



ChangeSync

Calculating Return on Investment for Change Management

Our ROI calculator helps you guide discussions about investing in change management resources for your organization.



Project & industry-agnostic for simple, effective measurement across any organizations.



ChangeSync

Hello and thank you for downloading our Change Management ROI calculator.

We understand the challenge of quantifying the value Change Management resources deliver to projects and organizations.

So, we decided to tackle the challenge, do the research, and come up with a tool that's easy to use and provides organization-specific details that are grounded in solid data trends.



We hope you find it as useful as we have. If you have any questions, feel free to reach out to us.

Sincerely,

Kate DeGon
FOUNDER



About Our ROI Calculator



While we understand there are many facets that could go into determining the ROI for Change Management, we chose components that are universal to any change project or industry. The data you'll input is easy to measure. Our calculations use national averages for data that isn't as readily available for companies to measure.

Our spreadsheet helps you calculate:

Cost of Labor
Cost of Attrition
Cost of Disengagement
ROI for Change Management Resources

Before getting to the calculator, we detail the four components to understand what they entail, where the national averages data is coming from, and how your ROI for Change Management Resources is calculated.



COST OF LABOR

Cost of Labor is the major cost for each of your change management employees. It's important to capture this information as this is the annual investment your organization is making in the change management team, which is a key component of calculating their ROI.



For each employee these costs include:

- Annual salary
- Social Security & Medicare (FICA) employer payments (7.65% of taxable wages).
- Employer-paid Unemployment Tax. You will enter your State's current unemployment tax rate into the calculator.
- Benefits. The Bureau of Labor Statistics' (BLS) most recent calculation has determined that employers pay on average 11.5% of an employee's compensation in benefits (health insurance, life insurance, short and long-term disability, etc.).
- Cost of Hire - The average amount of money you spend on making a hire. The Society for Human Resources Management (SHRM) estimates the average cost per hire is \$4000.
- Change Management Software, Training, and Tools - The annual cost your company invests to ensure change management employees have the appropriate system, training, and resources to do their job well.



COST OF ATTRITION

We all know there's a cost to losing good employees, but most organizations haven't taken the time or found a tool to articulate how an investment in change management can positively impact attrition rates during times of change.

Our ROI calculator allows you to outline your organization's current attrition rate and then compare it against attrition estimates without change management resources in place. All the data you need to input should be easily sourced from your Human Resources Department.



Cost of Attrition Components in Our ROI Calculator Include:

- Average Number of Monthly Employee Separations - The average number of employees leaving your organization monthly.
- Average Number of Employees - The average number of employees your organization employs in any given month.
- Average Monthly Attrition Rate - The average monthly rate in which employees leave your organization.

- Median Annual Salary - The median annual salary for all employees in your organization. According to the May 2020 National Occupational Employment and Wages Estimates by the BLS, the average salary in the United States is \$56,310.00, which you'll see in this field's help text.
- Employee Replacement Cost - The average cost your organization will incur to replace an employee. According to SHRM's most recent research, the cost to replace each employee ranges from 50%-250% of the former employee's annual salary. Wow! To remain conservative, our calculator uses 50% of the median annual salary you enter.
- Total Cost of Monthly Attrition - This is your organization's average number of monthly separations multiplied by the employee replacement cost.
- Total Cost of Annual Attrition - This is the total cost of monthly attrition multiplied by 12 months.
- Annual Cost Savings if Attrition doesn't Increase - This is the amount your organization will save if, by utilizing change management, the attrition rate doesn't rise from its average pre-change baseline.

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Cost of Disengagement



Employee disengagement is generally known as employees who display unhappiness in the form of tardiness, missed days, overt or subtle insubordination, decrease in work quality, and decrease in work productivity. These behaviors can affect workplace culture and absolutely have a cost to your organization.

In fact, Gallup estimates that a disengaged employee costs an organization approximately 34% of his or her annual salary. That's a lot!

Our ROI calculator allows you to outline the number of employees affected by any given change. You can compare the current cost of employee disengagement against the estimated cost if change management resources are not put in place.

Cost of Disengagement Components in Our ROI Calculator Include:

- Number of Affected Employees - This is the number of employees you estimate will be affected in some way by the change.



