

JACK KEEN
REAL VALUE

ROI's Secret Ingredient

Numbers aren't everything. Don't underestimate the importance of weaving a good story into your business case.

GOOD BUSINESS CASES are calculated based on numbers, but they are approved based on stories. My favorite example is the business case created for a notoriously penny-pinching founder and chairman of a billion-dollar services company. All the numbers shouted savings. But what sold the aging chairman was the CFO's pitch that spending money on better human resources systems would return his faltering firm to its former glory.

ROI numbers, no matter how compelling, won't speak for themselves. It's up to you to explain what they mean to enterprise visions and goals. Sure, the new inventory system will provide a 110 percent ROI by helping to control warehouse costs and boost production efficiency. But what the CEO really wants to hear is that it will make the company a more irresistible supplier to key accounts.

Clever storytelling is one of the quickest and most effective ways to gain executive understanding, buy-in and funding. It also helps attract support and cooperation from reluctant users during project implementation and operation. Vivid stories translate dry, abstract numbers into compelling pictures of how deep yearnings of decision influencers can come true. Creating effective stories is not hard, provided we clearly understand who these decision influencers are, know well what they most care about and understand where to place stories for the most impact. I've outlined below some tips for doing just that.

Three Principles of Storytelling Success


1. Know your audience. Decision influencers are humans first and businesspeople second. Like you and me, they care about personal success, have egos, ambitions, anxieties and fears. You may well know your CEO and CFO, but how well do you understand the concerns of the heads of marketing, manufacturing or customer service? Only when we truly understand all of our stakeholders can we be assured that stories we develop are ones they will relate to when it comes time for making the business case. When investigating whose hearts to touch and how, you should find out the names, ranks and serial numbers of these decision influencers, as well as what they are feeling and what drives their actions. Many such insights are often easily available via personal or published interviews, annual reports and industry analyst critiques. Another source of input: Get to know the people who know them.

2. Hide the technical details. Instead, focus ROI stories on why an investment choice is good. That's where the excitement and emotion lie. Leave the how side of the equation to other parts of the business case. For example, the real story of a CRM business case could come down to the increased chance of the company winning a coveted industry award related to growth in both sales and client satisfaction. Even though this major opportunity may be entirely dependent on usage of a SuperGizmo Relational database within the CRM system, that fact is not allowed to dilute the impact of the story about industry award-winning opportunities.

3. Develop a compelling story to sell your message. The best ROI stories vividly convey the main theme of the business case in a memorable way. For example, in a business case for justifying a global, intranet-based product design knowledge base, the story used in the executive summary was simply a quote from the CEO of a key client: "I prefer doing business with you, but I won't accept late, second-rate product designs. Get me better, new products faster and we'll double our business with you." For decision-makers accustomed to jumping whenever this crucial buyer had something to say, the whole business case boiled down to this vivid, emotional human message. The executives got the picture, and the funding was approved.

By the way, stories don't have to be written to be effective. One business case creator used a simple prop during an after-dinner speech to get approval for the biggest database project his \$20 million consultancy ever launched. His plea for project approval included a mock-up of a future, fictitious *Fortune* magazine cover highlighting the grinning faces of the executive decision-makers. This database investment, he exclaimed, had such power for the company that it would be the springboard for global success. Suddenly thrusting the magazine mock-up above his head, he proclaimed, "Look at this future *Fortune* magazine cover story: 'Visionary Execs Hit Global Home Run.'" While everyone laughed at this obvious appeal to pride and ego, the funding was approved. Years later, long after the details of the ROI analysis had faded away, the pretend *Fortune* cover was still fondly recalled.

All of us have deep desires and concerns that drive our behavior. Good ROI stories know this and speak accordingly. For more eye-opening examples of business storytelling, check out the website for a conference called "Storytelling: Passport to the 21st Century" (www.creatingthe21stcentury.org).

And for some storytelling tips I've found helpful, see, "Tips for Developing Compelling ROI Stories," this page. Good storytelling speeds understanding, retention and buy-in. That's a great payoff from just a few little words. 

Jack Keen is founder and president of The Deciding Factor (www.decidingfactor.com) and coauthor of *Making Technology Investments Profitable: ROI Road Map to Better Business Cases*. He can be reached at jack_keen@compuserve.com.

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What the CEO really wants to hear is that the organisation is maximising the value from investments already made. A business case does not equal ROI, just a commercial assessment of the potential value of an investment and what the organisation has to do to create that value. Focusing on the business case as a means of identifying real ROI (or value, or benefits...) is looking at the wrong end of the investment process...

In terms of a CIO's value to the organisation, being a clever salesperson is no match for being a shrewd commercial investor.

Chris Potts
CEO
Dominic Barrow

For anyone in business, this topic is one of the most obvious, yet overlooked and valuable.

People buy because of real (or perception) impact to Shareholder Value. Shareholder value is comprised of Increases in Revenue, Reduction in cost, and enhancement of Customer Loyalty.

ROI, only typically touches reduction in cost, as this is the one objective area. Increases in Revenue and enhancement of customer loyalty are more subjective - when Defining ROI, but as this article confirms, the real reasons people buy.

Pat Dowling

ROI or numbers alone will not sell anything. The emotional and rational side must be addressed. In many cases there are deep seated emotions that are resisting the investment, especially if it means a significant change.

What you're describing is the way to pitch (or sell) an idea, not present a Business Case. The whole point of a business case is to remove the emotional factors from a decision so that the hard (business) facts tell their story. By all means consider these other issues but at least know whether you are going to lose or make money on the project first.

John Walker

Tips for Developing Compelling ROI Stories

Build stories around compelling subjects. Universally powerful subjects include: achieving rewards, avoiding major losses, gaining respect, strengthening security, reducing risk.

Use a story to translate the main investment payoffs into favorite senior exec initiatives. If your business case argues for expanded Web services for improving customer support and your CEO is adamant about increasing profits, make your story about how happier customers can also reduce sales, marketing and support costs.


Use familiar situations. For instance, good ROI stories for a forest products company likely involve forests, logs and lumber.

Use vivid language. If promoting competitive advantage, consider words like conquer, crush or triumph. If urgency is the driver, speak of pressure, speed, stress or vitality.

Keep it truthful. Make sure any facts or quotes you use are accurate. If describing future situations, make it clear that they are projections.

Be succinct. Stories command attention only when they quickly make their point. Try to keep individual stories to fewer than 100 words.

Stay alert for story ideas. Hang out at physical and virtual water coolers where stories get told. Interview influential clients and important suppliers. Store up stories for later use.

Study good storytelling in action. Keep your ears tuned for natural storytellers in your company. Salespeople, marketers and public relations people often fit this mold. 



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