

The Inside Pitch

By Theresa Seagraves

Communicate the value of training tersely and in the language of your CEO.

Imagine yourself on an elevator ride with your CEO. You've been feeling undervalued and ignored lately despite impressive return-on-investment statistics about your training programs and great customer satisfaction statements. You really want to say something to *wow* the boss. Then, imagine yourself stating the following in a confident and forceful way:

"Mr. CEO, in the last three months our new Best of the Best training program has decreased employee turnover by more than 30 percent, which created an extra US\$750,000 of free cash flow. That extra cash flow is important to the company's stability as we approach our traditionally low seasonal sales period. We believe our next initiative will significantly improve our short-term debt-to-equity ratio. If you are interested, I can tell you more about what our training department is

doing for the company's bottom line. May I send you some information in the next couple of days?"

Suddenly, your CEO is interested and asks you to email him more results and your thoughts on how you can add value to the company. He asks you to schedule a meeting with him next week to discuss the value of training.

Well, OK, that may be taking the fantasy a bit too far, but one outcome from such a scenario is certainly true. Your CEO would never think of you again as just that training person over in the HR department.

Demonstrating and communicating value is at the top of the wish list for most trainers and other workplace learning and performance professionals. And with good reason. Top executives are demanding to know the value of training with the same razor-like focus embodied in the popular

culture phrase, "Show me the money." For you, the challenge is to create a value statement that even the most bottom-line oriented CEO cannot ignore.

Success by the numbers

The dramatic value pitch made on the elevator by the value-versed trainer to her CEO is not difficult to construct. In fact, the ability to communicate great value to top executives can often be learned with just a few hours of work. Yet, very few learning professionals actually do what is necessary to communicate bottom-line results. Why is that? Like most seemingly complex problems, the answer is often less daunting than you think. To have an elevator conversation with your CEO, you only need three things: a minimal knowledge of the language of finance, an easy to follow and understand communication, and confidence that you can do this.

Speaking the language of finance

Communicating great value is basically a matter of translation. As training and development professionals, we've been taught to think in the language of performance. Examples of that type of thinking include

- How many widgets must a worker produce in an hour?
- On a scale of 1 to 10, how much less stress must our employees report on the next workforce survey?
- As judged by the instructor, how well did each participant perform in preparing and delivering a presentation in front of a group?

Speaking the language of performance to executives is like trying to speak medieval English to a modern-day English speaker. Your lips may be moving, but your executive is having a hard time translating what you're saying into something that makes sense in his world. Therefore, the golden rule of value communication is this: Translation is your job.

Your executives speak the language of finance. That language uses terms such as *return on assets*, *cash flow from operations*, or *net profit or loss*—also known as the infamous bottom line. You absolutely must master the basics of that language to gain the attention and respect of your executives. More important, you need to determine which financial numbers keep your executives awake late at night and, just as important, how well your interventions help improve those numbers.

Oh no! Not “the numbers!”

If you're like most of us, you've either broken out in a cold sweat or wrinkled your nose in disgust at the thought of having to deal with “the numbers.” But wait. Don't throw down the magazine just yet. If you want a seat at the table, you want control of how your value translates into those numbers. For many people, perception is reality. If your executive can't perceive your value, or even worse, takes you for granted to the point that he perceives your value to be much lower than it really is, then you're the one without a place to sit.

It doesn't have to be that way. Did you know that ROI studies reported in the t&d industry consistently show returns far higher than nearly any other area that executives could dream of investing their money in? The minimum ROI required for most investments is 15 percent. Many training and development ROI studies report returns well over 100 percent. Studies going back more than a decade have described the high potential financial value of getting lower per-

formers to act more like higher performers. When you put training and development's ability to create great returns together with how much most executives struggle to manage the numbers, suddenly training professionals have an urgent reason to be at the table. Making that connection for your executives is your ticket to success when communicating your value.

How to build your communication plan

Building respect and influence in the boardroom requires both discipline and a strong commitment to educating your executives. When you catch an executive's attention with a powerful, well-constructed statement of your value, what you're really doing is issuing an invitation for that executive to talk with you about how you can bring even more value to the table. While that thought might be a bit frightening, you must remember that once you have figured out how to translate your value, the easier it is to prepare for and to communicate value the next time. Success breeds success.

Your steps to success can be split into three parts. The first three steps identify exactly to whom you want to communicate value, and what is important to them. The next five steps help you connect what you do to what your audience needs. The final four steps focus your communication so that it's just what your audience needs when they need to hear it. (Refer to the diagram at right.)

Finalizing and delivering your plan

You have done the work to collect financial data and feel sure you know how you'll add bottom-line value to your company through learning interventions. Now what? You must deliver your message quickly with just the right emphasis on the important facts. Notice how the informed trainer at the beginning of this article delivered a one, two value “punch” to her CEO and closed the deal with a follow-up invitation to the CEO. You can follow the same plan and sound just as convincing. (See value forms on pages 44-45.)

Every great value communication has four segments: performance, financial, relevant context, and goal. The informed trainer offered decreased turnover, \$750,000 of extra cash flow, company stability, and desire to do more as her four value segments. You must remember that it's not enough to describe a productivity improvement in terms of the performance of the individual worker.

