

## ROI vs. ROV

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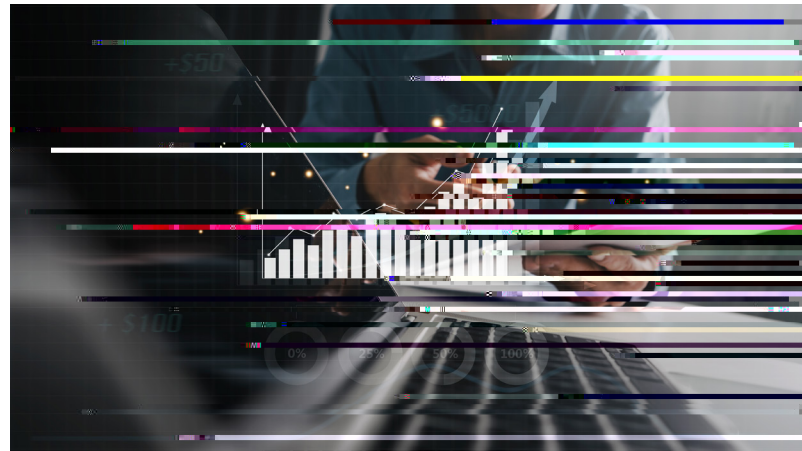
From a business standpoint when investing in construction technology, many businesses get stuck on the question “When will we see our return on investment?” It’s a fair point. However, the return on value is an important aspect when considering business purchases.

### WHAT IS A RETURN?

A return on investment (ROI) is the cost of investment and seeing that exact investment amount recouped. When considering business purchases, decision makers think about their ROI, but this simple formula does not take into full account what is at stake. If you spend \$10,000 on equipment and generate \$15,000 from that piece of equipment. In this situation, your ROI is 50%. This is a very simple math formula.

Decision makers who hold the company’s purse strings get too caught up in what the return on investment is when making a business purchase. Certainly, the ROI is a valuable measurement when making purchasing decisions — you have to account for intangible costs involved in any business purchase. These include things like the cost of training, the cost of staff, and the cost of customer support.

For example, if you hire a new employee, you have to consider the cost of training, the cost of staff, and the cost of customer support.



Repeat business and referrals, and the technology that helps you grow your business. ROI because each company is going to put a different value on what’s important to them.

Today’s business landscape has moved to a customer-centric approach to selling. You cannot sustain long-term growth by only considering your bottom line. To grow, you must consider the ROV of your business purchases because, ultimately, the value of your business is determined by how well you serve your customers.

### WHAT IS THE COST OF IGNORING ROV?

For example, if you invest in a new construction estimating software, don’t only look to answer, “What will it cost?” Consider also “Why

should we purchase this?" The price point of the software shouldn't be the only thing that matters. You also need to look at other gains if you move forward, and the losses if you choose not to purchase.

ROV isn't necessarily a number you can calculate because it is a combination of many factors. It includes the accuracy of data, improved collaboration, an increase in repeat customers and the happiness of employees. Documenting these values and referencing them during decisions on capital investments will help in determining what's best for the business as well as considering ROI.

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## THE BIG DIFFERENCE BETWEEN ROI VS. ROV

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While ROI has simple calculations, the biggest difference between that and ROV is people. Because of the customer-centric approach of construction, the value business owners put on people is a major variable in understanding ROV.

For preconstruction teams, do they hate doing the low-value-add activity of data entry? Do they thrive in customer meetings when the company's historical accuracy of data, improved collaboration, an increase in repeat customers and the happiness of employees? Do they throw their computer out of a window because of a misplaced decimal point in an Excel formula?

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## ROV IN PLAIN SIGHT

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Investment in construction technology can improve your projects on time, and create consistency that builds trust with project owners. Providing the tools to your preconstruction team to do a better job keeps them more engaged, less distracted, and would have the time to focus on strategic-level thinking, pursuing more projects and collaborating with owners to problem solve and offer alternative solutions.

Looking at the ROV is adding a price to the well-being of your employees and project owner satisfaction. For example, using Excel as an estimating platform drains preconstruction teams of time and effort to complete accurate estimates on projects. Copying and pasting causes morale to decline. At some point, the best estimators will leave for a company that embraces innovation and new technology. And that company likely tracks their ROV. They know what their team members value and have purposefully made the decision to boost what employees value.

How much better off will you be after your initial investment? How much better off will you be after your initial investment to projects?



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Gi dd` JYX`Vm6YW`HWbc`c[ mUbX`fYdi V`]g\YX`Zca` [Constructor Magazine](#), a publication of Associated General Contractors of America. The [Associated General Contractors of America](#) works to ensure the continued success of the commercial construction industry by advocating for federal, state, and local a YUgi fYg`h`Uhg ddcfh`h`Y`]bXi g`fm`dfcj ]X]b[ `cddcfh b]h]Yg`Zcf` fa g`hc`"YUfb` UVci hik Uhg`hc` VYVta` Y`a` cfY`UVta` d`]g\YX/UbX`VtbbYV]b[ `h`Ya` k`]h` h`Y` resources and individuals they need to be successful businesses and corporate citizens.

5bnj ]Yk`g`UbX`cd]b]cbg`YI`dfYggYX`]b`h`]g`Ufh]WY`a` Umcf`a` UmcbchfY` YVh`h`Y` views and opinions of the Construction Management Association of America (CMAA). By publishing this piece, CMAA is not expressing endorsement of the individual, the article, or their association, organization, or company.