A Forrester Total Economic Impact™ Study Commissioned By The Marcus Buckingham Company, An ADP Company
November 2017

The Total Economic Impact™ Of StandOut

Cost Savings And Business Benefits Enabled By StandOut

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Table Of Contents

Executive Summary **1**

Key Findings 1

TEI Framework And Methodology 3

The StandOut Customer Journey **4**

Interviewed Organizations 4

Key Challenges 4

Key Results 5

Composite Organization 6

Financial Analysis **7**

Improved Employee Productivity 7

Reduced Turnover 8

Talent Management Improvements 9

Unquantified Benefits 11

Flexibility 11

StandOut Costs 13

StandOut Deployment And Training Time 14

Incremental Team Leader Time Spent Using StandOut 15

Incremental Team Member Time Spent Using StandOut 17

Financial Summary **18**

StandOut: Overview **19**

Appendix A: Total Economic Impact **20**

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ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

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Financial Metrics

ROI
121%

Benefits PV
$1.9 million

NPV
$1.1 million

Payback
6 months

Executive Summary

The Marcus Buckingham Company, an ADP Company, commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying StandOut. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of StandOut on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed several customers with experience using StandOut. StandOut is an integrated suite that pairs a technology platform with coaching to help organizations achieve their talent activation goals.

Prior to using StandOut, the interviewed organizations did not have a structured program to improve and measure employee engagement and performance. Organizations used annual surveys and annual performance reviews, and some even encouraged weekly check-ins, but there was no guidance on how to complete these tasks, and the data that was collected was not easily understood or accurate. Due to the lack of structure and length of surveys, adoption was low, further reducing the usefulness of this approach. Managers participated in these activities with varying frequency, but the organizations noted that managers were not well equipped to have conversations with their direct reports about performance. Executive interest in employee engagement was increasing, so the interviewees sought a new solution that could provide coaching for managers, tracking of engagement and performance, and the tools employees need to "do more of their best work," as one interviewee said.

With StandOut, the organizations now have a cohesive solution, from one vendor, that is both easy to use and manage. The organizations noted a high adoption rate for weekly check-ins, engagement and performance pulses, and coaching workshops for leaders. Over the first year of StandOut use, the interviewees saw dramatic increases in engagement scores. Higher engagement comes from employees rethinking how they work and having what they need to accomplish their best work. With weekly check-ins, managers can have forward-looking conversations with employees about future work. These strengths-based conversations help increase engagement and productivity as well as identify performance problems faster and address those effectively with their direct reports. Improvements in engagement drive productivity and innovation, higher employee satisfaction reduces turnover, and better performance management helps struggling employees become high performers.

Key Findings

Quantified benefits. The following risk-adjusted quantified benefits are representative of those experienced by the companies interviewed:

› **Improved employee engagement leads to 7% higher employee productivity.** On average, interviewees saw a 65% increase in employee engagement in the first year of StandOut use, resulting in a 5% increase in productivity that year. In the following years, this productivity is sustained and continues to increase to 7%. Productivity is driven by better alignment of employees' strengths with their roles and improved coaching by managers. Adoption of StandOut averaged 85%, an over 50% increase in adoption compared to prior processes.

Key Benefits

7% average productivity gain across teams

$81,000 saved over three years in hiring costs from improved retention

65% increase in percent fully engaged* in Year 1

(*respondents giving the highest grades across the board, indicating that they are fully psychologically committed to their work.)

- **Higher employee satisfaction and improved management reduce turnover.** On average, the turnover rate decreased from 20% to 10% following the StandOut investment. Interviewees attributed a portion of this improvement to StandOut's effect on employee satisfaction and the
- relationship between employees and their managers.
- **Performance pulse data and management coaching facilitate performance evaluation and improvement.** Organizations can identify low performers, assess their strengths, and facilitate discussions on how to help low performers become more impactful, creating significant productivity gains for these employees and their teams.

Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:

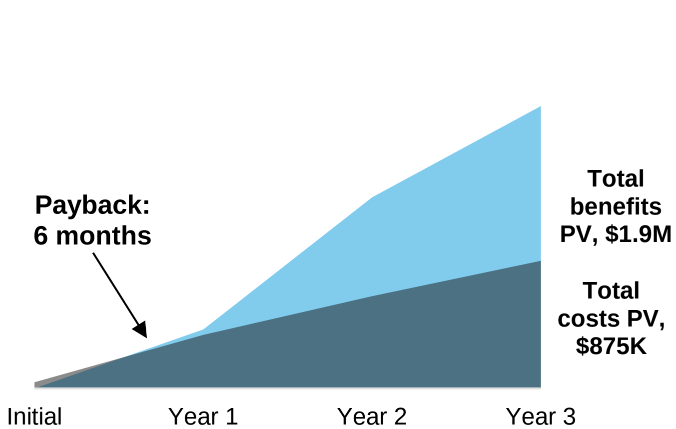
- **Business key performance indicators (KPIs) improved after the StandOut investment but could not be quantifiably connected to StandOut.** Interviewees believe that increased engagement and productivity contribute to top-line numbers, but they cannot isolate the impact of StandOut from other factors.
- **StandOut helps new employees become engaged and productive faster.** Organizations can now use Standout to quickly understand the strengths of new hires and help them be impactful immediately.