The 12 Steps to Value Success

Communicating value

11. Create value statements. Craft the high impact statements that drive home your value with your executives.

10. Create value themes. Create a central theme to help you focus your communication.

9. Plan quarterly context. Plan ways to get your audience to listen to you right now as they roll out new products, manage seasonal highs or lows, or plan budgets.

8. Evaluate results. Update your estimates with real numbers of what your participants have done back on the job.

7. Deliver intervention. Show time! Deliver with excellence.

12. Communicate and refine. Work to keep your value updated.

Identifying value (profit, position, cash)

1. Define your audience. Identify the names or titles of the managers you need to show value to.

2. Research financial information. Build your arsenal of general financial data.

3. Identify financial imperatives. Make sure you know what is keeping your executives awake at night.

4. Identify intervention. Choose your best intervention to represent yourself.

5. Clarify perceptions. Know if you're working from a defensive "given," a neutral "negotiable," or an offensive "delight" position when communicating.

6. Develop scorecard. Estimate what you think your value will be and how it will affect the top financial measures in your organization.

Positioning, delivering, and measuring value



Value Communication: The Four Segments Template (Part 1)

Performance Segment

In the last three months, our new “Best of the Best” training program has

Period of Time

Intervention

decreased employee turnover more than 30 percent,

Direction

Performance Measure

Amount of Change

Financial Segment (*thereby*)

which created an extra \$750,000 of free cash flow.

Direction

Amount of Change

Financial Measure(s)

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Speak their language

When you get the meeting with C-level executives, don't go in unprepared. Know the language. If the CFO drops the EBITDA bomb in the middle of a meeting and you don't know what it means, you risk being left behind, or worse, being dismissed as incapable of playing at that level.

Here are three terms you must know—but there are dozens of others. Make a friend in the finance department and become savvy on the words and hot-button topics of your organization's money people.

Net profit (or loss). Gross sales minus the cost of goods sold/cost of services, other sales-driven expenses, fixed expenses, taxes, interest, depreciation, and other one-time or special expenses. (This is the proverbial *bottom line*.)

Return-on-investment. Net return divided by investment, expressed as a percentage. The return may refer to earnings, income, profit, gain, or appreciation in value. Investment means the amount of capital used to generate the return.

Benefit-to-cost-ratio. A ratio that shows how many dollars (or other monetary unit) of benefits were created for every one dollar of cost spent. Benefit-to-cost is calculated by dividing the total gross benefits by the total costs of an intervention.

It is more important to start your value communication by anchoring your claim of financial value to something specific that you did or will do. In the example at the beginning of this article, the performance value of the Best of the Best training program was described as a 30 percent reduction in employee turnover. Many training and development professionals stop at the performance value segment and hope that their executives will correctly translate that performance into financial terms. However, our intrepid t&d professional in this example knew that translation was her job.

Our heroine had done her homework. She knew that cash flow issues were keeping her executives awake at night. By translating that performance into a financial value of a \$750,000 improvement in cash flow, our heroine has captured a bit of her executive's attention. This executive immediately understands our heroine's contributions in the executive's own terms.

That bit of attention will still not be enough however. Our heroine's CEO is in the elevator because he's on his way to an important meeting. Perhaps he will be discussing how much short-term debt the company will have to take on in order to sustain the business through the low sales period that is looming

The Four Segments Template (Part 2)

Relevant Contest (*which means*)

This extra cash flow is important to the company's stability as we approach our traditionally low seasonal sales period. We believe our next initiative will significantly improve our short-term debt-to-equity ratio.

(Results of) Intervention *Relevant Benefit or Impact*

Your Goal

If you are interested, I can tell you more **about what our training department is doing for the company's bottom line.**

What you want *Why*

(Granting permission) May I send you some information in the next couple of days?

Next Step You Want Them to Take *Period of Time*

ahead. That's still a cash flow issue, and even though our heroine has already contributed \$750,000 to the cause, our executive must find a way to continue to manage the situation for the next three to six months. Our executive's focus is on solving the urgent and important business for at least the next two quarters of the fiscal year.

To get her executive's undivided attention, our heroine added just a little more. She pointed out how the next t&d initiative would help with the urgent and important business of addressing the short-term debt-to-equity ratio. Then our heroine did another smart thing. Her goal was to educate her CEO on the value of t&d to the bottom line. Knowing what you want an executive to do next for you is critical to building influence with that executive. Before finishing her statement of value to the CEO, she asked if she could send him more information about the value of t&d contributions. Of course, since she had done her homework and knew her numbers, she's confident that she can follow up on that offer very, very quickly. Our heroine's story ends well. She suddenly has the attention, the respect, and the invitation she's been looking for from her CEO.

Confidence to get it done

Great value communication depends on owning the responsibility of translating the language of performance to the language of finance. It takes commitment to educate your executives on your true value to the organization. It certainly pays to be prepared with what you want to say and how you want to say it so that you can get the attention you deserve when your moment comes. Getting comfortable with "the numbers" may not seem appealing at first, but the results are worth it. Isn't communicating your value clearly and succinctly what your executives have been asking for?

Finally, have some confidence. As the old expression goes, this is not rocket science. You can do this, but it takes time and effort, and the ability to learn a new language. **TD**

With more than 18 years working with career development, total quality management, information systems, high technology, and workforce development, Theresa Seagraves became a recognized leader at Hewlett-Packard for creating innovative, world-class data, and people-development systems. This article was based in-part on her book, Quick! Show Me Your Value (ASTD, 2004).