



business value

advancement



employees



in business terms

Business Value Assessment for **Workforce Development Organizations**

HANDBOOK

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Workforce Development Organizations**

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PART 1: PLANNING YOUR BUSINESS VALUE ASSESSMENT

This section provides discussion and examples that further illuminate and exemplify the following primary lessons regarding planning a business value assessment:

- Define the *business* objective that the workforce service is designed to achieve.
- Determine what data would indicate that the *business* objective is being achieved.
- Determine whether the data are currently available, who will collect them, and by what method.
- Consider how the data will be analyzed – what range of results would be considered “success?” What is the benchmark that the results of the workforce service will be compared against?
- Note any major changes in the company operating environment and how these will influence the observed results.
- Consider what level of resources will need to be committed to the assessment process, and whether this level is reasonable given the scope of the workforce service.
- If possible, plan the assessment before service delivery begins.

Define Your Workforce Program and Business Value Assessment Approach

You should evaluate one workforce “program” at a time (e.g., training course for incumbent workers; pre-employment training for individuals hired by an individual company. If you are considering evaluating more than one of your workforce programs, even if it is delivered to an individual company, you should design a separate assessment for each program and its corresponding group of employees.

Special Case: Assessment of one program serving multiple businesses.

You may want to assess your “overall” results of one particular workforce program or set of services, to which multiple businesses subscribe. You may want to get an idea of the business value results of the program overall (e.g., the total retention cost savings for all the employers combined), and/or you may want to provide a report to each business, with only the results of your services to their specific company.

We caution you to carefully consider whether you can, and should, design one generic assessment design for multiple business clients. Simply put, even in a common industry or occupation, each business or company may have different and specific work settings, procedures or intervening events, which may affect your generic assessment design and results. Similarly, employers may have varying levels of interest in different business outcomes. For example, one may be interested in

improving service quality, while another is looking to reduce turnover costs. Since a good deal of the data collection burden will fall on the employer, it is imperative that each participating employer is interested in the question the assessment intends to address.

Define the Business Objective and Indicators of Achieving that Objective

If it is possible, you should plan your business value assessment in the early stages of your workforce program. The following considerations may be helpful as you review your program objectives to assess whether or not they contribute business value to your business client:

What is the **business problem** that your program or services is designed to alleviate? How does this problem affect your business client's business costs or business success?

What is the **program objective** in terms of the individuals you serve? What results do you expect to see from the workers who participate in the program? What do you expect this workforce program to help these workers do, and how well, and how will it be noticeable on-the-job?

What are the estimated **specific results or changes** you expect as a result of this workforce program? How will this change the current situation your business partner is facing? In what timeframe do you expect to see these changes or results?

Make sure your expected results relate to the program objectives

This guideline may seem obvious, but it is noteworthy enough that we suggest you stop at various points during the planning process to review your business value assessment plan and the tools you plan to use, and confirm:

We are proposing that we will see _____ as a result of the workforce services. Can we really expect this? Was our workforce program designed to achieve this specific result? Can we really "link" this result to our workforce services?

For example:

Can you expect a "Workplace Communications" course to affect productivity? Can you expect to see a noticeable result on company or unit productivity if only a small group of workers participate? Can the data collection methods available to you pick up a difference in productivity among participants in the course and relate that to company performance? Are there other, more straightforward indicators that the company might find of interest?

Involve Your Business Client in the Planning

The business value assessment framework is designed for workforce programs with active relationships with their business client(s). **While the workforce provider will usually play the coordinating role** in the design and implementation of the business value assessment, **your business client must be involved.**

Identify your business client's expectations and state them concretely

Consult your business client as early as possible during your program planning about his or her specific objectives for the workforce program. State what you believe the course will accomplish and probe how the business client expects these objectives to meet his or her needs. Ask, for example:

How do you expect to see the results of this program in your bottom line?

Are you looking for results in employee retention, skills, productivity, or efficiency, or some other employee performance result? Can you estimate what result you expect?

Are you looking for lower costs in some area, improved competitiveness, or some other monetary result? Can you estimate what result you expect?