Costs. The interviewed organizations experienced the following risk-adjusted costs:

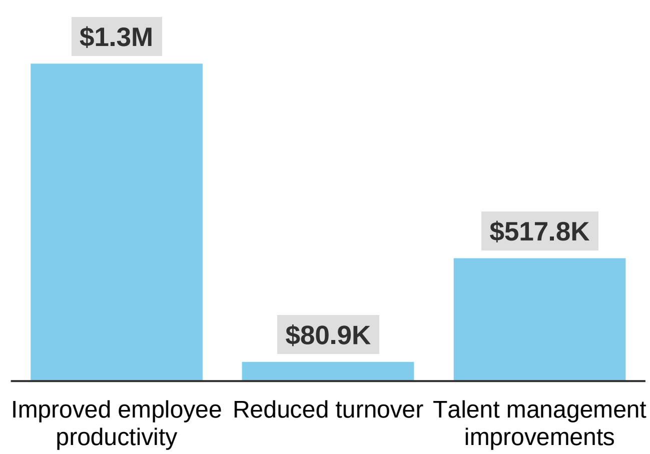
- **Direct costs to use StandOut.** The organizations paid for deployment services, StandOut license costs, and leader workshops.
- **Time spent on deployment and training.** Internal staff assisted the deployment effort, the StandOut owners at the organizations underwent a longer training session, and team leaders and team members participated in user training and all took the StandOut Assessment.
- **Time spent by team leaders and members using StandOut.** Users spent incremental time on weekly check-ins, engagement pulses, and performance pulses, compared to similar activities prior to using StandOut. In addition, team leaders attended workshops.

Forrester's interviews with three existing customers and subsequent financial analysis found that, on average, they experienced benefits of $1.9 million over three years versus costs of $875,000 over three years, adding up to a net present value (NPV) of $1.1 million and an ROI of 121%. Please see Appendix A for definitions of these terms.

Financial Summary



Benefits (Three-Year)



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TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing StandOut.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that StandOut can have on an organization:

The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

DUE DILIGENCE
Interviewed The Marcus Buckingham Company, an ADP Company, stakeholders and Forrester analysts to gather data relative to StandOut.

CUSTOMER INTERVIEWS
Interviewed three organizations using StandOut to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION
Designed a composite organization based on characteristics of the interviewed organizations.

FINANCIAL MODEL FRAMEWORK
Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.

CASE STUDY
Employed four fundamental elements of TEI in modeling StandOut's impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by The Marcus Buckingham Company, an ADP Company, and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in StandOut.

The Marcus Buckingham Company, an ADP Company, reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

The Marcus Buckingham Company, an ADP Company, provided the customer names for the interviews but did not participate in the interviews.

The StandOut Customer Journey

BEFORE AND AFTER THE STANDOUT INVESTMENT

Interviewed Organizations

For this study, Forrester conducted three interviews with StandOut customers. Interviewed customers include the following:

INDUSTRY	EMPLOYEES	INTERVIEWEE	STANDOUT USERS
Sports/entertainment	300 full-time employees	Director of human resources and organizational development	210 users, 55 team leaders
Academia	3,000 full-time employees	Associate vice president, division of information technology	190 users, 27 team leaders
Financial services	430 full-time employees	Director of human resources for US	385 users, 50 team leaders

Key Challenges

Prior to using StandOut, the customers struggled with several key challenges, including:

- **The interviewed organizations had limited prior solutions or processes to measure and improve employee engagement.** Several of the interviewees conducted annual engagement surveys, but participation in the surveys was low and the results of the surveys were difficult to understand. Some organizations even questioned the accuracy of survey results. Interviewees also encouraged employees to participate in annual performance reviews and regular check-ins, but there was no way to measure participation and there was no guidance for employees to help them conduct these conversations effectively.
- **Previous attempts at measuring engagement and performance were not actionable, were not accurate, and had low participation.** Executives were interested in engagement, so the organizations attempted to create programs to measure and improve it (noted above). However, participation in the surveys, reviews, and check-ins was often 50% or lower, and surveys were providing data that did not make sense. One interviewee said: “The data was so bad, and the ratings were so misused. You have somebody getting a top score, and the next week, we want to fire them. We weren’t asking the right questions, and people didn’t want to get bad news.” Without the framework or tools to encourage continuous participation, obtain valid performance data, and calculate accurate engagement metrics, it was difficult to understand and influence engagement.
- **There was no previous process or coaching available to help managers learn how to manage, train, and lead better.** One of the factors that affected the organizations’ ability to improve performance was that managers did not have the skills to address low performance and coach employees to deliver better performance. A key objective was to figure out how to develop managers so that they could drive engagement within their teams. One interviewee noted: “We were starting at not just zero but at minus 500 with some of our management people. They might have had the technical skills, but they

“Our previous survey was so lengthy that we had a high number of people who wanted to participate, but a large percentage of people who dropped out. We had less than 50% of our people participate. Then I had to get in front of our employees and tell them what we learned, and we could not make sense of the data. I said, ‘We’re asking the wrong questions.’ But I can tell by the number of people who were willing to at least start the survey that there are people who want to have their input here. We just need to find the right surveying tool.”

