TIGERHALL

STRATEGY ACTIVATION PLAYBOOK

How to Measure ROI in a Change Initiative: A Playbook for Proving the Value of Transformation Efforts

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Executive Summary

The Challenge

Most change initiatives are launched with high aspirations but without clear ROI targets, inevitably becoming financial black holes. Leaders often find themselves incapable of defending investments or showcasing tangible results, jeopardizing their credibility and risking future funding. Executives frequently discover too late that their projects have drained resources without producing measurable results or insights into their effectiveness.

The Opportunity

Precisely measuring ROI is more than a defensive move; it is an offensive strategy. Leaders who grasp the ROI of their initiatives wield a powerful tool to accelerate change, build influence, and generate unwavering organizational support. Companies that adopt disciplined measurement approaches consistently outperform their competition by rapidly scaling effective initiatives and decisively halting unproductive efforts, thereby maximizing their strategic agility.

What You'll Learn

This playbook details how to define and accurately calculate ROI for your change initiatives, including robust methodologies for measurement. It explores common pitfalls that undermine measurement credibility and provides practical strategies to avoid these traps. Additionally, you'll gain insights into leveraging ROI findings to increase executive engagement and effectively communicate the value of your programs to stakeholders.

→ ***How to define and calculate robust,*** *defendable ROI for your initiatives*
→ ***Avoiding common measurement pitfalls*** *that sabotage credibility*
→ ***Leveraging ROI*** *to strategically amplify executive engagement*

The Strategic Imperative

Why ROI is a Leadership Imperative: Initiating transformation without rigorous measurement is akin to navigating in the dark. Today's executives and board members no longer tolerate vague promises; they demand concrete outcomes and data-driven accountability. Without visible ROI, transformation projects inevitably face skepticism, diminished executive buy-in, and damaging financial scrutiny.

Organizations proficient in ROI tracking reap significant advantages. Firstly, they gain rapid scalability of proven methods, allowing successful pilot projects to quickly expand across the enterprise. Secondly, these organizations exhibit a decisive elimination of underperforming efforts, ensuring resources remain focused on high-impact activities. Lastly, they achieve enhanced foresight and precision in strategic planning, improving their overall agility and responsiveness to market shifts.

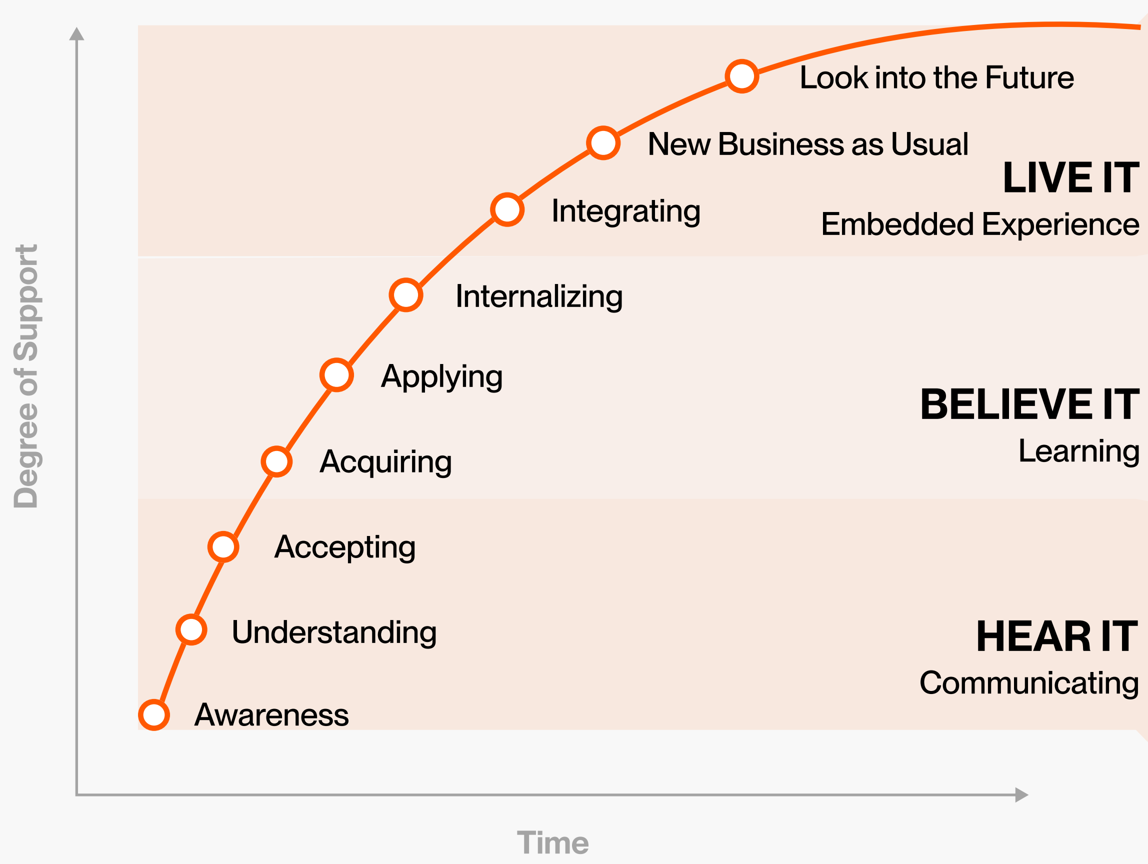
Organizations proficient in ROI tracking reap:

→ ***Rapid scalability*** *of proven methods*
→ ***Decisive elimination*** *of underperforming efforts*
→ ***Enhanced foresight*** *and precision in strategic planning*

Supporting these claims, research from McKinsey confirms that firms with meticulous ROI measurement achieve success rates 50% greater than peers lacking structured tracking. Companies that clearly define and measure their transformational initiatives see significant improvements in their long-term business performance and competitive positioning.

ROI comes in two flavors, "Leading" and "Lagging" indicators: KPI's are the lagging indicators of successful change and transformation efforts, which is why it's so hard to defend investments in strategy activation. We need to start tracking the "KCIs" - Key Change Indicators - as well, to measure the leading indicators of activation on the march to transformation success.

If we examine the Activation Curve below, which represents how people adopt to change and new ways of working, we see that they move through three phases – a "Hear It" phase, which is predominantly the awareness and understanding of a coming change and the "what's in it for me?", a "Believe It" phase where new capabilities are exercised and integrated, and a "Live It" phase where the new ways of working are entrenched and the KPIs begin to reflect the ROI impact.



What evidence do we see of behavior change?

- % of people exhibiting new behaviors
- Customer Net Promoter Score increase
- Employee satisfaction increase
- Efficiency or productivity increase
- Cost savings
- Sales growth (% or $)

What evidence do we see of agreement?

- % of people who can explain how this relates to their job
- % of people who support the initiative
- % of people who disagree with the initiative
- Rate of peer-to-peer teaching
- Employee satisfaction scores

What evidence do we see of awareness?

- % of people who can recall key messages (What, How, Why)
- % of people who can put the story in their own words
- Access rates (e.g., attendance, downloads, views)
- Prevalence as a topic in key forums and meetings

See the problem? The needle on the KPIs doesn't begin to turn until the organization moves through 2 of the 3 phases of change – often many months, if not quarters, after the launch of a transformation effort.

To see the whole picture, we need to track both leading and lagging indicators:

→ ***In the "Hear It" phase,*** *what evidence do we see of awareness and acceptance?*

→ ***In the "Believe It" phase,*** *what evidence do we see of agreement and integration?*

→ ***In the "Live It" phase,*** *what evidence do we see of the targeted KPIs shifting?*

So as transformation leaders, our problem isn't a lack of data, its incomplete data. We need to begin tracking the KCIs as well – the leading indicators of change that will mark the march towards the KPIs that prove ROI.

1

In the "Hear It" phase, we seek evidence to prove awareness, understanding, and acceptance of the indented change. We can track access rates, recall and retention of key messages, and employee sentiment to estimate our progress along the activation curve.

2

In the "Believe It" phase, we seek evidence to prove agreement, engagement, and integration of new ways of working. We can track engagement breadth, new tool usage, support tickets, process compliance, assessment scores, survey feedback, and resource utilization to demonstrate adoption and integration.

