likely that the business already collects and reports on these results. What we will need to do is to find out who we can get the data from. At Level 2 we can design validation tools to confirm that the required capability has been attained. These tools might be tests, role plays or overt workplace observations for example or less formal approaches can be used. Level 1 is often measured using a simple questionnaire but other, less formal, approaches can also be used. It is determining the measures to be used at Level 3 that is the most likely area to cause difficulties. Nonetheless, without this vital link in our chain of impact we cannot demonstrate that the capability attained through our initiative at Level 2 has played any part in achieving the results at Level 4. At Level 2 we have confirmed that the participants can do it. At Level 3 we need measures that confirm that they are doing it as part of their routine practice, even when no one is looking.

The best way to ensure that our Level 3 objectives are robust and the measures are appropriate is to structure the objectives in the format “who will do what by when”. For example if we are introducing a new format for supervisory reviews (one to ones) then an initial objective might be:

Supervisors will carry out a supervisory review using the new review format with three of their supervisees within 6 weeks of the completion of the training in the use of the new format.

The measure for this objective could include a review of the records of the meetings but these would not confirm that the new format was actually used in the meetings. Such confirmation could be achieved by asking both the supervisors and supervisees about how the meetings went. Whilst the above example is a good initial objective other objectives will be needed for the ongoing application of the new format for supervisory

reviews. The chances of the initiative succeeding will also be enhanced if we identify and build in positive reinforcement to support and encourage implementation.

As we develop our chain of impact a helpful sense check is to review it from Level 1 through to Level 4 and ask ourselves the following questions:

- ❑ If we get the desired reaction (Level 1) and engagement from those involved and they attain the required capability (Level 2) will they be able to implement (Level 3)?
- ❑ What else might they be able to implement?
- ❑ If they implement this will the initiative play its part in delivering the desired results (Level 4)?
- ❑ What other results may be affected either negatively or positively?

To complete our business case we will also need to carry out a cost benefit analysis. To do this we will

Example of a Chain of Impact

It is generally accepted that increasing professionalism is a key part of rebuilding trust in financial services. One element of this increase in professionalism is the attainment of higher qualifications by advisers. So what might our chain of impact include for an initiative to raise the qualification level of our advisers?

The first point is to recognise that attaining further qualifications is a measure of increased capability at Level 2. This increased capability needs to be applied in some way (Level 3) if the business is to benefit (Level 4). So we need to determine what people will do with the enhanced capability. This may include gaining authorisation in new advice areas but this too is an enhancement of capability at Level 2.

It is the advisers taking clients through the advice process in the areas covered by their new qualifications that will produce results. These results might be advice given for

need to determine the value of those results and the proportion of this value that can be attributed to our T&C initiative. We can then compare this with the costs of the initiative. However, attribution is a subject for another day.

The critical point is that we cannot claim any benefits until we have built a chain of impact. A chain of impact that shows the budget holders clearly and credibly how the various aspects of the T&C initiative will play their part in delivering the desired business results.

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which a fee is charged or advice given and implemented. The table below sets out some example objectives for the advice strand of a qualifications initiative.

For the advisers to have leads for appropriate clients (an element of their capability at Level 2) the initiative will also need to include a marketing strand. However, the production of appropriate leads for the advisers will be a result (Level 4) for the marketing initiative produced by the marketing activity undertaken (Level 3). To avoid confusion it is simpler to create chains of impact for different strands separately. Within each strand it is critical to identify who will do what and by when at Level 3 that will produce the desired results.

There will also be other areas of the business that will be affected such as those involved in authorisation and those who check any advice given.

| Level | Objectives | Potential measurement approaches |
|-------|---|--|
| 4 | £X of profit from fees charged for advice in new areas to appropriate clients before 01 July 16. £Y of profit from fees charged each quarter for advice in new areas to appropriate clients from 01 July 16. | Analysis of management accounts. |
| 3 | Advisers discuss new areas with all appropriate clients during the advisory process. Advisers provide advice in the new areas to 2 clients before 30 April 16. Advisers provide advice in the new areas to 3 clients each month from 01 May 16. | Client survey. Adviser survey. Analysis of advice records. |
| 2 | Advisers to be able to give advice in new areas by 01 April 2016. Advisers to have leads for 5 potentially appropriate clients each month. | Qualifications and authorisations attained. CRM data. |
| 1 | Advisers regard the new advice areas as relevant and important to their roles. Advisers intend to give advice to clients in the new areas. | Survey of advisers or discussion with them. |