Director of human resources and organizational development, sports/entertainment had never done proper interviews. They had never put anybody in progressive discipline."

- **Employees and executives were interested in improving engagement, but the organizations needed the right solution.** Executives wanted to understand and improve engagement, and employees wanted to have input, but the previous solutions were not able to satisfy those requests. Some interviewees looked at alternate solutions to StandOut that involved a number of different systems that would have to be managed separately and somehow connected, sharing data either through manual work or a complex integration. There was concern that ultimately those disconnected systems would also be ineffective. The organizations needed an accurate means of tracking employee engagement levels, a method for improving the performance review process, training for managers, a way to develop employees, and the ability to accomplish all of these goals with a solution that was cohesive and "something the organization wanted versus something they had to do."

> "Staff who are highly engaged are looking for innovative ways to do things. They're not merely taking assignment work. The constant check-ins with managers and knowing what's expected of them give us this immediate and iterative way of checking in with everything that we're doing."
>
> *Associate vice president, academia*

Key Results

The interviews revealed key results from the StandOut investment:

- **Interviewed organizations realized dramatic initial increases to their engagement scores.** Within the first year of using StandOut, the organizations had all users complete the StandOut Assessment, start reviewing their learning pulse tips, complete several engagement and performance pulses, and begin participating regularly in weekly check-ins. Adoption rates for pulses and check-ins were 80% or higher, and team leader participation in coaching workshops was 100%. The organizations conducted an engagement pulse at the beginning of the StandOut program, usually during deployment, and compared that to results later in the first year after deployment. Interviewees saw improvements to their "percent fully engaged" metric, a metric that counts users who strongly agree with each of the engagement pulse statements, ranging from almost 40% to over 80% improvement. Some interviewees picked up on engagement trends, including the following: the biggest lift in engagement was with employees with long tenure; one of the most highly engaged teams was composed primarily of new employees; engagement correlated with percentage of check-ins; and teams of managers were more highly engaged than others.

> "Engagement comes from being able to do your best work. With StandOut, our employees are now rethinking how they work and why they do what they do every day. This new awareness is driving greater employee satisfaction, and in turn we are seeing uplifts in performance."
>
> *Director of human resources and organizational development, sports/entertainment*

- **Improved engagement leads to improved productivity.** Interviewees noted that engagement is driven by strengths-based management that aligns employees to their roles based on their strengths, allowing them to do more of the work that they love to do and limiting the work they loathe. The organizations noticed that when employees became more engaged with their work, they tended to work more, produce higher-quality work, and think about their work differently, enabling innovation. While not every team may see engagement rise initially, those that do notice that team members are more satisfied and productive.

> "With StandOut, you're going to get a better return from your people if you build the right kind of relationship with them. If they can give you their strength every day, they're going to be engaged and therefore have higher performance. So you have to know the strength of your people and you have to talk to them about it all the time."
>
> *Director of human resources, financial services*

- **StandOut provides the performance tools and coaching needed to improve retention and manage talent.** With StandOut, organizations can better measure and track performance via the performance pulses. This data allows the organization to be proactive about performance issues. Additionally, The Marcus Buckingham Company,

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an ADP Company, can provide coaching and templates to help managers use this data to drive conversations with low performers in order to evaluate their fit for a role and improve their engagement. Performance pulse data can also be used by HR to provide incentives, like salary adjustments, to high performers or low performers in order to drive performance. Providing managers with the tools to help low performers — and providing employees an opportunity to discuss aspects of their role with managers — helps to increase retention.

Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an associated ROI analysis that illustrates the areas financially affected. The composite organization is representative of the three companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization that Forrester synthesized from the customer interviews has the following characteristics:

Description of composite. The composite has 300 full-time employees and a small HR department that was challenged to deliver services that could improve and measure engagement within a limited budget. Prior to using StandOut, the composite ran annual engagement surveys and encouraged annual performance reviews. The composite also encouraged weekly check-ins. On average, the organization had a 55% adoption rate for these activities prior to using StandOut. Improving employee engagement was increasingly viewed as a key corporate goal.

Deployment characteristics. The composite deployed the full StandOut program, including employee engagement, leader development, and performance management, to 250 initial users, growing to 260 users by Year 3 from organic company growth. The organization has 40 teams and 40 team leaders defined within StandOut. These are all teams that have fixed roles on the organizational chart and do not yet include dynamic teams such as project groups where roles might vary. All users initially took the StandOut Assessment and participated in learning pulse tips, weekly check-ins, and quarterly engagement pulses. The adoption rate for these tasks with StandOut was 85%, on average. All team leaders also participated in a strengths-based coaching workshop and quarterly performance pulses. The results from the composite's initial engagement pulse revealed 12% were fully engaged, and this figure grew to 20% fully engaged by the end of the first year of StandOut use, a 65% improvement. The composite's engagement scores continued to improve in years 2 and 3 but at a reserved pace.

