

The analysis demonstrated that Building Business Acumen® more than paid for itself (300%+ ROI).

The MetrixGlobal logo features the word "metrix" in a lowercase, sans-serif font, followed by "global" in a similar font, with a trademark symbol (TM) to the upper right of "global". The text is white and set against a dark blue rectangular background.

About this report:

A leader in the aerospace and defense industry hired MetrixGlobal to evaluate their Building Business Acumen® course (the training was designed and delivered by Acumen Learning of Orem, Utah). This report is a summary of MetrixGlobal's findings.

MetrixGlobal has received permission from their client to share this study with interested parties.

Desired Course Outcomes:

1. Better understand financials and know how they impact top and bottom results
2. Understand recent CEO directives and how to support them
3. Improve leadership through better communication of business and financial results
4. Make better, faster and more profitable decisions by aligning their objectives with the needs of their organization

Synopsis

A leader in the aerospace and defense industry recognized a need for business acumen training and partnered with Acumen Learning to customize and deliver their Building Business Acumen® course. To evaluate the results of this training the company hired MetrixGlobal to evaluate how well employees applied what they learned and to measure the impact that these actions had on their organization.

Overall two-thirds of the participants applied what they learned, resulting in improved performance, increased engagement, and higher productivity. It's estimated that these benefits produced more than a 300% return on investment.

Background

Acumen Learning's Building Business Acumen® course featured a one-day workshop in which participants learned what it takes for their company to make money. In addition to the workshop there were several other learning opportunities, including action items worksheet, reading a textbook, working with a class partner, using a spreadsheet to navigate the company's annual report and participating in post-earnings call discussions. Additionally, the Talent Management team sent follow-up emails to the participants to encourage full participation in the learning opportunities.

The intentions of this learning initiative were to (1) Better understand financials and know how they impact top and bottom results (2) Understand recent CEO directives and how to support them (3) Improve leadership through better communication of business and financial results (4) Make better, faster and more profitable decisions by aligning their objectives with the needs of their organization.

The purpose of this evaluation was to explore in detail the impact the training had on the organization in terms of intangibles and more tangible expressions of value.

Evaluation Methods

The centerpiece of this evaluation was a web-based survey designed and conducted by MetrixGlobal. This survey was administered to participants who completed the workshop several months prior to the survey so that there was sufficient time for them to apply what they learned from the program and for these actions to have impact. Of the 66 people invited to participate in the survey, 36 responded for a response rate of 55%.

Respondents estimated both intangible and tangible impact on the organization. It is noteworthy that these evaluation methods have won numerous international awards for excellence. While the intention of the analysis was not to determine the

return on investment, productivity benefits were converted to monetary value in order to get a general sense of the size of impact the program had in the organization.

Key Learnings

The respondents were asked about their key learnings that have stayed with them over the months that have passed since they took the workshop. Respondents stated their agreement or disagreement with each statement according to a 6-point scale. Exhibit 1 presents the percent of participants who strongly agreed (6) and agreed (5) with each statement.

Note that the “somewhat agree” (4) responses are not included in the Exhibit because this response category indicates some hesitation or concern and not full agreement with the statement.

Almost all of the respondents (97%) now better understand the company’s financials and have gained greater confidence in reading financial statements (83%). About three-quarters of the respondents now find that the CEO’s business decisions are clearer to them (78%), have a better understanding of how to communicate financials to others (78%) and gained insights into how their actions impact the company’s financials (75%).

The respondents were asked to reflect upon how they applied what they learned from the program to their work environment and record their responses. Twenty-five (69%) participants wrote specific examples of application, mostly dealing with communicating financial information with teams and making financially-based decisions.

The following were typical responses:

- “I am more focused on cost and how my team can help reduce costs.”*
- “I can communicate with my employees to get them to better understand how we fit into the financial report and affect the future of our company. As a manager I have a way of seeing how we are sitting financially as a company.”*
- “I have applied this knowledge to the reduction of inventory in our respective area, and determined it’s potential impact to the overall cash flow.”*
- “First, it’s had a positive effect on my decision making in terms of budget analysis and spending philosophy communicated to my teams. Second, I’ve had several discussions with team members relative to their decisions to spend / utilize company resources.”*
- “One of the best things I got out of the workshop was the example of the cost improvement and what the impact was, I have shared that with my team, and it is something that we are continually working towards.”*

Exhibit 1	
I better understand the company’s financials	97%
I have greater confidence in reading financial statements	83%
Our CEO’s business decisions are clearer to me now	78%
I better understand how to communicate financials to others	78%
I gained insights into how my actions impact the financials	75%
Percent of Participants Who Strongly Agreed (6) or Agreed (5) With Each Statement on a 6-Point Scale	

The Building Business Acumen® learning initiative was notable for it's emphasis on application of learning to the workplace reinforced through a variety of learning opportunities.

