Using Design Thinking to Deliver Business Results and Increase the Investment in Talent Development

The Business Case for Learning

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Preface

When we write a new book, we always ask, “Is this book really needed?” This is a serious question for us, because we have written so many books, and some of those books have overlapping content. We took the question to some of our key clients and had a few soul-searching conversations with experts in the field. We concluded that this book is needed more than any we have ever written, even considering that we created the *Handbook of Training Evaluation and Measurement Methods* in 1983 (originally by Gulf Publishing, now with Routledge, currently in its fourth edition, 2016). That book was significant, because it was the very first on training evaluation. For those of you who know Kirkpatrick, his first book on training evaluation was published eleven years later. While our first book was a pioneering contribution, it is still not as important as this one. Let’s explain.

The Challenges

In our work with hundreds of learning and talent development teams, we have encountered several concerns about the importance and value of learning as well as how, when, and how much learning should be provided. These have been persistent concerns for many years. The good news is that they can all be addressed without much difficulty, but it takes thoughtful planning and commitment. Here are the top five challenges that we see:

1. **Learning is the best solution, but it is the first to be cut in a downturn.**

   We have heard it so many times. When there is a problem in an organization, executives quickly think that employees don’t know what to do. The executives’ response tends to be “Teach them—they need to learn how to do it!” Learning always appears to be the go-to solution. However, those same executives will cut the learning budget first when faced with a budget reduction or mere uncertainty about the future. This seems illogical. If learning is the best solution, why is it the first on the chopping block? The problem is that learning and talent development
teams rarely follow through to show the business value of the programs to those executives, let alone prove that the team had the right solution.

2. **Most learning is wasted.** Learning professionals will quickly relate to this issue. Research continues to show that 60 to 90 percent of job-related learning is not used. This occurs because of the many barriers to the transfer of learning to the job. This problem often starts in the beginning, in terms of the wrong people, at the wrong time, with the wrong content. But there are many barriers that can easily be addressed, minimized, or provided with workarounds. This waste does not have to be a recurring problem.

3. **The success of a learning program must be defined by application and impact.** Within an organization, if employees are learning content that should be applied on the job but don't actually use it, then the learning program is a waste of time and resources. It is difficult to label the learning program a success if there has been no application or impact. Some organizations are redefining the success of a learning center to suggest, “We are not successful unless the participants apply what they have learned and have an impact in their work. Without that, it is a waste.” This requires organizations to focus on the why of the learning and to have participants more engaged and involved in learning to make an impact. This can be accomplished successfully through a specific routine.

4. **The learning results desired by executives are rarely measured.** Based on several studies, executives prefer to see the business impact and return on investment (ROI) from important learning and talent development programs. The learning and talent development team is often slow to address those levels, instead focusing most of their efforts on reaction and learning. But it doesn’t have to be that way. The challenge is for analysts, designers, developers, and facilitators, among others, to design programs to deliver business results.

5. **Some learning is not necessarily better than none.** If the learning is misdirected, provided at the wrong time, or has content that is not appropriate or not needed, then a little learning is not better than none. Why? Because it takes people away from work, costing precious time and resources. It also represents a misuse of funds and can create the image that learning is based on “nice-to-know” instead of “need-to-know” content.
These five challenges haunt this industry and leave executives frustrated about the value of learning.

For over two decades, we have helped thousands of organizations show the value of learning and talent development. We have assisted clients in conducting impact and ROI studies, and we have taught clients how to conduct these studies. To date, over 5,000 people have become Certified ROI Professionals (CRPs) and evaluated one or more programs all the way through to the ROI level. In our teaching, we have seen the barriers and obstacles to success. At the same time, we have also observed the enablers and supporters to success. We have been able to sort out what makes learning work and why it is so crucial to an organization. This book is a reflection on what makes it work, with a process to make it successful.

An approach is needed that focuses on why we are conducting learning and on convincing our number-one stakeholders, the top executives, that learning is an absolute necessity and also adds business value. In tough economic times, organizations should invest more in learning, not less. This book will show how to make this happen, following logical and methodical steps to ensure that learning is connected to and drives the business.

The System Is Broken
The system of initiating, designing, delivering, and evaluating learning is broken. If it weren’t, we would not continue to face these dilemmas. The question becomes, “do we blow it up . . . or do we fix it?”, as Harvard Business Review suggested about human resources (HR) in 2015. Our belief is that we should fix it. It’s a matter of making adjustments in the process, sharing the responsibility for results with all stakeholders, and having a focus on results from the very beginning. Let’s review what led us to this conclusion.

We Can’t Measure Our Way to Success
Many of us in the professional area of measurement and evaluation have suggested, encouraged, and supported more measurement and evaluation. We have tackled this in many different ways and in many different media. Although our premise was that when people measure at the business level, they also make adjustments and improve programs, the challenge to accomplish this is too much. Here are four challenges that have prevented the needed change: fear of the outcomes; the task of measurement appears im-
possible, particularly for soft skills programs; exposure of a flawed system; and too many resources are needed to measure.

There Are Some Very Good Attempts
We don’t mean to imply that others haven’t addressed this issue; they have. We have seen great content developed over the years. However, it still falls short of what is actually needed. For example, the classic work in the 60s with Analysis, Design, Development, Implementation, and Evaluation (ADDIE) identifies the key elements that are necessary to drive results. Unfortunately, this process does not have a focus on business results in the beginning and throughout the process. Evaluation is perceived to be important only at the end of the process, although we all know better. In addition, ADDIE doesn’t suggest the use of results to improve programs and to drive budgets.

Many great books have been developed to address part of these issues. For example, several books are out there on aligning programs to the business at the beginning, selecting the right solution, writing objectives at multiple levels, developing powerful content, and transferring learning to the workplace, as well as many books on measurement and evaluation. Some of the books have attempted to tackle several of these issues in more detail at the same time. The best approach for this so far has been Six Disciplines of Breakthrough Learning, which is moving in the right direction, although it still lacks the full eight parts of the results-based process presented in this book.

Other Fields Hold the Key
It is time to tap into the good work from other fields and bring those concepts into the accountability process. Great contributions have been made in systems thinking, change management, design thinking for innovation, process optimization, expectation management, and work culture. These contributions, with many books to support them, hold the key to rethinking the learning process to make it successful. The goal is to design for success, with that success defined as credible data connecting programs to the business.

Let’s Fix This System
We are proposing to fix this system by tweaking what’s been done and bringing in important concepts from other fields, with these important elements:
1. A logical flow to the process, with eight simple steps
2. A focus on designing for results throughout the process
3. Shared responsibilities along the way
4. Tools, templates, and support throughout
5. Educational programs to ease implementation

Coupled with this is effort is the great support of HRDQ and ATD, which have committed important resources to make this successful. The ROI Institute has dedicated resources to implement this concept throughout the global learning and talent development field. Several professional organizations and magazines will also support the implementation.

The Flow of the Book
The concepts presented in this book are appropriate for all types of learning and talent development organizations. Cases, examples, and illustrations are presented from different countries and from all kinds of organizations, including governments, nonprofits, non-governmental organizations (NGOs), and universities. The book begins with a chapter that underscores the necessity of change. The principles of design thinking are introduced as the common theme used throughout. Next, the eight parts of the model are reported in eight corresponding chapters. These are:

- **Start with Why**: Aligning Programs with the Business
- **Make It Feasible**: Selecting the Right Solution
- **Expect Success**: Designing for Results
- **Make It Matter**: Designing for Input, Reaction, and Learning
- **Make It Stick**: Designing for Application and Impact
- **Make It Credible**: Measuring Results and Calculating ROI
- **Tell the Story**: Communicating Results to Key Stakeholders
- **Optimize Results**: Using Black Box Thinking to Increase Funding

A final chapter focuses on how to make this process work in an organization. The goal is to make this approach routine and systematic. Throughout the book, actual stories are presented with a “true story” icon and case studies with a “case in point” icon. Exercises, quotes, and reminders to “keep it simple” are used throughout the book, including opportunities to reflect, making this invaluable for the talent development and global learning and development fields.
Acknowledgments

Every book that we write is a reflection of what we have learned over the years. This book is no exception; it is essentially a culmination of what we learned in the past twenty-five years as we worked with clients at the ROI Institute. These clients have made a huge impact on us and our work, and we have included that experience in this publication.

We have also learned from our partners and associates. Our partners now operate in 70 countries, assisting organizations with accountability issues. We are always amazed at the quality and innovativeness of their approaches. We have learned from them just as they have learned from us.

Our associates in the USA, who help us with consulting, teaching, writing, speaking, and researching this important topic, have also made major contributions to our work, including this publication.

The ROI Institute staff, managed by Crystal Langford, provided much support for this new publication. Hope Nicholas, our director of publications, has done an amazing job of managing this editorial process in the midst of many hectic schedules and multiple responsibilities. She’s truly our hope when it comes to publications.

We want to acknowledge our publishers, HRDQ and ATD. This book began during a conversation with HRDQ’s publisher Martin Delahoussaye in which we concluded that it’s time to fix the system, and this book is our solution. We also appreciate the great support from ATD for this book and for many other projects over the years.

Patti would like to thank Jack for his ongoing love and support. He is a prolific writer who can take an idea and create an entire business out of it. His incredible intellect and laser focus keep all of us on track, which was critical in developing this publication. Thank you, Jack, for all you do!

Jack would like to thank Patti for the meticulous contribution that she has made in this publication. Patti is an outstanding researcher, consultant, teacher, speaker, and author. All her experiences and vast knowledge shine through in this important work. Without her, this book would not be successful.

Birmingham, Alabama
March 2017
References


Chapter 1

Design Thinking: It’s Time for a Change

Think about the funding for your learning and development projects and programs:

- Are you receiving the budget you need?
- Are you facing a budget cut?
- Is a travel freeze in effect?
- Do you have difficulty securing the approval for a new program?
- Do you need additional funding for your programs?
- Are stakeholders questioning the value of your programs?

These and other questions bring the budgeting and program funding process into focus. While benchmarking is the basis for funding decisions for some organizations, developing a business case for a major program, a series of programs, or the entire budget is standard practice for others. How do you make the business case? By applying a systematic process that demonstrates how learning and talent development drive important business measures. This book describes that process.

The Opportunity

The expenditures for learning and talent development have grown significantly in the last two decades. Few leaders would argue that learning is not critical for growth and change in organizations. The investment in programs has generated mixed results. On the one hand, increased investment has led to an expansion in the volume of programs and the people involved in those programs. On the other hand, the results, particularly at the business level, are less evident. Three dilemmas plague this field and obstruct the opportunity to demonstrate real value:
1. Much of the learning and development is wasted (i.e., it is not used on the job, although we want it to be used).
2. Few learning and talent development professionals have data to show top executives that these programs make a difference.
3. The measurements desired by executives are rarely obtained by the learning and talent development team.

Learning and talent development professionals have been facing these dilemmas for a long time. Sure, we know that learning can make a difference, and there are many examples showing how it drives business value. But the approach has been to try to measure the way to success; that is, to implement a measurement strategy to determine the level of success. Sometimes, but not always, people make adjustments based on the data. While the intent is good, the approach is not working.

Success, results, and outcomes lie not merely in the learning event and measurement process but in the design of the learning. It is time for learning and talent development professionals to embrace the concept of design thinking, which has been successful for strategic innovation, and begin taking a new approach to designing programs, products, services, and processes in organizations. Applying design thinking to the learning and talent development process keeps a laser-like focus on results throughout the program cycle. This approach ensures that when the measurements are actually taken, the business results can be demonstrated, overcoming one of the biggest fears of measurement—negative outcomes. By adding designing for results into the process, the issue of accountability now involves all the stakeholders in the process rather than being a burden to just a few.

Design thinking places the focus not so much on value capture as on value creation, because now learning is built for value. If, when the measurement is taken, business value does not exist, changes are made to ensure it does. This process optimizes learning investment, and this optimization can lead to resource allocation. Ultimately, this allows learning leaders to protect and sometimes enhance their budgets even in times of uncertainty and downturn.

This book shows how to make the business case for investment in learning and talent development by designing for results instead of merely measuring for success.
Chapter 1 – Design Thinking: It’s Time for a Change

EDF Energy

True Story

It’s a spring day in the beautiful English countryside, and we just completed a tour of Cannington Court, a magnificent facility that is a recent refurbishment of a twelfth-century Benedictine convent. The head of learning and development (and our tour guide) sees this facility as the showcase learning center of EDF Energy, one of Europe’s largest electric utility companies.

He is very proud of this facility. Physically, Cannington Court is a leading-edge residential training center with en suite bedrooms, pioneering technology, and smart metering throughout. Functionally, Cannington Court is a place for all employees to learn. It is where apprentices learn alongside executive teams and engineers attend sessions with senior managers. The facility is open to all academic, research, and industrial partners. With painstaking effort, the original structure and much of the atmosphere of the original facility has been preserved. It offers the perfect setting for learning.

It is just a few weeks before the facility will be officially opened, and they are anticipating that Prince Charles may be a guest at the opening ceremony. The building is a pet project of the chief executive officer (CEO), who not only wants to have a great learning facility but is very interested in restoration. The tasteful and sensitive refurbishment of this historical building is a complement to the many other historical sites in the area.

As the tour was nearing the end, we asked an important question, “In one sentence, how would you define the success of Cannington Court when it is fully operational?”

He thought for a minute and then said, “I want to see this place busy, the rooms fully utilized, the lodging completely filled, the technology working, and the participants moving through the facility with ease.”

Knowing that the CEO is thinking about retirement at some point in the near future and that the chief financial officer (CFO) is rumored to become the new CEO, we asked another important question, “What would the new CEO want to see from Cannington Court? What would be his one-sentence description of the success of this beautiful facility?”

He hesitated for a few moments and said, “I think he would probably like to see a connection to the business—and that whatever happens here is somehow connected to the business. Right now, we don’t have that in place,
although it’s our goal to get there quickly.”

This story illustrates how people can easily be lured into measuring success with the amount of volume, hours, and time spent in the learning process or learning facility. Sometimes, this is taken to the extreme, losing sight of why an organization should have such an expensive facility for learning.

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**What’s Your Status?**

It is helpful to reflect on the current state of your efforts to show executives and others the value of your contribution. Here is an opportunity for you to check your progress.

**Three Questions**

When we speak to different groups around the world, and particularly to chapters and conferences of ATD, we ask the audience which of the following statements are true. (You saw them earlier.)

1. Much of learning and talent development is wasted (not used).
2. Few learning and talent development teams have data showing that they make a difference in the organization.
3. The learning outcome desired by executives in our organizations is rarely measured.

By a show of hands from the audience, we find that in most cases it is unanimous—total agreement on all three. That is amazing and yet disappointing at the same time. After years of conversation, training, publications, and research focusing on measuring results, and suggesting that executives need the results, why are we still plagued with these three issues? This is a dilemma that represents the focus of this book.

Paula Ketter, editor of *TD* magazine, made this point in a recent article celebrating 70 years of the magazine. As Paula wrote, “As we examined magazine issues published in the 1940s, we saw some of the same topics discussed then that are as relevant today. Proving training’s worth has been a constant pain point for industry professionals and, seven decades later, we are finally seeing training gaining steam in organizations.”
Chapter 1 – Design Thinking: It’s Time for a Change

It’s not just a matter of measuring success, it is a matter of changing the way in which we initiate, design, develop, and implement learning and talent development programs. Yes, you can measure results at the impact and ROI levels, but those results may be disappointing. Following the steps in this book will help ensure that your programs are driving business value.

What Is Your Definition of Success?
Reflect on “What is your business?” While it is important for the organization to clearly articulate and understand its business, it is also helpful to understand the business of learning. What one sentence represents the current definition of success of learning in the organization? This is a critical issue, because it can vary significantly.

Figure 1-1 shows six possible descriptions of success for the learning function. Complete the following exercise to bring into focus the current description of learning success and, perhaps, how it should change in the future.

Figure 1-1. What’s Your Business?

<table>
<thead>
<tr>
<th>Your Choice</th>
<th>Value Description</th>
<th>Rank</th>
<th>Measure Now</th>
<th>Executive Rank</th>
<th>Percent Measured Now</th>
<th>Best Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>“Serve the largest number of people with the least amount of disruption and cost.”</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>“Participants are engaged, enjoy the programs, and see their experience as valuable.”</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>“Participants are learning the latest information and skills to make this a great organization.”</td>
<td></td>
<td></td>
<td></td>
<td>90%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>“Participants leave the learning program, take action, use the content, and make important changes.”</td>
<td></td>
<td></td>
<td></td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>“Participants are driving important business measures and having an impact in their work units and the organization.”</td>
<td></td>
<td></td>
<td></td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>“Participants and the organization have a positive return on the investment of their time and the resources of the center.”</td>
<td></td>
<td></td>
<td></td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>
Exercise

1. As a first step, read each value description and select the one (only one) that is the most important to you right now. Place a check to the left of that description.

2. Next, rank each of these statements in terms of importance to measuring the success of your learning programs. Place a number one for the item that you would consider your most important, and continue numbering until the least important measure is ranked sixth (6).

3. In the next column, check the statements that define the categories you are measuring now. For example, if you are counting the number of people, time at the learning center, and the costs, check the first item. Check all that apply.

4. In the next column, indicate how your senior executives would rank these data items in terms of what is valuable to them from one to six, with one being the most valuable and six the least valuable.

5. In the next column, indicate the percentage of programs measured annually now at each of the levels.

6. The best practice profile is in the last column, representing the percentages of programs evaluated at each level for each year. Usually, the current versus best practice comparison reveals gaps that serve as opportunities to pursue.

The six types of data in the table follow a logical flow or chain of impact that occurs as participants engage in learning programs. Figure 1-2 shows the flow, demonstrating how data move from input (Level 0); to participant reaction (Level 1); learning acquisition (Level 2); application of knowledge and skill (Level 3); impact on the organization (Level 4); and economic contribution or ROI (Level 5). These five levels of outcomes provide the compass that points toward success and represent the framework for the ROI Methodology.
### Figure 1-2. Six Categories of Data

<table>
<thead>
<tr>
<th>Level</th>
<th>Measurement Focus</th>
<th>Typical Measures</th>
</tr>
</thead>
</table>
| 0 Input | Input into programs, including indicators representing scope, volumes, times, costs, and efficiencies | • Types of topics, content  
• Number of programs  
• Number of people  
• Hours of involvement  
• Costs |
| 1 Reaction and Planned Action | Reaction to the programs, including their perceived value and planned action | • Relevance  
• Importance  
• Usefulness  
• Appropriateness  
• Intent to use  
• Motivational  
• Recommend to others |
| 2 Learning | Knowledge gained, including learning how to develop concepts and how to use skills and competencies at work | • Skills  
• Learning  
• Knowledge  
• Capacity  
• Competencies  
• Confidences  
• Contacts |
| 3 Application | Application and use of knowledge, skills, and competencies in the work environment, including progress with implementation | • Behavior change  
• Extent of use  
• Task completion  
• Frequency of use  
• Actions completed  
• Success with use  
• Barriers to use  
• Enablers to use  
• Employee engagement |
| 4 Impact | The impact of the programs and processes, expressed as business impact and effectiveness measures | • Productivity  
• Revenue  
• Quality  
• Time  
• Efficiency  
• Accidents, incidents  
• Retention  
• Customer satisfaction |
| 5 ROI | Comparison of monetary benefits from the program to program costs | • Benefit-to-cost ratio (BCR)  
• ROI (%)  
• Payback period (PP) |

Defining the success of learning is often an eye-opening exercise for the chief learning officer (CLO) and the learning and talent development team. In most cases, we find that the definition and demonstration of success must
change. While many learning and talent development teams often focus on the first category (Level 0), there has been a constant and persistent shifting through the chain of value to the impact (Level 4), with an occasional view of learning as offering a good ROI for individuals as well as the organization (Level 5).

Learning measurements from participants, based on skill and knowledge acquisition alone, do very little to help the organization. It’s what participants do with the learning that is important, and unless learning is connected to the business of the organization and helping to drive the business, it will not be a sustainable process in today’s competitive climate. Recognizing that definitions of success may vary depending on perspective and that gaps exist in the provision of data is a first step in moving toward designing learning to add business value.

Stuck at Level 0?
We were particularly amused by an article recently posted in Training magazine’s online article summaries (June 23, 2016). This particular article, “Five Essential Training Management Metrics,” recommended the five most critical measures of success from a perspective of managing learning. The author suggested that there are so many opportunities for data and measurement that it is important to focus on the measures that are the most important. Here are his five:

1. **Student Days.** The amount of learning days being delivered to students each month.
2. **Average Fill Rate.** The percent of the classes that are actually full.
3. **Average Course Duration.** The average time that participants are involved in learning sessions.
4. **Class Cancellations.** The percent of participants who cancel and do not attend the training.
5. **Break-Even Reporting.** This was not really a metric, but merely showed what numbers were needed to break even to cover the cost. This is assuming that there is a fee charged or transferred to the client. 7

All these represent the activity that occurs in a learning department. They are what we refer to as Level 0, input to the process. They are neither outcomes nor necessarily leading indicators of potential outcomes. These
measures disregard how people react to the content, what they actually learn, how they use the learning on the job, and the impact the learning has on their work and the organization. They disregard the importance of knowing how the benefits of an activity compare to the cost of the activity.

Unfortunately, this kind of thinking permeates many talent development groups. It is this type of measurement that leads to executives cutting costs and reallocating resources to other areas, and it in no way makes the business case for investment in the learning function. Don’t get stuck at Level 0. Level 0 data alone represent costs—costs get cut. Balance these data with results. Results reflect investments, and investments are allocated to programs that drive results.

**Exercise**

What would be on your list of important measures?

1. 

2. 

3. 

4. 

5. 

**Challenges**

We are living in a world of economic uncertainty. Although the economy is growing in the USA, some industry segments are not doing well. Across the globe, uncertainty exists in many areas. The recent Brexit vote is causing significant uncertainty in the UK and Europe. The price of oil is causing uncertainty and reducing budgets in oil-producing countries. Economic uncertainty has an effect on executives who are preparing for the future. To be safe, these executives often curtail expenses, particularly the variable expenses that are not absolutely necessary. They will also invest in projects that they see have future value.
This is a good time to reflect on how executives see the learning and development budget. Is it a cost, an investment, or a combination of the two? If they perceive it as a cost, they can easily trim it or, in the worst case, eliminate it. If executives see it as an investment, they may avoid reducing it and may actually invest more. Although most executives will proclaim that people are their most important investments, their actions speak much louder than their words, as they cut staff when there is the least bit of uncertainty.

In the last two decades, we have tried to convince executives that the best time to invest in learning is when there is an economic downturn. In these situations, employees must be at their best, and they are usually multitasking more because of a smaller staff. Learning needs more budget instead of less.