Key assumptions

250 total StandOut users

40 team leaders

85% adoption of StandOut, over 50% higher adoption than prior processes

65% improvement in percent fully engaged in first year

Financial Analysis

QUANTIFIED BENEFIT AND COST DATA AS APPLIED TO THE COMPOSITE

Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Improved employee productivity	$419,900	$599,617	$611,374	$1,630,892	$1,336,613
Btr	Reduced turnover	$24,700	$37,050	$37,050	$98,800	$80,911
Ctr	Talent management improvements	$0	$459,420	$183,768	$643,188	$517,754
	Total benefits (risk-adjusted)	$444,600	$1,096,087	$832,192	$2,372,880	$1,935,277

Improved Employee Productivity

Interviewed organizations noted the following benefits related to improved employee productivity with StandOut:

- One of the most noticeable improvements due to StandOut was employee productivity. This was driven by improvements in engagement and improvements in managers' skills. Managers were better able to measure and encourage employee performance during weekly check-ins, and they could align the strengths of their employees with their roles. Employees who did more work that they enjoyed and exceled at were more highly engaged with their work.
- Some interviewees found that the teams with the highest engagement scores were more productive, including up to a 20% improvement in productivity for the most engaged teams. Employees on these teams were working from home, putting in extra hours, innovating, and contributing higher-quality work.

For the composite organization, Forrester assumes that:

- There are 250 total StandOut users in Year 1, growing at a rate of 2% per year with company growth.
- Over the course of the first year using StandOut, the "percent fully engaged" metric increases from 12% to 20% for the entire organization. This reflects a 65% improvement in engagement. While this magnitude of improvement is not expected in subsequent years, the composite assumes there will continue to be improvements in engagement in years 2 and 3, as also seen by interviewed clients.
- During the first year, the composite realizes an average 5% productivity gain, corresponding with the large increase in engagement during that year. In years 2 and 3, this grows to a 7% average productivity boost across employees. Employees on highly engaged teams will see productivity increases higher than 7%, while those on less engaged teams will likely see improvements lower than 7%.
- Forrester recognizes that not all time saved is converted to additional productive work. To be conservative, Forrester assumes a 50% "productivity capture" to capture the value of only those hours that are used to perform more tasks.

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of over $1.9 million.

7% average improvement in productivity

"As an example, one of our employees, she is one of those use cases where you say, 'Once you find her strength, she's not just doing double the work.' She is out in the sky doing just amazing stuff, so much so that I am working to move her into a director's position. She is not the same person she was last year. It's amazing."

Associate vice president, academia

- The value of time savings is the first level of benefit with productivity improvements. As noted in the Unquantified Benefits section below, interviewees believe that improvements in top-line KPIs are being driven in part by this productivity gain due to StandOut, but they are currently not able to isolate and quantify the magnitude of that impact to their KPIs.
- Forrester uses a $34 blended hourly rate for this calculation, averaging the hourly rate for team leaders and team members. Hourly compensation benefits are multiplied by 2080 working hours per year to arrive at a yearly benefit figure.

The following risks affect the realization of this benefit:

- Productivity can be difficult to measure and attribute to a single solution, particularly on teams that do not have discrete tasks.
- This calculation assumes that adoption and use of StandOut remains high over the three-year period, and that managers leverage the capabilities within StandOut to enable improved employee performance.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of $1.3 million.

Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.

Improved Employee Productivity: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Number of StandOut users	2% annual growth	250	255	260
A2	Average productivity improvement due to StandOut		5%	7%	7%
A3	Productivity capture		50%	50%	50%
A4	Average blended hourly fully loaded compensation		$34	$34	$34
At	Improved employee productivity	A1*2080*A2*A3*A4	$442,000	$631,176	$643,552
	Risk adjustment	↓5%			
Atr	Improved employee productivity (risk-adjusted)		$419,900	$599,617	$611,374

Reduced Turnover

Interviewed organizations noted the following benefits related to reduced turnover with StandOut:

- For some of the interviewees, exit interviews revealed that top reasons employees left the organization included poor experiences with managers and poor fit with their work.
- After using StandOut, one interviewee noted: “Even if their manager is not somebody they would choose to work with, the fact that they are heard has made a difference. They are asked about what it is they love to do, and we have changed assignments in some areas because of that. Some in particular have said they really think just being able to say what they loathe and putting it out in a sentence and then being done with it has helped quite a bit.”

› While some interviewees tied improvements in retention to the use of StandOut, they acknowledged that other internal initiatives and external factors could have affected the turnover rate during that same period.

For the composite organization, Forrester assumes that:

› Prior to using StandOut, the turnover rate was 20% on average. After the StandOut investment, the turnover rate decreases to an average of 10%.

› Taking in to account other factors that affect turnover, the composite conservatively assigns a 12% attribution to StandOut.

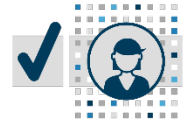
› Forrester assumes the average cost to hire is $13,000, and the calculation rounds the benefit so that it only applies to whole people.

The following risks affect the realization of this benefit:

› Turnover rates will vary by industry, region, and organization.

› Turnover rate changes are difficult to accurately attribute to specific causative factors.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of $81,000.



