



# What Value Do You Create?

# MODULE 5



You know your work is valuable, but how do you demonstrate that to others? ReThink Health's Value Sequence can help you identify the value you create, add evidence, and successfully "make the case" for funding.

# What Value Do You Create?

## Finding Your Return on Investment

As part of a multisector partnership or organization, you know you are doing valuable work. This module offers guidance on how to demonstrate that value to others. In order to attract the dollars necessary to support your work, you'll need to "make the case"—why should anyone give you money for this purpose? Often this case is built on a calculation of "return on investment" (ROI).

**There are several different contexts for needing to calculate ROI. We're going to highlight three:**

1. You're assembling a portfolio of interventions and want to know the ROI on a large number of interventions in order to select the ones that provide optimal returns given the goals of your portfolio. Sometimes it helps to think of a portfolio of interventions as similar to a personal financial portfolio. Most investors have an assortment of investments that, together, help them accomplish their goals. They expect a certain ROI from everything in that portfolio. For you, picking particular health interventions based on their ROI might be similar. You might first decide you want a group of interventions with high ROI (this is similar to buying stocks of well-established companies that frequently share their profits with investors via dividends); then, from that group, you might pick the actual intervention from that list (like an investor might pick a particular stock such as Apple, Kraft, Heinz, or Visa).
2. You're planning a newly conceived intervention that hasn't been tested out in any other communities/organizations.
3. You're interested in the ROI of interventions and/or integrative activities that you are already implementing.

Presumably, all the work involved in these three contexts has value attached to it because it creates some type of good in the world. (If it didn't create value, you wouldn't be doing it, right?!)

This module, and the accompanying worksheet, will help you develop evidence for the value you are creating or hoping to create. They describe three methods for identifying value and supporting it with evidence. A special section in the worksheet is devoted to thinking about the value your integrative activities create.

Financial value—value that can be monetized—is only one type of value. Sometimes financial value will be very important; other times, much less so. Other types of value include:

- Social value, such as reduced crime or improved quality of life for the general population.
- Economic value, which typically attempts to place a dollar value on social benefits—such as longer lives—to quantify the effect they will have on the economy.
- Other factors that organizations might value because they advance the organization's mission or enhance its reputation or competitiveness (such as quality rankings).

“ Financial value—value that can be monetized—is only one type of value.

### Value: Who Benefits?

Throughout this module, it's important to consider *for whom* you are creating value. That knowledge will help you more accurately evaluate the impact various courses of action will have on your goals. It will also help you identify which stakeholders will benefit from your actions (and might be willing to help fund them as a result).



It's very possible that the organization you are seeking payments or investments from cares much less about financial return than these other forms of value. A good rule of thumb is always to form relationships with potential funders and learn what it is that they most care about. For example:

- When asked about ROI and its decision to invest in clean air, a hospital system responded, “We don't need an ROI. It's obvious that clean air is a good thing.”
- A multisector partnership presented a group of commercial health plans with evidence of ROI resulting from an intervention to reduce heart attacks and strokes. The group of commercial health plans responded that the ROI wouldn't convince them, but they did care about HEDIS (Healthcare Effectiveness Data and Information Set) and CAHPS (Consumer Assessment of Healthcare Providers and Systems), which are common measurements of health care service. Currently, 50 percent of the total score for health plan accreditation is driven by performance on HEDIS and CAHPS.
- Philadelphia passed a sugary drinks tax that succeeded where others failed. Many credit the innovation of tying the proceeds to investments in services voters cared about, notably early childhood education<sup>1</sup>.

Also, be aware of possible pitfalls when trying to demonstrate financial ROI—especially if payment is contingent on ROI, as is the case with some shared-savings arrangements or social impact bonds. The more complicated the situation—and population health tends to be complex—the greater the number of assumptions that must be made to conduct the analysis. Check out [The Sense and Nonsense of Using ROI for Population Health](#)<sup>2</sup>, a post from The ReThinkers' Blog, for more on the topic.

