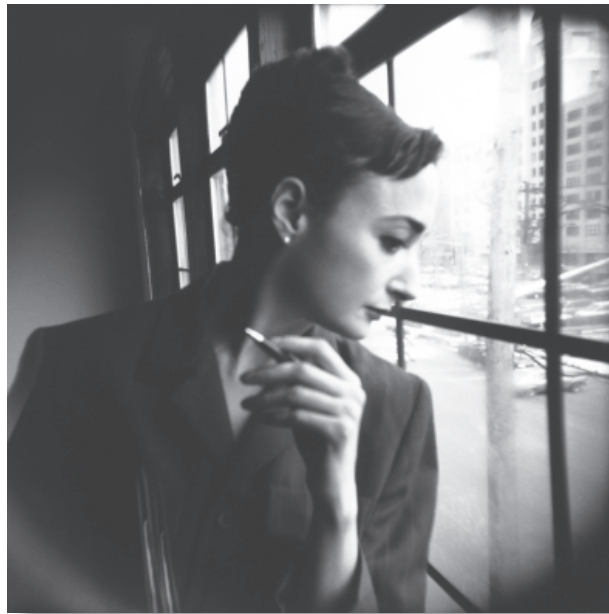


Déjà vu: Return On Investment from OD Efforts

By Andrea Chilcote

In the economic climate of the past two years, there has been a renewed discussion of return on investment in programs, systems and processes that organizational development professionals concern themselves with. During the last economic downturn, there was much work centered around metrics and the marketing of those metrics, or on processes that actually create change – all critical. So why do we still strive to demonstrate our value to the business?



“ROI” from our efforts is directly linked to our ability to produce breakthroughs in thinking and acting.

One possibility is that we are not measuring success based on our client’s – the business or business unit’s – criteria and desired outcomes. Often those in our field can’t “get outside of themselves” long enough to elicit what the client really wants or what the business really needs. By nature, we come in with our own biases and framework that can be counter to that of our business partner or client.

The charter of Organizational Development implies that we use a client-centered approach, one that considers the holistic needs of the client, the business and the people

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inside the business. OD practitioners are charged with managing these sometimes-conflicting needs and wants. ROI from our efforts is directly linked to our ability to produce breakthroughs in thinking and acting. This is not possible without a finely tuned ability to step outside of our own point of view and use multiple perspectives to objectively and fully understand the situation plus the communication skills to clearly elicit desired results and success criteria.

It's my belief that it's the consultant's *job* – obligation even – to do three things before making recommendations, giving advice, or implementing a solution. These same three things are essential for demonstrating ROI:

Gain a clear, shared representation of reality; that is, “what's *really* going on” in the company or system.

As we all know from experience, what the client thinks is going on may or may not be accurate. What the client tells us usually is not the whole story. And what *we* think is going on is colored by our own biases, perspectives or experiences, and is just one more *version* of reality, but not the real thing.

I often tell the story of agreeing to meet my husband at the Mexican restaurant “near our house.” After visiting two restaurants, one several blocks from our home and the other three miles away, I found him at a

third restaurant, not the closest to home, and the last one I would have chosen. My first comment to him was: “I went to our favorite Mexican restaurant. The one with the best food.” Notice my previously unspoken criteria, “favorite food,” and my assumption that he either shared my criteria or would read my mind. By the way, the restaurant I first visited was the farthest of the three from our home.

There are more problems than unspoken biases and criteria. People communicate using deletions, distortions and generalizations. In the absence of information, human beings make it up – often in the worst possible way. If our goal is to create mutual meaning, or what we call a shared representation of reality, the consultant must have the skills to ask questions that result in clear, shared meaning. He must be able to systematically create rapport at a level that allows the client to tell the truth – the whole truth. And, he must be able to do all of this *outside* of

his perspective on what is going on. A tall order to be sure.

Gain a clear, shared understanding of what the client wants. This essential for delivering ROI is fraught with difficulty. What are the results that the client will consider to be a return on investment? Just because we deliver a result does not mean it was the result the client wanted. Ask yourself if you primarily work toward what *you* think the organization needs, or if you work toward what your client wants. Be honest.