- Average % of Disengaged Employees - Gallup estimates that 17.2% of the U.S. workforce is actively disengaged. You'll see this percentage as a fixed percentage in our calculator in order to give you a baseline. You'll also see an editable field for you to estimate the increase in disengagement if change management resources are not applied to change.
- Total Number of Disengaged Employees - This is the number of affected employees multiplied by the percentage of disengagement.
- Cost of Disengagement per Employee - This is the employee median annual salary multiplied by Gallup's estimated 34%.
- Annual Cost of Disengagement - This is the cost of disengagement per employee multiplied by the total number of disengaged employees.
- Annual Cost Savings if Disengagement doesn't Increase - This is the amount your organization will save if, by utilizing change management, the disengagement rate doesn't rise from its average pre-change baseline.





CHANGE MANAGEMENT ROI

Now you're ready to show your organization the ROI for change management resources. ROI is calculated as:

$$\text{ROI} = \frac{\text{Gain from Investment} - \text{Cost of Investment}}{\text{Cost of Investment}}$$



Gain from Investment is calculated as:

$$\begin{aligned} &\text{Annual Cost Savings if Disengagement doesn't} \\ &\quad \text{Increase} \\ &\quad + \\ &\text{the Annual Cost Savings if Attrition doesn't} \\ &\quad \text{Increase} \end{aligned}$$

Cost of Investment is the same as the
Total Cost of Labor.

Thank You & Best of Luck!

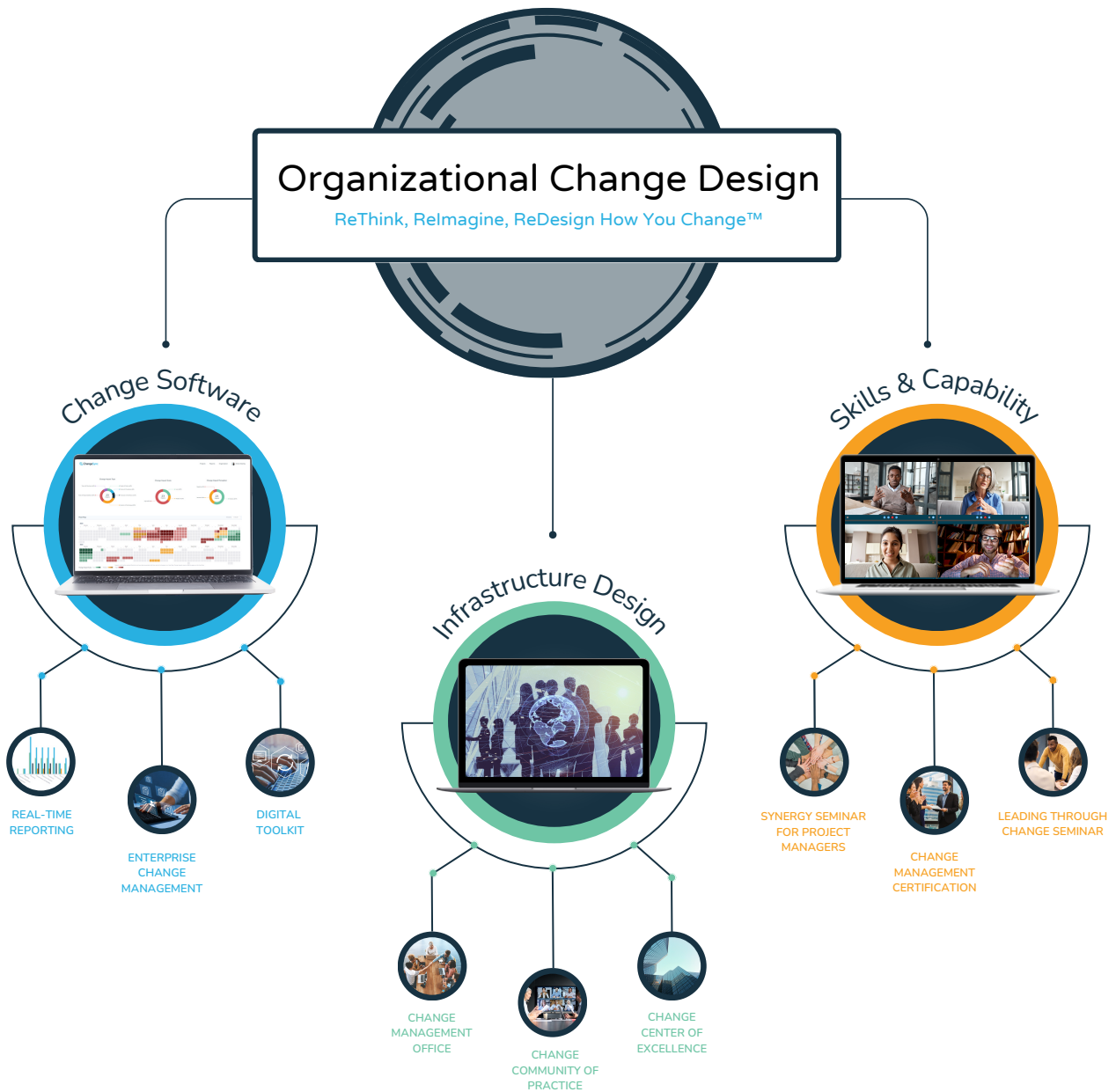
We hope you found our Change Management ROI Calculator informative and useful. As leaders of organizational change and transformation, we know it's sometimes challenging to gather compelling, quantitative data to convince leaders to invest in change management resources.

