Shared Value Business Case
Influencing the Decision Making of Our Partners
PLAN Youth Employment Workshop - Brazil
28 of January 2016

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Strategy | Consulting | Digital | Technology | Operations
What is a business case?

A business case is a tool that helps business leaders make investment decisions by helping them understand the financial impact and value of their potential strategic investment.
Why create a business case?

Potential questions from PLAN & partners

- Should we invest in this partnership?
- Should we replicate this project?
- What is the value of taking part in the project?
- What are the estimated results?
Why create a business case?

- Demonstrates how a major investment creates value
- Supports business decisions by weighing choices or options
- Creates a way to track performance and measure success after a decision has been made
- Gains alignment for a project

Why have a business case?

Understand value

- Assess value
- Quantify value

Support decisions

- Evaluate options
- Test a decision
- Justify a decision
- Measure success
- Adjust actions

Track performance
To begin, identify a current and/or future partner to build the business case with.

1. UNDERSTAND
   Understand the partners current situation, needs, & opportunity

2. BUILD
   Define Value Drivers & Metrics

3. MEASURE
   Set baseline & target metrics

4. LEARN
   Measure actuals

5. SHARE
   Share the value and results with a current and/or future partner
Why should PLAN create a business case with their potential partner?

PLAN should create a business case because the measured value will:

1. Influence the **decision making** of a potential partner using data
2. Reduce **risk** by showcasing the potential outcome and impact
3. Provide **support** for the program as to why training and hiring youth is a good idea
4. Allow PLAN to **showcase the scalability** of the program to other potential companies
5. Ability to **Differentiate** PLAN from other youth employment non-profit organizations by having a business mindset
How to Approach the Business Case with your existing or potential partner

After establishing a relationship with the partner, it is important to have a conversation with them to introduce the business case and the value it will bring for both of the organizations.

Potential questions from the partner

Why should I conduct a business case?
- To see the business impact of hiring the youth by measuring past performance against current performance

How much of my time is required?
- You will have a supporting role. PLAN will develop the business case but will need your support to provide the baseline, target, and actual metric numbers. The company should already be tracking these numbers.

How long will it take?
- 4 – 6 months (Depending on the company’s frequency of measuring metrics and availability of information)

What is the company’s role in developing the business case?
- To help provide any necessary information requested by PLAN to complete the business case (metrics, contact information)
Business Case Example
The Steps to Develop a Business Case

Developing a **Business Case** has 4 main parts:

1. **Define current situation, needs, & opportunity**
   - Understand the goals
   - Understand needs and challenges.

2. **Define Value Drivers & Metrics**
   - Define the client’s key value drivers
   - Define the metrics to measure value drivers

3. **Set baseline & target metrics**
   - Define the baseline measurement for each metric
   - Set a target goal to obtain in the future

4. **Measure Actuals**
   - Measure the actual performance of each metric against the baseline and target number
STEP 1: Define current situation, needs, and opportunity

- Define shared value between the organizations
- Define the purpose of the opportunity
- Define the benefit of the opportunity

1. Define current situation, needs, & opportunity
   - Understand the goals
   - Understand needs and challenges.
Example

STEP 1: Define Current Situation

Current Situation

One of Claro’s goals for 2016 is to improve their customer service ratings. Over the past few months, Claro has been receiving an increased number of requests for installation of telephone lines and for repairs of existing underground cables, and does not have enough Technicians to support the demand. Due to the lack of employee capacity, it’s customer satisfaction rating is declining and customers are moving to other telecom operators such as Tigo and Movistar.

Claro is looking to hire skilled and dedicated employees into entry-level positions within their Infrastructure and Engineering department. Based on it’s poor customer service ratings and declining image in LATAM, Claro has expressed interest in taking a community-led approach to resolving it’s challenges. Claro is interested in learning more about PLAN International and how they can partner together to achieve mutual objectives.
Example

STEP 1: Define Needs & Priorities

Needs & Priorities

Through meetings with Claro we understand that the biggest challenges they are experiencing is that a majority of the employees are leaving the company after 2 - 3 months which is increasing training costs since Claro is constantly training new hires. Also, this is causing a decrease in customer satisfaction because Claro is lacking the employee capacity and experience to properly help customers.
Example

STEP 1: Define the Opportunity

Opportunity

PLAN will provide youth job training based on the skills and needs outlined by Claro such as customer service, life skills, and technician skills - installation, maintenance, and repairs to cable wires.

Claro will benefit by receiving skilled workers who will help fill vacant job openings and help improve customer service.

To execute this opportunity, PLAN and Claro will work together throughout the partnership process – establish partnership, train the youth, job placement, and post placement training & mentoring.