Feed the Gorilla
During these uncertain times, we are often contacted by CLOs or chief talent officers (CTOs) who need help quickly. A senior executive has questioned the value of a certain program and wants to see the results. We refer to this executive as the “gorilla” who has shown up at the door and is demanding to be fed. The gorilla wants impact data or ROI. In many cases, the gorilla has concluded that a program (usually an expensive one) is not adding value, so maybe it should be eliminated. The gorilla is willing to listen, if you have data that show these programs delivered a positive ROI.

Unfortunately, when the gorilla shows up, you are in a precarious position. Three things happen:

1. You have a short timeline to show results, often weeks—not months. To change some of the processes so that you can measure the results may take much longer.
2. You now have ROI on the executive agenda. It needs to be on your agenda. You need to be driving this issue.
3. You are now defensive. You need to be on the offensive. If the program that you evaluate is not adding value, it is hard for you to make the argument that you would like to change it to make it better. You are defending what you have accomplished. If you are on the offensive, and the evaluation is not where it needs to be, you can make some adjustments without a problem.
You need to feed the gorillas to keep them away from your door. You feed the gorilla by having an executive-friendly learning scorecard. This scorecard cannot be dominated by input data (counting people, times, and costs), reaction data, or learning data. It must have some application and impact data, detailing how people are using what they have learned and the impact it is having on the organization. For major projects or programs, the financial ROI is needed, showing that this was a good investment. When this is routine, the gorilla will be happy and will not come to your door. We have seen this approach work many times.

**Case in Point**

The greatest barrier to measuring results at the business level is the fear of those results. People worry, “If the program is not working, how will this affect my performance?” Recently, an individual with an executive coaching firm contacted us and asked to visit for a day to learn how to measure the ROI of coaching. We showed him how to evaluate a coaching project at the impact and ROI level. To do so requires that the coaching engagement begin with one or more business measures that need to improve and could do so with the coaching process. After spending a day learning how the methodology works, he concluded that the ROI Methodology is an appropriate, effective process.

“This is a great way to show the business value and even the financial ROI,” he said. “However, for my particular case, I don’t think I’m interested.” Somewhat surprised, we asked, “What’s the issue?” He responded, “Well, I have a million-dollar contract to deliver coaching to a Fortune 500 company. I keep hearing comments about ROI and just thought that I should explore this concept. But I’m afraid that if I calculated ROI, it could be negative, and I might lose my contract.” We asked, “Is your coaching designed to add business value?” “Well, probably not, but the client thinks that it does,” he said. “Have you told the client that this coaching would drive business value?” we asked. He replied, “Not specifically, but I’m sure they are expecting it, because it costs so much.” “Why do you think it’s not connected to the business?” we inquired. “We just haven’t required that up-front connection to business mea-
sures with the coaching process. If we haven’t done that, it’s probably not
going to deliver business value in the follow-up.”

We agreed.

“So,” he added, “I think an ROI study would raise more issues than itwould resolve.”

“So what happens if the client asks for business impact or ROI when it’scompleted?” we asked.

He quickly responded, “Well, I’ll have to deal with that issue then. If Ihave to connect this project to the business, then I will try to do it at thattime. If the result is disappointing and negative, and the project is complete,then I’ve only lost one client.”

We warned, “The reputation of a negative ROI could follow you.”

“Maybe, or maybe not. I’ll take the chance,” he replied with some frustration.

This scenario underscores the greatest barrier to connecting learning toimpact and ROI—a fear that the results are not positive. In this scenario,there is an intermediate client and the ultimate client. The intermediateclient contracts with the external firm, and the ultimate client provides thebudget. The perception is that if the ROI is negative, it will reflect on theperformance of the entire team, the intermediate client who bought theprogram, the program designers, the coaches, or the individuals beingcoached. A negative ROI may cause the ultimate client to discontinue theproject. Our comment is always “not so fast.” If you can approach this issue onyour own, before being asked, then you have a chance of determining if it works and implementing adjustments to make it successful.

In reality, if the coaching program (or any other learning and talentdevelopment program, for that matter) does not work, more than likely it is because something went wrong in the client organization. It is not usually the content; rather, it is something within the organization that failed to support the change.

A comprehensive evaluation system uncovers why results do not exist, so adjustments can be made to deliver value in the future. When you approach a client and state, “I think this project should be delivering business value. We don’t know that for sure, but we think it does. Why don’t we check to see, and if it’s not working, we will make adjustments,” you are in a much
better position if it proves to have negative results than if you throw the dart in hopes of hitting the bull’s-eye and then miss.

Unfortunately, too many people wait for the request for results and hope for the best. When it comes to delivering results for programs, hope is not a strategy, luck is not a factor, and doing nothing is not an option. Be proactive. Step up and show the value of your major programs, and be prepared to change it if value is lacking. (Contact us if you have questions or would like to see a copy of an ROI study on coaching.)

Preventing Future Failures
Professionals who are involved in serious evaluation, pushing the evaluation up to impact and ROI, usually know why the programs are not working at these levels. Our analysis of about 500 ROI studies per year reveals the top ten reasons why learning fails to deliver business results, as shown in Figure 1-3. Breakdowns occur throughout the chain of value from reaction to impact, starting with the initial business alignment. Analyzing the barriers and enablers along the way shows what needs to change to ensure greater success.

The reasons for failure may not come as a surprise to seasoned talent development professionals. The challenge is to change the system to prevent future failures. For the most part, these methods of preventing failure are condensed into the action items that comprise the steps in this book. Following these steps can ensure that the results are delivered, changing disappointment to success and driving the results that are needed by stakeholders, including senior executives in the organization.

**Figure 1-3. Top Ten Reasons Why Learning Doesn’t Deliver**

1. Lack of business alignment
2. Improper program design or content
3. Not building data collection into the process
4. Not assessing current performance
5. Failure to create application and impact objectives
6. Failure to secure commitment from participants
7. Failure to secure management support for the program
8. Failure to remove or minimize barriers to application
9. Not assessing learning needs properly
10. Not including the right participants
Designing for Results, Not Measuring Results

Over the years, evaluation professionals have tried to change the system by focusing on measuring results. But it is important to note that attention is needed at every step in the process to emphasize delivering value important to all parties, particularly those allocating the funds (this is often the team led by the CEO, president, chief administrator, executive director, or the managing director).

Our approach is to change the system to design for results, which includes one step focused on measuring those results. If you can deliver business results at a reasonable cost, you can influence the investment in learning and talent development, protect your investment when it needs to be protected, and enhance it when it needs to be increased. The key is to influence the investment decision with data that connect learning to the business and add value to the organization.

Is There a Need for a Business Case?

This is a legitimate question. For something as necessary as learning, should we have to make a business case for it? Maybe we should, maybe we shouldn’t—let’s explore the question further.

Learning Is Necessary and Important

Most stakeholders, particularly the executives who fund learning and talent development, see learning as necessary and important. It is necessary to be in compliance, to ensure that employees have the skills and knowledge to do their jobs, and to grow the organization and meet new challenges. It is impossible to sustain an organization without having a very capable, skilled workforce. The question is: Could the organization achieve more with greater investment?

Executives Want Business Value

With the support of ATD a few years ago, the ROI Institute conducted a major study with Fortune 500 CEOs. Data were received directly from 96 CEOs who provided input on their learning investment. The results were impressive and served as a wake-up call. It was impressive because of the candid responses we received from this important decision-making group, yet it was a wake-up call because it revealed some prominent gaps. For ex-
ample, 61 percent of the CEOs would like to see learning connected to application, yet only 11 percent see it now. In terms of business impact, 96 percent would like to see the connection of learning to business, but only 8 percent said they see this now. In terms of ROI, 74 percent would like to see the ROI in learning, but only 4 percent see it now. At the same time, the reaction level was acknowledged by 53 percent, whereas only 22 percent want to see it in the future, underscoring that the most measured outcome level is not the most desired by executives. They see this as an operational measure.

The results of this study clearly show that learning and talent development teams are missing the mark with this key stakeholder. Some would argue that the CEO may be too far removed from learning to actually see this type of data, and so it may not be that important for them to receive it. Anticipating this issue in advance, we asked the question, “What is your role in learning and development?” Over a half-dozen roles were provided for them to select. The number-one item selected, representing 78 percent of the CEOs, was “I approve the learning and development budget with input from others.” Obviously, this is a person who needs to see this data.

This prompted many CLOs to start focusing more on measurement and evaluation and also to make sure that executive-friendly learning scorecards were developed and pushed up to that level in the organization.

*Fortune* magazine picked up the results of this study and began digging a little deeper into the issue. They contacted ATD, asked for the investment in learning, and were informed that it is over $125 billion a year in the USA. Next, *Fortune* approached some of the largest organizations in the world and asked the CEOs about the learning investments. Most of the respondents confirmed what this study was presenting: learning is a huge expenditure, but the learning and talent development team does not provide the type of results that executives would like to see.10

The *Fortune* interviewer went on to ask, “So why don’t you fire the head of learning . . . isn’t that what you do when you don’t get the results?” The CEOs were quick to say that was not the solution, although some, in fact, indicated that they had still tried that approach and it didn’t work. The challenge is to work with CLOs to get them to drive accountability for learning and development to the business level. After all, many of the very top Fortune 500 organizations are spending close to $1 billion a year on learning
and talent development. This expenditure cannot escape the accountability that is needed in today’s climate.

Should You Fund Based on Perception?
Absent business data for learning and talent development, people have spent years asking the top executive to fund a large talent development budget on the basis of perceived value, recognizing that learning is necessary and important. Some would suggest that funding decisions have been made based on the faith that learning is making a difference, positioning learning as an initiative based on pure faith. Today, executives would like to fund programs based on tangible results—those indicating a real connection between programs and business outcomes.

A parallel to this dilemma appears in the green and sustainability movement. According to the Massachusetts Institute of Technology (MIT), the number-one reason why organizations invest in green projects is for the image that they are involved in a socially responsible project. Adding business value is the number two reason, and it is a distant second. The reality is that 80 percent of green projects can add business value if they are properly implemented and supported. The other 20 percent are projects that comply with regulations. Funding based on perception rather than real results has caused the green movement to sputter and hampered its forward progress.

Progress Is Evident
Talent development professionals are creating a world that works better. To show how much impact they are having, here are some statistics collected in ATD’s 2015 State of the Industry report:

- Eighty-six percent of talent development professionals think that they will have a bigger impact on corporate performance in the next six months.
- Sixty-one percent think that the perception of the value of learning in their organizations will go up in the next six months.
- Sixty-six percent think we’ll see an increase in the creation of new learning content in the next six months.
- Companies are investing in learning. This is the second year in a row that spending on learning and the number of learning hours per employee have gone up.
Chapter 1 – Design Thinking: It’s Time for a Change

It’s never been a better—or more important—time to be a talent development professional.

More good news is that there is progress in measuring impact and ROI, the data desired by top executives. Figure 1-4 shows data from a recent study by the Business Intelligence Board at CLO magazine. In total, 335 CLOs indicated how they show the value of training to the broader business enterprise. Business data is used by 35.6 percent to show value now. In addition, 21.6 percent use ROI for that same purpose. But the most impressive finding was the number of organizations planning to use ROI to show value. In total, 22.6 percent stated they plan to implement ROI within 12 months; 9.7 percent stated they will be implementing ROI within a 12–24 month time frame; and 17.3 percent plan ROI implementation within no particular time frame. Together, this suggests that 71.2 percent of CLOs are either using or planning to use ROI to show the value of their learning function.

Because this study was conducted in 2015, we should be well on the way with this implementation. From our work at the ROI Institute, we see this push to connect learning to business impact and ROI. Is the talent development team ready to make this change?

Figure 1-4. CLOs Use or Plan to Use ROI

35.6% Use business data to demonstrate the impact of the training organization on the broader enterprise

21.6% Use ROI for that purpose

22.6% Plan to implement ROI in the next twelve months

9.7% Plan implementation in twelve to twenty-four months

17.3% Plan implementation with no time frame

(N=335) 2015 Measurement and Metrics Study by Chief Learning Officer magazine

Are You Ready?
One of the most important issues is the readiness of the team to shift to a results-based focus. Unfortunately, when a CLO is deciding to measure at the business and impact level, the focus is on the measurement process, equipping the team with skills to measure their success. Too often, these processes
do not focus on the steps needed to drive the results. Business results start at
the beginning with the end in mind, and that end is a clearly defined business
need. The focus on results continues through every step in the learning and
talent development cycle. This book shows what is necessary at each step to
make sure the results are there when the measurement occurs.

**Change Is Inevitable . . . and Necessary**

According to Idris Mootee, a design thinking expert, “A design thinking
organization is capable of effectively advancing knowledge from mystery to
heuristic to algorithm, gaining a cost advantage over its competitors along
the way.”\(^4\) The design thinking approach is a change in the way we tack-
le the different functional steps of initiating, developing, implementing,
and evaluating learning and talent development. When facing change, it is
sometimes helpful to reflect on what happens if you don’t change and what
happens if you do change your focus to a results-based process.

**The Paradigm Shift**

Figure 1-5 shows how things have evolved in recent years, and this evolution
serves as the driving force for results. This also reflects changing workspac-
es, culture, use of technology, and the expectations that have evolved in
terms of how things get done. The traditional way was to focus on issues
such as job training, scale (in terms of volume), and reporting on inputs.
Learning was considered a cost—something that must be implemented as
a necessity. Standardization is key, and the science of learning drew much
attention. Needs assessments, as the front-end analysis, was king, which fo-
cused too much on purely the learning as the solution. Reaction and learn-
ing were the principal measurements of success.

The evolution is leading to a focus on talent development, speed, and
adaptability. An outcome focus permeates planning and execution of pro-
grams, and learning is now considered an investment that is a value driver.
Customization with flexible options are present. Learning analytics has re-
placed the focus on understanding learning. Empowerment, performance
consulting, and measurements at the business level are now a must. While
many organizations have made this shift, others must make the journey if
learning and talent development is to move from value capturer to value
creator.
If You Don’t Focus on Results

If people don’t focus on results, several consequences occur. We see them now in some learning and talent development functions, especially in organizations facing uncertainty.

1. **Investments are made on perceptions.** Most would agree that this is a dangerous way to fund a functional area. Sustainability comes into question when the funding is based on perception of value, intangible benefits, or other logical deductions.

2. **Middle managers cease to support investments in learning.** Middle-level managers are critical to the success of learning and talent development functions. Participants in the program usually report to these managers. Because these programs normally take participants away from the time needed to perform their jobs, their managers need data to show what participants will do and accomplish with the new skills. Without these types of results, support will be minimal.

3. **The commitment for learning and talent development will diminish.** Commitment translates into support from the top. The tangible evidence of commitment is the budget and resources for learning, and this includes the actions that top executives take to be actively involved in learning and support and encourage the learning process. Without business results, commitment will suffer.
4. *The influence of the learning function is diminished.* It is hard to have a seat at the table when you are not clearly connected to the business value of the organization. Consequently, influence suffers, which hampers the ability to secure approvals and implement processes to get the work done.

5. *Budgets are curtailed or not funded properly.* While budgets will be funded, the right programs may not be funded properly or the total amount of funding may be less than needed to address the organization’s needs. In tough economic times, the learning budgets are the first to go; during a recession, this sometimes happens in a very dramatic fashion. This is occurring now in some industries in the USA and in many other countries.

6. *The image of the learning and development function suffers.* Some managers perceive learning and development as a “necessary evil.” The image could be shifted to a perception of learning as a business-driving process, one that makes a difference to important metrics in the organization.

7. *Team satisfaction will diminish.* All talent development stakeholders would like to see their contribution to important, bottomline measures in the organization. This line of sight from each person’s contribution to the business has to be clear. Without that connection, without evidence and proof that they make a difference, the team becomes concerned about the value of what they contribute. Nothing can build team morale more than seeing this connection, people knowing that they made a difference as individuals, teams, and an organization.

**Why Focus on Results**

Focusing on results is rather obvious given the previous discussion. The benefits often are the opposite of what happens if you don’t focus on results. More precisely, here are six major advantages.

1. *Funding for learning and talent development becomes a business decision.* When business decisions are made, they have the support of the rest of the organization. When funding decisions on major projects are made with business results, it’s the right thing to do as well as the economically correct thing to do. It shows that learning and talent development adds value for the organization.
2. *The budget can be protected and enhanced, particularly in downturns.* Sometimes, there is a cycle of funding learning in good times but curtailing it significantly in tough times. Maybe this should be reversed. We have argued with executives for years that the time to invest heavily in learning and development is during downturns, when the best skills are needed to achieve better results. But if executives don’t see the connection of learning to the business, they are unlikely to make that decision. Fortunately, we’re making progress in convincing them.

3. *Programs can be improved.* Evaluation is pursued to improve programs. If a program is not delivering the desired results, the data show what caused the disappointment. Adjustments are made to improve this program (or others) in the future. Even if the program is successful, adjustments are made for improvement. This positions evaluation as a process to optimize the ROI. Optimization leads to better allocation of funds.

4. *Business partnerships can be built with selected executives.* Learning and talent development team members get things done through partnering with operating units, support teams, regional managers, and district managers. Business partnerships with these individuals are needed to develop the capability for their teams. Sometimes, these executives and managers are reluctant to partner with the learning and development team, because they don’t see the value in the relationship. One of the best ways to turn around that thinking is to show the value of major programs in terms that these business partners clearly understand.

5. *Support for learning can be improved.* If you show the application and impact data to middle managers, you gain their support, and this makes it much easier for them to back learning in the future and actually help to drive results.

6. *It is possible to earn a seat at the table.* There is so much talk about earning that seat at the table and being involved in major decisions that affect the organization. Some CLOs are in that role now. They got there by showing the value of learning in terms that executives clearly understand, which would be difficult to achieve without this level of accountability.
Do We Need Another Model?
The short answer is “no.” The learning and talent development field has too many models as it stands. We suggest making tweaks to existing steps of the learning cycle. Rather than radical changes, we propose adjustments that seamlessly integrate the components that identify organization needs, quantify these needs, and evaluate the success of solutions to the needs into the learning design.

The Results-Based Steps
For the sake of convenience, eight logical steps are presented in this book, reflecting design thinking in the learning cycle. These are illustrated in Figure 1-6, which shows how and where they are addressed in the book and how they connect to the rest of the chapters. The key elements are arranged as a flow diagram to show the eight steps clearly. To a certain extent, these steps mirror existing models of learning system design. These critical steps start with “why” and end with optimization and allocation. When a focus on results is applied in each step, the outcome can be tremendous, adding significant value from learning and talent development.

Figure 1-6. Eight Steps to Enhance Talent Development Investments

We will tackle each step with a chapter containing appropriate detail and explanation, which will establish a road map for the process. Each chapter will begin with one or more opening stories, providing details about how an organization has addressed this particular issue. The main portion of the chapters contains the tools, templates, and processes that focus on results. Checklists and how-to guides, along with many examples, keep it practical.
and usable. Each chapter ends with “what must change,” recognizing the fundamental changes that must be implemented.

“Insanity is doing the same thing over and over again and expecting different results.”

—Albert Einstein

What Must Change

This chapter began with three dilemmas that afflict learning and talent development. Much of learning is wasted, most learning and talent development teams do not have data to show that they make a difference in the organization, and the measure of success desired by top executives is rarely measured. The approach that learning and talent development teams have followed for many years is not as effective as it needs to be, and, if they continue on the same path, they will lose budget, influence, and respect. You must alter your thinking to focus on results at every step of the learning cycle. You must design to deliver results. This will increase your influence on the talent development investment in the future. Just remember, change is inevitable, but progress is optional.
References

Chapter 2
Start with Why: Aligning Programs with the Business

Most learning and talent development programs do not connect directly to the business. They often start at the suggestion of someone or as a specific request provided to the talent development team from managers or senior executives. Sometimes, the talent development team initiates programs they believe are necessary to move the organization forward. Who could resist programs that focus on:

- “Managing a global team”
- “Leading confidently”
- “Influencing others when you’re not in charge”
- “Communicating effectively in a digital workplace”
- “Using sales enablement tools”
- “Insight selling”
- “Fostering employee engagement” or
- “Managing your career”?

When the business need is unknown at the time a program is launched, it is difficult to make that connection later in the process. “Begin with the end in mind” is an old adage popularized by Stephen R. Covey in his best-selling book *The 7 Habits of Highly Effective People*. “Start with why” is the advice from Simon Sinek in his best-selling book *Start with Why*. In the context of learning and talent development, the end is improvement in business measures. Clarifying these business measures up front helps answer the question, “Why this particular program at this time?”

This chapter presents the first of the eight steps to transform learning into a business-contributing process. Whether you are in a business enterprise, government, NGO, nonprofit, or university, business needs exist and
are often expressed in terms of output, quality, time, and costs. Defining business needs clearly and early avoids inefficiencies and problems that usually permeate the process and produce disappointing results. This chapter explains the five levels of needs assessments: (1) addressing payoff needs, (2) defining business needs, (3) analyzing performance needs, (4) determining learning needs, and (5) uncovering preference needs.

Global Finance Organization

True Story

A new president was selected to lead Global Finance Organization (GFO), an NGO designed to make loans and provide funding to developing countries. This new president was doing what new presidents typically do, reviewing the budgets of different departments. One particular item caught his attention, which was an executive coaching program involving 400 managers and 75 external coaches, representing a sizeable budget. This prompted a discussion with the talent development team about the value of the coaching.

Although the new president was supportive, he asked, “I would like to see the ROI of this program. Do you have that?”

The team indicated that they had not evaluated this program at that level, but perhaps they could, if necessary.

The president added, “We need to do this for expenditures this large and for programs that are designed to help our managerial and executive teams.”

This request prompted an evaluation of the coaching process, designed to track the business value and the financial ROI of this program. To accomplish it, GFO engaged a consulting firm that focused on ROI studies.

In the initial meeting with GFO, the consultant asked about the nature and scope of the program: “Are there any business objectives for this coaching program specifically detailing the business need for this coaching process?”

The team responded, “No, there were actually no objectives for the program, just agenda items and some very broad goals.”
The consultant replied, “When launching this program, was there a mention in the description about the business connection of the program in any way?”

“No,” said the talent development team.

“Was there any discussion with the participants about the business value?” asked the consultant.

Again, the answer was “No.”

“Was there any correspondence or discussion with the coaches to push the engagement to the business level?”

“No,” replied the talent representative. “The focus is on behavior. Some of the coaches were for career transitions, some were there to address difficult people issues, and a few were focused on business performance.”

“Good,” said the consultant. “What percent focused on the business performance?”

“Well, it’s really a small number,” replied the team member.