3

Then finally, in the "Live It" phase, we will begin to see shifts in the concrete lagging KPIs that the transformation is targeting, metrics like productivity, cost savings, revenue growth, or NPS scores. These are lagging indicators built on the foundation of progress up the activation curve, which is measurable and demonstrable.

We're not missing the data, we're just not completing the picture.

Barriers & Misconceptions

Debunking Dangerous Myths

Myth 1: ROI is intangible and impossible to quantify.

Truth: Productivity boosts, retention improvements, and adoption rates are not only quantifiable but critical for justifying investments. Organizations routinely track improvements in employee productivity and correlate these directly to change management interventions, proving the tangible impacts.

Myth 2: Outcomes should be measured only after implementation.

Truth: Without baseline data collected before implementation, accurately assessing the true value of the change becomes impossible. Companies that neglect baseline measurement often find themselves unable to defend the efficacy of their initiatives, leaving projects vulnerable to budget cuts and executive skepticism.

Myth 3: Qualitative feedback alone is sufficient to justify change programs.

Truth: Anecdotes might be appealing, but numbers command authority. Stakeholders increasingly demand solid, quantifiable metrics rather than stories alone. Qualitative insights are valuable for context, but quantitative data is indispensable for securing continued investment and executive support.

Myth 4: Change and transformation teams should be assigned once the planning is done.

Truth: Adding change resources at the end is too late. Too often they are bolted on to a flawed process, and last to the table for scarce remaining resources. Transformation teams need to have a seat at the table from the start to identify sources of ROI, secure needed resources, and co-design a process that accelerates change activation to achieve ROI goals.

The Playbook: Key Executive Moves

Play 1: Define Success Early

Effective leaders engage stakeholders proactively to pinpoint meaningful outcomes and clearly articulate these outcomes as measurable goals. Establishing robust baselines at the inception of initiatives provides a reliable reference point, enabling accurate tracking of progress and ensuring accountability throughout the transformation process. A global manufacturing company, for example, successfully launched a safety initiative by defining explicit, quantifiable goals around incident reduction and resultant cost savings, facilitating clear communication of success.

→ ***Engage*** *stakeholders proactively to pinpoint meaningful outcomes.*
→ ***Establish*** *robust baselines from day one.*

Play 2: Befriend the Finance Team

Change leaders should build strong partnerships with the finance team to leverage their analytical rigor, credibility, and enterprise-wide perspective essential for proving ROI. While change efforts often focus on people, behavior, and culture, finance ensures that these initiatives are translated into measurable business outcomes—such as cost savings, revenue growth, and productivity gains—that resonate with executives and stakeholders. By aligning early with finance, change leaders can co-develop defensible ROI models, validate assumptions, and embed performance tracking into the organization's financial rhythms. This partnership not only strengthens the business case for transformation but also secures the executive sponsorship and funding necessary for long-term success.

→ *Co-develop* ***defensible ROI models***
→ ***Leverage the finance teams*** *analytical rigor and credibility*

Play 3: Quantify and Categorize Benefits

Leaders must clearly differentiate between direct financial outcomes—such as cost savings and revenue growth—and indirect operational improvements like employee engagement, retention, and morale. Using financially validated metrics not only enhances the credibility of reported benefits but also simplifies discussions with finance teams and executives. An international telecom provider exemplified this approach by separately quantifying direct savings from operational efficiencies and indirect gains from improved employee engagement, strengthening their business case.

→ ***Clearly differentiate*** *between direct financial outcomes and indirect operational improvements.*

→ *Use financially validated metrics to* ***maintain credibility.***

Play 4: Build Partnerships with IT

Change leaders should collaborate closely with IT to identify and access key data sources—like Microsoft Graph, system usage logs, and productivity analytics—that reveal both leading and lagging indicators of ROI. IT holds the keys to operational data that can quantify adoption, collaboration patterns, and behavior change in real time, enabling early insights into whether change initiatives are gaining traction. By aligning with IT, change leaders can integrate these data streams into dashboards and governance reports, making progress visible, actionable, and credible to stakeholders across the organization.

→ *IT can help* ***identify*** *and* ***access*** *key data sources*

→ *Data can be* ***integrated*** *into reporting to demonstrate ROI*

Play 5: Track Leading and Lagging Indicators.