## Demonstrating to Others the Value of Your Work

Ideally you are building relationships with funders to discover what they care about. Is it only financial value? Or other types of value? Your next task is to demonstrate the value that your work creates to the people and organizations you want to convince (potential funders, stakeholders you're trying to enlist, etc.). The remainder of this module lists three different ways to do that, culminating in a worksheet—found on page 6—that will step you and your colleagues through one of those ways: a process of identifying potential value by thinking very concretely about the specific activities you engage in and the unique value they create.

### 1. Instant ROI: Search the Existing Evidence

If your intervention is evidence-based, you may find that the ROI and/or cost-benefit ratio has already been calculated. (“Evidence-based” means that the research meets certain high standards<sup>3</sup>.) Below, we've listed some evidence you can use as a starting point when evaluating interventions. (Unfortunately, in comparison, the evidence for the effectiveness of integrative activities is limited—see [Appendix 2](#) for brief summaries of what we were able to find.) If you're using a print version of this module, we've tried to include enough information to allow you to easily find the websites using a search engine.

#### Resources

First, some resources that may help you evaluate interventions.

[The Washington State Institute for Public Policy](#) has conducted meta-analyses (analyzing the results of numerous studies on the same topic) of interventions that directly or indirectly relate to population health. The following information is provided for each intervention: cost; benefits broken down by recipient (e.g., taxpayer, participant, or other), benefits broken down by sector (e.g., health care, crime, labor earnings), the time horizon over which the benefits accrue, and sensitivity analyses around costs and the likelihood that benefits will exceed costs. The data are based on the conditions in the State of Washington, so you may need to make some adjustments. However, the analyses are very robust and you would be hard pressed to find better data anywhere—and it's free!

<sup>1</sup> Margot Sanger-Katz. 2016. “Soda Tax Passes in Philadelphia. Advocates Ask: Who's Next?” *The New York Times*, June 16, 2016, <https://www.nytimes.com/2016/06/17/upshot/soda-tax-passes-in-philadelphia-advocates-ask-whos-next.html>.

<sup>2</sup> <https://www.rethinkhealth.org/the-rethinkers-blog/the-sense-and-nonsense-of-using-roi-in-population-health/>

<sup>3</sup> For example, WSIPP uses this definition: A program or practice that has had multiple site, randomized controlled trials across heterogeneous populations demonstrating that the program or practice is effective for the population.



**Kansas Health Matters**, created by the Kansas Partnership for Improving Community Health, helps professionals and community members explore documented approaches to improving community health and quality of life.

**The Results First Clearinghouse** lists the effectiveness of various interventions as rated by nine national research organizations.

**The Case for Investing in Public Health**, a publication of the World Health Organization, identifies the financial returns of “best-buy” interventions, categorized by risk factors, health outcomes, healthy behaviors, social determinants of health, environmental health, and vaccinations and screening.

## Databases

These may help you locate the ROI or cost-benefit for your specific intervention.

**The Agency for Healthcare Quality and Research** has a searchable database of more than 700 studies specifically related to population health. In very straightforward language, the site provides summaries of the evidence, an evidence rating, and implementation specifics.

**The Community Preventive Services Task Force’s Community Guide** asks for your role (e.g., policy analyst, employer) and purpose (e.g., seeking funding, community health needs assessment) and returns a list of tools and resources, including relevant fact sheets.

**The Centre for Review and Dissemination** at Great Britain’s National Institute for Health Services and the University of York provides a searchable.

**The Community Health Improvement Navigator** from the Center for Disease Control is a database providing results of single studies as well as meta-analyses on interventions. The database allows you to filter for risk factors, specific populations, desired outcomes, intervention settings, intervention types, and the type of assets that helped carry out the interventions.

**The National Registry of Evidence-Based Programs and Practices** provides information on effective behavioral health programs.

**Community Tool Box** offers a one-stop resource: a database of best practice databases, with links to comprehensive resources as well as resources categorized by topic (such as cancer, community development, and violence prevention).