“Were there any discussions with the coaches about the specific business measures on which the managers were to focus?” inquired the consultant.

“No really; it was left open.”

The consultant summarized, “Well, there’s a good chance that this program has not delivered business value—at least in terms of business measures that can be clearly converted to money, like productivity, quality, timeliness of the projects, or specific cost reductions. This may result in negative ROI. Quite frankly, I have to ask, do you really want to see the ROI for this program?”

The team member responded, “We have to. The new president has requested it.”

The consultant replied, “The danger is that the program was not designed for the business connection, and yet we are evaluating it at the business impact and ROI levels.”

“We realize this,” responded the team member. “But I think our new president would be okay if we demonstrate the current value and make the changes necessary to improve its value contribution.”

The consultant said, “We could recommend the changes now to make it more successful. We would begin with the business measure with each
coaching assignment, if you want to measure at that level. We would adjust the coaching engagement around actions that will influence that business measure, using the processes in the coaching program. In addition, we would create objectives at the application and impact levels to clearly focus both the participant and the coach. Additionally, we would build in data collection that makes it easy for the participant to track action items and the subsequent changes in the business measure. In essence, the program would begin with clear business measures in mind. We can make those changes now, moving forward to show the value of the next few groups of individuals coming through the program.”

The team member replied, “Well, we understand that, but we think we need to follow through and show the value. If it is negative, as we expect it to be, your plan can be our recommendation going forward.”

The consultant agreed and began the process of evaluating the program. As expected, there were no tangible measures connected to the program, although there were some very important intangibles, such as collaboration, teamwork, career satisfaction, and engagement. These measures were reported as intangibles, because it would be difficult to credibly convert them to money within this organization. As a result of this, it was decided not to push the evaluation to ROI but to stop with the impact expressed as intangibles. This would be used to discuss the results in terms of positive ROI.

The good news was that the program was seen as a valuable process to participants. It was reported that the program was helpful with career issues and guiding managers through important challenges. There seemed to be some business connection, but nothing specific. This data should provide an opportunity to improve the program going forward, if indeed the purpose of the program is to drive business. The consultant agreed to present the data to the top executives and discuss the opportunities for bottomline value with a few changes in the process.

Unfortunately, that meeting never occurred, and the team never had a chance to improve the coaching process.

This case study shows the reason many programs should start with “why” . . . “Why are we doing this?” The “why” should be one or more business measures, if the program should drive business value. In doing so, the
organization does not offer coaching just to have a coaching process. It offers coaching to add value—to create an impact on the organization. While not all coaching interventions should be evaluated all the way to impact and ROI, there are times when they should. The above story was one of those times.

The Challenge

Based on the approximately two thousand evaluation studies that we at ROI Institute have conducted or reviewed, the number-one cause of program failure is lack of business alignment. In the learning and talent development field, research shows that 60 to 90 percent of learning is wasted. The principal culprit: lack of business alignment from the beginning. Alignment between the program and the business must be explored when the proposed program exceeds thresholds of costs, importance, and strategic and operational implications.

Executives Want It

As presented in Chapter 1, research continues to suggest that the number-one measure desired by executives from the learning and talent development area is business impact. Executives want to see the connection of programs to important business measures. The second—most important measure is the financial ROI, comparing monetary benefits of a particular program to the cost of the program. The ATD-supported study provides the strongest evidence of executives’ interest in these two measures.¹

Begin with the End in Mind

Learning and talent development solutions must begin with a clear focus on the outcome. The end result must be specifically defined in terms of business needs and business measures, so that the outcome—the actual improvement in the measures—and the resulting ROI are clear. This provides the necessary focus on the problem through every step in the process. Beginning with the end in mind also involves pinpointing all the details to ensure proper planning and successful execution.
It’s a Change
The process of connecting learning to a business need, including a specific business measure, represents a change that has evolved in the learning and talent development field. Although it seems logical to start with “why,” so many programs actually start with a solution first, followed by an effort to find the reason for the solution. Consequently, adjusting to focus on “why” first will require changing the way programs are initiated in organizations to ensure that the connection exists prior to making an investment. Some people will resist the change, but it is necessary to ensure the delivery of business value. It is difficult to have a business contribution without beginning with the business measure.

It Requires Discipline
Proper analysis requires discipline and determination. A structured, systematic process will enhance credibility and allow for consistent application. The process calls for focus and thoroughness, leaving little room for major shortcuts.

While the process described in this book is necessary, not every program should be subjected to the type of analysis presented in this chapter. Some business needs are obvious and require little analysis other than to develop the program. Additional analysis may often be needed to ensure that the program is the right solution or perhaps to fine-tune it for future application. The amount of analysis required often depends on the stakes involved.

Avoid Paralysis by Analysis
Whenever a needs analysis is proposed, many individuals respond with concern and, at times, with resistance. Some worry about “paralysis by analysis,” fearing that requests and directives may place them in a cycle of additional analyses. This represents a dilemma for many organizations, because analysis must occur to ensure that programs are appropriate. Unfortunately, analysis is often misplaced, misunderstood, and misrepresented, and individuals imagine the worst—complex problems, confusing models, and an endless array of data requiring complicated statistical techniques to ensure that all the bases are covered. In reality, analysis does not have to be
so difficult. Simple techniques may uncover the cause of the problem or the need for a specific program.

The Alignment Model
To understand alignment, it is helpful to review the model shown in Figure 2-1. This chapter and the next explore the left side of the model, beginning with payoff needs and progressing to preference needs. The objectives derived directly from these needs are defined, making a strong case for having multiple levels of objectives that correspond with specific needs. The right side of the model is essentially the measurement of success presented in Chapter 7.

Figure 2-1. The Alignment Model

![Alignment Model Diagram]
Payoff Needs
Identifying payoff needs, those opportunities for the organization to make money, save money, or do some greater good, begins with the following questions.
- Is this program worth doing?
- Is this a problem or issue worth addressing?
- Is this an opportunity worth pursuing?
- Is the program feasible?
- What is the likelihood of a positive ROI?

The answer is clear for learning solutions that address significant problems or opportunities with potentially high rewards. The questions may be more challenging to answer for lower-profile programs or those for which the possible payoff is less apparent. In any case, these questions present an initial opportunity to ensure a program is in alignment with the needs of the organization. The analysis can be simple or comprehensive. A program’s ultimate payoff will be in either profit or cost savings, as shown in Figure 2-2.

Figure 2-2. The Payoff Opportunity

Profit Increase + Cost Savings

Cost Reduction

OR

Cost Avoidance

Programs that improve sales, increase market share, introduce new products, open new markets, enhance customer service, or increase customer loyalty will generate improvements in profit by increasing sales revenue. Other revenue-generating measures include increasing memberships, increasing donations, obtaining grants, and generating tuition from new and returning students—all of which, after taking out the cost of doing business, leave a profitable benefit.

However, most programs will pay off with cost savings. Cost savings occur through cost reduction or cost avoidance. Examples of cost savings
include learning programs that improve quality, reduce cycle time, lower downtime, decrease complaints, avoid employee turnover, and minimize delays. When the goal is solving a problem, monetary value is often based on cost reduction.

Cost-avoidance programs aim at reducing risks, avoiding problems, or preventing unwanted events. Some finance and accounting staff may view cost avoidance as an inappropriate measure for developing monetary benefits and calculating ROI. However, if the assumptions are correct, an avoided cost (for example, compliance fines) can be more rewarding than reducing an actual cost. Preventing a problem is more cost-effective than waiting for it to occur and then having to correct it.

Determining the potential payoff, the first step in the needs analysis process, is closely related to the next step, determining the business need, since the potential payoff is often based on one or more business needs. Determining the payoff is a function of two factors: the potential monetary value of improving a business measure and the approximate program cost. Ascertaining these monetary values in detail usually yields a more credible forecast of a program’s potential to add value. However, this step may be omitted in situations in which the issue (business need) must be resolved regardless of the cost or it is an obviously high-payoff activity. For example, if the problem involves a safety concern, or a regulatory compliance issue, or a competitive matter, then a detailed analysis may not be needed.

The extent of the detail may also hinge on securing program funding. If the potential funding source does not see the value of the program compared to the potential costs, more detail can provide a convincing case for funding.

Provide greater detail under the following circumstances:

- **When minimal support for the proposed program exists.** The payoff analysis can provide an estimated value of the improvement (or cost avoidance) and the potential contribution to business goals.
- **When the proposed program is anticipated to be very expensive.** Estimating the potential payoff is important before spending major resources on a program.
- **When funding is needed for a program.** This is particularly true if the funding comes from external resources or there is serious competition for internal funding sources.
When a key sponsor wants more analysis before the program moves forward. Although a sponsor may support it enthusiastically, more analysis may solidify his or her confidence in the proposed program and provide the needed information to secure final approval.

Knowledge of the potential payoff is not needed when most of the stakeholders agree that the payoff from the program will be high or if the problem in question must be resolved regardless of the cost.

Key Questions to Ask
Begin the analysis with several questions, shown in Figure 2-3. The answers will help make the case for proceeding with or without analysis. They may also indicate there is no need for the program. Understanding the implications of moving forward (or not) can reveal the legitimacy of the proposed program.

Figure 2-3. Key Questions to Ask About the Proposed Program

- Why is this an issue?
- What happens if we do nothing?
- Is this issue critical?
- Is this issue linked to strategy?
- Is it possible to correct it?
- Is it feasible to improve it?
- How much is it costing us?
- Can we find a solution?
- Are there multiple solutions?
- Who will support the program?
- Who will not support the program?
- How much will the solution(s) cost?
- How can we fund the program?
- Are there some important intangible benefits involved?
- Is there a potential payoff (positive ROI)?
- Do we need to forecast outcomes, including ROI?

The good news is that answers to these questions may be readily available for many potential programs. The need may have already been realized, and the consequences might be validated. For example, many organizations
with an employee retention problem for a critical talent group have a standard value for the cost of employee turnover. This cost may come from existing data or from similar studies. With this cost in hand, the impact of the problem is known. The proposed program's cost can be compared to the problem's cost to get a sense of added value. The cost of the program can usually be estimated, even if the specifics are still under consideration.

Obvious Versus Not-So-Obvious Payoffs

The potential payoff is obvious for some programs but not so obvious for others. Figure 2-4 lists some opportunities with obvious payoffs. Each item is a serious problem that executives, administrators, or officials need to address. For these situations, moving to the business needs level would be safe. Once consideration is given to job performance needs that, if addressed, will improve business needs, a forecast may be appropriate.

**Figure 2-4. Obvious Payoff Opportunities**

- The time to process a claim has increased 30 percent in two years.
- Sexual harassment complaints per 1,000 employees are the highest in the industry.
- System downtime is double last year's performance.
- Excessive turnover of critical talent: 35 percent above benchmark data.
- Very low market share in a market with few players.
- Inadequate customer service: 3.89 on a 10-point customer satisfaction scale.
- Safety record is among the worst in the industry.
- This year's out-of-compliance fines total $1.2 million, up 82 percent from last year.
- Excessive product returns: 30 percent higher than previous year.
- Excessive absenteeism in call centers: 12.3 percent, compared to 5.4 percent industry average.
- Grievances are up 38 percent from last year.

In other circumstances, the issues might be unclear, arising from intuition, political motives, or biases. Figure 2-5 shows opportunities for which the payoff may not be as obvious. The not-so-obvious opportunities need clarification. Some requests are common, as executives and administrators suggest a different process to change a dysfunctional situation or to achieve vague or nonspecific goals. The opportunities listed are common requests
that can deliver value, but only if they are focused and clearly defined at the start. Some of the more open-ended and vague opportunities can pay off tremendously. In our work at ROI Institute, we have seen most of these opportunities lead to valuable programs. Sometimes, overlooking a vague request may be a disservice, because that request may have valuable consequences. The key is to define, approve, and focus on the desired business impact of the programs.

**Figure 2-5. Not-So-Obvious Payoff Opportunities**

- Implement a team-building project.
- Improve leadership competencies for all managers.
- Organize a business development conference.
- Establish a project management office.
- Provide job training for unemployed workers.
- Develop highly effective employees.
- Train all team leaders on crucial conversations.
- Provide training on sexual harassment awareness for all associates.
- Develop an “open-book” company.
- Implement the same workout process that GE has used.
- Become a technology leader.
- Implement Lean training throughout the system.
- Create a great place to work.
- Implement a transformation program involving all employees.
- Implement a career advancement program.
- Create a wellness and fitness center.
- Build capability for future growth.
- Create an engaged workforce.

**Reasons for New Programs**

From the business perspective, the main reasons that programs fail are:
- There is no connection to a business measure from the outset.
- There is not enough monetary value generated to cover the cost of the program.

A lack of initial business alignment brings into question the reasons for new program or project implementation. Figure 2-6 shows some of the main reasons organizations implement programs. Some of these appear to
be legitimate reasons to move forward. If analysis supports a credible reason, then a program is probably needed. If a regulation requires it, then it must be implemented. Some reasons listed for a new program may appear to be necessary, but they are necessary only if the program is implemented efficiently. For example, if a program supports new policies and practices; new equipment, procedures, or technology; or existing processes, it appears to be a legitimate request, but only if support for implementation exists.

**Figure 2-6. Reasons for Programs and Projects**

- An analysis indicates a need exists.
- A regulation requires it.
- It appears to be a serious problem.
- Management requests it.
- It is a change that is needed.
- Other organizations in the industry have implemented it.
- The topic is a fad.
- It supports new policies and practices.
- Staff members thought it was needed.
- It supports new equipment, procedures, or technology.
- It supports other processes, such as Six Sigma, transformation, or continuous process improvement.
- A trendy book has been written about it.

Other reasons for a new program can be suspect, and some are often misguided. For example, if other organizations have implemented a particular program, or if it is based on a fad, it is suspect from the beginning. These are the types of programs that often do not add adequate value and create concerns about chasing a particular trend or fad. Unfortunately, executives often pursue these programs in their never-ending desire to find the right solutions or to pursue any new idea.²

**The Costs of the Problem**

Problems are expensive, and resolving them can have a tremendous impact. Determining the cost of the problem requires examining potential consequences and converting those consequences to monetary values. Figure 2-7 shows a list of potential problems. Some measures that define these problems can easily be converted to money. Others require data conversion
techniques that are too costly or for which the results lack credibility. These measures remain intangibles. For example, inventory shortages often result in the direct cost of the inventory as well as the cost of carrying the inventory. Time can easily be translated into money by calculating the fully loaded cost of the individual’s time spent on unproductive tasks. Calculating time for completing a program, task, or cycle involves measures that can be converted to money. Errors, mistakes, waste, delays, and bottlenecks can often be converted to money through their consequences. Productivity problems and inefficiencies, equipment damage, and equipment in use are other examples of easy conversions.

**Figure 2-7. Potentially Costly Problems**

<table>
<thead>
<tr>
<th>Inventory shortages</th>
<th>Incidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wasted time</td>
<td>Excessive employee turnover</td>
</tr>
<tr>
<td>Errors/mistakes</td>
<td>Employee withdrawal</td>
</tr>
<tr>
<td>Waste</td>
<td>Accidents</td>
</tr>
<tr>
<td>Delays</td>
<td>Excessive staffing</td>
</tr>
<tr>
<td>Bottlenecks</td>
<td>Employee dissatisfaction</td>
</tr>
<tr>
<td>Productivity problems</td>
<td>Customer dissatisfaction</td>
</tr>
<tr>
<td>Inefficiencies</td>
<td>Excessive conflicts</td>
</tr>
<tr>
<td>Excessive direct costs</td>
<td>Tarnished image</td>
</tr>
<tr>
<td>Equipment damage</td>
<td>Lack of coordination</td>
</tr>
<tr>
<td>Equipment underused</td>
<td>Excessive stress</td>
</tr>
<tr>
<td>Excessive program time</td>
<td></td>
</tr>
</tbody>
</table>

When examining costs, it is important to consider all the costs and their implications. For example, the full costs of accidents include not only the cost of lost workdays and medical expenses but also the effect on insurance premiums, the time required for investigations, damage to equipment, and the time of all employees who address the accident. The cost of a customer complaint includes the cost of the time in resolving the complaint as well as the value of the item or service that is adjusted because of it. The most important item in a complaint is the cost of lost future business and goodwill from both the complaining customer and potential customers who learn of the issue.
The Value of Opportunity
Just as it is possible to tabulate the cost of a problem in most situations, it is also possible to determine the value of an opportunity. Examples of opportunities include:

- Implementing innovation and creativity for managers
- Developing an inclusive workforce
- Implementing a new process
- Installing new technology
- Upgrading the workforce for a more competitive environment

In these situations, a problem may not exist, but there is a tremendous opportunity to get ahead of the competition. Properly placing a value on this opportunity requires considering what may happen if the program is not pursued or taking into account the windfall that might be realized by seizing the opportunity. The monetary value is derived by following the different scenarios to convert specific business impact measures to money. The difficulty in this situation is ensuring a credible analysis. Forecasting the value of an opportunity relies on many assumptions, whereas calculating the value of a known outcome is often grounded in a more credible analysis.

To Forecast or Not to Forecast
Seeking and placing value on opportunity leads to an important decision: to forecast or not to forecast business value and ROI. If the stakes are high, and support for the program is not in place, a detailed forecast may be the only way to gain support and funding. When the forecast is pursued, the rigor of the analysis becomes an issue. In some cases, an informal forecast is provided, given certain assumptions about alternative outcome scenarios. In others, a detailed forecast is needed that involves collecting data from a variety of experts, using previous studies from another program, or perhaps a more sophisticated analysis.3
Case in Point

Following a case study through the different levels of needs may be helpful. This section explores the analysis at Level 5, determining payoff needs. The following case study examines Southeast Corridor Bank (SCB), which operated branches in four states. (After expanding from a one-state operation to a multi-state network through a strategic acquisition campaign, SCB was acquired by Regions Bank, one of the top ten banks in the USA.) Like many fast-growing organizations, SCB faced merger and integration problems, including excessive employee turnover. SCB’s annual employee turnover was 57 percent for branch staff, compared with an industry average of 26 percent. The first step in tackling the problem was answering these questions:

- Is this a problem worth solving?
- Is there a potential payoff to solving the problem?

To the senior vice president (VP) of human resources (HR), the answers were clear. After reviewing several published studies about the cost of turnover, including one from a financial institution, he concluded that the cost of employee turnover ranged between 110 percent to 225 percent of the average annual salary for the job group. At the current rate, employee turnover was costing the bank more than $6 million per year. Lowering the rate to the industry average would save the bank more than $3 million annually. Although the structure and cost of the program weren’t known at this point, it became clear that this problem was worth solving. Unless the program appeared to be very expensive, solving the problem would have a tremendous impact. Senior executives did not need further analysis to decide to pursue resolution of the opportunities. The next step was to clarify the measures, or business need.
Business Needs
Determining specific business needs is directly linked to developing the potential payoff. When determining the business needs, specific measures are pinpointed in an effort to clearly assess the business situation. The term “business” is used in governments, nonprofits, NGOs, and educational institutions, as well as in private-sector organizations. Programs and projects in all types of organizations can lead to monetary value add by improving productivity, quality, and efficiency and by saving time and reducing costs.

Determining the Opportunity
A business need is represented by a business measure. Any process, item, or perception can be measured, and this measurement is critical to this level of analysis. If the program focuses on solving a problem, something clearly established in the minds of program initiators, the measures are often obvious. If the program prevents a problem, the measures may also be obvious. If it takes advantage of a potential opportunity, the measures are usually still there. Otherwise, how will the opportunity be described? How will the value proposition be defined? The important point is that measures are in the system, ready to be captured for this level of analysis. The challenge is to identify the measures and to find them economically and swiftly.

Identifying the Business Measure—Hard Data
To help focus on the desired measures, a clarification between hard data and soft data is needed. Hard data are primary measures of improvement presented in rational, undisputed facts that exist somewhere in the organization’s system. They are easy to measure and quantify and are relatively easy to convert to monetary values. The ultimate criteria for measuring the effectiveness of an organization rests on hard-data items—such as revenue, productivity, profitability, cost control, and quality assurance.

Hard data are objectively based and represent common and credible measures of an organization’s performance. Four categories of hard data include: output, quality, cost, and time, as shown in Figure 2-8.
### Figure 2-8. Examples of Hard Data

<table>
<thead>
<tr>
<th>Output</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completion Rate</td>
<td>Cycle Time</td>
</tr>
<tr>
<td>Units Produced</td>
<td>Equipment Downtime</td>
</tr>
<tr>
<td>Tons Manufactured</td>
<td>Overtime</td>
</tr>
<tr>
<td>Items Assembled</td>
<td>On-Time Shipments</td>
</tr>
<tr>
<td>Money Collected</td>
<td>Time to Program Completion</td>
</tr>
<tr>
<td>Items Sold</td>
<td>Processing Time</td>
</tr>
<tr>
<td>New Accounts Generated</td>
<td>Supervisory Time</td>
</tr>
<tr>
<td>Forms Processed</td>
<td>Time to Proficiency</td>
</tr>
<tr>
<td>Loans Approved</td>
<td>Learning Time</td>
</tr>
<tr>
<td>Inventory Turnover</td>
<td>Meeting Schedules</td>
</tr>
<tr>
<td>Patient Visits</td>
<td>Repair Time</td>
</tr>
<tr>
<td>Applications Processed</td>
<td>Efficiency</td>
</tr>
<tr>
<td>Students Graduated</td>
<td>Work Stoppages</td>
</tr>
<tr>
<td>Tasks Completed</td>
<td>Order Response</td>
</tr>
<tr>
<td>Output per Hour</td>
<td>Late Reporting</td>
</tr>
<tr>
<td>Productivity</td>
<td>Lost Time Days</td>
</tr>
<tr>
<td>Work Backlog</td>
<td></td>
</tr>
<tr>
<td>Incentive Bonus</td>
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<tr>
<td>Shipments</td>
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</table>

<table>
<thead>
<tr>
<th>Costs</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Variances</td>
<td>Failure Rates</td>
</tr>
<tr>
<td>Unit Costs</td>
<td>Dropout Rates</td>
</tr>
<tr>
<td>Costs by Account</td>
<td>Scrap</td>
</tr>
<tr>
<td>Variable Costs</td>
<td>Waste Rejects</td>
</tr>
<tr>
<td>Fixed Costs</td>
<td>Error Rates</td>
</tr>
<tr>
<td>Overhead Cost</td>
<td>Reworks Required</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>Shortages</td>
</tr>
<tr>
<td>Program Cost Savings</td>
<td>Product Defects</td>
</tr>
<tr>
<td>Accident Costs</td>
<td>Deviations from Standard</td>
</tr>
<tr>
<td>Program Costs</td>
<td>Product Failures</td>
</tr>
<tr>
<td>Sales Expenses</td>
<td>Inventory Adjustments</td>
</tr>
<tr>
<td>Shelter Costs</td>
<td>Time Card Corrections</td>
</tr>
<tr>
<td>Treatment Costs</td>
<td>Incidents</td>
</tr>
<tr>
<td>Participant Costs</td>
<td>Compliance Discrepancies</td>
</tr>
<tr>
<td></td>
<td>Agency Fines</td>
</tr>
</tbody>
</table>

*Output.*

The visible hard-data results from a particular program or project involve improvements in the output of the work unit, section, department, di-
vision, or entire organization. Every organization, regardless of type, must have basic measurements of output, such as the number of patients treated, students graduated, tons produced, packages shipped, or forms processed. Since organizations routinely monitor these measures, it is easy to compare outputs before and after. When programs are anticipated to drive an output measure, estimates of output changes can usually be made by those who are knowledgeable about the situation.

