

## VALUE MEASURES FOR ORGANIZATIONAL EFFECTIVENESS (OE) CONSULTING SERVICES

Value Indicators	Valuation Description	Advantages	Difficulties
Cost of OE Services	Act as a profit center, and chargeback for OE services	<ul style="list-style-type: none"> <li>Client more committed since they are 'paying' for it</li> <li>Clear and discernable value tracking method when linked with well defined and clearly articulated OE service offerings</li> </ul>	<ul style="list-style-type: none"> <li>Requires rigorous OE operational infrastructure and administration (especially around work scoping and tracking) to maintain cost competitiveness with externals</li> <li>Can complicate client relationships and lessen OE organizational leverage</li> <li>Fosters a climate that can favor short-term cost concerns over the lasting, strategic impact of OE services</li> </ul>
Business Dollars Saved or Revenue Generated	Link value of OE services to cost reduction / savings or revenue generated by client as a result of project or engagement	<ul style="list-style-type: none"> <li>Can demonstrate a tangible bottom-line, or P&amp;L impact of OE services on the business if metrics are complex enough to identify OE contribution and impact</li> <li>Can simplify OE work focus and simplify criteria for OE work acquisition and prioritization</li> </ul>	<ul style="list-style-type: none"> <li>Dollars saved or actual ROI achieved by client is often the result of many factors in addition to OE services (i.e., business context, market conditions)</li> <li>Metrics to track and parse OE contribution to business savings / ROI can be very complex, and administration-heavy –requires close alignment with Corporate Finance and/ or Accounting</li> <li>A focus on ROI / Cost-savings work requires “generalist” consulting skill sets that might not always best leverage OE expertise, competency or capacity</li> <li>Can foster a climate that overlooks or overshadows the value of other important value-added business benefits resulting from OE interventions (such as increased organizational competency or capability)</li> </ul>

Value Indicators	Valuation Description	Advantages	Difficulties
Business Performance / Results	Link value of OE services to specific business benefits, performance improvements or engagement results	<ul style="list-style-type: none"> <li>• Can demonstrate tangible measure of OE's business impact when organizational component of benefits, performance targets and engagement outcomes are clearly defined and tracked</li> <li>• Can provide key indicators of the progress of large-scale organizational transformation when implemented in the context of an integrated portfolio of strategic initiatives and tracked across the enterprise</li> </ul>	<ul style="list-style-type: none"> <li>• Business performance improvements or results can be due to many factors in addition to OE and beyond the scope of OE's influence (i.e., business line capacity or allocation) – measures for organizational contribution must be well thought through and reasonably accounted for within business context</li> <li>• For large-scale transformation, OE group must be leveraged at the appropriate levels of the organization to ensure reliable results/performance tracking, as well as optimal integration of results with overall strategy and portfolio</li> </ul>
Customer Satisfaction	Link value of OE service to ratings of customer satisfaction	<ul style="list-style-type: none"> <li>• Customer satisfaction is often an indicator of an organization's increased competency and effectiveness, especially with respect to culture change, and change readiness or adoption</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction ratings need to be specifically tied to OE service outcomes to be a meaningful measurement of OE impact</li> <li>• It can be difficult to link customer satisfaction ratings to performance results or business impact</li> </ul>