**Health Services Research Information Central** of the National Institutes of Health provides a large database of online health data, tools, and statistics.

**What Works for Health** from County Health Rankings & Roadmaps lists more than 150 categories of health interventions rated as “scientifically supported,” summarizes the evidence, and provides links to the literature.

**What Works for Health, Policies and Programs to Improve Wisconsin’s Health** is exceptional for its visual presentation and ease of use. In addition to recounting the evidence, the database also lists implementation resources.

**Value in Health**, a journal offering original research on outcomes in the areas of pharmacoeconomics, and health economics; describes itself as “translating outcomes research to health care decisions.”



If your intervention is evidence-based, you may find that the ROI and/or cost-benefit ratio has already been calculated.



## 2. Conduct an Evaluation

If your intervention is a pilot program, you may want to conduct an evaluation; the type of evaluation will vary depending on its exact purpose. Good evaluations are likely to cost on the order of 10 percent of the total programmatic budget. Moreover, a single analysis is usually insufficient to propel a pilot into the “evidence-based” category. But the evidence trail has to start somewhere, and if the pilot program is of great importance to you, you may want to hire an evaluator.

There are many types of evaluations. Below we list a few websites (that you can find with a search engine) that can help you decide what type of evaluation is best suited for your needs. In making this determination, you’ll want to consider:

- **Why do we need this evaluation?**
- **Who is the audience—what evidence will they require and how rigorous must it be?**
- **What data are accessible? Will we need to pay for that data, or obtain special permissions? What time lags are there between the occurrence and the reporting of the data?**
- **What do we have, in terms of financial and staffing resources, to support this evaluation?**

**The American Public Human Services Association** has published a useful overview and guide to evaluating social return on investment. This guide offers examples and tips that will help you manage your evaluation well.

**BetterEvaluation** is an international collaboration to improve the practice and theory of evaluation. Its website offers a step-by-step process for determining what type of evaluation process works best for your needs.

**Centers for Disease Control and Prevention’s** website provides a number of valuable resources for evaluation, and also lists upcoming events and trainings.

Great Britain’s National Institute for Health Research provides an **online toolkit** for developing appropriate evaluation plans for social and health care services.

Finally, in order to conduct an evaluation that yields the most useful information, it’s important to understand the process by which your intervention produces value. Constructing a value sequence (see below) can help help frame your evaluation.

## 3. Construct a Value Sequence

In all other cases—for example, integrative activities, when your intervention doesn’t show up in any existing ROI or cost-benefit databases, or when you don’t have the time and resources to conduct an evaluation—you might want to consider using the “Value Analysis” worksheet starting on page 6. The worksheet will show you how to compile and organize existing evidence into documentation of value and help you identify where weak links might exist.

Most often, when dealing with population health, an intervention puts in motion a chain of causal events intended to create health. For example, a smoking cessation program may lead someone to stop smoking, which will improve the health of the person’s lungs, which may prevent lung cancer, which prolongs life, reduces suffering, and reduces medical costs—so while these steps create value for the smoker, some also benefit the economy overall, as well as the organizations that value reduced medical costs.

Each step in the causal sequence has its own uncertainties—we are dealing with human beings and complex societies after all. Identifying the sequence of events that produce value helps make explicit the process by which we assume health will be produced in your region and enables us to analyze the strengths and weaknesses of our assumptions. Simply stepping through these assumptions has value as an exercise on its own; stepping through the entire value sequence brings added benefit.

