ILLUSTRATIVE SAMPLE · FICTIONAL SCENARIO

ROI worksheet — capacity-value example

All amounts and operating assumptions below are fictional. Released staff capacity becomes financial value only if it is productively reassigned or reduces actual expenditure.

State the assumptions

Manual review: 100 hours/month. Loaded labour rate: $40/hour. Implementation: $6,000. Ongoing operation: $400/month. Base case: release and productively reuse 40% of review time. Downside: 20%. These are modelling inputs, not observed outcomes.

Base case · 40% of review time

40 hours × $40 = $1,600/month capacity value. After $400/month operating cost, net modelled value is $1,200/month. Conditional payback: $6,000 ÷ $1,200 = 5 months. First-year net value: 12 × $1,200 − $6,000 = $8,400; return on the upfront investment: 140%.

Downside · 20% of review time

20 hours × $40 = $800/month capacity value. Net modelled value: $400/month. Conditional payback: 15 months. First-year net value: −$1,200; return on the upfront investment: −20%. If released time is not used productively, exclude its value from the financial case.

Validate before investment

The operational owner measures review time and whether released capacity is used. Finance verifies the labour rate, full costs and any cash benefit. Include error handling, integration and adoption costs in the final model. Approve a pilot only after agreeing a measurable baseline and a review gate.