Two to three additional employees retained per year due to StandOut

Reduced Turnover: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Number of StandOut users	2% annual growth	250	255	260
B2	Previous turnover rate		20%	20%	20%
B3	Turnover rate with StandOut		15%	10%	10%
B4	Improvement in turnover rate due to StandOut		12%	12%	12%
B5	Avoided hiring costs (per hire)		$13,000	$13,000	$13,000
Bt	Reduced turnover	B1*(B2-B3)*B4*B5	$26,000	$39,000	$39,000
	Risk adjustment	↓5%			
Btr	Reduced turnover (risk-adjusted)		$24,700	$37,050	$37,050

Talent Management Improvements

Interviewed organizations noted the following benefits related to improved talent management with StandOut:

› Prior to using StandOut, managers at the interviewed organizations were not effective at handling performance issues with their direct reports. It was sometimes difficult to identify low performers, and managers would take the perspective that “this person isn’t working out, they’re not happy, but it’s not my responsibility.”

› Using StandOut provided managers with the tools to identify low performers, the skills to have discussions about performance with these direct reports, and the ability to be proactive in helping these employees figure out where, and if, they fit in the organization.

Interviewees mentioned how they could now tie salary adjustments to performance to provide better incentives to employees, something they were not able to do before.

- Interviewees described this process as beginning after several pulses had been conducted, in order to gather data, and also after team leader workshops. In the first year that these performance discussions took place, there was a larger amount of problems that were addressed. There were fewer performance problems in following years. These conversations could lead to employees leaving the organization or retiring, or they could lead to employees being reassigned or becoming re-engaged with their work.
- In addition to helping interviewees make these differential talent decisions, StandOut also helped organizations accelerate performance among employees. One interviewee noted the impact of this performance improvement, saying: "One of our employees, she is one of those use cases where you say, 'Once you find her strength, she's not just doing double the work.' She is out in the sky doing just amazing stuff, so much so that I am working to move her into a director's position. She is not the same person she was last year. It's amazing."

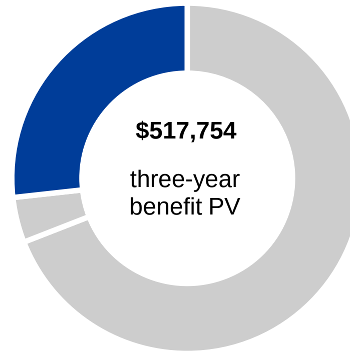
For the composite organization, Forrester assumes that:

- The composite spends Year 1 gathering data from pulses, encouraging adoption and use of StandOut, and providing coaching opportunities for managers.
- In Year 2, 10 people are identified as low performers, and in Year 3 the organization goes into maintenance mode, where four people per year are identified as low performers on average.
- Forrester assumes that each low performer creates a productivity loss of 75%, on average, for their team. This includes their own low productivity as well as the productivity loss they create for their colleagues. When the performance issue is addressed, this 75% productivity loss is recouped.
- Hourly compensation benefits are multiplied by 2080 working hours per year to arrive at a yearly benefit figure.

The following risks affect the realization of this benefit:

- Organizations differed in how much they used performance pulse data to evaluate performance.
- Some organizations made an additional investment in manager training. Part of this included a focus on helping managers use performance pulse data in conversations with direct reports to drive additional performance. Manager skill may affect the ability to effectively address performance problems.
- The effect of low performers on their own and their team's productivity will vary by organization and by role.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of $518,000.



Talent management improvements: **27%** of total benefits

"I can quickly identify performance issues and connect with the manager in real time to ask, 'Is this a one-off or a longer-term problem?' We encourage our managers to be agile and timely. Thanks to StandOut, we've been able to address more performance issues in the last year — before problems evolved — than we have been able to resolve in the five years prior."

Director of human resources and organizational development, sports/entertainment

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Talent Management Improvements: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Number of low performers			10	4
C2	Avoided productivity loss (per person)			75%	75%
C3	Average team member hourly fully loaded compensation			$31	$31
Ct	Talent management improvements	C1*C2*2080*C3	$0	$483,600	$193,440
	Risk adjustment	↓5%			
Ctr	Talent management improvements (risk-adjusted)		$0	$459,420	$183,768

Unquantified Benefits

The following benefits were recognized by interviewed customers but were not able to be quantified:

- **Increasing engagement contributes to improving business KPIs.** Interviewed organizations wanted to tie engagement scores to key business KPIs but found that difficult to do in practice. Organizations considered KPIs such as sales and mean time-to-resolve. Interviewees anecdotally think that StandOut is contributing to upward trends in these numbers by raising engagement, but there are too many compounding factors to isolate the quantifiable impact of StandOut. One interviewee is making a future investment in a system that may help their organization tie KPI changes to engagement changes.
- **New employees are increasing their productivity due to better strengths alignment.** An interviewee found that one of its most highly engaged teams was composed of mostly new staff, hired after StandOut was deployed. The interviewee concluded that StandOut helps new staff become engaged immediately and begin productive work more quickly by discovering new employees' strengths and aligning those to tasks. However, the interviewee was not able to quantify this impact.

"One of the first things I did was to ask, 'What is it that you like doing? Are you any good at it?', smoothly walk into this strength stuff. My group has reorganized a good bit based on strength and I think that's part of how we're getting some of these technical metrics to move, is that we're using people in better places."

Associate vice president, academia

Flexibility

The value of flexibility is unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement StandOut and later realize additional uses and business opportunities, including:

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so.

