



How to Budget
Like a Winner

“The people costs are always going to be 10 to 20 times what your technology costs are. Technology is usually a very small portion of the overall cost. You’ve got to commit to not only bringing in temporary help, but to making sure your current permanent help can also be your future permanent help.”

JIM HAAR | VP, GLOBAL ACCOUNTS, CUSTOMER SUCCESS AND TECHNICAL EXCELLENCE, HP

A winning technology implementation starts with the budget.

We know we need to prepare people to work with new technology.

How do we budget for it?

Historically, we’d address this by using a ratio of change to technology. In other words, we’d calculate the cost of the technology implementation and then add a fixed percentage of that—maybe 20 to 25 percent—on top, to cover the “people issues.”

Technology has never been cheaper. Sometimes it’s free. People, however, remain consistently expensive—requiring things like organizational structure, process changes, communication, and training.

THE LESSON
 Technology cost
 is irrelevant to what's
 required to equip
 the people.

ESTIMATE BASED ON THE:

► **USER**

\$100 Investment Per Employee	
\$25	25% Process Design
\$20	20% Organization Design
\$30	30% Training Development
\$20	20% Training Participation
\$5	5% Communication

[OR]

30,000 Total Users
 \$3,000,000 Total Investment

► **BUSINESS CASE RESULTS**

Business Case	
\$100,000,000	In five years
\$100	People investment (per employee)
\$3,333.33	Business case benefit (per employee)
3% Cost of people investment per return per employee	

[OR]

► **AMOUNT OF BUSINESS CASE DEPENDENT ON BEHAVIOR**

Percent Based on Behavior Change	
\$100,000,000	Business case
\$ 60,000,000	60% Driven by behavior
	30% Capturing sales renewals
	15% Expediting new sales
	10% Selling higher margin product
	5% Negotiating more favorable materials terms
	5% Driven by downsizing
	20% Driven by purchasing aggregation
	15% Driven by finance improvements
30,000 Total Users	
\$2,000	Behavior-driven benefit per user
\$100	Investment per user
2000% Return on user investment	

