Why you shouldn't only be thinking ROI

In its most literal sense, ROI – or return on investment – is a profitability metric that refers to the business value derived from spend. It involves dividing an investment's profit by its cost and is generally expressed as a percentage. So, if my ROI is 1:20, it essentially means that for every rand I spent, I received R20 in profit; also known as a *hella good* investment!

In theory, ROI could also include those metrics that are often less tangible and harder to quantify, such as value or benefit creation, which may or may not have a rands-and-cents figure attached to it.

The challenge is that – in a behavioural change context – it is not always that easy to quantify these benefits without a clear framework in place, and so we all too often default to the simple rands-and-cents calculation in its basest form: the increase in profitability divided by the cost of a programme.

Ultimately, any organisation is in business to make money. We want to see our investments result in profit; we need to see revenue growth over time. But if we only look at this one simple metric, it increases the pressure to show rapid and explosive growth – often at the cost of sustainability.

The danger of solely focusing on ROI is that it often entails cost-cutting while driving people to work harder. And while working hard is good, burnout is not. We want to trim the fat, but if we cut too deep, we might inadvertently damage the muscle of an organisation.

So, what do we look at instead? We need to look at broadening our definition of value.

In our line of work, we focus on supervisor development within the mining environment. We aim to capacitate our front-line leaders to lead more effectively so that they can engage workers better, boost participation and positively influence safety outcomes.

And typically, when we have a more competent, equipped, empowered supervisor, we see a sharp upsurge in productivity. This has a direct correlation to tonnage yield as well as a reduction in the cost per ton, improving profitability.

Through a focus on coaching core competencies such as planning and organising, leadership and development, and analysis and problem-solving, we help our supervisors take true ownership of their day.

Proper planning and organising mitigate that reactive, knee-jerk response to issues that arise by removing the stress factor and minimises downtime while reducing the likelihood of risky behaviour, which may lead to a higher prevalence of accidents.

Good leadership and development increase employee engagement, creating buy-in and alignment to organisational purpose while setting the stage for a healthy workplace culture, which also positively influences a company’s bottom line.

Finally, analysis and problem-solving help our supervisors get to the root cause of reoccurring incidents, showing them how they can both proactively preempt, avoid or mitigate these incidences.

So yes, let’s not forget our rands-and-cents; these are important. But let’s include proper frameworks that measure other variables as well, such as supervisor competency, safety, and employee engagement, when we set out to determine the value a programme brings to our business.

And let’s *keep* reassessing – before we start a programme, to give us a baseline; immediately post-programme; and six months down the line. This offers a more realistic read on the efficacy of our programmes. However, bear in mind that true sustainability will always be determined by an organisation’s leadership, and their willingness to keep embedding these practices and behaviours every day.

In the absence of a more holistic, complete metric, ROI is not going anywhere any time soon. However, let’s look more broadly than any one metric when measuring our impact and determining real value.