- **Interviewees are either just beginning to add dynamic teams or looking to add them in the future.** Dynamic teams are user-created teams that can align with projects, cross-functional activities, or other non-org chart use cases. The ability for users to create these dynamic teams provides additional avenues through which StandOut can boost employee engagement and productivity for specific tasks or functions. Interviewees are interested in dynamic teams as a future driver of value. Ideas for how to use dynamic teams include:
  - See engagement levels on teams where work organically gets done in addition to organizational teams. Also, quickly see

strengths and priorities of dynamic teams to increase speed to productivity of work groups.

- Use dynamic teams to create additional team leaders who can participate in performance pulses. This will provide data on an individual's performance from other team leaders, and not just from managers. Additional and more thorough performance data can inform better decisions about employee performance.
- One interviewee would like to create a dynamic team of pioneers or innovators across the organization to encourage collaboration and drive additional performance or KPI improvements.

› **While all interviewees only use StandOut with full-time staff, some are considering extending StandOut to part-time staff.** Interviewees would like to replicate the benefits they are seeing with full-time staff who are using StandOut with part-time employees.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Dtr	StandOut costs	$10,500	$83,738	$60,779	$61,971	$216,988	$183,416
Etr	StandOut deployment and training time	$30,796	$2,592	$2,114	$2,114	$37,616	$36,487
Ftr	Incremental team leader time spent using StandOut	$0	$186,735	$170,607	$170,607	$527,948	$438,935
Gtr	Incremental team member time spent using StandOut	$0	$84,905	$86,938	$88,943	$260,786	$215,860
	Total costs (risk-adjusted)	$41,296	$357,969	$320,438	$323,635	$1,043,337	$874,698

StandOut Costs

Based on customer interviews, Forrester assumes the following cost factors related to StandOut costs:

- The Marcus Buckingham Company (TMBC) partnered with the organization's internal staff to design and deploy the StandOut program. Upfront costs for these deployment services are reflected in the "Initial" column, representing all time and cost expenditures prior to the solution going live.
- The organization paid a license cost per user for the employee engagement, leader development, and performance management program.
- The organization paid for a strengths-based coaching workshop for all of its team leaders that took place in the first year of the StandOut investment. The workshop was facilitated by TMBC.
- Initial training sessions for users are included in the costs listed below.

The following risks affect this cost:

- License costs will vary based on the scope of the program selected, size of the deployment, and vendor discounts.
- Organizations varied in the number of workshops purchased.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of $183,000.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of approximately $875,000.

Implementation risk is the risk that a proposed investment may deviate from the original or expected requirements, resulting in higher costs than anticipated. The greater the uncertainty, the wider the potential range of outcomes for cost estimates.

StandOut Costs: Calculation Table						
REF.	**METRIC**	**CALC.**	**INITIAL**	**YEAR 1**	**YEAR 2**	**YEAR 3**
D1	Deployment costs		$10,000			
D2	License costs			$56,750	$57,885	$59,020
D3	Workshop costs			$23,000		
Dt	StandOut costs	D1+D2+D3	$10,000	$79,750	$57,885	$59,020
	Risk adjustment	↑5%				
Dtr	StandOut costs (risk-adjusted)		$10,500	$83,738	$60,779	$61,971

StandOut Deployment And Training Time

Based on customer interviews, Forrester assumes the following cost factors related to time spent deploying StandOut and on training:

- The composite had a three-month deployment timeline. TMBC partnered with internal staff to design and deploy the StandOut solution. Internal staff consisted of the StandOut owner plus one additional employee, either a colleague or manager, and they collectively spent 120 hours on the deployment over the three-month period. They participated in pre-engagement planning, configuration and deployment, internal meetings, and meetings with TMBC.
- The StandOut owner participated in a longer three-day training provided by TMBC to learn about strengths-based coaching and how to run leader workshops, and spent an additional 8 hours preparing for and reviewing learnings from the workshop.
- Each team leader and team member spent time on training and also spent 15 minutes taking the StandOut Assessment. Each team leader spent on average 4 hours on these activities, and each team member spent 2 hours. In subsequent years, this time is spent by new hires due to growth or turnover. One hundred percent of StandOut users take the StandOut assessment.
- Upfront StandOut workshops included both virtual learning events led by The Marcus Buckingham Company, an ADP Company, and training sessions provided by the StandOut owner. Ongoing training is provided by the StandOut owner.

The following risks affect this cost:

- Time spent on deployment and StandOut owner training varied from organization to organization based on deployment complexity and owner skill level.
- Time required for training by users will vary.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of $36,000.