Participants were specifically asked which of the several program activities they completed. Exhibit 2 presents the percent of respondents who reported completing or mostly completing each of six activities.

- » Top of the list was reading the emails from the Talent Management team that kept learners in the loop regarding news and reminders to participate in other learning opportunities (72% completed or mostly completed this activity).
- » Reading the textbook, What the CEO Wants You to Know, was the second highest completed activity (55%).

- » Half (50%) of the respondents completed the Navigating the Annual Report spreadsheet and completed the action items they committed to.
- » Two activities were seldom completed: participating in the Building Business Acumen Post Earnings Call discussions (30%) and talking with class partners (26%).

The respondents were asked what got in their way to more fully participating in the learning activities that were offered to them. The two reasons cited the most were "I did not have the time" (61%) and "I had more important matters to attend to" (50%). Specific reasons that people could not participate in the learning opportunities included: company travel plans, pressing supplier issues, vacations and conflicts with other business meetings.

Exhibit 2		
Reading the follow-up emails from the L&D team	44%	28%
Reading, "What the CEO Wants You to Know"	33%	22%
Completing the Navigating the Annual Report Spreadsheet	19%	31%
Participating in the Business Acumen Post Earnings Call	19%	31%
Completing the action items	19%	11%
Having a conversation with my class partner	9%	17%
Percent of Participants Who Completed or Mostly Completed Each Learning Opportunity		

Respondents were asked how supportive certain factors were in their learning process, including four of the initiative elements. Exhibit 3 presents these results (note that data from respondents who said they only completed some of these activities are included with those who completed all or most of the activities).

- » About three-quarters of the respondents (72%) felt that their immediate manager was supportive of their learning and that they understood how Business Acumen fit into their development plans.
- » Of the four initiative elements examined, the Navigating the Annual Report spreadsheet was viewed as the most supportive (72%).
- » The Ram Charan book was viewed as supportive to learning by half (50%) of the respondents, while 44% said the post-earnings call discussions were supportive.

- » The least supportive activity cited by the respondents was the conversations with class partners (19%).

Impact on Intangibles

Respondents were asked about the impact that the actions they took as a result of the program had on eleven intangible benefit areas. Specifically, they were asked if the program had significant impact, some impact or no impact on each area. The results are presented in Exhibit 4 on the next page.

Many intangible benefits were realized, including improved business performance, teamwork, collaboration and communications. Manager’s decision-making and people’s actions are now more tightly aligned to business priorities.

Exhibit 3	
My manager devoted sufficient time for my development	72%
I understand how this program fits in my development plan	72%
Navigating the Annual Report helped me assess the financials	72%
“What the CEO Wants You to Know” accelerated my learning	50%
Participating in the Post Earnings Call reinforced my learning	44%
Conversations with my class partner accelerated my learning	19%
Percent of Participants Who Strongly Agreed or Agreed that These Six Factors Were Supportive to Their Learning	

Overall, looking at Exhibit 4, it's clear that at least two-thirds (67%) of the respondents said the program had at least some impact across all eleven areas, which shows the initiative had a broad and profound impact and delivered on its primary objectives.

- » Especially noteworthy was the impact on improving the performance of the business or function (84% significant or some impact), improving teamwork (84%) and improving employee performance (84%).

- » As a result of the initiative, team objectives are better aligned to the company's business goals and peer-to-peer collaboration has increased (both 81%).
- » Employee engagement increased as well as the respondents' upward communications (both 77%).
- » Communications with employees was improved and the business focus of the respondent's teams was increased (both 75%).

Impact on Tangible Benefits

The respondents were also asked to rate the program's impact on personal productivity and on the productivity of their work teams. Fifty-eight percent of the respondents said that their personal productivity was increased, while 13% said that the actions they took as result of the program increased the productivity of their work teams (direct reports).