Even if you are committed to serving the client's outcome, the problem is not over. Clients often say they want one thing and mean another, just like I did when I agreed



to meet at the Mexican restaurant nearest our home. Clients will say they want “processes” or strategies, *ways* to get to an outcome rather than the outcome itself. So we go off and produce the workshop or the tool and present it to the client. Then we hear some version of “that’s not the kind we needed” or “it didn’t work.”

As professional consultants, we need to have command of a process for getting at the real desired outcome. We have to ask the critical question, “what will having that (program, process or tool) get you?” If we ask that simple but essential question, we learn the outcome behind the outcome. We begin to have an understanding of the client’s real motivations and bottom-line wants. We also open up the possibility of many different processes, strategies and solutions being used to achieve the *real* goal.

One of the biggest laments I hear from OD professionals is this: “The clients tell us what solution they want, and yet we are supposed to be the consultants and help them figure out what is best.” When this is going on, the consultant is not in control of her part of the consulting process. The “outcome behind the outcome” question solves this. Let’s take a look:

“Joseph, you said you want us to create a new incentive compensation plan. What will having a new plan get you?”

Suppose Joseph replies that having a new comp plan would improve sales results. The consultant has now opened up multiple possibilities for ways of getting to the client’s goal. And she can highlight the assumptions the client is making about the way he plans to get to his real desired outcome, more sales:

“Joseph, you want improvement in sales by your reps. And you believe that a new comp plan is *one way* of getting better results, is that right?”

To open the possibility of other processes, the consultant might then ask: “Are you open to the fact that there might be another, or even *multiple* ways of producing more sales?”

To highlight the fact that your client pre-supposes that the idea he presented or requested will *cause* the outcome, the consultant might ask:

“Are you saying that a new incentive comp plan will ensure better sales performance?”

In this example, do you think that Joseph will consider a return on his investment to be an expertly benchmarked, state-of-the-art incentive compensation plan? My hunch is that Joseph will measure ROI on improved sales results, and that the consultant’s job is to help him create an *overall* plan that will predictably do that.

Contract for the results that the client will measure.

Consulting can be a systematic, skill-based process that leads to predictable results, satisfied clients and return on investment.

I find that this ROI essential, contracting, is often missing between internal consultants and their clients. And just because external consultants usually need to have a written contract outlining the deliverables for which they will be paid, even these contracts often lack success metrics that indicate a return on investment.

How do you know that you and the client have clear, shared agreement on what you are going after, and what your respective roles are, if you do not have a contract? Even if you do a great job identifying and creating shared understanding of the current problem and the client’s desired outcome, without a contract, both of you are making assumptions about your role and the measures of success.

A useful contract, verbal or written, consists of two things: an “if-then” statement of agreement as to what you understand the desired result to be, including your role in achieving

that result, and an agreed-upon list of success criteria or metrics.

Let's revisit Joseph and his real desired outcome, improved sales results. "Joseph, if working together, we are able identify and implement processes that could tangibly affect sales results, then you would be delighted, right?"

Notice the if-then statement. *If* we were able to get the client his desired outcome, *then* he would be delighted, or satisfied. In my experience, it is at this very point in the dialogue that the client will correct you if you don't have it right. If you do not ask the question, you will never know – until it is too late.

Contracting does not stop there. The next question is to ask the client how he will measure success. In this example we know that Joseph wants better sales results. But "how much?" and "by when?" And *what else* is important? For example, will Joseph be satisfied if he achieves the goal and loses half of his sales force? The simple act of asking the client how he or she will measure success produces much information about the client's often-hidden personal criteria. And it ultimately answers the ROI question.

Far too few consultants take the time, upfront, to clearly and fully define current reality and the client's desired outcomes, and to contract for measurable results. For many, it's a "muddling-around" process of hope-

fully arriving at some positive outcome, based on experience and gut instinct. It does not have to be that way. In fact, consulting can be a systematic, skill-based process that leads to predictable results, satisfied clients and return on investment.

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Andrea has more than 14 years experience in performance-based change management with companies in diverse business sectors. She works with Fortune 500 companies to guide the leadership development aspect of large scale change efforts. She formed Morningstar Ventures to help today's companies create sustainable change in performance by influencing and enhancing leadership. Andrea is recognized industry-wide having authored numerous development programs throughout her career. She received her Bachelor of Science from Millikin University, her Consulting Practices Certification from the Meridian Institute, and she completed graduate studies at University of Kentucky, Lexington.