Three months
Total implementation and deployment time

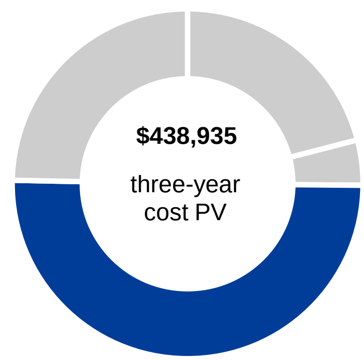
StandOut Deployment And Training Time: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	Implementation time (hours)	3 months	120			
E2	Administrator training (hours)	4 days	32			
E3	Team leader training/StandOut assessment (hours)	4 hours	160			
E4	Team member training/StandOut assessment (hours)	2 hours	420	76	62	62
E5	Average team leader hourly fully loaded compensation		$48	$48	$48	$48
E6	Average team member hourly fully loaded compensation		$31	$31	$31	$31
Et	StandOut deployment and training time	((E1+E2+E3)*E5)+(E4*E6)	$27,996	$2,356	$1,922	$1,922
	Risk adjustment	↑10%				
Etr	StandOut deployment and training time (risk-adjusted)		$30,796	$2,592	$2,114	$2,114

Incremental Team Leader Time Spent Using StandOut

Based on customer interviews, Forrester assumes the following cost factors related to team leader time spent using StandOut:

- Prior to using StandOut, the interviewed organizations encouraged employees to participate in a variety of annual surveys, reviews, and check-ins with their managers, but they all noted that adoption of these previous requests was low and there was little structure or guidance to help and encourage users to participate more.
- For the composite, Forrester assumes that, prior to using StandOut, users spent an average of 3 hours per year on engagement and performance surveys or reviews and 30 minutes bimonthly on check-ins. Team leaders participated in check-ins with their own managers and with on average five direct reports. The composite had an average 55% adoption rate for these prior programs.
- All organizations noted that StandOut is easy to use. With StandOut, team leaders spend 30 minutes per week on their own weekly check-ins and 1:1 meetings with their managers, and they also spend time on check-ins with an average of five direct reports. Team leaders also spend 5 minutes per quarter on engagement pulses. The composite has an average 85% adoption rate for check-ins and engagement pulses with StandOut.
- Team leaders spend 30 minutes per quarter on performance pulses. The composite has a 100% adoption rate for performance pulses.
- Team leaders also attended a one-day strengths-based coaching workshop in Year 1, led by TMBC. In the workshop, leaders discussed StandOut results and strengths-based management skills. One interviewee said: “When you first look at strength-based management, it can be really counterintuitive, this notion that you should spend time



Team leader time: **50%** of total costs

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working with people and their strengths, moving them around and assigning them based on that, instead of spending a great deal of time on improving weaknesses. We knew we had to have a workshop with a neutral party who is full of energy who could answer those questions."

- The StandOut owner spends time analyzing data and discussing annual results with TMBC. The owner also helps new users start using StandOut and helps with any troubleshooting.
- Forrester assumes that staff spend on average 48 weeks using StandOut in a year, accounting for vacation or other time off.

The following risks affect this cost:

- Organizations noted variances in adoption of weekly check-ins, ranging from teams that are meeting less frequently than once per week to teams that are checking-in multiple times a week.
- Organizations had differing frequencies of engagement and performance pulses.
- StandOut owner time spent on data analysis and management of StandOut varied considerably.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of $439,000.

"I had one VP tell me: 'I already do this, so I don't know why you are teaching me about weekly check-ins.' But when he tried what StandOut prescribes, he found his conversations went from reflecting on what had occurred in the past to being laser focused on the work at hand, driving proactive results."

Director of human resources and organizational development, sports/entertainment

Incremental Team Leader Time Spent Using StandOut: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	Team leader time spent on weekly check-ins/1:1s (hours)	30 min/week		5,760	5,760	5,760
F2	Team leader time spent on engagement pulse (hours)	Quarterly, 5 min		13	13	13
F3	Adoption rate for check-ins and engagement pulse			85%	85%	85%
F4	Team leader time spent on performance pulse (hours)	Quarterly, 30 min		80	80	80
F5	Team leader workshop (hours)	1 day		320		
F6	Ongoing time spent on StandOut data analysis	1 hr/week		48	48	48
F7	Team leader time spent on surveys and check-ins, before StandOut	1 hr/month, 3 hrs/year		3,000	3,000	3,000
F8	Adoption rate for prior processes			55%	55%	55%
F9	Average team leader hourly fully loaded compensation			$48	$48	$48
Ft	Incremental team leader time spent using StandOut	((((F1+F2)*F3)+F4+F5+F6)-(F7*F8))*F9	$0	$177,842	$162,482	$162,482
	Risk adjustment	↑5%				
Ftr	Incremental team leader time spent using StandOut (risk-adjusted)		$0	$186,735	$170,607	$170,607

Incremental Team Member Time Spent Using StandOut

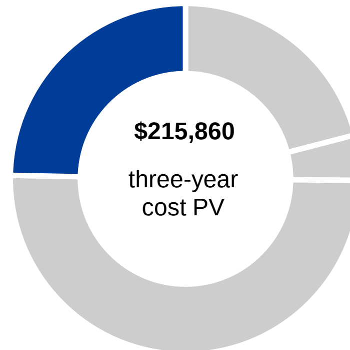
Based on customer interviews, Forrester assumes the following cost factors related to time spent by team members using StandOut:

- As mentioned in the previous cost description, prior to using StandOut, use of engagement surveys, performance reviews, and weekly check-ins varied among the interviewed organizations and adoption was low. Team members used to spend 30 minutes bimonthly on check-ins and 3 hours per year on surveys or performance reviews, but the average adoption rate was 55%.
- With StandOut, team members spend 30 minutes per week on weekly check-ins and weekly 1:1 meetings with managers, and they also spend 5 minutes per quarter on engagement pulses. On average the composite has an 85% adoption rate.