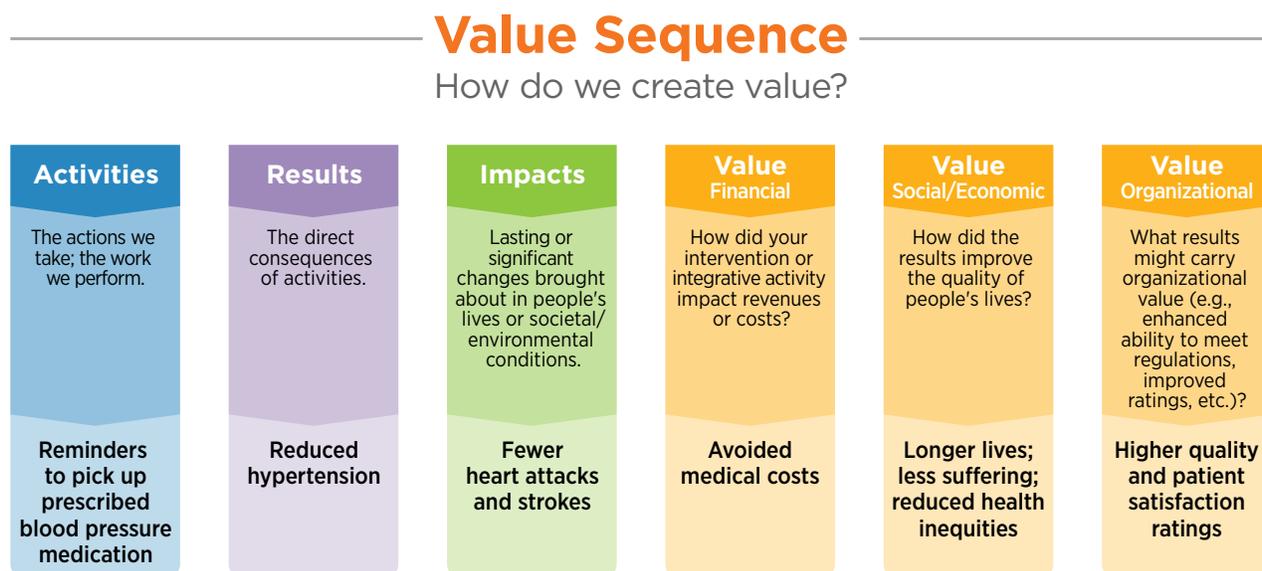
<sup>1</sup> Stacy Becker. 2005. Unpublished manuscript.



The worksheet will walk you through a simple exercise to identify the value sequence you are creating from an intervention or integrative activity. It consists of identifying these steps in the value sequence:

- **Activities:** The actions we take; the work we perform.
- **Results:** The direct consequences of activities.
- **Impacts:** Lasting or significant changes brought about in people's lives or societal/environmental conditions.
- **Value:** Expressing impacts in terms of things that people and organizations care about (e.g., financial, social, and economic gains and losses; organizational reputation or competitiveness).

A simple example of a value sequence is shown below, starting with the activity, "Remind people to pick up their prescribed blood pressure medication."



Creating a complete sequence will help you think about how you might answer questions such as:

- Do we have enough evidence to convince those we're trying to convince?
- What pieces of the evidence are most persuasive/relevant to different stakeholders?
- Are there weak links in our value sequence? If so, should we modify our intervention or activity in some way to strengthen those weaknesses?
- What is the likelihood that we'll capture the financial and/or social/economic value we seek? What does that rest on?
- Who might be willing to pay for such value?
- How might we develop a payment model based on this value?

We've noticed it's often more difficult to do this analysis with integrative activities compared to interventions because people or organizations carrying out integrative activities often dismiss those efforts as being of little value. Furthermore, they often don't have a clear idea of all they do (and if you're not sure, [Module 7](#) can help). But stick with it! The more detailed you can be, the easier it will be to articulate the value you create through your integrative work.

As you step through your value sequence you may find the distinction between activities, results, and impacts confusing at times. That's okay; go with whatever makes the most sense to you and don't get too tripped up (particularly on the difference between results and impacts). There's going to be a lot of insight into your work and the value you create no matter what "bucket" it falls in.



# WORKSHEET

## VALUE ANALYSIS



**OBJECTIVE:** This exercise will show you how to compile and organize existing evidence into documentation of value and help your multisector partnership or organization identify where weak links might exist.