- **Quality.**

Another category of hard data is quality. If quality is a major concern for the organization, processes are most likely in place to measure and monitor quality. Thanks in part to the rising popularity of quality-improvement processes (such as total-quality management, continuous quality improvement, and Six Sigma), organizations are now routinely pinpointing the correct quality measures—and, in many cases, placing a monetary value on them. For programs or projects designed to improve quality, the results can be documented using the standard cost of quality as a value.

- **Cost.**

Another important hard-data category is an improvement in cost. Many projects and programs are designed to lower, control, or eliminate the cost of a specific process or activity. Achieving these cost targets contributes immediately to the bottomline. Some organizations have an extreme focus on cost reduction. Consider Walmart, whose tagline is “Always low prices. Always.” The entire organization focuses on lowering costs on all processes and products and passing the savings along to customers. When direct cost savings are used, no efforts are necessary to convert data to monetary value. There can be as many cost items as there are accounts in a cost accounting system. In addition, costs can be combined in any number of ways to develop the costs needed for a particular program or project.

- **Time.**

Time, which is becoming a critical measure in organizations, is also a hard-data category. Some organizations gauge their performance almost exclusively by time. For example, consider FedEx, whose tagline is “The World on Time.” When asked what business FedEx is in, the company’s
top executives say, “We engineer time.” For FedEx, time is so critical that it defines success or failure. Time savings may mean that a program is completed faster than originally planned, a product was introduced earlier, or the time to restore a network was reduced. These savings can translate into lower costs. In many organizations, time is an important measure, with projects and programs aimed directly at time savings.

Case in Point

Sometimes, measures are interrelated, and it is not unusual for a particular learning program to focus on influencing several of them at once. For example, a government agency that processes visas for international visitors was experiencing a problem. The main issue was that it was taking much too long to process the visas, and they were making too many mistakes, which required reprocessing. If the visa process could speed up, this would allow for more of them to be processed with the same number of people (increase in output). Thus, the cost per visa processed would actually be reduced when compared to the cost of doing things the old way (cost reduction). Re-processing a visa also takes time, and this was a known cost (quality). Thus, improving quality and reducing time would result in a reduction in costs per visa processed and the cost of reprocessing. This example also underscores the fact that hard data that are easy to quantify and convert to money exist in any type of organization, including governments or nonprofits.

Defining the Business Need—Soft Data

Hard data may lag behind changes and conditions in the organization by many months. Therefore, supplementing hard data with soft data—such as attitude, motivation, and satisfaction—may be useful. Often more difficult to collect and analyze, soft data frequently serve as proxies for or supplement hard data. Soft data are also more difficult to convert to monetary values and are often subjective. They are less credible as a performance measurement and typically reflect behaviors rather than the consequence of those behaviors. Figure 2-9 shows common examples and types of soft data.
**Figure 2-9. Examples of Soft Data**

<table>
<thead>
<tr>
<th>Work Habits</th>
<th>Customer Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tardiness</td>
<td>Customer Complaints</td>
</tr>
<tr>
<td>Violation of Work Rules</td>
<td>Customer Satisfaction</td>
</tr>
<tr>
<td>Violations of Safety Rules</td>
<td>Customer Dissatisfaction</td>
</tr>
<tr>
<td>Communication Breakdowns</td>
<td>Customer Impressions</td>
</tr>
<tr>
<td>Excessive Time Off</td>
<td>Customer Loyalty</td>
</tr>
<tr>
<td></td>
<td>Customer Retention</td>
</tr>
<tr>
<td></td>
<td>Customer Value</td>
</tr>
<tr>
<td></td>
<td>Customers Lost</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Work Climate/Satisfaction</th>
<th>Employee Development/Advancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grievances</td>
<td>Promotions</td>
</tr>
<tr>
<td>Discrimination Charges</td>
<td>Capability</td>
</tr>
<tr>
<td>Employee Complaints</td>
<td>Intellectual Capital</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>Programs Completed</td>
</tr>
<tr>
<td>Organization Commitment</td>
<td>Requests for Transfer</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>Performance Appraisal Ratings</td>
</tr>
<tr>
<td>Employee Loyalty</td>
<td>Readiness</td>
</tr>
<tr>
<td>Intent to Leave</td>
<td>Networking</td>
</tr>
<tr>
<td>Stress</td>
<td></td>
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<table>
<thead>
<tr>
<th>Initiative/Innovation</th>
<th>Image/Reputation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creativity</td>
<td>Brand Awareness</td>
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<tr>
<td>New Ideas</td>
<td>Reputation</td>
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<tr>
<td>Suggestions</td>
<td>Leadership</td>
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<td>New Products and Services</td>
<td>Social Responsibility</td>
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<td>Trademarks</td>
<td>Environmental Friendliness</td>
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<td>Copyrights and Patents</td>
<td>Social Consciousness</td>
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<td>Process Improvements</td>
<td>Diversity</td>
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<td>Partnerships</td>
<td>External Awards</td>
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<td>Alliances</td>
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**Work Habits.**

Employee work habits are important to the success of work groups. Dysfunctional work habits can lead to an unproductive and ineffective work group, while productive habits can boost the group’s output and morale. Some examples of work habits that may be difficult to measure or convert to monetary values were shown in Figure 2-9. The outcome of some work habits—including employee turnover, absenteeism, and accidents—are in the hard-data category, because they are easy to convert to monetary values.
BUSINESS CASE FOR LEARNING

- **Work Climate/Satisfaction.**
  When employees are dissatisfied or the work climate is unfavorable, several measures can show their discontent. Complaints and grievances are sometimes in the hard-data category because of their ease of conversion to money. However, most of these measures are considered soft-data items. Job satisfaction, organizational commitment, and employee engagement show how attitudes shape the organization. Stress is often a by-product of a fast-paced work climate. These issues are becoming increasingly important.

- **Customer Service.**
  Because increased global competition fosters a greater need to serve and satisfy customers, more organizations are putting customer service measures into place that show the levels of customer satisfaction, loyalty, and retention.

- **Employee Development/Advancement.**
  Employees are routinely developed, assigned new jobs, and promoted throughout organizations. Building capability, creating intellectual capital, enhancing readiness, and fostering networks are important processes. Many soft-data measures are available to indicate the consequences of those activities and processes.

- **Initiative/Innovation.**
  Creativity and innovation are critical processes within successful organizations. A variety of measures can be developed to show the creative spirit of employees and the related outcomes—such as ideas, suggestions, copyrights, patents, and products and services. While the collective creative spirit of employees may be a soft-data item, the outcomes of creativity and innovation may be placed in the hard-data category. Still, many executives consider innovation measurements to be soft data.

- **Image and Reputation.**
  Perhaps some of the softest measures are in the image category. Executives are attempting to increase brand awareness, particularly with sales and marketing programs or projects. Reputation is another key area, as more organizations seek to improve their standing as a good employ-
er, a good citizen, and a good steward of investors’ money. Leadership is probably the most sought-after measure, and this is influenced by projects and programs designed to build leadership within the organization. Image, social responsibility, environmental friendliness, and social consciousness are key outputs of a variety of programs and projects aimed at making the organization well rounded. Diversity is important for organizations. Many programs are aimed at increasing the diversity of people, ideas, products, and programs. Finally, external awards are the outcomes of many activities and programs, often reflecting the external variation of an organization.

Using Tangible Versus Intangible—A Better Approach
The critical issue with soft-data categories is the difficulty of converting them to monetary values. While some of the measures listed in Figure 2-9 could be converted to money, considering most of them as soft-data items is more realistic and practical. It is important to remember that the definition of an intangible measure (based on the standards of the ROI Methodology) is a measure that cannot be converted to money credibly or with minimum resources. If a soft-data measure can be converted to money, it becomes tangible. Data items that can be converted to money credibly using minimum resources are considered to be tangible and are reported as monetary values or placed in an ROI calculation. If a data item cannot be converted to money credibly with minimum resources, it is listed as an intangible measure; these are usually referred to as the very soft categories. To avoid debates over what should be considered soft or hard data, the terms tangible and intangible will be used most often in this book. This is the best approach to program evaluation, because the data classification is specific to the organizational setting. Each organization determines whether a measure is tangible or intangible. For example, in some organizations, a measure for customer satisfaction is easily available and costs little to obtain. Therefore, the measure is tangible, because it can easily be converted to money. However, in other organizations, customer satisfaction is not connected to money, and the measure is intangible.

Finding Sources of Impact Data
The sources of impact data, whether hard or soft, are plentiful. They come from routine reporting systems in the organization. In many situations,
these items have led to the need for the program or project. Figure 2-10 shows a sample of the vast array of possible documents, systems, databases, and reports that can be used to select the specific measure or measures to monitor throughout the program.

**Figure 2-10. Sources of Data**

- Department Records
- Human Capital Databases
- Quality Reports
- Manufacturing Reports
- Compliance Reports
- Sales Records
- Annual Reports
- Benchmarking Reports
- R&D Status
- Customer Satisfaction
- Cost Statements
- Scorecards
- Productivity Records
- Work Unit Reports
- Payroll Records
- Design
- Test Records
- Marketing Reports
- Service Records
- Safety and Health Reports
- Industry/Trade Association Records
- Suggestion System Reports
- Project Management Records
- Financial Records
- Dashboards
- Employee Engagement Reports

Some program planners and program team members believe corporate data sources are scarce, because the data are not readily available to them near their workplace or within easy reach through database systems. With a little determination and searching, the data can usually be identified. In our experience, more than 90 percent of the measures that matter to a specific program or project have already been developed and are easily available in databases or systems. Rarely do new data collection systems or processes have to be developed.

**Identifying All the Measures**

When searching for the proper measures to connect to the program and pinpoint business needs, considering all the possible measures that could be influenced is helpful. Sometimes, collateral measures move in harmony with the program. For example, efforts to improve safety may also improve productivity and increase job satisfaction. Thinking about the adverse impact on certain measures may also help. For example, when cycle times are reduced, quality may suffer; or when sales increase, customer satisfaction
may deteriorate. Finally, program team members must prepare for unintended consequences and capture them as other data items that might be connected to or influenced by the program.

What Happens If You Do Nothing?
When settling on the precise business measures for the program, several “what if” scenarios can be examined. If the organization does nothing, understanding the potential consequences may be beneficial. In these cases, asking the following questions may help in understanding the consequences of inaction:

- Will the situation deteriorate?
- Will operational problems surface?
- Will budgets be affected?
- Will we lose influence or support?
- Will we miss the opportunity?

Answers to these questions can help organizations settle on a precise set of measures with a hint of the extent to which the measures may change or improve. When examining the full context of the situation, other measures could be identified that may influence the program. This is a way to see the complete process and to pinpoint all the measures that may be connected to the project or program.

Case in Point
Let’s return to SCB, where employee turnover was excessive. After determining that the cost of turnover was high, the bank found that at least $3 million could be saved annually if turnover was lowered to the industry average. Clearly defining the measure is important. In this case, the specific measure in question was voluntary turnover: the number of employees leaving voluntarily divided by the average number of employees, expressed as a percent. Total turnover included voluntary and involuntary turnover. Analyzing avoidable turnover can be useful, but SCB did not have the means to determine which involuntary turnovers could have been avoided. Still another possibility is classifying turnovers as regrettable and non-regrettable. The difficulty with this measurement is that it is often a judgment call and may be based on a biased opinion. For example, if the manager of the de-
parting employee labels the turnover as regrettable or non-regrettable, then a particular bias could enter the analysis.

Consequently, in the SCB case, voluntary turnover was used as the basis of the $3+ million payoff. Still, with any measure that improves, other measures should also improve, depending on the precise solution. For example, staffing levels, job satisfaction, customer service, sales revenue, and other items may change. These are detailed more specifically when the solution is determined, which occurs in the next few steps.

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What Must Change?

Start with “why” is the first step in the eight-step results-based process. The “why” of programs is the business need. This chapter illustrates the importance of connecting certain learning and talent development programs to the business. At one extreme, some organizations do not pursue learning programs unless there is a direct business connection. A more practical approach is to be selective, making the connection when the request seems to be expensive, critical to the organization, part of a strategy, or important to the management team. When this is done, it is important to explore two issues. The first issue is addressing the potential payoff needs, answering the fundamental two-part question: Is this a problem worth solving or an opportunity worth pursuing? In other words, is it worth it? The second issue is pinpointing one or more business measures already in the system that need to improve as a result of the program.

References

Chapter 3
Make It Feasible: Selecting the Right Solution

We have all been there. We implement a program requested by senior executives, the project generates excitement, and the team is committed to getting it done. Unfortunately, the follow-up data reveal that it didn’t work, because it was the wrong solution. The program was suggested, recommended, or even required by someone without having the proper dialogue, assessment, or analysis. Even if there is a clear business need and the program at hand appears to be the right choice, without proper focus and analysis, your results can demonstrate a disconnect between need and solution.

In the last chapter, we discussed the obvious and not-so-obvious payoff opportunities along with the importance of uncovering the business need that defines those opportunities. Defining potential payoff and specific business measures that need to improve are the first steps in clarifying “why” an organization needs a specific program. The next challenge is selecting the proper solution. That’s the focus of this chapter.

Solution selection is a serious issue. The wrong solution will waste resources and tarnish the image of the learning and talent development function. Even if the senior executive requests a program, it is incumbent on the talent development team to clarify that the solution is appropriate and position that program for success.

Heavy Manufacturing Company

True Story

Heavy Manufacturing Company (HMC) is a large agricultural equipment manufacturer based in the USA. Its global reach includes several major
brands and large market shares in multiple continents. HMC is a successful company, and the CEO is proud of the results. He was so proud that he chronicled his success in a new book published internally by the company. In this book, he describes how to effectively manage individuals and teams, building on his successful career. To make sure that the entire organization follows his approach, he insisted that every manager attend a program based on the new book. The talent development team bowed to the request. They built a learning program based on the book’s principles and began offering it throughout the system.

In a planning meeting to discuss which programs should be subject to impact and ROI analysis, the team considered all major programs. Recognizing that only a few programs should be evaluated at this level, the group focused on those programs considered to be expensive, important to the organization, or important to top management. It did not take long for the course on the CEO’s book to surface.

The talent development manager said, “We’re not sure this program is adding value. Everyone is taking it, they understand they have to take it, and they report that they are picking up a few pointers. But they also recognize that different individuals have different management styles that may require different approaches. Some managers feel this program is not necessary. Some even suggest they probably will not use what they are learning.”

The team decided not to evaluate this program at the business impact and ROI levels. After all, the backlash that could result if it were determined the program added no value could be dire. So why risk what could be a career-limiting move by showing less than desirable results? Certainly, this budget would not be cut, because the CEO wanted this program. Unanimously, the team decided to evaluate the CEO’s course only to Level 2 (learning).

This story illustrates how some programs are brought into the organization with good intentions but may not be the optimal solution. It is possible that the program is needed, but there are no data indicating the need. The only clear need is that the CEO wants it. If there is little analysis supporting a program, the challenge is for the talent development team to pinpoint specific business measures (needs) and determine the performance gaps that,
if closed, would improve the business measures. Identifying performance needs will lead to the cause of a problem and suggest a possible solution.

There could be a mismatch between the proposed solution and what is actually needed. While there is certainly current support for this program, a future CEO may not support it. If it’s not based on a business value, it probably will not have support. The concern is that if funding continues, and the budget comes under scrutiny, then some other program that is adding value may be cut, because a portion of the budget is going to the CEO’s program. This challenges the team to ensure the proposed program is the right solution.

**Performance Needs**

With business needs in hand, the next step is determining how to improve the business measures. This step identifies the causes of problems and requires a new role and skills for the team.

**A New Role for Learning Professionals**

Some learning teams are moving from order taker to business maker. They are resisting the temptation to say yes to every request for a new program. Rather than take the order and implement the program, team members must understand the problem and identify the solution that will meet the business needs.

In the past, an analyst might assess learning needs that might translate into a learning program. This has evolved into a performance consulting role where the performance consulting analyst delves deeper into the analysis looking for causes of problems and uncovering solutions. The skill set for the performance consultant is different than that of a typical analyst. It begins with the ability to have a dialogue with the requestor.

**The Dialogue to Make It Happen**

This sort of dialogue is one the requestor often prefers not to have. After all, this requestor is the customer, and they often believe that they are perfectly clear about the problem and its solution. Given that they think the learning is the solution and that the learning function has the power to address their need, it’s hard to turn them down. If the requestor receives too many questions, he or she may perceive the learning function as an unwilling partner.
and take the request elsewhere. Here are a few tips to help open the conversation that will result in more appropriate and effective programs.

- **Examine the Data and Records.**

Sometimes, a request is connected to particular data sets, such as call time, accidents, employee turnover, productivity, or sales. It might be helpful to review the records and explore trends. Perhaps the cause is evident in the data. For example, if exit interviews show that employees are leaving for higher pay, and if the data are credible, then a learning solution will not correct the problem. If employees are having too many accidents, because the personal protective equipment is not adequate, a learning solution is not the answer.

- **Initiate the Discussion.**

Pinning down the details of the request is necessary to drive real results. The alignment model, discussed in the previous chapter, Figure 2-1, is a perfect guide to initiating this conversation. On the left side of the alignment model is the different levels of needs assessment. In the ideal world, the requestor identifies the payoff and business needs and asks for help identifying the other levels of needs, which point to a solution. Reality, however, is different. The requestor begins with a requested program; a perceived learning solution. The conversation moves up the left side of the model. In doing so, the performance consultant clarifies learning, performance, business, and payoff needs.

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**Case in Point**

A senior executive in a large nonprofit organization requests a team-building program for his team. The performance consultant asks, “What is occurring (or not occurring) in your team that leads you to conclude you need team building?” This harmless question receives the following response. “They are working in silos, they don’t communicate very well, they don’t seem to want to help each other, they won’t share information, and they see others make mistakes without helping them.” It is helpful to validate the learning need with another question, “Do they know how to work this way now?” The quick response was “no.” This can be validated with a few interviews. These are critical behaviors that point toward a solution that will
embed better behaviors in the team. These are performance needs. But even more information is needed if the program is to contribute to the business.

Performance asks, “How is this affecting your key performance indicators (KPIs) or other important measures?” The response was, “We don’t really have a problem with our KPIs. I just don’t want this behavior, so please implement the program.” The performance consultant explains the situation using the alignment model as a guide. “We can implement the program, but there are no business needs for it, except maybe an intangible of teamwork. Is that OK with you?” This question requires the executive to think about the request, and possibly decide not to pursue it.

▶ **Use Benchmarking from Similar Solutions.**

Perhaps there are similar programs with business outcomes that can help you assess the situation when speaking with the requestor. If the requestor suggests a well-documented program but has no clear idea of the outcomes he or she seeks in terms of business impact, refer to measures in a case study. Case studies and benchmarking data are excellent tools to keep a conversation going.

▶ **Use Evaluation as the Hook.**

If the discussion is going nowhere on the left side of the alignment model, maybe it’s time to move to the right side. This leads to a simple question, “What levels of evaluation do you expect to achieve as a result of the program?” Then take the request through the different measures that can be captured at each of the five levels. The typical requestor response here would be that they would like to see the impact. Some may be intrigued with the concept of ROI. If they indicate interest in these two levels, remind them that you don’t see business needs. Provide examples of business needs. Have them elaborate on the business measures that matter. Essentially, in this situation, the focus of the conversation is more on evaluation and less on analysis.

▶ **Involve Others.**

If the request is coming from the senior executive, more than likely, there are other individuals who understand the issue at hand in more detail.
Engaging them in the conversation may lead to some interesting discussions regarding the cause of the problem and potential solutions, including the one requested by the senior executive. Sometimes, the individuals who are closest to the work being done will offer something that’s completely different than those who observe a situation but lack the day-to-day context.

- **Discuss Disasters in Other Places.**
  
  Sometimes it is helpful to bring out examples where programs went astray in other organizations or even within the same organization. Disasters happen. Implementing programs for the wrong reasons and failing to deliver results is not a new concept. It may be helpful to discuss a suggested program’s previous failings and what it would take to avoid these failings in the future.

- **Discuss the Consequences.**
  
  In keeping with the discussion about disasters, it is sometimes, if not always, important to assess the risks and consequences of pursuing an inappropriate program. Have the requestor consider the time, resources, and costs associated with implementation. That information may be enough to get them to consider alternatives.

**Analysis Techniques**

Another approach to assessing performance needs is to use one or more of the many analytical techniques as listed in Figure 3-1. These analytical techniques often use tools from problem solving, quality assurance, and performance improvement to search for these causes. Searching for multiple solutions is important, since performance in measures is often inhibited for several reasons. However, multiple solutions must be considered in terms of implementation—deciding whether to explore them in total or tackle them in priority order. Detail of these techniques is contained in many references. One such technique, the nominal group technique, is explored in the SCB Case Study, Part C.
Figure 3-1. Diagnostic Tools

- Statistical Process Control
- Brainstorming
- Problem Analysis
- Cause-and-Effect Diagrams
- Force-Field Analysis
- Mind Mapping
- Affinity Diagrams
- Simulations
- Diagnostic Instruments
- Focus Groups
- Probing Interviews
- Job Satisfaction Surveys
- Engagement Surveys
- Exit Interviews
- Exit Surveys
- Nominal Group Technique

Keep It Sensible

Considering the resources needed to examine records, research databases, and observe situations and individuals is important. Analysis takes time. Performance needs can vary considerably and may include:

- Ineffective behavior
- Dysfunctional work climate
- Inadequate systems
- Disconnected process flow
- Improper procedures
- Unsupportive culture
- Insufficient technology
- Unsupportive environment

Uncovering those needs through either conversation or using the analytical techniques listed in Figure 3-1 may seem like a daunting task. It can be, especially when considering the number of factors that could be causing business measures to perform at the right level. The risk of overanalyzing the situation is great. Take a sensible approach to assessing the performance gaps that need closing. Consider the value of improving the targeted business measures, and balance the analysis investment with the benefits of solving the problem. For example, if you are losing middle managers at a rate of 25 percent per year, and the cost of that turnover is 150 percent of their annual salary (plus benefits), you would be wise to get to the crux of the issue and find a solution that can address several performance gaps at once. On the other hand, if the business measure is to increase sales, and
the culture is one where salespeople have not fully engaged in conversation with customers, it isn’t necessary to break the bank on a deep analysis to know that piloting a simple, off-the-shelf interactive selling skills program might be a good idea. Always bear in mind, when thinking about the level of investment in analysis, that there is a difference between statistical significance and practical significance. Sometimes, certainty in cause-and-effect relationships is based on what is practical, logical, and sensible.

