

**SAGEA
TOOLKIT
SERIES**



|| Measuring the commercial value
|| of your graduate programme

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Graduate programmes require significant investment. The most recent SAGEA figures place the investment at R141 500 for the recruitment and development of each graduate.

And yet very few graduate programme managers are able to answer the simple commercial question, "What do we get for our money?"

The Institute of Student Employers (ISE) in the UK is one of the few professional bodies to have stats on this topic, which speak for themselves:

- 94% of ISE employers said they run graduate programmes to build a pipeline of future leaders (Comparatively, 36% of SAGEA employers reported graduates are recruited to form part of a leadership programme).
- However only 40% of those employers actually track progression of graduates after five years – and the methods of doing this are varied.
- Of the 40% of employers tracking progress, only 39% of graduates are managers after five years.

So, even where we are tracking commercial value and ROI for our organisations, the stats suggest we are NOT delivering. This toolkit will help you to do just that!



Why does it matter?

Most organisations are caught in an endless cycle of growth and dis-investment from graduate programmes, which can be represented as follows:



The key to breaking this cycle, and ensuring a consistent commitment to graduate recruitment, is to be able to answer the questions:

- ✓ Why are we spending so much on graduates?
- ✓ What do we get for our money?

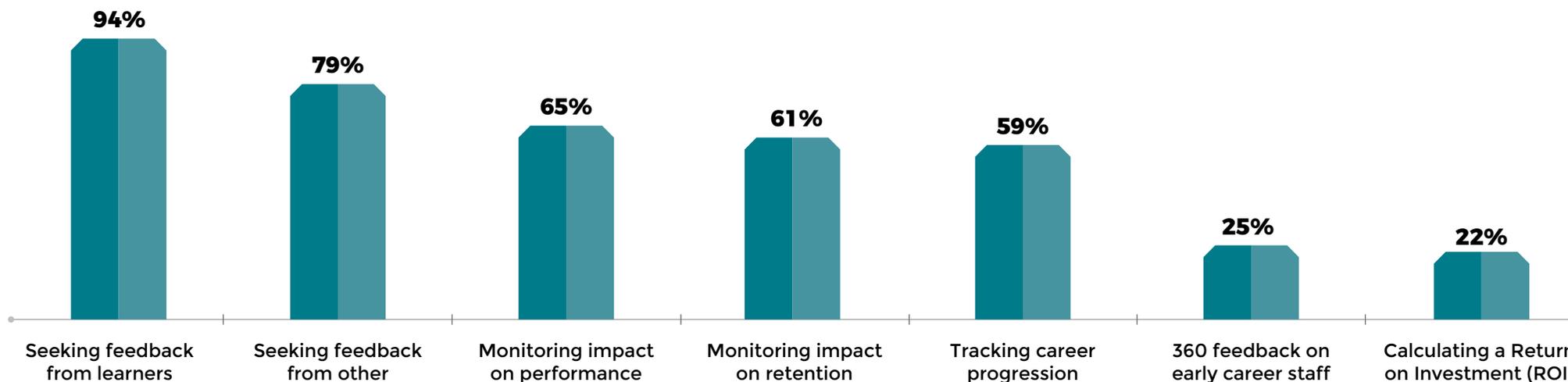
Essentially, the business case for investing money in a graduate programme. HOW you answer these questions will very much depend on the purpose of your graduate programme. If your graduate programme is designed to drive diversity the measures would be very different from a programme designed to generate revenue e.g., in a professional services environment. In this next section we will provide some top tips and insight as to how to approach these measures.



What to measure?

Most of the measures used to evaluate graduate programmes are not commercial. In the 2021 ISE Development Survey members reported that just 1/5th were evaluating commercial ROI:

Proportion of respondents reporting the different approaches to evaluation of development programmes (140 respondents)



Source: ISE

Making the business case and demonstrating ROI/value back to your business begins by understanding what you are trying to achieve and then how best to measure that success. Beyond simple measures such as longitudinal retention (which is not really a measure of value) – what else could or should you measure? We've provided some top tips here for what to measure for programmes with different purposes:



Purpose: Diversity

- Use people analytics to demonstrate the diversity of your graduate hires versus the wider employee population and how their recruitment is impacting the organisational profile over time.
- This can include demographics such as age where you are using your graduate programme to redress any ageing workforce population issues.