**TIME:**

- Steps 1 through 4 (value sequence creation): about one hour
- Steps 5 and 6 (adding evidence and interpretation of results): about one-to-two hours, plus whatever time you need for research—which will depend on availability of information and the level of confidence your audience will need

**MATERIALS:**

- One copy of this worksheet (for leading the exercise)
- One copy of the Value Sequence Template (see page 10) (you may want to enlarge it)
- Medium or large sticky notes

**PARTICIPANTS:** The leadership team and other members of your multisector partnership or organization, as well as other stakeholders. There's no minimum number, but the more heads you put together, the better.

This is a six-step exercise. It is actually quite simple—and effective!—if you work through it step-by-step. It will help to read through the worksheet first—to get a better idea the full process—but once you start working through the exercises, *resist the temptation to jump ahead!* The worksheet is most effective when completed in order.

To demonstrate the value of your intervention or integrative activity, you will populate the Value Sequence Template, and then try to quantify the relationships as best you can. In this exercise, you will answer the following questions:

- What are all the activities involved in any given intervention or integrative activity; that is, what do we do? (For a list of integrative activities, check out [Appendix 1](#))
- What things happen as a result?
- Where do the results fit in the value sequence?
- What's the evidence? Any spots in our sequence where the available evidence is weak?

## STEP 1

**Activities.** On separate sticky notes, list all the activities performed or services provided as part of your intervention or integrative activity, then place them on the Value Sequence in the boxes under the heading “activities.” For example:

- Cardiovascular initiative: screening, home blood pressure monitoring, medication reminders, health counselors, etc.
- Free clinic: primary care services, referrals to specialty care, translation services, screening services, etc.
- Integrative activity: engage stakeholders, build public will, enroll others in advocacy via convening/organizing, determine agenda, facilitate connections and one-to-ones among key leaders, create detailed meeting design, etc.

## STEP 2

**Results.** Now list on separate sticky notes all the good results that happen because you engaged in these activities: how is the world better because of these activities? Keep in mind impacts could be a couple of steps removed from the original beneficiary. Here are some examples of results:

- More people have their blood pressure under control
- Better attendance at school
- Reduced trauma
- Fewer low birth weight babies
- Fewer emergency room visits
- Reduction in medical costs
- Reduction in prison costs
- Reduction in health inequities
- Less crime
- Greater alignment in regional spending
- Coordinated community health assessment



### BEYOND THE Grant TIP

You might find that it's difficult to brainstorm the results of your integrative activities. Think about it this way: what would not get done if you didn't do these things? That may help you itemize all the many things you help make happen.

## STEP 3

**Sorting.** Sort all the results under the proper heading in the value sequence. **Don't worry too much about the exact category**, particularly whether something goes under "results" or "impacts." It might help to think about the sequence in three primary buckets: what you do (activities), the effect it has (results and impacts), and the value it creates and the value it creates (financial, social/economic, and organizational).

- **Results:** What direct effect did your intervention or integrative activity have?
- **Impacts:** What lasting or significant changes have you brought about in people's lives or their environment?
- **Value:**
  - **Financial value:** How did your intervention or integrative activity impact revenues or costs?
  - **Social or economic value:** How did the results improve the quality of people's lives? These sometimes have a price tag put on them so can be expressed as "economic value," such as the costs of victimization from crime. These differ from financial value in that they wouldn't appear as actual revenues or expenditures on an organization's balance sheet.
  - **Organizational value:** What results might carry specific value for organizations, such as enhanced ability to meet regulations, improved quality rankings, greater patient satisfaction, or a competitive edge?



### BEYOND THE Grant TIP

If you have a particular outcome that you care especially about, such as health equity, job creation or improvement to the environmental quality, you might want to add a special "value" or "equity" column just for this. This will help you analyze the contribution your intervention or integrative activity are making toward that goal.