Case in Point

At the SCB, employee turnover was a serious problem, costing more than $6 million per year. The bank determined that it could save at least $3 million annually by reducing turnover, which would place it in line with the industry average. The specific measure was voluntary turnover. To uncover the actual need at Level 3, the cause of the problem had to be determined. Once the cause was known, a solution could be developed.

The nominal group technique was selected as the analysis method, because it allowed unbiased input to be collected efficiently and accurately across the organization. A focus group was planned, with twelve employees from each region, for a total of six groups representing all the regions. In addition, two focus groups were planned for the clerical staff in the corporate headquarters. This approach provided approximately a 10 percent sample, which was considered sufficient to pinpoint the problem.

Focus group participants who represented areas in which turnover was highest described why their colleagues were leaving, not why they themselves would leave. Data were collected from individuals in a carefully structured format—during two-hour meetings at each location, using third-party facilitators—and were integrated and weighted so that the most important reasons were clearly identified. This process had the advantages of low cost and high reliability as well as a low degree of bias. Only two days of external facilitator time were needed to collect and summarize the data for review.

The nominal group technique unfolded in ten steps:

1. The process steps were briefly described. A statement of confidentiality was presented. The importance of the participants’ input was underscored so that they understood what they must do and the consequences for the bank.
2. Participants were asked to make a list of specific reasons why they felt their colleagues had left the bank and why others might leave. It was stressed that the question dealt with the actions or potential actions of employees other than themselves, although the bank realized that participants’ comments would probably reflect their own views. Indications of why participants would leave is exactly what the team was striving to acquire.

3. In a round-robin format, each person revealed one reason for turnover, which was recorded on flip-chart paper. At this point, no attempt was made to integrate the issues, just to record the data in writing. The lists were placed on the walls, so that as many as sixty items were listed and visible when this step was complete.

4. The next step was to consolidate and integrate the list. Some of the integration was easy, because the items contained the same words and meanings. In other cases, ensuring that the meanings for the causes were the same before items were consolidated was important. When this process was complete, the list contained approximately thirty-five different reasons for turnover.

5. Participants were asked to review all the items, carefully select those they considered to be the top ten causes, and list them individually on index cards. Participants were told not to concern themselves about which cause was number 1. (In this process, participants may become convinced that their original list was not complete or accurate or may identify other reasons for turnover.)

6. Participants then ranked their top ten items by importance, with the first item as the most important.

7. In a round-robin format, each individual revealed his or her number 1 item, and ten points were recorded on the flip-chart paper next to the item. Next, the number 2 reason was identified, and 9 points were recorded. This process continued until all reasons had been revealed and points recorded.

8. The numbers next to each item were totaled. The item with the most points was the leading cause of turnover, and the one with the second-highest number of points was the second–most important cause of turnover. This continued until the top fifteen causes had been captured based on the weighted average of causes of turnover from that group.
9. This process was completed for all six regional groups and the clerical staff groups. Trends began to emerge quickly from one group to another.

10. The actual raw scores were then combined to integrate the results of the six regional focus groups and the clerical group.

The fifteen items with the highest scores were the top fifteen reasons for turnover across all the branches and clerical groups.

Here are the ten most important reasons given for turnover in the bank branches:

1. Lack of opportunity for advancement
2. Lack of opportunity to learn new skills and gain new product knowledge
3. Pay level not adequate
4. Not enough responsibility and empowerment
5. Lack of recognition and appreciation of work
6. Lack of teamwork in the branch
7. Lack of preparation for customer service problems
8. Unfair and unsupportive supervisor
9. Too much stress at peak times
10. Not enough flexibility in work schedules

While a similar list was developed for the clerical staff, the remainder of this case study will focus directly on the efforts to reduce turnover in the branch network. Branch turnover was the most critical issue, involving the highest turnover rates and the largest number of employees. The focus group results provided a clear pattern of specific performance needs that, if addressed, could reduce branch turnover. Recognizing that not all the causes of turnover could be addressed immediately, the bank’s management set out to work on the top five reasons while it considered a variety of options.

A skill-based pay system addressed the top five reasons for turnover. The program was designed to expand the scope of the jobs, offer increases in pay for acquiring skills, and provide a clear path for advancement and improvement. Jobs were redesigned from narrowly focused teller duties to an expanded job description with a new title: the tellers all became a banking representative I, II, or III. A branch employee would be considered a banking representative I if he or she could perform one or two simple tasks, such as processing deposits and cashing checks.
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As an employee at the banking representative I level took on additional responsibilities and performed different functions, he or she would be eligible for a promotion to banking representative II. If the representative could perform all the basic functions of the branch, including processing consumer loan applications, a promotion to banking representative III was appropriate. Training opportunities were available to help employees develop the requisite job-related skills, and structured on-the-job training was provided through the branch managers, assistant managers, and supervisors. Self-study information was also available. The concept of performing multiple tasks was intended to broaden responsibilities and empower employees to perform a variety of tasks that would provide excellent customer service. Pay increases recognized skill acquisition, demonstrated accomplishment, and increased responsibility.

Although the skill-based system had some definite benefits from the employees’ perspective, the bank also benefited. Not only was turnover expected to decline, actual staffing levels were expected to be reduced in larger branches. In theory, if all employees in a branch could perform all the duties, fewer employees would be needed. Prior to this time, minimum staffing levels were required in certain critical jobs, and those employees were not always available for other duties.

In addition, the bank anticipated improved customer service. For example, in the typical bank branch, long lines for special functions—such as opening a checking account, closing out a certificate of deposit, or making a consumer loan application—were not unusual, but routine activities, such as paying bills and receiving deposits, often required little or no waiting. The new approach would prevent customers from having to wait in long lines for specialized services. With each employee performing all the tasks, shorter waiting lines would not only be feasible but expected.

To support this new arrangement, the marketing department referred to the concept in its publicity about products and services. Included with checking account statements was a promotional piece labeled “In our branches, there are no tellers.” This document described the new process and stated that all the branch employees could perform all branch functions, and consequently, the bank could provide faster service.
Learning Needs
Performance needs uncovered in the previous step often require a learning component to ensure all parties know what they need to do and how to do it, if change in performance is to be delivered. In some cases, learning itself becomes the principal solution, as in competency development, major technology changes, capability development, and system installations. For other programs, learning is a minor solution and often involves simply understanding the process, procedure, or policy. For example, when implementing a new ethics policy for an organization, the learning component requires understanding how the policy works and the participants’ role in it. In short, a learning solution is not always needed, but all solutions have a learning component.

A variety of approaches are available to measure specific learning needs. Because multiple tasks and multiple jobs are frequently involved in any program, each should be addressed separately. Sometimes, the least-useful way to find out what skills and knowledge are needed is to ask the participants involved in implementing the program. They may not be sure of what is needed or may not know enough to provide adequate input.

Subject-Matter Experts (SMEs)
One of the most important approaches to determine learning needs is to ask the individuals who understand the job requirements. They can best determine what skills and knowledge are necessary to address the job performance issues defined above. Then it may be appropriate to discover how much of the knowledge and skills already exist.

Job and Task Analysis
A job and task analysis is effective when a new job is created or an existing job description changes significantly. As jobs are redesigned and tasks are identified, this technique offers a systematic way of detailing the job and relevant tasks. Essentially, a job analysis collects and evaluates work-related information. A task analysis determines specific knowledge, skills, tools, and conditions necessary to perform a particular job. The primary objective of a job and task analysis is to gather information about the scope, responsibilities, and tasks related to a particular job or new responsibilities.
Performing a job and task analysis not only helps the individuals who will use the program develop a clear picture of their responsibilities but will also indicate what is expected of them. It involves identifying high performers, preparing a job analysis questionnaire, and developing other materials as necessary to collect information. During the job analysis, job responsibilities are defined, tasks are detailed, and specific learning requirements are identified.

Observations
Current practices and procedures in an organization may have to be observed to understand the situation as the program is implemented. This often indicates the level of capability as well as the correct procedures. Observations can be used to examine workflow and interpersonal interactions, including those between management and team members. Sometimes, the observer is unknown to those being observed (placed in the environment specifically to watch the current processes). At other times, the observer is someone previously in the work environment but now in a different role. Another possibility is that the observer is invisible to those being observed. Examples of the latter include retail mystery shoppers, electronic observation, or individuals who have joined a group temporarily but have been there long enough to be considered part of the team. The advantages of observation as a data collection tool are described in Chapter 8. Here, it is merely important to remember that observation can be a tool used to uncover what individuals need to know or do as a program is changed.

Demonstrations
In some situations, having employees demonstrate their abilities to perform a certain task, process, or procedure is important. The demonstration can be as simple as a skill practice or a role play or as complex as an extensive mechanical or electronic simulation. The issue is to use this as a way of determining whether employees know how to perform a particular process. From that, specific learning needs can evolve.

Tests
Testing as a needs assessment process is not as common as other methods, but it can be very useful. Employees are tested to find out what they know
about a particular situation. This information helps guide learning issues. For example, in one hospital chain, management was concerned that employees were not aware of the company’s sexual harassment policy or what actions constituted sexual harassment. In the early stages of the program analysis, the target audience for the program, a group of supervisors and managers, were given a twenty-item test about their knowledge of the sexual harassment policy (ten items) and knowledge about sexual harassment actions (ten items). The test scores revealed where insufficient knowledge existed and formed the basis of a program to reduce the number of sexual harassment complaints.

Management Assessment
When implementing programs in organizations in which there is an existing manager or team leader, input from the management team may be used to assess the current situation and the knowledge and skills required by the new situation. This input can be collected through surveys, interviews, or focus groups. It can be a rich source of information about what the users of the program will need to know to make it a success, if it is implemented.

Where the learning component is minor, learning needs are simple. However, determining the specific learning needs can be very time-consuming for major programs for which new procedures, technologies, and processes are developed. As in the previous step, it is important not to spend excessive time analyzing at this early stage in the process but to collect as much data as possible with minimum resources.

Case in Point
Now, we return to SCB, where an employee turnover reduction program was proposed to save the bank at least $3 million annually. At the Level 2 needs assessment, learning needs fell into two categories. First, for each learning program designed to build the skills of employees to be promoted, both skill acquisition and knowledge increase needs were identified. These learning measurements were self-assessment, testing, demonstrations, and others, and were connected to each specific program.

The second learning need was for employees to understand how the new program worked. As the program was introduced in meetings with all
employees, a simple measurement of learning was necessary to capture the employees’ understanding of the following issues:

- How the program works
- What employees must do to be successful in the program
- How promotion decisions are made
- The timing of various aspects of the program

These major learning needs were identified and were connected specifically with the solution being implemented.

---

Preference Needs

The final level of needs analysis is based on preferences, which drive the program requirements. Essentially, individuals prefer certain processes, schedules, or activities for the structure of the learning and performance improvement program or project. These preferences define how the particular program will be implemented. If the program is a solution to a problem, this step defines how the solution will be put into place. If the program addresses an opportunity, this step outlines how to do so, taking into consideration the preference needs of those involved in the program.

Key Issues

Figure 3-2 shows the typical preference needs from the participant’s perspective. These represent statements that define the parameters of the program in terms of value, necessity, and convenience. Implementation is based on the input of several key stakeholders. For example, participants involved in the program (those who must make it work) may have a particular preference, but their preference could exceed the available resources, time, and budget. The immediate manager’s input may help minimize the amount of disruption and maximize resources. Those who support or own the program often place preferences around the program in terms of urgency and importance. Because this is a Level 1 need, the program structure and solution will directly relate to the reaction objectives and to the initial reaction to the program.
Figure 3-2. Typical Preference Needs

Participants need for this program to be:
- Relevant to my work
- Important to my success
- Valuable to me
- Action oriented
- Something that I will recommend to others
- Easy to use
- Convenient
- New to me
- Something I will use
- A good investment
- Implemented without disruption of work
- Seamless with our systems

Case in Point

As the skill-based pay program at SCB rolled out and a solution was developed, the preference needs were defined, and these involved several issues. The program was to be rolled out as soon as possible, so that its effects could lead to lower employee turnover. All the training programs had to be in place and made available to employees. The amount of time employees needed to spend away from their jobs to attend training was an issue, and the managers had some control over when the resulting promotions would occur. This process should not drag out for too long; otherwise, it would disappoint employees who were eager to be trained and promoted. At the same time, the staffing and workload issues had to be balanced so that the appropriate amount of time was devoted to training and skill building. More specifically, when the program was announced, the desired employee reaction was defined. Program leaders wanted employees to view the program as very challenging, motivational, rewarding, fair, and a good investment in their futures. These needs easily translated into the solution design as well as the detailed objectives of the reaction.

Matching Solutions to Needs

The most difficult part of the process is to match the best solution or solutions to the needs or causes of the problem. This task is as much an art as it is a science. Several principles should be followed to ensure that the solution addresses all the needs or causes.
Some Solutions Are Obvious
Some causes point directly to a solution. If employees need more flexibility in scheduling their work hours, flexible scheduling is the obvious solution. If employees need the flexibility to work at home, telecommuting is an appropriate solution. Although design issues are important, the solutions become clear in these situations.

Solutions Can Come in Different Sizes
Solutions come with a full range of possibilities and represent a broad scope of investment needs and levels of complexity. For example, if employees have expressed a need for more tuition assistance, the solution could range from identifying a limited program only for certain technical areas to the implementation of an expensive, liberal, open program completely funded by the organization. It is helpful to understand what would be considered an acceptable solution versus not addressing the issue at all.

Some Solutions Take a Long Time
Although some issues respond to a short-term fix, such as technical training, others take a long time to rectify. For example, if employees leave because of the public image of the organization (bad press, recent negative events, tarnished reputation, etc.), it could take a long time to repair the situation, and this would have to start from the top of the organization. This concept must be recognized early, and it may take a long time to build trust and credibility with all the employees.

Solutions Should be Tackled with the Highest Priorities Items First
This principle seems obvious, but it requires further discussion. Those issues causing most of the problem demand the most attention and perhaps even the most investment.

Designing a solution following these principles will identify the appropriate mix of solutions. The results of these steps are easily presented as a matrix diagram, described next.

The Matrix Diagram
A matrix diagram is a way to organize a large amount of information. It can be used to arrange the information so that elements are logically con-
nected and presented in a graphic form. A matrix diagram also shows the importance of each connecting point in a relationship and presents the relationships that exist among these variables. The matrix diagram can be “L” shaped, with one row across the top and one column down the side of the page, or it can be “T” shaped, in which two columns containing two types of data are compared with a third. As an alternative, words can be used in place of a dot to indicate the relative priority, strength, or importance of a particular cause, solution, or job group. Matrix diagrams provide an excellent way of summarizing information about a problem’s cause and relating it to job groups, regions, or other breakdowns. In addition, as shown in Figure 3-3, this can also be used to relate cause to solutions.

In Figure 3-3, a T-shaped matrix diagram presents a plan to reduce turnover in four job groups. The job groups with the most turnover in this large banking organization are listed at the top of the matrix. Six causes of turnover are identified along the middle of the diagram, with each matched to a job group. Listed at the bottom are the solutions that are matched to the particular causes. For example, “Implement Pay for Skills” is aimed primarily at the branch teller group and focuses on both the concern about inadequate pay and the lack of career advancement.

Figure 3-3. Matrix Diagram: A Plan to Reduce Turnover

<table>
<thead>
<tr>
<th>Job Groups</th>
<th>Causes</th>
<th>Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teller</td>
<td>Inadequate Pay</td>
<td>Adjust Base Pay</td>
</tr>
<tr>
<td>Customer Service Rep.</td>
<td>Inadequate Supervision</td>
<td>Revise Incentives</td>
</tr>
<tr>
<td>Branch Managers</td>
<td>Lack of Job Autonomy</td>
<td>Train Immediate Manager</td>
</tr>
<tr>
<td>Loan Officers</td>
<td>Job Stress</td>
<td>Revise Job Responsibilities</td>
</tr>
<tr>
<td></td>
<td>Career Advancement</td>
<td>Increase Staffing</td>
</tr>
<tr>
<td></td>
<td>Ineffective Communication</td>
<td>Implement Pay for Skills</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Improve Communication</td>
</tr>
</tbody>
</table>
Selecting Solutions for Maximum Payoff

The next step is to make sure that the focus is only on those solutions with maximum payoff. Two major issues can affect that payoff: the cost of the solution and the monetary benefit from the implementation. To achieve maximum payoff, costs should be considered. The smaller the cost, the greater the potential payoff (ROI will be covered in detail in the next four chapters). From the benefits side, the greater the benefits, the greater the potential payoff. Several issues must be considered.

Short-Term Versus Long-Term Costs

Some solutions, such as leadership development for all managers, will be expensive to implement on a short-term basis. The initial cost of this solution might be prohibitive. Other solutions, such as an incentive plan, may have little up-front cost but a tremendous long-term expense—one that may exceed the actual payoff. Major change programs are usually long-term and require careful consideration before implementing. The short-term versus long-term cost implication must always be considered.

Consider Forecasting ROI

A forecast can be developed showing the expected monetary benefits compared to the projected cost of the solution. The solutions with the highest forecasted ROI value become the best prospects for implementation.

Time Needed for Implementation

Some solutions are implemented quickly, while others take a long time. This may mean that long-term solutions should be implemented in conjunction with short-term fixes. In other words, the organization should recognize that both quick fixes and long-term changes are necessary. This approach shows employees that the organization is taking steps now and also building for the future, which results in enhanced commitment and loyalty.

Avoid Mismatches

The impact of a mismatched problem and solution can be significant. For example, having to discontinue an employee incentive plan can affect job satisfaction. Mismatches can cause three major problems:
1. Funds are wasted, because money is spent on a solution that did not correct the problem and drained the organization’s resources.

2. Inappropriate solutions have a negative impact. For example, if learning is implemented as a solution when no deficiency in knowledge and skills actually exists, the impact can be adverse. The participants being trained (e.g., supervisors or managers) may resent the training, because they have been coerced into participating in a solution that has no value for them or forced to work on skills they already possess.

3. When time, effort, and money are spent on a mismatched solution, an opportunity to implement the correct solution has been missed. An unmet need still exists, and the cause is still there, resulting in damage to the organization while resources have been wasted on other solutions.

The message: Avoid mismatches at all costs!

Verifying the Match
After identifying possible solutions, one must verify that a match exists between the need and the solution. It is often helpful to return to the source of input (focus groups, employees, etc.) to affirm that the solution meets the need. This approach is not applicable for every solution, because employees may be biased. However, their input may provide insight into progress made or indicate whether a solution is on target or off base. When input was obtained from interviews or focus groups, it may be easier to return to these groups to check whether a solution is addressing the cause of the problem. The important point is to find a way to discover whether a mismatch exists.

Upon initial implementation of the solution, obtain feedback to ensure that the solution is a fit and is working based on the early objectives. Early feedback can prompt adjustments that need to be made or, in worst-case scenarios, suggest abandonment of the solution altogether. Seeking feedback represents another opportunity to involve a group of experts.

In addition, communicate the early results quickly. Letting the target group know that a solution has been implemented and that the results are positive (or developing, or need improvement) provides an opportunity to collect feedback from them. Employees need to see that action is being taken and progress is developing, and, more important, that the organization is responsive.
Tackling Multiple Solutions

The answer to whether an organization should tackle a problem with more than one solution at a time is not clear-cut. To a certain extent, the answer depends on the relative priority of the causes. Clearly, too many solutions undertaken at the same time can reduce the potential effectiveness of each one and result in confusion and waste.

It is essential to examine the top priorities to determine which solutions are feasible, the time needed for implementation, and the level of others’ involvement. These factors may mean taking on three or four (five, at the most) solutions. Avoid the quick fix, especially if the issue calls for a longer-term solution. Most turnover problems are not solved through quick fixes and tend to be issues that have evolved over time (either internally or externally). As a result, they will take time to correct.

Consider the level of involvement and support needed for the solution. Most employees must be involved in the solution in some way, requiring time away from routine duties or time to keep track of what is being developed. The level of support from managers is also important. They need to be on board with solutions and their implementation. How much they can (or are willing to) support is significant.

Finally, available resources play a key role in whether multiple solutions can be implemented. For most organizations, the costs of the solutions can be substantial, and taking on too many solutions may drain available resources. The result may even have an impact on the earnings of the organization, potentially creating another serious problem.

What Must Change

This chapter focuses on step two in the eight-step results-based process, “Make It Feasible.” The overall objective of making it feasible is to ensure that you have the right solution. This chapter builds on the previous chapter, where business alignment begins with answering the question “Why?” Making it feasible can help the learning and talent development team move from order takers to business makers. It can lead the team toward the right solution for the business need. This chapter provides steps and processes to fully understand the problem or opportunity, making sure the solution is feasible and appropriate. This is a critical role in the learning and talent
development process and will require serious attention. You must be on the right path to deliver value. This path includes clearly defined business needs and proper solutions to resolve them.

References
Chapter 4
Expect Success: Designing for Results

“The best way to predict the future is to create it.”

—Peter Drucker

There’s an old saying, “If you expect success, you will get it. If you don’t expect success, you will not.” This is so true with all types of activities. Perhaps Peter Drucker had a better way of expecting success—you need to create it. You must not only expect success from learning and talent development programs but create it by designing for results. The two previous steps ensure programs are aligned with the business, and you are on the right path to get there. Now let’s focus on how to design for results. This chapter directly addresses designing for the results that you need and desire at the business impact level.

Too often, organizations implement these programs without clearly defining the expectations of each stakeholder group at the appropriate level of success. Without clear expectations, participants may not know what they must do to make it successful. It is difficult for them to step up to responsibility when they do not understand that responsibility. Clear expectations take the mystery out of someone’s role in implementing a program and the reasons for doing so.