Conversion of Productivity Benefits to Monetary Value

Increases in personal productivity and work group productivity were converted to monetary value. The key ingredient for each of these areas is time, specifically, the number of hours gained as a direct result of the program. These monetary benefits are considered to be "capacity" benefits rather than "cash" benefits. Capacity benefits refer to increasing the time available to accomplish value-add activities. Cash benefits, on the other hand, are benefits that show up on a financial statement and impact the bottom-line.

Increasing productivity means increasing the capacity of people to accomplish more in the same

Exhibit 4	
Improved the performance of your business / function	16% 68%
Improved decision making	10% 61%
Improved my capabilities as a leader	6% 61%
Improved team work	32% 52%
Better aligned your team's objectives to company's goals	16% 65%
Increased the business focus of your team	23% 52%
Improved communications with employees	10% 65%
Increased collaboration with peers	29% 52%
Improved upward communications	29% 48%
Improved performance management of employees	26% 58%
Increased employee engagement	16% 61%
Percent of Respondents Who Said the Program Had a Significant Impact or Some Impact on each of the Eleven Intangible Benefit Areas	

amount of time. In other words, taking actions that free up peoples' time. We will now show how these benefits were converted to monetary value. Next we will tally the combined monetary value of all respondents to gain a sense of the size of impact on the organization.

The Conversion Process

In addition to the questions asked so far, the respondents were asked additional questions so that the impact on productivity could be converted to monetary value.

- » Respondents were asked to estimate the percentage increase in productivity that resulted from their participation in the program.
- » The respondents were asked how confident they were, on a percentage basis, in their estimate, which gives us the error of the estimate.

Multiplying these two percentages gives us our qualified productivity increase. Two steps remain: annualizing the benefit and converting it to monetary value.

- » Annualizing the benefit was done by multiplying the qualified value by 1,870 hours (rather than 2,080) to account for time away from work.
- » Converting this qualified benefit to monetary value was done by multiplying the annualized value by the average fully loaded dollar value of the respondent's time for their productivity value and by their direct reports for work team productivity.

Exhibit 5	
* Personal productivity gains cited by respondents =	\$150,000
** Work Group productivity gains cited by respondents =	+ \$170,000
Total productivity gains = \$320,000	
*Personal Productivity Calculation Example...	
Actions:	e.g. More focused on cost and ways to reduce cost
Results:	13% improvement in productivity
Confidence:	80%
Calculation:	$13\% \times 80\% \times 1,870 \times \$60 = \$11,000$
**Work Group Productivity Calculation Example...	
Actions:	e.g. Team is more focused on actions that impact the financials
Results:	8% improvement in team productivity
Confidence:	60%
Calculation:	$8\% \times 60\% \times 1,870 \times 10 \times \$45 = \$40,000$

Exhibit 5 shows the total Personal and Work Group productivity gains cited by the respondents in (capacity) monetary value. Combining the two sources of monetary value equals a total of \$320,000 of capacity benefits.

The total cost of the initiative is based on out-of-pocket costs and opportunity costs (e.g., the time people spent in the program). The out-of-pocket cost was about \$35,000 and the opportunity costs were about \$40,000, for a total of about \$75,000. Any way you cut it, the program's capacity benefits substantially exceeded the investment (over 300% ROI).

Additional Comments:

When asked what additional development or follow-up to this program the respondents would like to see, many mentioned participating in a refresher and expanding the initiative to others.

Additional comments by the respondents included:

"Refresh and expansion of previously acquired knowledge / skill."

"All my peers and my boss need to go to this so that we are all focused on the same things to improve and understand what we can do to help this company be competitive in the future."

"A better understanding of the key motivating factors that effect decision making at the Executive level and how it can be applied across all areas and levels."

"This is a great platform to start engaging employees that have been identified as high potential and provides an opportunity to participate and learn how the company is managed."

"If possible, I would suggest using the same or creating a different curriculum for (line) employees. It's my perception that they don't have a good understanding as to how their decisions affect the companys' profitability."

"Provide more detailed mathematical analysis and market analysis; cover how do the pros really parse the data we put out."

"I felt the conference call debrief was too loosely structured, we worked the spreadsheet last. Switching to mute/no mute caused part of the conversation to be lost and was distracting; WebEx (live meeting) might be a better forum to add focus and clarity."