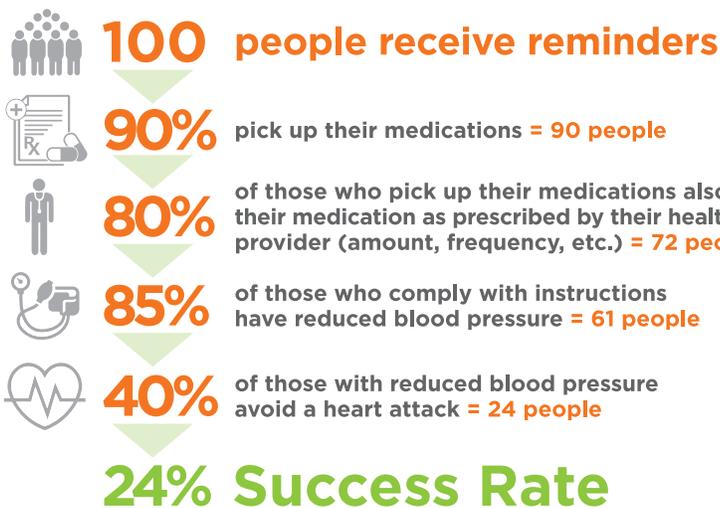
## STEP 4

**Discussion and refinement.** You now have a first draft of your value sequence! Take a look—does it convey the value you believe you create? Is anything missing? Discuss the results and make any desired refinements.

## STEP 5

**Adding Evidence.** Once you have developed your value sequence, it's time to become a sleuth and go looking for pieces of evidence that support it. You want to use evidence to make your case as solid as possible.

- **Interventions:** Interventions don't have monolithic effects—they work on some people and they don't on others. So each step in the sequence above will have a probability associated with it—the expected number of people the intervention will be successful with. Think of this in terms of percentages. What percentage of eligible people who receive the reminder will pick up their medication? What percentage of those who pick up their medications will take them as instructed? What percentage of those complying with the directions on their medication will see reduced blood pressure as a result? What percentage of those with reduced blood pressure will avoid a heart attack or stroke? In the end, only a fraction of those who receive the reminder will experience the intended impact of fewer heart attacks. Let's pretend, for example, that we start with 100 people (and apply hypothetical probabilities):



So, if the only impact you're concerned with is avoidance of heart attacks, you can expect 24 fewer heart attacks out of 100 people to whom you send a reminder (a 24 percent success rate).

As you just saw, the value created by your intervention will depend on the probable effectiveness at each step in the sequence, so, if possible, do not overlook any steps. Also, to ensure the ultimate value creation is accurate, build a solid evidence base to support your contention that your intervention produces the intended impacts.

Finding the evidence is not as difficult as it may seem; there is a great wealth of information out there. The list provided under "Instant ROI," on pages 2 and 3, can help you track down what you need. Note that the information you want may be the subject of an entire research study, or it may be buried in a single paragraph. What you're looking for is any information (preferably with numbers attached to it) that estimates the effectiveness factor of a step in your value sequence and/or assigns value to your impacts. Finding this information will help you make the right decisions to maximize your desired impacts, and it will build confidence in your plan—both with stakeholders and yourself.

Expect wide-ranging differences in results. Research studies are not identical: variations in populations, interventions, dosages, and methodologies impact the results. For example, we compiled an estimate of the financial impact of having hypertension "under control," and found results ranging from \$513 to \$4,738 per year. That's a big difference! And it illustrates the measurement difficulties inherent in demonstrating ROI. Some stakeholders might question wide variations in results; some might not. Be prepared for either response. Carefully select evidence that most closely resembles your own circumstances and be prepared to explain to stakeholders and funders why you thought that evidence was relevant.

- **Integrative Activities:** The tricky part about integrative activities is that these essential services tend to be so undervalued—we’re betting you know that from experience! Yet we take the importance of these activities for granted in virtually every other type of organization, whether it’s public, private, or even social. Think about it this way: without multisector partnerships or organizations taking on integrative activities, the population health interventions you are working so hard to implement would never get accomplished.