Successful ROI measurement requires rigorously monitoring both leading and lagging indicators. Early adoption indicators—such as training completion rates, early system adoption, and initial user feedback—provide critical insights into the likely success of initiatives. These indicators should be tracked alongside core business KPIs, such as productivity, sales volumes, and customer satisfaction scores. For instance, a healthcare provider closely monitored training completion rates alongside patient satisfaction metrics, enabling proactive adjustments that significantly enhanced patient care outcomes.

→ *Rigorously **monitor early adoption indicators** alongside core business KPIs.*
→ ***Utilize compelling dashboards** to demonstrate progress and foster urgency.*

Play 6: Embed Measurement into Governance

ROI measurement must be embedded within strategic governance processes, elevating it beyond a mere administrative task to an essential executive responsibility. Incorporating regular ROI discussions into executive meetings and steering committees ensures ongoing visibility, continuous accountability, and timely decision-making. A leading financial institution exemplified this by institutionalizing regular ROI reporting into their executive governance framework, dramatically improving strategic alignment and program success rates.

→ ***Elevate ROI measurement** into strategic governance processes.*
→ ***Position measurement** as a non-negotiable executive requirement.*

Play 7: Use ROI to Adjust and Improve

Effective use of real-time data empowers organizations to swiftly course-correct and enhance their strategies, communications, and execution plans. Celebrating incremental successes based on measurable results reinforces positive momentum and maintains stakeholder engagement. For example, when an automotive manufacturer identified slower-than-anticipated adoption in a particular region, real-time ROI insights allowed immediate adjustments to their communication and support strategies, resulting in a rapid and significant uptick in adoption.

→ ***Harness real-time data*** *to swiftly course-correct and enhance strategies.*
→ ***Celebrate incremental successes*** *to sustain momentum and visibility.*

Case Study: Honeywell's Order-to-Cash (O2C) Transformation

Honeywell

Company Overview:

Honeywell International Inc. is a publicly traded American multinational conglomerate known for its operations in aerospace, building technologies, performance materials, and safety and productivity solutions.

Transformation Initiative:

Honeywell embarked on a comprehensive transformation of its global Order-to-Cash (O2C) process. The initiative aimed to enhance efficiency, reduce costs, and improve customer satisfaction across its finance operations.

ROI Tracking Approach:

Anthony Satriano, Global Finance Director at **Honeywell,** outlined a structured three-step approach to the transformation:

1. **Benchmarking Against Best-in-Class Peers:**

   Honeywell conducted a thorough benchmarking exercise to compare its O2C processes with industry leaders. This step helped identify performance gaps and set realistic improvement targets.

2. **Identifying Opportunities and ROI Impact:**

   The company analyzed various components of the O2C process to pinpoint areas with the highest potential for ROI. This included assessing both leading and lagging metrics such as the percentage of past-due invoices and days sales outstanding (DSO) in addition to resulting financial and customer satisfaction metrics.

3. **Aligning Executive Stakeholders:**

   Honeywell ensured that all key stakeholders were aligned with the transformation vision, including employees in the impacted processes and Executive leaders who set the tone and example for change, and communicated a consistent vision. This alignment was crucial for securing the necessary resources and support for successful implementation.

Outcomes Achieved:

By actively tracking ROI and following a structured transformation approach, Honeywell achieved significant improvements in its O2C process. The company reported enhanced efficiency, reduced DSO, and improved customer satisfaction, leading to substantial financial benefits.

This case study illustrates how a service-oriented company like Honeywell successfully leveraged ROI tracking to guide its transformation efforts, resulting in measurable improvements and strategic advantages.

Call to Action

Leaders must proactively address critical questions about measurable success outcomes, critically assess their metrics strategy, and clearly establish accountability for ROI visibility. Conducting thorough self-assessments ensures outcomes and baseline metrics are defined before launch, financial validation methods are actively applied, and dashboards reflect real-time meaningful progress.