A key design feature to ensure a reduction in employee retention would be a high touch approach for coaching and mentoring the youth. As well as have frequent meetings with Claro to receive performance feedback of the youth.
STEP 2: Define Value Drivers & Metrics

- Define partner’s **value drivers** and select which to measure
- Define 1-5 **metrics** to measure the value drivers

<table>
<thead>
<tr>
<th>Value Driver</th>
<th>An important factor that determines or causes an increase in value for a business</th>
</tr>
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<tbody>
<tr>
<td>Metric</td>
<td>A standard for measuring and/or evaluating</td>
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</table>
**Example**

**STEP 2: Define Value Drivers & Metrics**

**Value Drivers**

Understand needs & priorities of the partner in order to define the value drivers.

Example: Based on the needs and priorities identified from previous conversations with Claro with know that these are some of their value drivers.

- Customer satisfaction
- Customer retention
- Driving training costs
- Improve Branding
- Increase customer acquisition
- Increase livelihood of vulnerable people

**Metrics**

Define all metrics to use to measure the value drivers and decide which are the most valuable and feasible to use.

To decide which metrics to use, understand what the company measures today and what they would be willing to measure moving forward. (Note: It is very time intensive to measure these metrics therefore we recommend you choose no more than 5 metrics to measure)

<table>
<thead>
<tr>
<th>Value Driver</th>
<th>Increase employee retention</th>
<th>Reduce training Costs</th>
<th>Customer experience</th>
<th>Branding</th>
<th>Customer Acquisition</th>
<th>Increase livelihood of vulnerable people</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Metric</strong></td>
<td>• Δ in turnover</td>
<td>• Δ hours spent training</td>
<td>• Customer rating score</td>
<td>• Customer engagement</td>
<td>• % Δ in customer base</td>
<td>• # Local talent hired</td>
</tr>
<tr>
<td></td>
<td>• Avg tenure</td>
<td>• Cost of training per employee</td>
<td>• Customer Survey Feedback</td>
<td>• Customer interaction</td>
<td>• % increase of new customers</td>
<td>• Employee satisfaction</td>
</tr>
<tr>
<td></td>
<td>• % retained for 1 year</td>
<td></td>
<td></td>
<td></td>
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STEP 3: Set baseline & target metrics

- Use partner current measurements to set baseline
- Work with partner to set realistic target measurements

<table>
<thead>
<tr>
<th>Baseline</th>
<th>The baseline number is the starting value of the metric when you begin the comparison between past and current performance.</th>
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<tbody>
<tr>
<td>Target</td>
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Example

STEP 3: Set baseline & target metrics

The **baseline** should reference only the specific group within the company where you will be hiring youth.

The **target** should be realistic and feasible based on the company’s goals.

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<tr>
<td>Decrease Cost</td>
<td>Increase employee retention</td>
<td>% retained for 1 year</td>
<td>45%</td>
<td>75%</td>
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<tr>
<td></td>
<td>Reduce training Costs</td>
<td>Cost of training per employee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase revenue</td>
<td>Customer experience</td>
<td>Customer feedback rating</td>
<td>3.0</td>
<td>4.0</td>
</tr>
<tr>
<td></td>
<td>Increase livelihood of vulnerable people</td>
<td>% Local talent hired</td>
<td>68%</td>
<td>100%</td>
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Example
STEP 4: Measure Actuals

4 Measure Actuals

- Measure the **actual performance** of each metric to date

  Measure the actual performance of each metric against the baseline and target number
STEP 4: Measure Actuals

To Measure Actuals
Understand the frequency by which the partner measures the metrics (monthly, quarterly, yearly). The partner will be providing the numbers for each metric.

To Analyze Actuals against Target
What is the actual impact that we had on each of the metrics that we selected? Did we achieve our target and if not why?

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Final Outcome

Claro is looking to hire skilled and dedicated employees into entry-level positions within their Infrastructure and Engineering department. Based on its poor customer service ratings and declining image in LATAM, Claro has expressed interest in taking a community-led approach to resolving its challenges.

PLAN will provide youth job training based on the skills and needs outlined by Claro such as customer service, life skills, and technician skills - installation, maintenance, and repairs to cable wires.

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<tr>
<td></td>
<td>Reduce training Costs</td>
<td>Cost of training per employee</td>
<td>$1,000</td>
<td>$700</td>
<td>$700</td>
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<td>Customer feedback rating</td>
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Key Takeaways

• An understanding of the value of the program
• An understanding of program achievement / improvements
• An understanding of next steps and future decisions
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