All too often executives and leaders dismiss change management as "soft" skills or initiatives. At ChangeSync we're committed to providing change leadership with clear, data-driven insight into change trends, engagement, and returns on investment.

We hope this tool empowers you to start meaningful and informative conversations with your project leaders and executives! Best of luck in your change-related endeavors!

Sincerely,

Kate DeGon
FOUNDER



What Is ChangeSync's Organizational Change Design™

Organizational Change Design™ is the process of creating a strategic plan to develop the change infrastructure and capabilities that enable successful transformations. It involves careful evaluation and orchestration of elements such as organizational resources, technology, culture, processes, and more; all of which work together to create an effective change-design infrastructure capable of adapting to the ever-evolving landscape and pace of change.

ChangeSync brings you the tools you need to purposefully design every aspect of your change infrastructure including team resources, systems and technology, evaluation and measurement, leadership, governance structures, and more.

By harmonizing change expertise, technology, and Organizational Change Design™, we offer a comprehensive suite of products and services customized to support your pursuit of remarkable change results.

ReThink, ReImagine, and ReDesign How You Change – let us guide you on this remarkable journey!



Contact Us!



Website

<https://changesync.com>



Email

info@changesync.com



Interested in learning more? We're
just an email away!



WATCH THIS DEMO

Before you get started, watch this short video for step-by-step instructions and tips for fields and calculations. We provide sample use cases and data to illustrate how our spreadsheet works.



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Click to Watch

*Download and save this PDF to ensure the fields are editable and the calculations perform accurately.

*Outlined cells are required fields; hover over each to see field instructions.

Cost of Labor for CM Resources

	Annual Salary	Social Security & Medicare (FICA) 7.65% of taxable wages	State Unemployment Tax Rate	Benefits (11.5% of overall compensation)	Cost of New Hire (\$4K per SHRM)	CM Software, Training & Tools	Total
Employee 1							
Employee 2							
Employee 3							
Employee 4							
Employee 5							
Employee 6							
Employee 7							
Employee 8							
Employee 9							
Employee 10							

Cost of Attrition

Average Number of Monthly Employee Separations	Average Number of Employees	Average Monthly Attrition Rate	Median Annual Salary	Employee Replacement Cost	Total Cost of Monthly Attrition	Total Cost of Annual Attrition	Annual Cost Savings if Attrition Rate does not Increase

Cost of Disengagement

Number of Affected Employees	Average % of Disengaged Employees	Total Number of Disengaged Employees	Median Annual Salary	Cost of Disengagement per Employee	Annual cost of Disengagement	Annual Cost Savings if Disengagement Rate does not Increase

Return on Investment for Change Management Resources