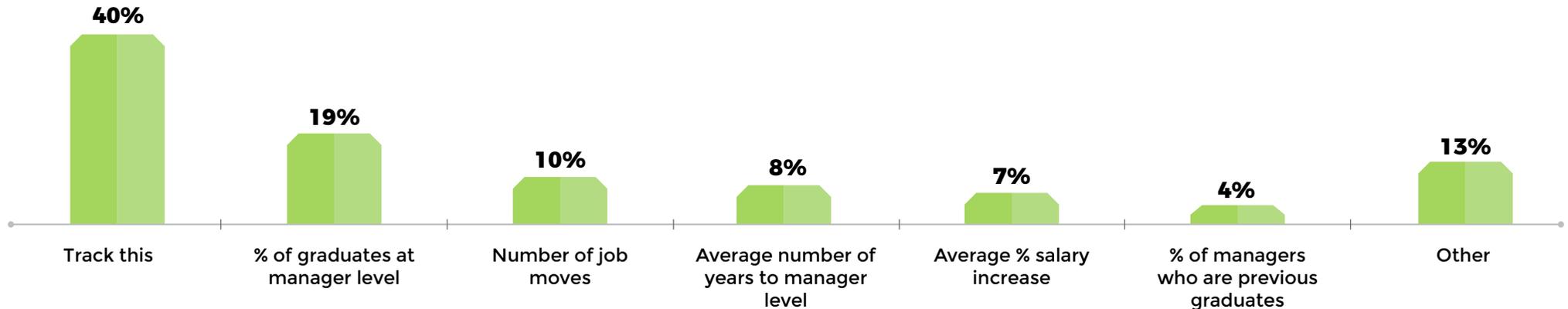
Purpose: Future leaders

- Using internal talent and succession planning processes you can identify the percentage of graduates earmarked as successors for roles within the organisation. Thereby demonstrating your value to the 'bench strength' of the organisation.
- Tracking measures such as percentage of graduates at manager level within 5 years, number of job moves, average number of years to manager level (vs external hires), average percentage salary increases and the percentage of managers who are previous graduate hires were all used by ISE members in the 2018 development survey.



What to measure, continued

Methods of checking graduate progression after 5 years



118 employers with 13,019 graduate hires

2017 Source: ISE



Purpose: Revenue Generation

- Where your graduate hires are billing fees/time to clients you can demonstrate a very clear financial business case for their costs versus income generated.



Purpose: Innovation

- Use innovation expos, forums, presentations, Exec sponsored challenges, rapid action groups, hackathons and stretch projects to enable your graduates to bring innovation and fresh thinking into the organisation. Encourage them to measure and demonstrate the value of their innovations to the business.



Purpose: Succession Planning and Recruitment Savings

- Model financial savings on every internal hire made from a member of the graduate programme versus an external hire. This can be demonstrated as a typical 20% recruitment fee for the starting salary for the role versus zero costs for a graduate hire.
- Model delivery benefits on speed to delivery and time to hire for your internal graduate hires versus external hires. Graduate hires are typically 40% faster.



Purpose: Leadership Capability

- Use leadership and behavioural measures (such as 360 surveys, employee feedback surveys, self-assessments, appraisal rankings, or psychometrics) to quantify the leadership capability of your graduate population and demonstrate how that compares to the broader business population over time.