The initial analysis for the program need is the foundation for building expectations. From that, specific objectives are set at multiple levels, detailing how participants should react to the program, what they will learn, how they should use it, and what the impact on their work and the organization will be. This chapter shows how to set expectations, develop objectives, and ensure that stakeholders are doing their part to meet the objectives.
Nations Hotel, a well-respected global hotel chain, has survived and thrived in a highly competitive industry. To be one of the leaders in this field requires the executive team to constantly focus on client satisfaction, operational efficiency, revenue growth, and talent retention. To achieve these ambitious annual goals, the talent development team makes available a number of learning processes. Formal programs are available that focus on process improvement. Leadership and management development programs are offered to help drive improvement. A variety of technology and productivity tools are also accessible. And, finally, a successful coaching process, “Coaching for Business Impact,” is available. This coaching process, designed by a prestigious external coaching firm, focuses on business improvement.

As part of the process, individuals who are involved in this coaching focus on measures under their responsibility in the areas that represent challenges. Specific business measures are the beginning point of this process, and objectives for the program are developed at four different levels (reaction, learning, application, and impact). Participating in the coaching process is voluntary. With almost 200 of the 500 eligible managers wanting to participate, the top executive team suggested that the talent development group show the business value of this program.

The talent development group agreed and worked with the coaching provider to make sure that the program was focused on business needs. Objectives were developed and data-collection tools were built into the program. The first 25 participants who signed up for the program were considered to be the sample to measure the actual ROI. Effort was made to ensure that this initial group was representative of the entire group of candidates for the program (performance rating, tenure, job roles, etc.).

The coaching engagement process was altered slightly to ensure that each participant focused on at least three business measures that should be improved as a result. An action planning module was added to support a built-in data-collection process that began with the end in mind (a business measure) and also to show the action steps that would be taken to improve those measures with the support, advisement, and collaboration of the
coach. Three action plans were developed as part of the process. Objectives for all five levels, including ROI, are listed in Figure 4-1.

4-1. Objectives of Coaching for Business Impact

**Level 1. Reaction Objectives**

After participating in this coaching program, the managers being coached will:

1. Perceive coaching to be relevant to the job.
2. Perceive coaching to be important to their performance.
3. Perceive coaching to be value added in terms of time and funds invested.
4. Rate the coach as effective.
5. Recommend this program to other managers and executives.

**Level 2. Learning Objectives**

After completing this coaching program, the managers being coached should improve their skills for each of the following:

1. Uncovering personal strengths and weaknesses
2. Translating feedback into action plans
3. Involving team members in projects and goals
4. Communicating effectively
5. Collaborating with colleagues
6. Improving personal effectiveness
7. Enhancing leadership skills

**Level 3. Application Objectives**

Six months after completing this coaching program, managers being coached should:

1. Complete the action plan for application and impact.
2. Adjust the plan as needed for changes in the environment.

**Level 3. Application Objectives** (cont.)

3. Show improvements on the following items:
   a. Uncovering personal strengths and weaknesses
   b. Translating feedback into action plans
   c. Involving team members in projects and goals
   d. Communicating effectively
   e. Collaborating with colleagues
   f. Improving personal effectiveness
   g. Enhancing leadership skills

4. Identify barriers and enablers to success.

**Level 4. Impact Objectives**

After completing this coaching program, managers being coached should improve at least three specific measures in the following areas:

1. Sales growth
2. Productivity/operational efficiency
3. Direct cost reduction
4. Retention of key staff members
5. Customer satisfaction

**Level 5. ROI Objective**

The ROI value should be at least 25 percent.

With this in mind, the project began, and the rest, as they say, is history. The project generated a positive ROI of 221%. 1

This True Story reinforces the importance of setting expectations for success early. The participants knew that success was necessary and possi-
ble all the way to the business value. Objectives were set to push the program through the different levels all the way to the impact and financial ROI levels. Tools were built into the process to facilitate completing the actions and document the business impact, showing the success at the end. Finally, the program was modified to drive success. The coaches expected success, the participants were willing to deliver success, and the executives expected success as well. There was no mystery about what this program should achieve.

Keep It Sensible

This case study can create anxiety among some practitioners. The typical worry might be “Do we need all these levels of objectives for every program?” The short answer is “no.” You have to take a sensible approach. From its beginning, this program was designed to drive the business impact level. Even the name, “Coaching for Business Impact,” implies that it should affect business impact. Because executives wanted to see the financial ROI, this shifted the focus from behavior change, the typical target for coaching, to business results and on to ROI. With the focus on impact and ROI, the engagement now is “What specific measures need to change, and what should I do differently with my team to change them?”

But not every program should be positioned this way. This level of analysis is reserved for those programs that are important, strategic, expensive, and involve a lot of people. Some would argue that a business focus is needed, even if success is not measured at the higher levels. That may be true, but a sensible approach that includes tackling one program at a time will increase the chances of success and long-term value of learning and talent development.

Defining the Success of Learning

Thinking Point

It is helpful to return to the first chapter and the crucial exercise involved in defining the success of learning. Figure 4-2 provides a list of statements similar to those in the exercise in Figure 1-1. If you have not completed the
exercise in Chapter 1, please do so now. The typical conclusion from this exercise is that the learning and talent development team need to change their definition of success. From the exercise, most teams reveal that their definition hovers around Level 0, 1, or 2.

**Figure 4-2. Levels for Possible Definition of Success**

<table>
<thead>
<tr>
<th>Value Description</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Serve the largest number of people with the least amount of disruption and cost.”</td>
<td>0 Input</td>
</tr>
<tr>
<td>“Participants are engaged, enjoy the programs, and see their experience as valuable.”</td>
<td>1 Reaction</td>
</tr>
<tr>
<td>“Participants are learning the latest information and skills to make this a great organization.”</td>
<td>2 Learning</td>
</tr>
<tr>
<td>“Participants leave the learning program, take action, use the content, and make important changes.”</td>
<td>3 Application</td>
</tr>
<tr>
<td>“Participants are driving important business measures and having an impact in their work units and the organization.”</td>
<td>4 Impact</td>
</tr>
<tr>
<td>“Participants and the organization have a positive return on the investment of their time and the resources of the center.”</td>
<td>5 ROI</td>
</tr>
</tbody>
</table>

The goal is to change the definition of success to focus on outcomes at Level 3 or Level 4 and occasionally Level 5. By defining success at these higher levels, commitment to achieving that level of success increases. Expectations are greater for program owners as well as executives funding programs. Top executives want to see impact for programs, and they want to see ROI for some programs. However, the dilemma is that commitment and achievement are not the same. If the commitment is to drive business impact, then it is important to achieve business impact. When the learning and talent development function achieves this, then their clients will perceive the function as a true business partner. They will recognize learning as an investment, not a cost.

Definitions of success at the business impact and ROI levels drive the process described in this book. The definition will appear in employee handbooks, policy guides, opening statements, and maybe even in the name of the learning facility. For example, one retail store’s corporate university re-
named its learning center from “Center for Learning and Development” to “Center for Business Excellence,” underscoring that learning for the sake of learning is not adding value. It is only when learning is used on the job and drives important business measures that the desired outcome is achieved, and the definition is met.

**Sneak Preview: Designing for Results at Each Level**

It is helpful to think of design on the basis of the levels presented in Chapter 1 and in Figure 4-2. The levels of success define the chain of impact that must occur as the participants react, learn, apply, and have an impact. But it all starts with Level 0 (input). Figure 4-3 summarizes the topics around which designing for results should occur. These issues are explored in more detail in the next two chapters.

“A wise man will make more opportunities than he finds.”

—Francis Bacon

**Level 0, Input**

Success begins with involving the right people in the program at the right time with the right amount of content at the lowest costs possible to achieve the desired results. Too often, programs miss the mark with the target audience and the timing, sometimes with too much content and too much cost. Design begins with thinking about the key inputs shown in Figure 4-3.

**Figure 4-3. Designing for Results**

<table>
<thead>
<tr>
<th>Level</th>
<th>Design Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Reaction</td>
<td>Important, Necessary, Relevant, Intent to Use</td>
</tr>
<tr>
<td>2 Learning</td>
<td>Action Oriented, Relevant, Easy, Engaging, Motivating, Confidence Inspiring</td>
</tr>
<tr>
<td>3 Application</td>
<td>Timing, Ease of Use, Frequency, Success, Inhibitors, Enablers</td>
</tr>
<tr>
<td>4 Impact</td>
<td>Alignment, Line of Sight, Access, Connectivity</td>
</tr>
<tr>
<td>5 ROI</td>
<td>Efficiency, Effectiveness</td>
</tr>
</tbody>
</table>
Level 1, Reaction
Determining the desired reaction is important. The principal target for reaction is the participants. Will they see the content as important, relevant, easy, and something they intend to use? Clarifying these issues helps design the location, flow, content, examples, activities, communications, and all the other elements that motivate the participant to use the content and have an impact.

Level 2, Learning
At the heart of the process is the learning. The key to designing for learning is that it must matter to the individual and to the organization. The content must be action oriented, relevant, easy, engaging, and motivating. Participants must leave the program with the confidence and determination to use it. This drives many design activities.

Level 3, Application
Simply learning the content doesn’t ensure that participants will apply it. Many design opportunities are available to ease the application of content. Participants should know when they should use it, how often they should use it, and how to identify success. Design should limit the various inhibitors and enhance the enablers that support application. While these issues will be covered later, the point is that they must be designed into the process to achieve the results.

Case in Point
A successful provider of conferences for learning and development wanted to ensure that the individuals who attended actually used what they learned. If participants attend the conference but never really change anything or do anything differently, then the conference provider is essentially in the entertainment business and not necessarily making a professional difference. As a design change, the organizers required the conference speakers to provide application objectives, clearly defining how attendees would use what they learn in their job, their work, or school life. Moving from learning objectives to application objectives had an important effect. It made the speakers more focused on content use, with more job aids, application activities, and tools for application. It also eliminated many potential speakers who focused on “fluff” and entertainment, with little potential for use.
Level 4, Impact
Ideally, the desired impact of a program should be clearly understood in the beginning, which is the focus of step one (Chapter 2). The solution must be the right one to deliver that impact, as illustrated in Chapter 3. Participants must clearly understand business alignment and see a direct line of sight from what they are doing to those impact measures. They should have access to the impact data and understand their connection to that data. Many design issues will influence the impact requirement.

Level 5, ROI
Even if the ROI is not calculated, it is helpful to think about ROI from a design perspective. ROI has two key components. The first is the impact outcome, which is converted to monetary benefits. Impact focuses on the effectiveness of the program. The second component is the cost of doing it; that’s the efficiency. In the design phase, the focus is on achieving greater impact and keeping the costs low. Together, these concepts will keep the ROI on track.

Use Empathy
All the stakeholders, content, and resources focus on enabling the participant to have success at the application and impact levels. This requires the stakeholders to know the viewpoint and situation of the participants. They must have empathy for participants, so they can clearly put themselves in the participants’ role. They must be aware of the participants’ work, challenges, and opportunities as well as their frustrations, difficulties, and stresses. The design team must be constantly reminded to put themselves in the participants’ shoes. In addition to a subject-matter expert (SME) for the content, an expert on the job itself is needed, and this SME will be responsible for bringing in that perspective. Throughout the process, the role of participants must be routinely considered in the design.

It is also necessary to empathize with the participants’ managers. These managers often have to make sacrifices while their employee is involved in a learning activity. With the stresses, strains, and struggles of their job, they have to see that learning is delivering enough value to overcome this inconvenience. Someone on the design team must understand the managers’ frustration with learning, their resistance to becoming involved, and the
challenges they face. The managers are human, they are not perfect, and the design team has to put themselves in that role.

“The essence of being human is that one does not seek perfection.”
—George Orwell

Moving Beyond Learning Objectives
To cover all the outcome levels, objectives must be set for achieving a positive reaction from stakeholders, ensuring participants have learned what’s required, completing what’s expected in performance, improving business impact measures, and receiving the expected ROI. Objectives are powerful, because they provide direction, focus, and guidance.

An important part of the third step to delivering results is to set objectives, especially at the application and impact levels. This step is noteworthy, because it is the higher level of objectives (particularly at the business impact level) that positions programs to achieve business results. Setting higher levels of objectives keeps business alignment on track during the project. However, to have business impact, objectives at the reaction, learning, application, and even ROI levels must be set, as shown in Figure 4-4.

**Figure 4-4. Multiple Levels of Objectives**

<table>
<thead>
<tr>
<th>Levels of Objectives</th>
<th>Focus of Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1, Reaction</td>
<td>Defines a specific level of reaction to the program as it is revealed and communicated to the stakeholders</td>
</tr>
<tr>
<td>Level 2, Learning</td>
<td>Defines specific levels of knowledge, information, and skills as the stakeholders learn how to make the program successful</td>
</tr>
<tr>
<td>Level 3, Application</td>
<td>Defines specific measures and levels of success with application and implementation of the program</td>
</tr>
<tr>
<td>Level 4, Impact</td>
<td>Defines the specific business measures that will change or improve as a result of the program's implementation</td>
</tr>
<tr>
<td>Level 5, ROI</td>
<td>Defines the specific return on investment from the program, comparing costs against monetary benefits from the program</td>
</tr>
</tbody>
</table>
The importance of setting objectives at the higher level was underscored by a publication from ATD. A few years ago, we were asked by ATD to write a book about developing objectives, pushing the objectives to the application and impact levels, and giving people tips on how to write these objectives and how to use them in their work. We wrote the book, and ATD selected the title. We were surprised at the title, but we clearly embraced it. The title was *Beyond Learning Objectives: Develop Measurable Objectives That Link to the Bottom Line.* What ATD wanted to do was to remind the profession that they are quite good at developing learning objectives, thanks to people like Robert Mager and Benjamin Bloom, who provide great advice on how to write learning objectives. But it is time to push those objectives to the higher levels so that we can achieve and maintain proper focus for programs.

**Reaction Objectives**

For any program to be successful, various stakeholders must react favorably, or at least not negatively. Ideally, the stakeholders and especially the participants should be satisfied with the program, because the best solutions offer win-win outcomes for all. Reaction objectives are necessary to maintain proper focus. Unfortunately, many programs do not have specific objectives at this level, although data-collection mechanisms are in place to measure the feedback almost every time. These objectives are missing because the designers and developers assume a particular reaction, but it’s best to drive that reaction with specific objectives. Figure 4-5 presents typical reaction objectives.
Figure 4-5. Typical Reaction Objectives

At the end of the program, participants should rate each of the following statements at least a 4 out of 5 on a 5-point scale:

- The program was organized.
- The facilitators were effective.
- The program was valuable for my work.
- The program was important to my success.
- The program was motivational for me.
- The program had practical content.
- The program contained new information.
- The program represented an excellent use of my time.
- I will recommend the program to others.
- I will use the material from this program.

Learning Objectives

Every program will involve learning. In some cases, that includes major skill-building solutions, change projects, and new technology implementations. In these situations, the learning component is quite significant. To ensure that the various stakeholders have learned what’s required in order to make the program successful, learning objectives are developed. Learning objectives are critical, because they communicate expected outcomes from the learning and define the desired competence or the required performance to make the program successful. Learning objectives should clearly indicate what participants must learn—sometimes with precision.

The best learning objectives describe behaviors that are observable, measurable, and necessary for success with the project. They are often outcome based, clearly worded, and specific. They lay out what the particular stakeholder must know and do to implement the project successfully. Learning objectives can have three components:

- Performance—what the participant or stakeholder will be able to do as a result of the program
- Conditions under which the participant or stakeholder will perform the various tasks and processes
- Criteria—the degree or level of proficiency necessary to perform a new task, process, or procedure that is part of the solution

Figure 4-6 shows typical learning objectives.
Figure 4-6. Typical Learning Objectives

After completing the program, participants will be able to:

- Name the six pillars of the division’s new strategy in 3 minutes.
- Successfully complete the leadership simulation in 15 minutes.
- Identify the six features of the new ethics policy.
- Demonstrate the use of each software routine in the standard time.
- Use problem-solving skills, given a specific problem statement.
- Determine whether they are eligible for the early retirement program.
- Score 75 or better in 10 minutes on the new-product quiz on the first try.
- Demonstrate all five customer-interaction skills with a success rating of 4 out of 5.
- Explain the five categories for the value of diversity in a work group in 5 minutes.
- Document suggestions for award consideration.
- Score at least 9 out of 10 on a sexual harassment policy quiz.
- Identify five new technology trends explained at the conference.

Application Objectives

Program implementation should be guided by application objectives clearly defining what is expected and to what level of performance, reflecting the action desired from the program. They also should involve particular milestones, indicating specifically when steps or phases of the process are completed. Application objectives are critical, because they describe the expected outcomes in the intermediate area between learning what is necessary to make the program successful and the actual impact that will be achieved because of it. Application objectives describe how participants should perform, the process steps that should be taken, or technology that should be used as the program is implemented. The emphasis of application objectives is on tasks, action or activity.

The best application objectives identify behaviors or action steps in a process that can easily be observed or measured. They specify what the various stakeholders will change or have changed as a result of the program. As with learning objectives, application objectives may have three components: performance, condition, and criteria.

Figure 4-7 shows typical application objectives and key questions asked at this level. Application objectives have almost always been included in projects to some degree, but they have not been as specific as they could be or need to be. To be effective, they must clearly define the environment where the program is successfully implemented.
Figure 4-7. Typical Application Objectives

Typical Questions for Application Objectives

- What new or improved knowledge will be applied to the job?
- What is the frequency of skill application?
- What specific new task will be performed?
- What new steps will be implemented?
- What new procedures will be implemented or changed?
- What new guidelines will be implemented?
- Which meetings need to be held?
- Which tasks, steps, or procedures will be discontinued?

Typical Application Objectives When the Program Is Implemented:

- The average 360-degree leadership assessment score will improve from 3.4 to 4.1 on a 5-point scale in 90 days.
- Ninety-five percent of high-potential employees will complete individual development plans within two years.
- At least 99.1 percent of software users will be following the correct sequences after three weeks of use.
- Within one year, 10 percent of employees will submit documented suggestions for saving costs.
- Employees will routinely use problem-solving skills when faced with a quality problem.
- Employees will take steps to engage team members each day.
- Sexual harassment activity will cease within three months after the zero-tolerance policy is implemented.
- Eighty percent of employees will use one or more of the three cost-containment features of the health care plan in the next six months.
- Fifty percent of conference attendees will follow up with at least one contact from the conference within 60 days.
- By November, pharmaceutical sales reps will communicate adverse effects of a specific prescription drug to all physicians in their territories.
- Managers will initiate three workout projects within 15 days.
- Sales and customer service representatives will use all five interaction skills with at least half the customers within the next month.

Impact Objectives

Most programs should have impact objectives, even in governments, non-profits, and NGOs. Business impact objectives are expressed in terms of the key business measures that should be improved as the application objectives are achieved. Impact objectives are critical to measuring business performance. They define business-unit performance that should be connected
to the program. They place emphasis on achieving bottom-line results that key stakeholders expect and demand. Finally, they ensure business alignment throughout the program.

The best impact objectives contain data that are easily collected and well known to the client group. They are results based, clearly worded, and specify what the stakeholders have ultimately accomplished in the business unit as a result of the program.

The four major categories of hard data impact objectives are output, quality, cost, and time. Major categories of soft data impact objectives are customer service, work climate, and image. These are usually intangible. Typical measures that frame the objectives are presented in Chapter 2. Figure 4-8 shows examples of impact objectives.

Figure 4-8. Typical Impact Objectives

After program completion, the following conditions should be met:

- The employee engagement index should rise by one point during the next calendar year.
- After nine months, grievances should be reduced from three per month to no more than two per month at the VA center.
- Turnover of high-potential employees should be reduced to 10% in nine months.
- The average number of new accounts should increase from 300 to 350 per month in six months.
- Tardiness of call center associates should decrease by 20 percent within the next calendar year.
- An across-the-board reduction in overtime should be realized for front-of-house managers in the third quarter of this year.
- Employee complaints should be reduced from an average of three per month to an average of one per month at the Central Bank.
- By the end of the year, the average number of product defects should decrease from 214 per month to 150 per month at all extruding plants in the Midwest region.
- Sales expenses should decrease by 10 percent in the fourth quarter.
- There should be a 10 percent increase in brand awareness among physicians during the next two years.
- Customer returns per month should decline by 15 percent in six months.

Return on Investment (ROI) Objectives

A fifth level for program objectives is the ROI. These objectives define the minimum payoff from the project and compare its cost with the monetary benefits from the project. The traditional financial ROI is this comparison
expressed as a percentage when the fractional values are multiplied by 100. In formula form, the ROI is:

$$\text{ROI} (%) = \frac{\text{Net Program Benefits}}{\text{Program Costs}} \times 100$$

Net benefits are program benefits minus costs. This formula is essentially the same as the ROI for capital investments. For example, when an organization builds a new building, the ROI is developed by dividing annual earnings by the investment. The annual earnings are comparable to net benefits (annual benefits minus the cost). The investment is comparable to fully loaded program costs, which represent the investment in the program.

A program ROI of 50 percent means that for every dollar invested, that dollar is recovered, and an additional 50 cents is returned. An ROI of 150 percent indicates that after the invested dollar is recovered, $1.50 is returned.

**Case in Point**

Public- and private-sector groups have been concerned about literacy and have developed a variety of programs to tackle the issue. Magnavox Electronics Systems Company was involved in one literacy program that focused on language and math skills for entry-level electrical and mechanical assemblers. The ROI objective was 25 percent. The results of the program were impressive. Productivity and quality improvements alone connected to the program yielded an annual value of $321,600 when converted to money. The fully loaded costs for the program were just $38,233. Thus, the ROI was:

$$\text{ROI} (%) = \frac{$321,600 - $38,233}{$38,233} \times 100 = 741\%$$

For each dollar invested, Magnavox received $7.41 in return after the costs of the literacy program had been recovered.

Using the ROI formula essentially places program investments on a level playing field with other investments by using the same formula and similar concepts. The ROI calculation is easily understood by key management and financial executives, who regularly use it with other investments.
Specific objectives for ROI should be developed before an evaluation study is undertaken. While no generally accepted standards exist, four strategies have been used to establish a minimum acceptable requirement, or hurdle rate, for ROI in a program. The first approach is to set the ROI using the same values used to invest in capital expenditures, such as equipment, facilities, and new companies. For America, Europe, and most of the Asia Pacific area (including Australia and New Zealand), the cost of capital is quite low, and this internal hurdle rate for ROI is usually in the 10 to 15 percent range.

A second strategy is to use an ROI minimum that represents a higher standard. This target value is above the percentage required for other types of investments. The rationale is that the ROI process for programs is still relatively new and often involves subjective input, including estimations. For most areas in America, Europe, and the Asia Pacific area, this value is set at 20–30 percent.