Include the appropriate business “stakeholders”. Your primary contact at the business may be the CEO, human resource manager, operations manager or other executive-level representative. It may be important to include other relevant managers and staff in the design of the assessment who are primarily responsible for the supervision and management of the employees in the workforce program. They will offer a unique, “on-the-ground” perspective, and it will probably be critical to have their support for the assessment project.

Obtain your business client's commitment to a business value assessment

Discuss what resources a business value assessment requires. It is important to consult with the business about the effort and resources they can commit to the assessment. A business value assessment requires information that must be gathered from the business' records (e.g., information from employee records and accounting cost information).

- Consult with your business client about what information they must provide for various aspects of a typical assessment. For example, ask the business:

Can you provide employment start and end dates for the selected employees for an assessment of employee retention?

Can you provide information about the jobs or units each employee completed for an assessment of efficiency?

Can you provide information about turnover costs and/or your business' contribution to the costs of the workforce program for an assessment of the cost-benefit results of retention for your business?

- Use the sample Excel Tool forms in this Handbook, or a sample questionnaire, to show the business exactly what information is required to assess different kinds of results.
- Discuss any problems the business has accessing or gathering the data, or sharing proprietary information.
- Be realistic, but creative, in proposing solutions for problems with access to data.

Discuss how you intend to use the assessment results

You will be exposed to your business client's "bottom line" reasons for using your workforce services by consistently involving the business in your planning of the workforce program and the accompanying business value assessment. The assessment, and sometimes your implementation of the workforce program, may expose you to proprietary information (e.g., work procedures, cost information and product value information) or confidential information (e.g., employee information). It is important to discuss in what specific ways **data confidentiality** will be an issue and what procedures your business client expects you to follow in handling any proprietary or confidential information. You may also have your own ideas about using the results of the assessment, for example, to improve your programs or services, or for promotion or marketing. It is important to state these expectations up front and ensure that your business client is comfortable with these uses of the assessment information.

Identify What You Will Compare Your Results Against

There are essentially two options for comparison purposes. You can assess whether employees "improved" by comparing your results to outcomes during a period of time before the workforce services. In this Handbook, we refer to this type of comparison simply as "**before-and-after.**" Comparison time frames are typically used for workforce programs or training designed to improve the performance of incumbent workers, that is, employees already on-the-job.

You can also assess whether employees are "better" on some element by comparing their results to other, similar employees who did not receive workforce services. We refer to this type of comparison design as **comparison group**. Comparison group designs are useful for most types of workforce programs.

In general, we do not recommend using general industry performance data as a benchmark against which outcomes can be compared. General industry data represents average performance for an industry as a whole, and may be very unrelated to the experience of the specific organization with which you work. For example, you may know that long term care facilities in your area have a 50 percent annual turnover rate among their nurses aides. You may also know that 75 percent of the aides you trained and placed with the "Loving Care Nursing Home" (LCNH) stayed on the job for at least one year. This information, however, would tell you little about whether or not you have provided value. While your trainees outperformed the industry average, you still have no idea how this measures up against the specific experience of LCNH prior to their relationship with you.

The issue of selecting an appropriate comparison group or benchmark deserves your careful attention and thought – and you will see different approaches reflected in the examples contained in this Handbook.

Determine Timeframe for Before-and-After Comparisons

The timeframe for a before-and-after comparison plays a critical role in the success of this type of assessment. The workbook allows for complete flexibility in determining timeframe periods – both in terms of timing and duration. You will need to select a period **before** the workforce service for which you will collect pre- or benchmark data. In addition, you will need to select another period,

after the service, for which you will collect post- or outcome data. These periods can be days, weeks or months (e.g., as short as one day or as long as six months). They can be immediately before and after the service, or you can decide to have a time lag before and/or after the service. Think about the following as you discuss timeframe with your business client:

When would they expect to see results in the workplace (based on the items under discussion for measurement)? How much time (if any) needs to pass after the service?

On what time basis are relevant data available? Should you think in terms of days, weeks or months?

Is the work environment, relative to the type of data to be measured, highly regular, or are there large variations from day-to-day or week-to-week? If it is highly regular, you may be able to use shorter time periods. If there are large short-term variations, or the organization has seasonal ebbs and flows in its business, you should discuss how long the before-and-after periods should be, so that they are more likely to reflect changes due to the workforce service, rather than changes due to fluctuations in the type of work being performed. Your business client will need to feel comfortable with these assumptions.

