



## TenStep Supplemental Paper

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### **Business ROI Metrics**

Businesses are constantly trying to calculate the return on investment (ROI) for projects. In many cases, this calculation is used to justify a project or to prioritize the project on a list with others. However, it seems that trying to determine ROI can be like trying to hold a cloud. The concept is fairly simple, but it is often hard to capture the tangible and intangible benefits that your company will receive.

The purpose of this document is to list some examples of metrics that can be applied on a company-wide basis. Some of these might be applicable to your projects when you attempt to determine the ROI. The term “customer” refers to the people or groups that are benefiting from your project. They could be your external customers or internal clients within your company. Some of these questions, such as the profit/loss section, should lead directly to tangible ROI measures. Others, like some in the customer satisfaction section, are questions that help to frame intangible benefits, but that still require additional work to try to drive the tangible benefits for an ROI calculation.

#### **Will the project:**

##### **Profit / Loss**

- Result in increased sales/revenue?
- Allow us to increase the profitability of the products/services we sell?
- Reduce the costs of our products/services?

##### **Quality**

- Result in a higher level of product/service quality?
- Result in fewer product defects?

##### **Customer Satisfaction**

- Result in increased customer satisfaction with our products/services?
- Result in increased retention rates for our products/services?
- Make us easier to do business with?
- Make our vendors/customers/suppliers easier to do business with?
- Help us to achieve our committed service level agreements?

##### **Business Goals and Strategy**

- Help us achieve business goals and strategies? What is the tangible benefit of the goals and strategy?
- Help us anticipate future customer needs?
- Help us better predict marketplace trends?



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- Increase our internal capability to achieve our goals and strategies?
- Increase the information available to make better-informed decisions?

### **Internal Process Improvement**

- Reduce time to market?
- Help us deliver our products/services faster?
- Help our internal groups to work more closely and efficiently together?
- Reduce our internal, indirect or overhead costs?
- Reduce our internal turnover?
- Increase employee morale / satisfaction?