The following risks affect this cost:

- Organizations noted variances in adoption of weekly check-ins, ranging from teams that are meeting less frequently than once per week to teams that are checking-in multiple times a week.
- Organizations had differing frequencies of engagement pulses.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of $216,000.



Team member time:
25% of total costs

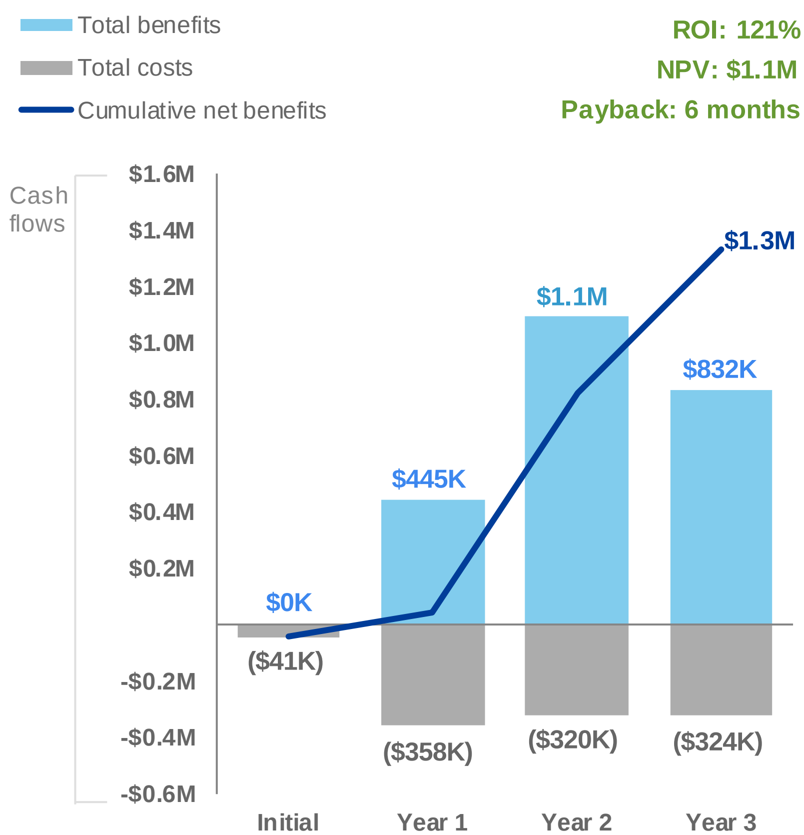
Incremental Team Member Time Using StandOut: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
G1	Team member time spent on weekly check-ins/1:1s (hours)	30 min/week		5,040	5,160	5,280
G2	Team member time spent on engagement pulse (hours)	Quarterly, 5 min		67	69	70
G3	Adoption rate for check-ins and engagement pulse			85%	85%	85%
G4	Team member time spent on surveys and check-ins, before StandOut	1 hour/month, 3 hours/year		3,150	3,225	3,300
G5	Adoption rate for prior processes			55%	55%	55%
G6	Average team member hourly fully loaded compensation			$31	$31	$31
Gt	Incremental team member time spent using StandOut	(((G1+G2)*G3)-(G4*G5))*G6	$0	$80,862	$82,798	$84,708
	Risk adjustment	↑5%				
Gtr	Incremental team member time spent using StandOut (risk-adjusted)		$0	$84,905	$86,938	$88,943

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	($41,296)	($357,969)	($320,438)	($323,635)	($1,043,337)	($874,698)
Total benefits	$0	$444,600	$1,096,087	$832,192	$2,372,880	$1,935,277
Net benefits	($41,296)	$86,631	$775,649	$508,558	$1,329,543	$1,060,580
ROI						121%
Payback period						6 months

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StandOut: Overview

The following information is provided by The Marcus Buckingham Company, an ADP Company. Forrester has not validated any claims and does not endorse ADP, The Marcus Buckingham Company, or their offerings.

StandOut, powered by ADP, is a Talent Activation approach that leverages coaching and technology to help team leaders build engaged, high performing teams. Based on decades of research, StandOut reverse engineers the practices of the world's best leaders to deliver valid data and actionable insights on engagement, performance, and strengths in one unified suite. To do this, StandOut delivers the following organizational outcomes:

› Development

- StandOut helps team leaders know, focus, and engage their people in order to build a high performing team in which all team members say they have the opportunity to play to their strengths every day.

› Engagement

- Engagement is the precursor to the behaviors that drive performance. Not only does StandOut accurately measure engagement in real-time, it provides tools and coaching to help team leaders create the conditions for their teams to thrive.

› Performance

- Performance is about two things: accelerating performance, and measuring it. StandOut cuts through the complexity and puts simple tools into the hands of the people in the best position to evaluate and drive performance: your team leaders.

Seamlessly blending personalized coaching (both in-person and in-platform) along with tools to equip team leaders, StandOut delivers sustainable talent growth to drive higher levels of engagement and performance so you can build more teams like your best teams. To discover more, visit tmbc.com.

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Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

Total Economic Impact Approach

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.

RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.