A third strategy is to set the ROI value at a break-even point. A 0 percent ROI represents break-even, where the benefits equal the costs. The rationale for this approach is an eagerness to recapture the cost of the program and a realization that additional benefits from the program have come through the intangible measures (those that are not converted to monetary values). This is the ROI objective for many public sector organizations, with the philosophy that they are not attempting to make a profit from a particular program.

Finally, a fourth strategy is to let the client or program sponsor set the minimum acceptable ROI value. In this scenario, the individual who initiates, approves, sponsors, or supports the program establishes the acceptable ROI. Almost every program has a major sponsor, and that person may be willing to offer the acceptable value. This links the expectations of financial return directly to the minimum expectations of the individual sponsoring the program.

The Power of Objectives
Objectives are powerful. In addition to creating expectations, they provide direction, focus, and guidance. They also create interest, commitment, satisfaction, and excitement, making them a necessity, not a luxury. While the power of objectives at the reaction and learning levels may be evident, objectives at higher levels are more powerful and require additional explanation.
Application/Impact Objectives Drive Programs
Objectives at application and impact levels are routinely omitted from projects and programs. Ironically, these objectives are the most powerful, as they focus on success with application and the corresponding outcomes. More specifically, they fuel a program or project by providing:

- Focus and meaning to the program
- Direction to the stakeholders
- Definitions of success

Application/Impact Objectives Enhance Design and Development
Sending vague objectives to a program designer or developer is a risk not worth taking. Designers are creative, using their imaginations to build program content. Without clear and specific direction, they will insert their own assumptions regarding the ultimate use of the project (application) and the impact to the organization (impact).

Application/Impact Objectives Improve Facilitation
Objectives are the first information reviewed prior to facilitating a meeting or training session, and they define the facilitator’s approach in teaching the project or program. They provide guidance to the facilitator for how to present, what to present, and the context in which to present. More specifically, these higher levels of objectives provide facilitators with the information to:

- Show the end result and provide the focus to achieve it.
- Focus the discussions on application and impact.
- Ensure that the participants have job-related experience.
- Enable participants to succeed on the test.

Application/Impact Objectives Help Participants Understand What Is Expected
Participants need clear direction as to why they are there and what they are expected to do. Essentially, the role of a participant changes at higher levels of objectives. Participants are expected to attend programs, become involved and engaged, and learn. By communicating application and impact objectives, participants will realize there is an expectation for them to apply what they learn and that the application of knowledge should reap results.
Again, application and impact objectives remove the mystery from the program and the roles within it.

Impact Objectives Excite Sponsors
The sponsors (such as those who actually fund the program) often request data that shows how well the program achieved its goal. Impact measures resonate with executives and program sponsors. It is no secret that executives do not get excited about reaction and learning objectives. Rather, their interest lies in what participants do with what they learn and the ultimate impact it has on the organization. Impact objectives grab the attention of executives, as they:

- Connect the program to the business
- Connect the program to KPIs, and
- Show the business value

Application/Impact Objectives Simplify Evaluation
These high-level objectives pave the way for evaluation by providing the focus and details needed for the evaluator to collect and analyze results. From an accountability perspective, the primary reason to have higher levels of objectives is that they:

- Identify data to be selected in the organization
- Define specific measures reflected in the data
- Suggest the appropriate data-collection method
- Suggest the source of data
- Suggest the timing of data collection, and
- Suggest responsibilities to collect data

All Levels of Objectives Inform the Stakeholders
Collectively, all levels of evaluation help stakeholders clearly and specifically understand the program. All stakeholders need to know not only why the program is being developed but also about participant reaction, what the participants have learned, what actions they will take, and, ultimately, what they will accomplish.
Exercise

**Instructions:** For each objective listed below, indicate the level of evaluation at which the objective is aimed. Be sure to use the lead-in to the sentence before each objective. (Level 1: Reaction, Level 2: Learning, Level 3: Application, Level 4: Business Impact, Level 5: ROI)

<table>
<thead>
<tr>
<th>Objective</th>
<th>Evaluation Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>After completing this program or project, participants should:</td>
<td></td>
</tr>
<tr>
<td>Improve work group productivity by 20% in six months.</td>
<td></td>
</tr>
<tr>
<td>Initiate at least three cost reduction projects in 15 days.</td>
<td></td>
</tr>
<tr>
<td>Achieve an average cost reduction of $20,000 per project.</td>
<td></td>
</tr>
<tr>
<td>Increase the use of counseling discussion skills in 90% of situations where work habits are unacceptable.</td>
<td></td>
</tr>
<tr>
<td>Achieve a 2:1 benefit-to-cost ratio one year after the new gain-sharing program is implemented.</td>
<td></td>
</tr>
<tr>
<td>Be able to identify the five elements of the employee assistance program.</td>
<td></td>
</tr>
<tr>
<td>Increase the external customer satisfaction index by 25% in three months.</td>
<td></td>
</tr>
<tr>
<td>Address customer complaints with the 5-step process in 95% of complaint situations.</td>
<td></td>
</tr>
<tr>
<td>Perceive the absenteeism control policy to be fair.</td>
<td></td>
</tr>
<tr>
<td>Achieve a leadership simulation score average of 75 out of a possible 100.</td>
<td></td>
</tr>
<tr>
<td>Conduct a performance review meeting with direct reports to establish performance improvement goals.</td>
<td></td>
</tr>
<tr>
<td>Provide a 4 out of 5 rating on appropriateness of the new ethics policy.</td>
<td></td>
</tr>
<tr>
<td>Decrease the time to recruit new engineers from 35 to 20 days.</td>
<td></td>
</tr>
<tr>
<td>Complete action plans in three months.</td>
<td></td>
</tr>
<tr>
<td>Perceive the flextime work schedule system as influencing their intent to remain with the organization.</td>
<td></td>
</tr>
<tr>
<td>Be involved in the career enhancement program at a rate of 15% of all employees.</td>
<td></td>
</tr>
<tr>
<td>Decrease the amount of time required for project managers to complete a project.</td>
<td></td>
</tr>
<tr>
<td>Achieve a post-test knowledge score increase of 30%.</td>
<td></td>
</tr>
<tr>
<td>Use the new software daily, as reflected by an 80% score on an unscheduled audit of use.</td>
<td></td>
</tr>
<tr>
<td>Submit ideas or suggestions for improvement in the first year (10% objective).</td>
<td></td>
</tr>
</tbody>
</table>

_The answers are located in Appendix B._
Defining Roles and Responsibilities

There are many stakeholders involved in the learning and talent development process, and they all have a role in delivering results. For the purpose of this section, they have a role in creating the expectations for success. Figure 4-9 shows the different stakeholders, and under each stakeholder listing is a set of numbers. These numbers represent the objectives they need to drive their work and the success of the program.

**Figure 4-9. The Objectives Needed for Important Stakeholders**

Analysts
- L₀, L₁, L₂, L₃, L₄

Designers
- L₀, L₁, L₂, L₃, L₄

Developers
- L₁, L₂, L₃, L₄

Sponsors
- L₀, L₁, L₂, L₃, L₄, L₅

Facilitators
- L₁, L₂, L₃, L₄

Participants
- L₁, L₂, L₃, L₄

Managers of Participants
- L₀, L₁, L₂, L₃, L₄

Program Owners
- L₀, L₁, L₂, L₃, L₄

Evaluator
- L₀, L₁, L₂, L₃, L₄, L₅

Analysts

The role of the analyst (sometimes referred to as performance consultant) is to align the program to the business needs in the beginning by selecting the proper solution. Part of this process, as explained in Chapters 1 and 2, is to develop the objectives. The objectives, ranging from Level 0 (input) to outcomes at Level 1 (reaction) to Level 5 (ROI), essentially create the expectations from the program, clearly defining minimum expectations at
each level. ROI objectives are usually developed when an ROI evaluation is planned. These objectives are approved by the requestor (or key sponsor), SMEs, and the program owners, confirming that it is possible to achieve the objectives with this program and audience within the time frame. The objectives are created in a principal document using the SMART format (Specific, Measurable, Achievable, Relevant, and Time Based.)

**Designer**
The designer role focuses on creating the solution in a way that will maximize results. Having Level 3 and 4 objectives provides clear guidance for the designer so that they can ensure that the right audience is there in a convenient time and place, the proper reaction is realized, the skills and knowledge are acquired easily, the application is feasible, and, finally, that the desired impact is achievable.

**Developer**
In concert with the designer, the developer actually acquires or writes the content based on the skills and knowledge needed in the program. The content is driven by multiple levels of objectives (Level 1–4) and the need to develop materials that will clearly help the participants successfully achieve those objectives at each level. The flow and sequencing of the content is arranged to ensure there is proper learning. At Level 3, job aids, application tools, templates, and action plans are developed as a way for participants to clearly see the expectation of use on the job. Examples, cases, and scenarios show the participants why they are there, with typical impact data from impact objectives.

**Program Manager**
The program manager is the person who owns the program and communicates information about it to all stakeholders. Armed with objectives at Levels 1 to 4, program managers prepare communication, correspondence, and materials that are all focused on the desired results, particularly at Level 3 and Level 4. Program managers can be very influential, creating the expectation of results. They remind the participants that the program is not successful unless the content of what they are learning is actually used on the job, and there is a corresponding impact in their work.
Facilitator
The facilitator’s role is to explain, encourage, and validate expectations, because they have Level 1–4 objectives. In the past, facilitators operated from Level 2 objectives to teach the skills and knowledge and measure improvements in the session, to ensure that participants have learned the content. Most are very comfortable with that role, because they have control over learning. But that must change when the program has Level 3 and 4 objectives. The facilitator may resist these higher levels of the objectives because of the perceived lack of control. While facilitators cannot control what happens on the job with the participant, they can influence it. Facilitators can discuss application, explain how the content should be used, and provide tips and advice based on their experience with the use of the content. They can provide documents to help plan for application. They can discuss the importance of impact and the typical impacts from these types of programs. They are now teaching to Level 3 and 4, pushing the discussion beyond learning.

Participants
While the other stakeholder groups are there to expect and support success, the participants must deliver the results. If they don’t, this has been a waste of time from the organization’s perspective. Participants need expectations clearly defined, with objectives at Levels 1 to 4. Level 1 objectives show the expected reaction as participants shape their perception of the program. Level 2 objectives clearly show them what they must learn, how they demonstrate the learning, how long it should take, and to what level they must achieve. Level 3 objectives clearly define what participants should be doing with what they have learned, how they should use it, how often they should use it, and the success they should have with it. Those important issues can otherwise be a mystery. Level 4 objectives address the impact. Participants should not complete a program and be left wondering “Why are we here?” Level 4 objectives describe the impact the program will have and whether that impact represents an improvement in a measure or maintaining their good record.
Chapter 4 – Expect Success: Designing for Results

Sponsor
The sponsor is the individual or group who wants this program. They have supported, requested, or funded it. They are very interested, and they are powerful and influential. Sponsors will have objectives at all levels provided to them, including Level 5 if the project will be evaluated at the ROI level. Sponsors often drive these expectations and analysis. Impact and ROI objectives will be developed in the discussions with the sponsor during the initial analysis phase. They have expectations and communicate them in correspondence, discussions, and kick-off sessions.

Managers of Participants
The participants’ managers are perhaps the most influential group when it comes to ensuring that participants are using what they have learned and there is a corresponding impact. They must be involved in the process of creating an expectation before the program and following up afterwards to make sure that expectation is met. Manager activities are necessary (and will be described later in Chapter 6, “Making It Stick”) to ensure the transfer of learning actually takes place and the material is used on the job.

Top Executives
The top executives set the tone for expectations of results, defining the success of learning at the impact and ROI levels. They often review results, creating goals and challenges along the way to manage for value. They are involved in programs and create expectations with their comments, memos, and speeches as well as their facilitation when they are teaching, pushing success to Level 3 and Level 4.

Evaluator
Whether full-time or part-time, the evaluator will collect data along each of the four levels. They will need the four levels of objectives, and if the program is set for an ROI evaluation, the evaluators will also need data for the ROI calculation. The evaluator positions evaluation as process improvement for the program and provides participants and their managers with data to see the value of this program.
Other Stakeholders

Other stakeholders may be appropriate within your system. If so, the important point is to define the other stakeholders and communicate Level 1 to 4 objectives as they are developed, so these people can clearly see where the program is going and their role in its success. Then they can help create the expectations from their perspective.

Keep It Sensible

We realize that there are many defined roles and stakeholders. For large organizations, these are clearly defined in job titles and full-time responsibilities. In others, particularly in smaller organizations, many of these roles are accomplished by one individual. Even if one person has four different roles in the process, when they are in those roles, they have to think about the issues that are described in this section. So let’s keep a sensible approach here. We are not suggesting added staff, only clarification of the roles established. The power of these objectives to make a difference in those roles will drive the needed business success.

What Must Change

This chapter shows what must change in three categories. First, the definition of success for learning and talent development must change. The new definition pushes success beyond having a great reaction and acquiring the knowledge and skills all the way to actually applying the learning on the job and having an impact on the job.

Second, it is necessary to recognize that designing for business results involves design thinking at each level (0, 1, 2, 3, 4, and 5). Specific actions designed to achieve the desired outcomes must be taken at each level.

Third, expectations must be created with objectives at each level. The objectives are SMART statements that define success. Ideally, they are needed for reaction, learning, application, and impact. If the ROI is pursued in a program, then an ROI objective is needed as well. The objectives at Level 3 and 4 are powerful, as they connect learning to the bottomline for all the stakeholders. We recommend developing these higher-level objectives for new programs. Although it may take a little more time, it provides much more focus for the program and helps to ensure that business results are delivered.
Chapter 4 – Expect Success: Designing for Results

References


Chapter 5

Make It Matter: Designing for Input, Reaction, and Learning

Designing for results involves the entire learning cycle. This fourth step of the results-based process focuses on designing and developing the program content. In the early stages, the program must be considered to be meaningful, memorable, and motivational—it must matter to the participants. This chapter focuses on Level 0 (the input to the program), and the first two levels of outcome data, Level 1 (reaction) and Level 2 (learning).

The design issues involve a variety of ways to communicate expectations, decide whom to involve and where to involve them, define the value of the program from participants’ perspectives, and design the learning to deliver the results needed.

Designing for results throughout the life cycle ensures that the focus is on results at every phase of the program and that the tools, templates, and processes are in place to ensure achievement of those results.

Los Alamos

True Story

When the Nobel Prize winning physicist Richard Feynman was still working on his graduate degree at Princeton, he was asked to oversee a group of engineers who were tasked, without much context, to perform an endless series of tedious calculations. The math wasn’t especially difficult for an engineer, but the work was very slow and full of errors. Growing more frustrated with the team’s performance, Feynman made a critical discovery that would dramatically alter the course of events. He realized the problem wasn’t the math but that the engineers were totally disengaged. So he convinced his superiors to let the engineers in on what he already knew—why
they were performing the calculations, and why they were sweating their tails off in the New Mexico desert—specifically, in Los Alamos, New Mexico. It was at that time that Feynman’s boss, Robert Oppenheimer, pierced the veil of secrecy that had surrounded the work and let the engineers in on the enormity of what they were doing. They weren’t simply doing routine math for some inconsequential lab exercise. They were performing calculations that would enable them to complete the race to build the atomic bomb before the Germans did.

Their work would win the war.

The workplace, the work, and the workers’ performance completely transformed once the task was imbued with meaning. From that point forward, Feynman reported that the scientists worked ten times faster than before, with fewer mistakes, and with fierce commitment.

Meaning matters. Obviously, not every workplace has as meaningful a backdrop as global conflict. However, when meaning-rich experiences are facilitated and the resultant energy is channeled toward work that truly matters, engagement and productivity will know no limits—and that’s something needed more than ever.¹

“Make it matter” is a critical concept for program input (who’s involved), reaction (how participants perceive it), and learning (what participants will learn). This chapter will show how to make it matter and communicate that to the individuals who will achieve success.

Communicating with Results in Mind
A chain of communications begins when initiating and designing a program. These communications describe the expectations of those involved in the program. The principal audience is the participants, who will make the program successful. The participants’ managers, who are expecting results in return for their employees’ involvement in the project, are also a target for information. At least four areas of communication are important.

Announcements
The initial communication for the program—whether an announcement, online blurb, email, or blog—should include expectations of results. No longer should the focus be on describing the program in terms of its content or
learning objectives. The focus is now on what participants will accomplish with a program and the business impact that it will deliver, clearly articulated. “What’s in it for me or my organization?” is more important than “what you will learn.” This clearly captures the results-based philosophy of a program.

Brochures
If the program is ongoing or involves a significant number of participants, brochures may be appropriate. A brochure is typical for programs in talent development, executive education, leadership development, process improvement, and major change projects. These brochures are often cleverly written from a marketing perspective and are engaging and attractive. An added feature should be a description of the results that will be or have been achieved from the program, detailing specific outcomes at the application level (what individuals will accomplish) and the impact level (the consequence of application). For major executive education, for example, an old-fashioned brochure would typically describe the beautiful location, outstanding keynotes, effective learning environment, and the wonderful facility. Results-focused brochures describe what participants will do and achieve as a result of the program. This additional content can be powerful and make a tremendous difference to the business results of the program.

Case in Point
The Indian School of Business (ISB), based in Hyderabad, India, was developed through formal partnerships with the Kellogg School of Management (Northwestern University) and the Wharton School of Business (University of Pennsylvania). ISB has been a very successful university for developing managers and leaders, and an important part of this is the executive education that is offered to the business community.

In an effort to distinguish itself from other business schools, the executive education division rebranded executive education as delivering results. The executive education team (faculty and coordinators) developed the capability to measure the success of their programs all the way to impact and ROI. Many of the ISB team members became ROI certified as they evaluated major executive education programs. With these evaluations in hand, they now have data that show what participants learn and what they accom-
plish on the job, demonstrating the impact that it has in their organizations, and yes, the actual ROI.

To attract new participants, the brochures were redesigned for some programs to focus on what individuals have been able to do and accomplish on the job (Level 3) and the impact it has had in their respective work (Level 4). Some of the brochures include a brief reference to the ROI study, indicating that a positive ROI has been achieved, with participants using the content at work.

Correspondence
Correspondence with participants before they become fully engaged with their program is critical. Memos, emails, and instructions should outline the results described in the announcements and brochures and focus on what individuals should expect when they join the program. Pre-work should focus on results, which gives purpose not only to the program but to the actual pre-work activities. Sometimes, participants are asked to bring specific examples, case studies, problems, measures, or business challenges. Communications should be consistent with the results-based philosophy, underscore the expectations and requirements, and explain what must be achieved and accomplished. Also, the request to provide feedback and document results is explained to participants, emphasizing how they will benefit from responding.

Workbooks and Participant Guides
Workbooks and guides are designed with higher levels of objectives in mind. Application and impact objectives influence the design of exercises and activities, as they emphasize results. Application tools are spaced throughout the workbook to encourage and facilitate action. Impact measures, and the context around them, appear in problems, case studies, learning checks, and skill practices.

Changing the Role of Participants
There is no one more important to achieving business success than the program participant. The participant is the person who is learning the necessary workplace skills and knowledge that will subsequently drive busi-
ness performance. It is this person’s availability, readiness, and motivation to achieve success that makes the difference. Sometimes, this begins with changing the role of this person, more clearly defining the expectations, and expanding expectations beyond traditional requirements.

The Necessity
Most programs and projects fail because the individuals involved did not do what they were supposed to do. While there are many barriers to achieving success, including those in the workplace, perhaps the most critical barrier is that the person involved didn’t want, didn’t have time, or didn’t see any reason to do what was necessary to achieve success. While they normally blame others, the participant may actually be the problem. The efforts of the participant must change. This requires clearer definition and documentation of their role.

Defining Roles
The first issue is to define the role of the participant, clearly outlining expectations. For formal learning and talent development, participants should always understand their specific roles. Participants should:

1. Be prepared to take advantage of the opportunity to learn, seeking value in any type of project or program.
2. Attend (or log on), be on time, engage fully, and be productive.
3. Seek the positives in the program and focus on how the content can be implemented.
4. Meet or exceed the learning objectives, fully understanding what is expected.
5. Share experiences and expectations freely, recognizing that others are learning from them.
6. Plan to apply what is learned in a workplace setting.
7. Remove, minimize, or work around barriers to application and success.
8. Apply the learning in a workplace setting, making adjustments and changes as necessary to be successful.
9. Follow through with the consequences of application, achieving the business impact from the program.
10. Provide data that shows both success and the barriers and enablers to success, when requested.
These expectations establish the participants’ role as fully engaged actors in the learning process with a focus on results. They suggest that the participants’ role is to seek business improvement through application of knowledge and skills gained in the program. Additionally, and most importantly, the role requires participants to provide data. It is only through participants’ efforts and subsequent information that others will recognize their success.

Documenting the Roles
The participants’ role should be clearly documented in several places. During a formal learning and talent development program, the name tent lists roles and responsibilities so that they are visible throughout the program. In other cases, the role is presented as a handout, outlining what is expected of the participant all the way through to impact results. Sometimes, it is included in the workbook material or participants’ guide, usually as the first page. It is also placed in program catalogs where the program descriptions are listed. The role can be included as an attachment to the registration documents as participants are enrolled in the program. It is often included in application documents as a reminder. Finally, some learning centers place the roles in each conference room so they are clearly visible. The key issue in documenting roles is to display them permanently and prominently so that they are easily seen and followed.

Creating Expectations
Defining the participants’ role creates the expectations of them. The challenge is to advise participants of these expectations and to avoid any surprises throughout the process. Participants resist surprises involving assignments, application tools, or action plans. Also, when a questionnaire, interview, or focus group is scheduled on a post-program basis, participants often resent these add-on activities. It is better to position any necessary actions or data collection as a built-in part of the process and not an add-on activity.

Identifying Measures Before the Program
For some projects, the participants will define the specific business measures that they need to improve. For example, in leadership development
programs involving cross-functional areas, participants are often asked to identify the business measures that matter to them, but only if those measures can be changed by working with their team using the competencies of the program. Although this approach may seem dysfunctional, it represents the ultimate customization for the participant, creating a learning experience that is valuable to them. The implementation of Lean Six Sigma, for example, requires participants to identify specific business measures that they want to improve by making a process more efficient or effective. In the classic GE workout program, pioneered by GE’s former chairman, Jack Welch, the participants identified specific projects that needed to improve.

All types of process improvement and performance enhancement efforts offer this opportunity, including negotiations, creativity, innovation, problem solving, communication, team building, coaching, leadership development, supervisor development, management development, and executive education. This creates an expectation, and it often receives a pleasant reaction from participants, because they now know they can focus on a measure that matters to them.

Involving the Managers
In addition to creating expectations directed at participants, it is important to involve their managers. Participants may be asked to meet with the manager to ensure that the manager has input into their involvement in the program. Sometimes, this includes an agreement about what must improve or change as a result of the program. One of the most powerful actions that can be taken is having the managers set goals with participants prior to the program.