A value sequence for integrative activities probably won’t look as complete as the sequences you could develop for interventions. The “evidence” you are looking for will likely be of a very different sort, as will the sources of information. The results you identify in Step 2 may be in the form of “deliverables,” such as the production of a coordinated community health assessment or the acquisition of funding for an intervention, so the evidence may speak for itself. As a result, the very process of articulating a value sequence may help clarify important objectives for your integrative work.

But don’t gloss over the financial impacts. For example, a [2012 study by Deloitte](#) showed that effective senior leadership can add up to 15 percent of a company’s value<sup>4</sup>. And a [2006 study of 94 companies](#) found a dramatic correlation between financial performance and transformational leadership practices<sup>5</sup>.

What’s more, in the nonprofit sector, higher performing charities had somewhat higher administrative costs than lower performing charities<sup>6</sup>.

To the extent that your integrative activities cause something to happen, such as the implementation of an intervention, and that intervention has financial impacts, a portion is attributable to those leadership and management functions—just as they are in any business or nonprofit organization. The National Council of Nonprofits makes this point in its report, [Investing for Impact, Indirect Costs Are Essential for Success](#)<sup>7</sup>, and Nonprofit Quarterly’s article, [“Why Funding Overhead is Not the Real Issue: The Case To Cover Full Costs”](#)<sup>8</sup>, is also a great resource on this topic.

## STEP 6

**Interpreting Information.** Look at the picture you just completed. Maybe your evidence chain is robust and full; maybe it’s sparse and lacking. Maybe you found some surprising positive evidence; maybe you discovered some weak links in your sequence. You can use your results to answer the following questions:

- Do we have enough evidence to convince those we’re trying to convince?
- What pieces of the evidence are most persuasive/relevant to different stakeholders?
- Are there weak links in our value sequence? If so, should we modify our intervention/integrative activity in some way to strengthen those weaknesses?
- What is the likelihood that we’ll capture the financial and/or social/economic value we seek? What does that rest on?
- Who might be willing to pay for the value we create? Does our value analysis suggest a suitable financing source or payment model?
- Does the value analysis suggest a few reasonable indicators that can be used to monitor results? For example, perhaps there’s a key variable with a high effectiveness factor that is particularly important to achieving results in the value sequence. For example, if med bundles are highly effective in reducing hypertension, you may want to invest more heavily into them. On the other hand, if there’s a weak link (low effectiveness factor) in the chain, you may want to specifically monitor the performance of that link, since it could impact your overall value sequence.

<sup>4</sup> Deloitte. 2012. “The Financial Impact of Executive Leadership.” September 5, 2012. <http://deloitte.wsj.com/cio/2012/09/05/the-financial-impact-of-executive-leadership/>.

<sup>5</sup> International Leadership Associates. 2007. “The Business Case — The Five Practices of Exemplary Leadership.” September 2007. <http://i-lead.com/lchallenge/the-leadership-challenge-model/the-business-case/>.

<sup>6</sup> Caroline Fiennes. 2015. “Charities and Administration Costs.” *Giving Evidence*. <https://givingevidence.files.wordpress.com/2013/05/admin-costs-re-release-dec-20151.pdf>.

<sup>7</sup> [https://www.councilofnonprofits.org/sites/default/files/documents/investing-for-impact\\_0.pdf](https://www.councilofnonprofits.org/sites/default/files/documents/investing-for-impact_0.pdf)

<sup>8</sup> <https://nonprofitquarterly.org/2018/09/12/why-funding-overhead-is-not-the-real-issue-the-case-to-cover-full-costs/>

Learn more at [ReThinkHealth.org/FinancingWorkbook](https://ReThinkHealth.org/FinancingWorkbook) and contact us with questions and comments at [ThinkWithUs@ReThinkHealth.org](mailto:ThinkWithUs@ReThinkHealth.org).

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## Value Sequence Template

Print on Tabloid (11x17) Paper.

Activities	Results	Impacts	Value Financial	Value Social/Economic	Value Organizational