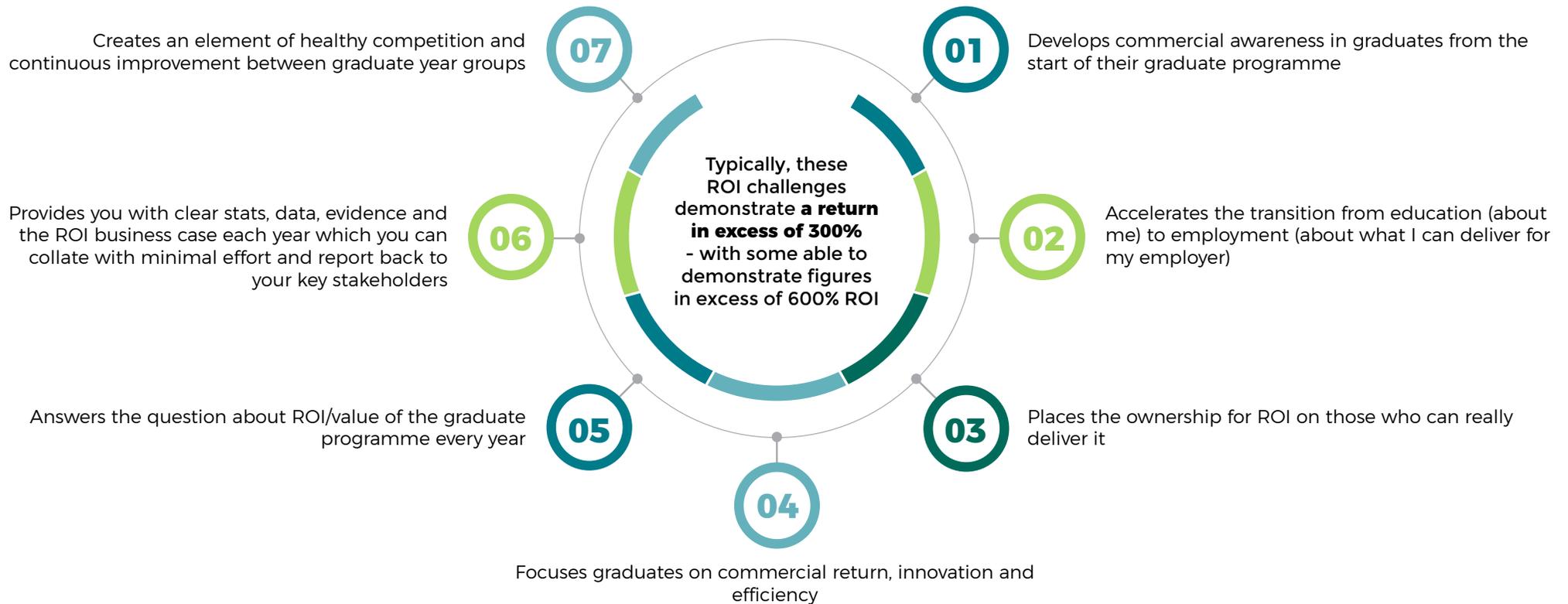
Hacking ROI: The ROI challenge

One of the simplest ways to demonstrate and measure ROI of a graduate programme is to simply make it the responsibility of the graduates themselves.

Using a simple calculation like this:

Cost per joiner (incl. promotions, marketing, team costs and selection costs)	Training & development cost per hire	Equipment cost (laptops, phones, etc.)	Salary on programme (year 1)	Salary on programme (year 2)	Benefit Costs (insurance, health @ C20%)	Total cost per grad
R 95 000	R 46 500	R 20 000	R220 000	R230 500	R 44 000	R656 000

You can inform your graduates exactly what the business has invested in them during their graduate programme and then set them the challenge to demonstrate how they have returned at-least that value back to the organisation across the course of their graduate programme. When your graduates present their ROI challenge back to your Exec/Board/Sponsors at the end of their graduate programme, it has multiple benefits:





Securing the future

Leaders in all organisations have difficult decisions to make about where to invest and where to reduce costs to drive productivity and optimise performance. Only by learning to speak the language of your leaders and demonstrating commercial ROI will you be able to ensure that your graduate programme is one of those areas that continues to be invested in over the long term. As practitioners in the sector we all intuitively know the huge value that graduates bring to our organisations but it is beholden on us also to demonstrate that value to everyone else.



Author: Rebecca Fielding

Over the last twenty years Rebecca has recruited and developed thousands of people for some of the UK's biggest names. Her most recent corporate roles were as Talent Manager for the UK&I with HJ Heinz and the Head of Leadership and Culture with Asda Walmart, prior to founding the Gradconsult (www.gradconsult.co.uk and [@gradconsult](https://twitter.com/gradconsult)) business in 2012. An ISE (Institute of Student Employers) Board Director for six years, Rebecca was also appointed as one of a handful of Fellows of the Institute last year.

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