

What to Measure?

A Roadmap to Business Alignment

Alignment Wanted

What if you could deploy a leadership development initiative and link its impact to an improvement in financial results? While aligning people strategies with business strategies has become the stated goal of nearly every contemporary HR and learning practitioner, surveys from ASTD, Conference Board and others point to the sorry state of actually delivering on that goal. Despite good intentions, the line-of-sight between people investments and business strategy remains disjointed, which makes it difficult to illustrate the value of these HR and training initiatives.

Consultants, scholars and business leaders are talking about alignment, encouraging it and even demanding it. This alignment is critical if the organization intends to develop and deploy people strategies that can quantifiably impact the business. To get beyond the talk of alignment and start acting on it, logical relationships between investments in people and the business strategy need to be defined. A causal chain needs to be created. And doing this means getting outside the walls HR and Learning and engaging a cross-functional team to help define these linkages. Enter the Measurement Map.

An Old Idea, a New Application

The idea of mapping out directions, flows and relationships is not new. From the earliest Babylonian cartography to MapQuest, travelers have recognized the value of maps in getting from Point A to Point B. Maps communicate a lot of complex information in a single image that is understood by millions.

Flow charts are much the same. They clarify complex ideas by deconstructing them into a series of connected shapes. Flow charts and process maps commonly grace corporate bulletin boards, PowerPoint presentations and project work plans. Why? Because they communicate complex information in way that is easily understood.

A Measurement Map and a bit of business logic can do this same thing for human capital investments. Imagine all stakeholders agreeing on a picture that shows precisely how leadership development should impact the bottom line. In this scenario, HR and learning practitioners would know how their purview fits into and affects the organization as a whole. They would also know what to measure.

What is a Measurement Map™?

A measurement map brings together the concepts of the cartographer's map, the boardroom's flow chart and the organizational need for alignment. It depicts the line-of-sight between the people strategies and the business strategies. It communicates in a common language that all stakeholders can understand. And it typically fits on one sheet of paper.

The Measurement Map shows the logical relationships between the investment and the organization's strategic goals. In order to establish causality and to analyze the impact, those links must be measurable. To achieve this, the Map has four logically connected sections: Strategic Goals, Business Results, Leading Indicators and the Investment.

Figure 1.



These terms may conjure up different meanings in different organizations. In the context of the Measurement Map, we adopt these definitions.

Strategic goals are, quite simply, the desired end result of the initiative. In most businesses, this ultimately boils down to improving financial performance—either by increasing revenue or decreasing costs.

Business results and **leading indicators** are both measures of performance and are commonly called key performance indicators (KPIs). The primary difference between them is simply that business results carry a financial valuation, while leading indicators do not. Typically, leading indicators appear earlier in the causal chain and provide early evidence of quantifiable business results to come.

The **investment** is the intervention that is intended to drive the stated business results. In short, it is the investment in human capital—a training program, a recognition program or a new performance management process.

What does a Measurement Map™ Look Like?

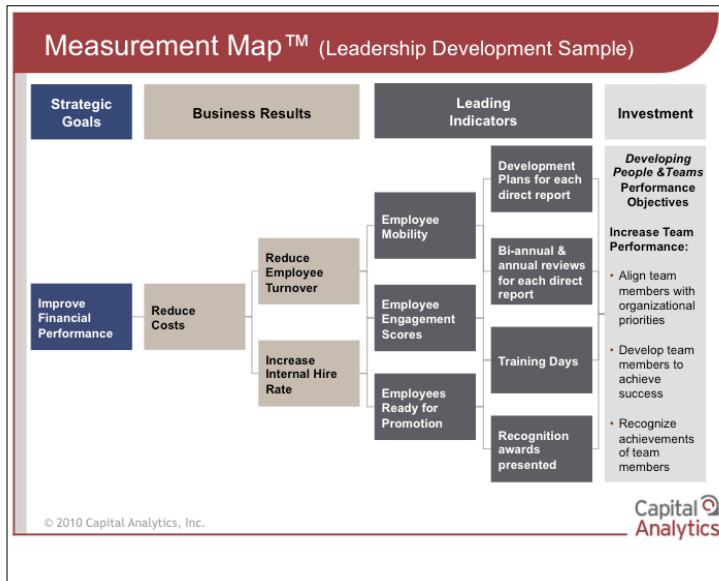
So what does such a map look like? Let's use an example of a Leadership Development curriculum to illustrate how a Map can deconstruct a difficult-to-measure initiative into a logical model, showing the expected (and measurable) behaviors that lead to the Strategic Goal.