Did the service occur during a period of unusually low or high production that is unrelated to the workforce service? Did the service occur simultaneously with another major change within the business, such as the acquisition of new equipment, or a new contract, reorganization of work groups, or a management change? Consider these questions in selecting your timeframe and, importantly, in evaluating whether assessment is feasible at all.

Consider Data Collection Issues

Several considerations are important as you design your business value assessment framework, so that the assessment is practical and feasible as it relates to gathering the information required to assess your results.

Will the business be able to provide the necessary information/data?

To be feasible, your business value assessment should be based primarily on information that the business already stores in its employee records, financial/cost-accounting records, or in production and performance management systems.

As a second option, use questionnaires to gather new data for the assessment. Consider the Excel Tool as the method for answering your specific assessment questions as your first option, as it relies on data that is typically present in business employee records and information management systems. Sometimes, however, the needed data is not available or accessible. In this case, questionnaires may need to be designed and implemented in order to generate new data that can shed light on how well the business objective is being met.

Will other circumstances interfere with the assessment?

Other events or factors. There may be other events or circumstances in your business client's work setting that compete for time, resources and data collection effort.

Is the business conducting other activities, such as a company-wide employee satisfaction survey or the conversion to a new computer management system or network that will coincide with your planned data collection?

Can the data collection effort for the assessment of the workforce services be “piggy-backed” on other data collection efforts?

What “system” or process can be arranged during the first attempt at gathering the information, so that it can be replicated for other assessments with a repeat business client? How is doing this assessment helpful in preparing you and the business client to more regularly assess the results of workforce initiatives?

Other parts of the organization may need to be involved. Ask your business contact if other parts of the organization need to be aware of or involved in the data collection effort.

Do you need authorization to access and gather data?

Does some other department (e.g., IT) need to help gather the data?

Do you need authorization to access employees for questionnaires?

Decide If the Effort For the Assessment Is Appropriate

A simple consideration of the costs and benefits of the assessment will help determine if the benefits your business client may observe from the business value assessment are in balance with the costs the business will incur to participate in the assessment.

- **The typical effort the business will have to expend to complete the Excel Tool** includes: gathering and reviewing employee records from files or a computerized system, inputting a half-dozen to a dozen items for each employee in the Tool, gathering or estimating a range of cost-accounting information, and inputting it into the Tool.
- **The typical effort the business will have to expend for management or employee questionnaires** includes: consulting with you to design the questions, obtaining authorization to distribute and collect the questionnaire, distributing and promoting it to employees, and collecting the questionnaires and collaborating with you on analysis and reporting.

Once you have outlined the basic scope and design of the business value assessment, consider the following questions:

Do the potential costs to conduct the assessment, in terms of the business’ staff time and financial resources, exceed the potential business value expected from the workforce program?

Does the effort and scope of the assessment put undue strain on the workforce-business relationship?

Do you propose to analyze more assessment results than the number of objectives for the workforce program?

Does the assessment require information the business already stores (easier), or does it require collection of new information, e.g., surveys (harder)? Can this be restructured?

What if the benefits of the proposed assessment are less than the cost or effort to conduct it?

It is important to strike a balance between a practical and meaningful business value assessment and the effort and resources required to conduct it. Issues to consider as you review the level of effort include:

Have you included too many assessment elements?

Are you trying to assess too “large” a scale relative to the scope of the workforce initiative? For most workforce development programs, the number of employees in each event is too small to expect statistical rigor. Rather, the focus is on quantifiable evidence of whatever magnitude.

If there is more than one assessment objective, did you prioritize them in consultation with the business?

Are you adding assessment objectives that satisfy your interests, but are of no concern to the business?

For most businesses, any demonstration that costs have been saved is a meaningful result, and multiple analyses of business value may not be necessary.

If the business is burdened by the data collection responsibilities, how can you help gather the required information?

Can your staff spend time on-site to do the records review?

Who else at the business can help, other than the business executive?

Is the assessment important for your relationship with the business?

Does the relationship-building aspect outweigh – or not – the effort to conduct the evaluation?

Can the business use the assessment results for other purposes, as well? If the results help them understand a particular aspect of their business success, the assessment may offset a cost they might otherwise incur for this information or analysis.