Provocative Questions Every Leader Must Ask:

- *Have we explicitly defined measurable success outcomes?*
- *Are we truly tracking critical metrics, or just convenient ones?*
- *Who owns the visibility and accountability for demonstrating ROI?*

Self-Assessment Checklist:

- [x] *Clear outcome definitions and baseline metrics exist pre-launch.*
- [x] *Financial validation methods are actively applied.*
- [x] *Dashboards reflect real-time, meaningful progress metrics.*

What's Next?

→ *Mobilize finance teams to rigorously validate your ROI framework.*
→ *Embed regular ROI review meetings into your organizational rhythm.*
→ *Foster a culture of relentless measurement to sustain transformation momentum.*

Conclusion

Measuring ROI is foundational to successful transformation initiatives, and as change leaders we much paint a fuller picture of both the leading and the lagging indicators of change activation. Companies neglecting disciplined measurement will struggle to justify investments, weaken executive sponsorship, and lose competitive ground. Conversely, organizations excelling in ROI tracking secure critical support and enjoy strategic agility.

Leaders adept at rigorous measurement and equipped with complete data can swiftly amplify successful strategies and decisively eliminate ineffective practices. Real-time data facilitates continuous refinement and course correction, enabling rapid pivots, keeping the activation effort on track, and enhancing executive influence.

In today's competitive landscape, ROI visibility and fluency is essential for change leaders, not optional. Organizations mastering measurement and effectively demonstrating tangible change value dominate their markets, and transformation leaders must lead this capability.

Leaders must commit to meticulous measurement, compelling communication, and relentless pursuit of results to ensure sustainable, measurable success, for both their transformation efforts and their organization.

Sources

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7. HighRadius. "Benchmarking, ROI Analysis & Business Case Presentment for OTC Transformation."

Appendix Factbase: Top Five / Bottom Five

Here are five of the most compelling pieces of evidence demonstrating that transformation efforts are significantly more successful when accompanied by targeted investments in change management and activation to achieve targeted ROI:

1. **Projects with excellent change management practices are six times more likely to meet objectives.**

   Source: Prosci's "Best Practices in Change Management – 12th Edition (2023)."

2. **Companies with structured change management programs achieve ROI rates averaging 143%, compared to just 35% for those without structured approaches.**

   Source: McKinsey & Company, "The Value of Change Management" (2022).

3. **Effective change management can boost success rates of transformation initiatives by as much as 50%, significantly outperforming companies that lack formalized approaches.**

   Source: Deloitte Insights, "Human Capital Trends Report" (2022).

4. **Organizations leveraging systematic change management report up to 2.5 times greater effectiveness in managing disruption and achieving project goals.**

   Source: Gartner, "Driving Change Through Effective Change Management Practices" (2022).

5. **Companies with robust change management practices achieve approximately 30% higher employee engagement and retention during significant transformations, thereby protecting productivity and reducing associated costs.**

   Source: Willis Towers Watson, "Driving Success in Transformation: The Importance of Measurement" (2021).

These findings clearly illustrate the measurable and strategic advantage of investing in structured change management practices to support organizational transformations.

Here are the five most compelling pieces of evidence demonstrating that transformation efforts are significantly more likely to fail without sufficient investment in change management and activation to achieve targeted ROI:

1. **70% of transformation initiatives fail primarily due to insufficient attention to employee adoption and change management.**

   Source: McKinsey & Company, "Changing Change Management" (2021).

2. **Projects without effective change management face nearly three times higher risk of failing to achieve intended business outcomes.**

   Source: Prosci, "Best Practices in Change Management – 12th Edition" (2023).

3. **Ineffective change management accounts for over 60% of unsuccessful digital transformations, with failures tied directly to inadequate employee buy-in and engagement.**

   Source: Gartner, "Predicts 2022: Digital Business Success Hinges on Effective Change Management" (2022).

4. **Organizations neglecting structured change management practices experience at least a 50% higher rate of employee resistance and turnover during transformations.**

   Source: Willis Towers Watson, "Global Workforce Study" (2021).

5. **Only 22% of organizations without formal change management practices report meeting their transformation goals, compared to nearly 80% of organizations with robust change management.**

   Source: Deloitte, "Human Capital Trends Report" (2022).

These data points clearly highlight the substantial risks organizations incur when they do not adequately invest in structured change management practices during transformational initiatives.

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