The first question is “where to start?” Frequently both the Investment and the Strategic Goal are known, but the linkage—that logical, measurable relationship—has not been clearly defined. Sometimes, the end game is known, but the investment is yet to be determined, so a map helps clarify the objectives and expected outcomes, thereby helping to shape the investment. A Measurement Map can also be applied when the investment has been made, but the expected outcomes remain vague. In this case, a map defines and clarifies what results should be expected from the investment. Just like a road map or a flow chart, a Measurement Map can be read from either end ... from the point of origin (investment) to the destination (strategic goals) or vice versa.

In the Leadership Development example, the Measurement Map depicts the investment as “Developing People and Teams” and the strategic goal as “Improve Financial Performance.” Chances are the VPs of Operations and the Directors of HR and Learning agree on these two end points. But how do the two points connect? How can progress be measured? How can the VPs and Directors determine whether Leadership Development is having an impact on the business?

Following the Leadership Development Map (Figure 2), the logic goes like this. If the program objectives are met, it should manifest itself in the leader's performance in the following ways: the creation of development plans, conducting mid-year and annual reviews, sending staff to skill-building training, and taking advantage of the company's recognition program. Data most likely exists for all of these indicators.

Figure 2.



- Legend**
- **Investment:** The human capital initiative under consideration; ideally it includes performance objectives (what the person should be able to do as a result of the investment)
 - **Leading Indicator:** A KPI that is a quantifiable indicator of behavior that shows progress toward the strategic goal. It typically does not carry a direct financial valuation.
 - **Business Results:** A KPI that shows progress toward the strategic goal. It carries a direct financial valuation.
 - **Strategic Goal:** What the organization is striving toward.

If those leading indicators show positive results, it follows that employees (leaders and associates) will have promotional and cross-functional opportunities, engagement scores will rise, and the pipeline of next-generation leaders will begin to fill. Again, many organizations have this data in some fashion.

All these indicators lead to the business results, where outcomes can be quantified in dollars and cents. Reducing turnover cuts down on those expensive turnover costs. Increasing internal hire rates reduces recruiting and on-boarding expenses. Both lead to reduced costs, which translate to improved financial performance.

This simple example illustrates how a Measurement Map guides the deconstruction of the strategy down to the observable, on-the-job behaviors that the organization desires. If the leading indicators are improving, the logic follows that the business results will improve, ultimately contributing to the strategic goal.

Whether you start with the Goal and work toward designing an Investment to achieve it, or start with the Investment and work the other way, the Measurement Map provides the logical framework to align your people strategies with your business strategies.

Building a Measurement Map

Building a Measurement Map is a cross-functional, creative, group effort. The simple act of bringing the various stakeholders together to talk about the expected outcomes of a “people initiative” creates a powerful message of commitment—both of HR and Learning, and of the business operations people. After all, the business units are pulling their employees off of regular work to participate in this leadership development initiative. Management surely has expectations of performance change as a result. This discussion turns those expectations into explicitly-stated leading indicators and business results. Those KPIs can then be logically connected to create the Measurement Map.

Guiding these discussions takes some good planning and facilitated brainstorming. A series of open-ended questions can get everyone thinking about what they really expect this initiative to do. Questions could include:

- What should people be able to do as a result of participating in this program?
- What would be different?
- What would be the evidence of that?
- How do we measure that?

Importantly, you get more than a Measurement Map out of such a session. Business, HR and Learning stakeholders may, for the first time, be truly working collaboratively toward a clearly articulated common goal. Program participants will get sense of the unified front and know that the business supports the initiative and has expectations upon their return. This cross-functional mapping also shows other departments that HR and Learning have a willingness and a process to work with the business leaders, and want to understand and contribute to the organization’s success in a measurable way.

Here are five key things to remember when you set out on your journey to create a Map for your organization:

1. Involve the right people—Part of aligning with the business means including the business people in these discussions. After all, they are the ones with the expectations of what their employees will do as a result of your intervention. They will also have access to the business data you’ll need for your impact analysis.

2. Agree on the strategic goal—The idea behind alignment implies that you have start and end points, with the end point being the strategic goal. Your goal must be explicit. If you don't know where you want to go, a map won't help.
3. Make all KPIs quantifiable—This may not seem possible, but to measure it, you've got to be able to count it. Dashboards from the functional business units offer a great source of what's already being measured, making your data collection that much easier.
4. Treat it as an art, not a science—No two maps will look alike. Remember, the point is to illustrate alignment and create a common language around what to measure. If it achieves that, it works!
5. Enjoy the process—A cross-functional engagement shows the commitment of HR and Learning professionals to getting involved with the business. Turning the idea of people strategies into a simple picture that communicates alignment with the organization's strategies is priceless.

The Bottom Line

Every map will be different, from investment to investment and from organization to organization. And your cartography skills get honed over time. The bottom line is to create a map that represents the expected and agreed-upon observable, measurable outcomes of the investment. By defining the alignment between the people investment and the business goals, you will know what to measure, and your stakeholders will know what to expect. Now the measurable outcomes become everyone's business.

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