Conclusion

The Business Acumen learning initiative was notable for it's emphasis on application of learning to the workplace reinforced through a variety of learning opportunities. Respondents cited many ways in which they applied what they learned, including sharing information with their teams, more closely aligning work priorities to business goals and improving employee performance. Employee engagement was seen as being increased by this initiative, as was teamwork and collaboration. While many learning opportunities in addition to the workshop were offered, some were more effective than others. Most effective were the Navigating the Annual Report spreadsheet and the textbook. Least effective were the post-earnings call discussions and class partner conversations. Half of the respondents completed or mostly completed their action items.

Two main barriers were mentioned as to why participation in the learning opportunities was not greater: lack of time and conflicting commitments. Consideration should be given to explore ways to boost their participation in earnings calls and class partnerships. For example, increase the email reminders, leverage their immediate managers, provide job aids or offer activity completion worksheets.

On the plus side, the respondents' immediate managers were credited with spending time with the respondents regarding their development and the respondents were clear about how Business Acumen fit into their development plans. The learning objectives were accomplished, as

almost all respondents better understand the company's financials and three-quarters of them better understand business decisions and how to communicate them.

Many intangible benefits were realized, including improved business performance, teamwork, collaboration and communications. Manager's decision-making and people's actions are now more tightly aligned to business priorities

Productivity was also increased for the participants and for their direct reports, as their direct reports benefited from the increased focus and alignment to the business, increased engagement, improved performance management and other areas.

The productivity benefits estimated by the respondents for themselves and for their work teams were converted to monetary value (e.g., capacity benefits, not cash benefits), and the analysis demonstrated that the program more than paid for itself (300% ROI). Participants said that they would benefit from a refresher course and recommended expanding the program for others so that managers and employees are focused on the same priorities.

About the Principal Researcher

Merrill C. Anderson, Ph.D. Cylient

Merrill is a business consulting executive, author and educator with over twenty years experience improving the performance of people and organizations. He is currently a principal and chief business architect of Cylient, a professional services firm that offers coaching-based leadership development, culture change and MetrixGlobal® evaluation services.

Merrill has held senior executive positions with Fortune 500 companies including chief learning executive and vice president of organization development. He has consulted with over one hundred companies throughout the world to effectively manage and measure strategic organization change. He has over one hundred professional publications and speeches to his credit including his latest book *Coaching That Counts*, co-authored with his wife and leadership coach Dianna Anderson, MCC, that broke new ground by presenting an insight-based leadership coaching process proven to deliver strategic value to the organization.

Merrill was recognized as the 2003 ASTD ROI Practitioner of the Year. His work has been recognized as best-in-class by the American Productivity and Quality Council, the International Quality and Productivity Center, Training magazine, the Corporate University Xchange, ASTD and other professional industry groups. He has been widely quoted in the international press on issues of organization change and ROI.

Merrill has served as adjunct professor for graduate learning and organization development programs at Drake, Pepperdine, Benedictine and DePaul universities. He earned his Ph.D. at New York University, M.A. at University of Toronto and his B.A. at the University of Colorado. Merrill lives in Johnston, Iowa with his wife Dianna and their two sons. He may be reached at merrill@cylient.com.

About Acumen Learning

Acumen Learning, a leader in Business Acumen Training, helps organizations align their learning strategy with executive initiatives. We help employees, no matter their role or experience, understand how their decisions impact the company they work for, sell to, or compete against. The results are employees who understand how to make faster and more profitable business decisions.

Founded in 2002, Acumen Learning has helped design and deliver business acumen training programs for 16 of the Fortune 50 and hundreds of other companies that are renowned for their learning and development strategies.

Reference:

Anderson, M.C. (2004)
Bottom-Line Organization Development
Boston, MA: Elsevier Butterworth-Heinemann

MetrixGlobal, a Unit of Cylient

P.O. Box 1025
Johnston, IA 50131

www.cylient.com

1 515 276 2020 Worldwide
1 515 727 4222 Facsimile

Acumen Learning

226 North Orem Boulevard
Orem, Utah 84057 USA

www.acumenlearning.com

1 877 224 5444 U.S./Canada
1 801 224 5444 Worldwide
1 801 224 5449 Facsimile

Prepared by MetrixGlobal®, a unit of Cylient