- Messages from Executives.

As well as the immediate manager involvement, having other executives create expectations can be powerful. In most organizations, the top leaders are often highly respected, and their requirements or expectations are influential. Most executives are willing to communicate these expectations.

Case in Point
To make the first-level management team clearly understand the importance of safety and the improvements that need to be made, the CEO of an
iron and steel manufacturing company made an opening statement to the participants as they began their program. Citing the impact objectives for the program, the speech was conducted live and recorded on video in case the CEO could not make a live appearance in the future. This part of the opening speech positions the expectations for business connections. Here’s the message:

Thank you for taking the time to participate in this important program. I am confident that this is the right time and the right place to achieve some major safety improvements. Although we have a safety record that is among the best in the industry, there is still room for much improvement. We cannot accept any lost-time injuries, let alone a fatality in our workplace. This is unacceptable in our minds and in your minds.

We have a dozen business measures that you will review in this particular program. The focus of the program is to improve as many of these as possible. The measures will be ranked in the order of the seriousness in terms of pain and suffering for employees and also cost and disruption to the workplace. We expect you to make significant improvements in these measures.

During the program, you will be exposed to a variety of techniques and processes to achieve success. You have our support to make change in the workplace a reality. Here are the impact objectives for this program:

<table>
<thead>
<tr>
<th>Measure</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fatalities</td>
<td>50%</td>
</tr>
<tr>
<td>Lost-time injuries</td>
<td>12%</td>
</tr>
<tr>
<td>Accident severity rate</td>
<td>12%</td>
</tr>
<tr>
<td>OSHA-reportable injuries</td>
<td>13%</td>
</tr>
<tr>
<td>OSHA fines</td>
<td>18%</td>
</tr>
<tr>
<td>First aid treatments</td>
<td>23%</td>
</tr>
<tr>
<td>Near misses</td>
<td>16%</td>
</tr>
<tr>
<td>Property damage</td>
<td>29%</td>
</tr>
<tr>
<td>Downtime due to accidents</td>
<td>18%</td>
</tr>
</tbody>
</table>

You can do even better than this amazing performance. I have confidence in you. You have my full support. You have the full support of our safety and health team. And you have the full support of your operating executives. If
you have a problem or issue that needs resolving, and you are having difficul-
ty, contact my office and I will take care of it.

The improvement in these measures is on your shoulders. Only you can
do this. We cannot do it at a distance, and our safety and health team can-
ot do it alone. Your actions, with those of your employees, will make the
difference.

Good luck. We look forward to celebrating success with you.

When this speech was delivered to participants, all doubt regarding ex-
pectations was removed. The message was clear: They must learn new ap-
proaches and tools that they will use or implement, and ultimately, success
must be achieved at a business level.

Think ROI
We have seen it too often. An inexpensive solution fails to deliver results,
or an expensive solution exceeds expectations. This issue brings a focus to
both parts of the ROI equation: monetary benefits from learning and the
cost of the learning. The challenge is to address both sides. It could be that
the lowest-cost solution does not produce the best ROI results or that the
highest-cost solution delivers the best ROI results.

“Price is what you pay. Value is what you get.”
—Warren Buffett

ROI Review
While this is not true of all programs, some programs should be evaluated
at the ROI level. The ROI concept is a good way to think about the value of
any type of effort. All of us are faced with purchasing decisions from time to
time, and we often purchase an item, service, or product based on the per-
ceived ROI. Do we receive enough benefits from the purchase to justify its
cost? Ideally, we want more benefits than cost. When this occurs, we have a
positive ROI, representing a good purchase for us. This concept permeates
everything we do, as well as the business success for learning. Essentially,
the question constantly examined in this book is “How do we increase the
ROI from learning?”
To understand this, it is helpful to review the ROI calculation. The net monetary benefit is the program monetary benefits minus the costs. Net implies how much is made off of this project, and the cost is the full cost of the project, including both direct and indirect costs. ROI equals net monetary benefits divided by costs, multiplied by 100. In formula form, the ROI is:

$$\text{ROI (\%)} = \frac{\text{Net Program Benefits}}{\text{Program Costs}} \times 100$$

The unique thing about this calculation is that it aligns with the ROI calculation in finance and accounting books. In a finance book, ROI equals earnings (how much is made off of the project) divided by investment, multiplied by 100.

**Case in Point**

IAMGOLD, a gold mining company based in Toronto, conducted an ROI study involving almost 1,000 first-level managers. The purpose of the program was to better engage employees, help them set and achieve goals, and produce results. Each manager identified two specific business measures important to their team. These measures were the focus of the leadership program. The program produced monetary benefits for a specific sample of $9,915,532 with a cost of $2,226,660, resulting in the ROI calculation below:

$$\text{ROI (\%)} = \frac{$9,915,532 - $2,226,660}{$2,226,660} = 3.45 \times 100 = 345\%$$

**Actions to Take**

To maximize ROI, these actions are possible:

1. Increase the monetary benefits so that a given learning and talent development program produces more results at the business level.
2. Lower the costs of the learning and talent development program when all the costs are included.
3. Address both the numerator and the denominator by improving monetary benefits and lowering the costs.
This chapter explores the learning process in three levels of measurement: Levels 0 (input), 1 (reaction), and 2 (learning). It describes specific actions resulting from these data to increase monetary benefits, lower the program costs, or both.

**Design Input for Results**
Although input is usually classified as volume, costs, and time, there are many variations and breakdowns within these measures, with the most important ones covered here.

**Target Audience**
The target audience is important for both monetary benefits and costs. It is important to select the right participants for a program. In some cases, it is immediately clear. Sales representatives need to be involved in a sales training program. Machine operators are involved in machine operator training, and managers are involved in management development. However, some audiences are not so clear. For example, a program titled “Influencing Others When You Are Not in Charge” is relevant to a wide variety of audiences.

General target audience categories need to be defined, even for open enrollment programs. The key is to clearly communicate to potential participants, the managers of those participants, and others who may be interested. Participants should be in a position to benefit most from the learning. If the wrong audience is chosen, problems will occur. When a participant does not have an opportunity to use the content, this represents a loss for the program; to be exact, it is a negative 100% ROI for that participant. There will be no monetary benefits, yet there will be costs. The wrong audience lowers benefits and raises costs, and this has a dramatic impact on the ROI of the program.

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**Case in Point**
In our work with a large oil company located in Indonesia, on the island of Sumatra, we experienced an interesting dilemma. When a new learning program was developed for a particular work unit, the leader of the work unit made the decision of who should attend, which is quite normal. However, the criteria for that selection were not so normal, and the people who
attended were selected based on seniority in the unit. The most experienced individuals took the training first. If there were many senior people, they would all take the training. In many situations, they ran out of budget, and some didn’t get to attend. You guessed it, those who didn’t get to attend were less senior and were often the people who needed it most.

Case in Point
In another example with a US military civilian workforce, we discovered that the people sent to a learning program were chosen based on their availability. While this seems like a rational way to think about learning, a deeper analysis revealed it was the people who could be easily spared. It was often a person in a role requiring basic skills, or an extra person in the unit, who could be available for these kinds of assignments. The problem was they were having a very high percentage of people attending who were not in the position to actually use the skills. The manager of the unit believed they were in compliance with the request to send people to training by simply sending anyone. In reality, they were not sending the right person, thereby wasting money.

The Need
Although this seems obvious, it is still a persistent problem for many organizations. Do participants really need the skill or knowledge presented in a program? While the program may be designed for a particular job group, and the people in this job group need this particular skill, some individuals may not need it, some may already have it, and some may need only parts of it.

This can be difficult to sort out from a process perspective. Perhaps the best way to tackle this is to determine who has the skills in advance, using an assessment from the manager or a demonstration of skills or competencies. This raises an important question, “If participants can demonstrate that they already know the content, should they attend?” The obvious answer is “no.” However, in practice, decisions are routinely made requiring every individual in a particular job to attend the program. This lowers the ROI.

Fortunately, this practice is changing. More and more organizations are
having employees “test out,” demonstrating they can perform tasks or do the job using skills and knowledge from a program. This works extremely well with technology-based learning, where participants can take only the modules that they need. Sometimes, a higher-level manager, who has the impression that no one knows how to perform properly, wants every person in the unit to take the program. While this may be helpful in terms of teamwork and cohesion, it adds to the costs with little or no extra benefits, and it minimizes the ROI.

Timing
Timing of participation is another important opportunity that can have an effect on both the program benefits and costs. Timing refers to when participants should take a learning program, relative to their need for it. Problems develop when a person needs the skill and they haven’t participated in the program yet or they participated in the program too early to use it because they are not yet in the position.

This is a challenge when developing new team leaders. In some organizations, a development program for new managers is offered infrequently because of convenience, scheduling logistics, or number of candidates. They may offer only one program each year for all new managers promoted in the last year. Sometimes, new managers have floundered while waiting for the program or developed bad habits that needed to change. This challenge can often be handled with the help of technology, coaches, and mentors. The important point is to realize that placing employees into a new role without training can be inefficient and ineffective, lowering the ROI.

Duration
Duration can be a tricky issue with regard to the effectiveness (benefits) and efficiency (costs). The duration refers to the amount of time devoted to the actual learning, whether it’s technology-based learning, classroom-based, or some combination. If the duration is too short, the person may not acquire the knowledge they need, and their performance resulting from the program may be lacking. This lowers the impact, ultimately lowering the monetary benefits and reducing effectiveness and the ROI. If the duration is too long, it adds to the cost of the program, increasing the denominator and reducing the ROI. Duration should be set from the perspective of maximizing the ROI.
Place
The place where learning occurs is an important influence on the ultimate ROI. If it’s in a classroom, it is often expensive. If there is travel involved, it is even more expensive. Technology can remove at least a portion of the classroom cost (if not all of it) and the travel costs, which can dramatically lower the total cost. However, this has to be compared to the success of the program. While it may be desirable to offer technology-enabled learning, because it removes much of the delivery costs, it may not be effective learning. It is important to demonstrate the same impact result from an e-based program as with face-to-face offerings.

Convenience
Closely related to place is the convenience of learning. Often, eLearning and mobile learning are very convenient, because they are readily available. Even classroom learning is sometimes more convenient, if it is in the same building or nearby, so travel is avoided. If the learning is inconvenient, this may affect the motivation to attend and learn.

Motivation
Motivation is important, because it spans what you do before the program is delivered (input), how the participants see value in the experience and content (reaction), and the nature of the content (learning). Too many participants are not motivated to learn new content. If they are unmotivated, the odds of them delivering results on the job are very low. Without motivation, there will be no positive ROI. So what causes learners to be motivated? There are many factors, as described in a great deal of research and publications.

Michael Allen, an expert on building motivational eLearning programs, offers seven keys to motivation:
1. Build on anticipated outcomes.
2. Put the learner at risk.
3. Select the right content for each learner.
4. Use an appealing context.
5. Have the learner perform multi-step tasks.
6. Provide intrinsic feedback.
7. Delay judgment.
Readiness
Readiness means that participants are fully prepared for learning, have been informed of the expectations, have completed all the pre-work and necessary prerequisites, and are in a role to use the skills as soon as they complete the program. If they are not ready, their output will obviously be diminished. When that occurs, the monetary benefits (effectiveness) will be minimized. If they are ready, the likelihood of on-the-job success is enhanced.

Conclusion
As this brief description has emphasized, many types of input can have a dramatic effect on either the effectiveness or efficiency of the program. Input must be properly managed throughout the process, and this involves a variety of different individuals performing system checks to make it work. Figure 5-1 shows a checklist of the items that can influence the success of the right and fully prepared participants with the right mindset at the right time.

Figure 5-1. Examples of Input

<table>
<thead>
<tr>
<th>This Program Must Be:</th>
<th>Parameter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conducted with at least 100 participants per month.</td>
<td>Volume/Staffing</td>
</tr>
<tr>
<td>Completed with an internal team of no more than 12 full-time equivalents.</td>
<td>Volume/Staffing</td>
</tr>
<tr>
<td>Implemented as a pilot project only.</td>
<td>Scope</td>
</tr>
<tr>
<td>Contained in the product testing phase only.</td>
<td>Scope</td>
</tr>
<tr>
<td>For sales staff only.</td>
<td>Audience/Coverage</td>
</tr>
<tr>
<td>For new exempt employees.</td>
<td>Audience/Coverage</td>
</tr>
<tr>
<td>Initiated by March 1.</td>
<td>Timing</td>
</tr>
<tr>
<td>Completed by September 1.</td>
<td>Timing</td>
</tr>
<tr>
<td>Conducted in less than three days.</td>
<td>Duration</td>
</tr>
<tr>
<td>Completed with no more than three hours in a meeting.</td>
<td>Duration</td>
</tr>
<tr>
<td>Within 3% of each region’s budget.</td>
<td>Budget/Costs</td>
</tr>
<tr>
<td>Less than $1,000 in cost per person.</td>
<td>Budget/Costs</td>
</tr>
<tr>
<td>Designed at a ratio of no more than 10 hours per one hour of content.</td>
<td>Efficiency</td>
</tr>
<tr>
<td>Devoted to advanced negotiation skills.</td>
<td>Content</td>
</tr>
</tbody>
</table>
This Program Must Be: | Parameter
---|---
Focused on new technology 80% of the time. | Content
Originated based on thorough needs analysis. | Origin
Implemented to support new processes and practices. | Origin
Implemented with blended learning. | Delivery
Conducted at a resort on the Gulf Coast. | Location
Implemented in the Midwest only. | Location
Implemented without disruption of work. | Disruption
Seamless with customers. | Disruption
Integrated with existing online systems. | Technology
Using a virtual project management tool. | Technology
Implemented with no more than 50% outsourcing. | Outsourcing

**Design Reaction for Results**

Reaction, the first level of outcome measurement, is the most measured level in the learning and talent development field. Yet, as described earlier, it is the least desired outcome measure of the sponsors of the program, the top executives. So does it have value? The short answer is “yes.” It holds much value, because it is the first indicator of success or failure. When collecting data at this level, you know the potential of a program immediately. You also know what potential roadblocks lie ahead. An adverse reaction is a good indicator that participants will not apply what they learn back on the job.

While having the right reaction is critical, it often gets less attention from executives, as evidenced by the way reaction is often labeled smile sheets or happiness ratings. But it’s much more than that. Let’s review some of the key issues of measuring at this level.

**Topics to Measure**

Figure 5-2 shows potential topics that have been or could be measured to capture reaction. What should be measured? It is helpful to divide the topics into experience and content. The experience is what makes participants feel good about the program, and this includes the learning environment, the registration process, the facilities, and the facilitator. Experience makes people feel good about the process of learning. However, unless the experience is horrible, it will have limited effect on the learning content.
Content is more important, so much so that we suggest about 80 percent of the questions on an end-of-program survey be content related and only 20 percent experience related. It’s the content and the use of the content that will drive the necessary business value. The focus should be on content questions such as relevance to your work, importance to your success, and intent to use. Experience is important, but only as much as it influences the relevance and usefulness of the content. Even then, if the experience is not going so well, adjustments can be made on the fly. With eLearning programs, if the eLearning is not user-friendly, or the technology keeps dropping, adjustments are made. If the registration process is inadequate, you improve it.

Content questions are important to the organization. Some measures are more meaningful than others because of their predictive capability. The items with an asterisk on Figure 5-2 are those that have a significant correlation with application. This means that on a classic 5-point scale, a 4 should correspond to a 4 on extent of use, where 1 is not at all likely to use and 5 is very significant use.

**True Story**

The difference in experience and content is easily visualized with an interesting example. A very large global NGO was considering a common leadership program for all of its different agencies. Previously, each agency had its own leadership program, and they decided to replace it with one pro

<table>
<thead>
<tr>
<th>Ready</th>
<th>Powerful</th>
<th>Intent to use*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Useful</td>
<td>Leading edge</td>
<td>Learning environment</td>
</tr>
<tr>
<td>Necessary</td>
<td>Just enough</td>
<td>New information*</td>
</tr>
<tr>
<td>Appropriate</td>
<td>Just for me</td>
<td>Overall evaluation</td>
</tr>
<tr>
<td>Motivational</td>
<td>Efficient</td>
<td>Content</td>
</tr>
<tr>
<td>Rewarding</td>
<td>Easy/difficult</td>
<td>Delivery</td>
</tr>
<tr>
<td>Practical</td>
<td>Service</td>
<td>Facilities</td>
</tr>
<tr>
<td>Valuable</td>
<td>Relevant*</td>
<td>Facilitator</td>
</tr>
<tr>
<td>Timely</td>
<td>Important to success*</td>
<td>Recommend to others*</td>
</tr>
</tbody>
</table>
gram so that they would have leaders operating as one in a particular country. The assignment was given to the head of learning and development, and the project was put out for bid with a request for proposal (RFP). The proposal included only the competencies that they wanted to develop. The RFP required the program to be developed in detail, with a participants’ guide, auxiliary handouts and materials, and a facilitator’s guide. It would be taught twice by the developers and then handed off to the agency.

The bids were received, and the school of business for a European university got the project and proceeded to develop the program. After the program was implemented, the head of learning for the organization, Fernando, wanted to collect feedback directly from the participants. At the end of the five-day program, Fernando asked the faculty to leave the room. He wanted to collect data on five predictive measures. But first, he asked the participants a straightforward question, “What did you like about this program?”

One person responded by saying, “We love this facility for this program.” (It was conducted in a completely refurbished and redecorated facility with beautiful artwork that had been donated to that agency by a large Italian bank.) “This was a beautiful place to conduct this program, and we appreciate having it here.”

Fernando continued, “So what else did you like?”

Another participant said, “We loved the food you provided. This country is in the slow-food movement, and we sampled the regional cuisines during this program. Thanks for providing this.”

Fernando continued, “What else did you like?”

Another person said, “We really appreciated the cocktail hours at the end of each day. It provided us an opportunity to network and get to know each other much better. So, thank you for offering them.”

“So, what else?” Fernando asked with a little frustration.

Another participant said, “We appreciate the opportunity to have all the recreation, ranging from golf to tennis, right here at the facility. Thank you for allowing us to do that and for having that readily available.”

Now Fernando was a little concerned. What he just heard would be four reactions about the experience. He needed to hear more about the content, so he turned directly to the questions. He started with relevance and said, “So, is this program relevant to our context?”
The first person replied, “Not necessarily; it is interesting, but the examples are from the business school. After all, that’s their background, and it just doesn’t seem to fit our scenario.” This same sentiment was echoed by a couple of others. Now Fernando felt disappointed and concerned. He had nothing yet that would connect to impact later. He moved on to the question that he thought was the most important, the intent to use.

He asked, “Do you intend to use this in your agency?”

With some hesitation, someone said, “Well, probably not, because it doesn’t fit so well with our needs. But they are interesting concepts.” No one said that they would probably use it. Some participants said they would think about it, but no one was firm in their commitment.

So Fernando did something that most would not do in his place. He actually discontinued the program and went back to the drawing board. He knew that if the program was not perceived as relevant, and the participants did not intend to use the content, the program would fail. He had to go back to the head of the NGO and ask for more money, which was an unpleasant task. This left his reputation a little tarnished with the top executives. In the next funding discussion, the funders placed the requirement that this program must deliver a positive impact. Otherwise, the invoice would not be paid.

Fernando assembled a group of experts to work on the new version. Each person was knowledgeable about the process in this book. They quickly focused on the reason for the failure. No objectives were in the RFP. Having objectives at all four levels would have made the difference. In fact, just having reaction objectives for relevance and intent to use would have made the difference. Armed with the two objectives, the designer, developer, and facilitators would spring into action and make the content relevant (with actual examples) and intent to use would be high (with action plans and job aids). Reaction objectives based on content are powerful. Add learning, application, and impact objectives, and the program is now very focused on application and impact outcomes. The next implementation was very successful, exceeding objectives at these levels.
Measuring Reaction
As mentioned earlier, reaction is the most common type of measurement in learning and development. Reaction is usually measured on a 4-, 5-, 7-, or 10-point scale. The challenge is to keep it simple, limit the number of questions, and use forced-choice questions with space for comments.

Most organizations use technology to measure reaction, and that’s important. Technology allows for easy data collection, analysis, and reporting. The downside is that it adds costs, but its value is in time savings and convenience. We recommend 100 percent measurement at this level, so this can be a massive amount of data for a larger organization. The key is to make the data easy to collect and easy to use.

One issue to consider when measuring reaction is timing of data collection. Most learners understand the problems of trying to capture these data at the end of the program. Participants are in a hurry. They are sometimes influenced by the facilitator, and they may give incomplete or inaccurate responses that do not provide credible data. The benefit of technology is that questionnaires can be readily available immediately when participants return to work. The downside is the response rate may go down dramatically.

Another issue concerning timing is whether the measurement should occur before the program, during the program, after the program, or all three. This is an interesting issue, because reactions often change. Even before they come to the program, participants can provide a reaction to the concept, and this initial reaction may be very interesting and useful. Typically, data collection at this level occurs at the end of the formal learning session, when the reaction has been influenced by the learning. Learning is designed to influence reaction so that participants can see it as relevant, important to their success, and easy to use after they have experienced it. But, sometimes, the desired reaction won’t be fully developed until application and impact, several weeks or months after the program. At times, this time frame is necessary to capture the desired reaction.

Case in Point
In one large government agency in the USA, a new method for processing disability claims was implemented with the use of technology. It was introduced in an eLearning program. Participants took the program, but they did not see a need for this change. They liked their old way better and
didn’t see value in this new process. Even at the end of the program, they felt the same way. But the designers and developers knew that eventually they would see the value. They made adjustments that repeatedly pointed out that, in a month, people will realize this new process is most important. In fact, it was built into the expectation. Sure enough, on a follow-up survey, the participants all loved it and would not go back to their previous method. But they didn’t know that until they tried it on the job and experienced the time savings, the convenience, and the public satisfaction with the process.

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**Using the Reaction Data**

Data are for use, not just sheer existence. They indicate what is working and what is not and should lead consumers of these data toward action. Statistical process control considers upper and lower limits as markers for action. For example, if you are using a 5-point scale, you may want to know what causes reaction to go beyond four and what causes it to drop below three.

The actions may include changing objectives, redesigning content, adjusting the pre-work, modifying the expectations, or informing the facilitator. A variety of reasons exist for scores to be more or less than the target. The reasons may involve several stakeholder groups, including analysts, designers, developers, facilitators, program owners, or organizers. The important point is to monitor the critical data reflecting reaction measures that link to application data.

**Forecasting ROI**

Occasionally, it may be important to have participants forecast improvement in business measures, including the ROI. This process requires participants to think outside the classroom and consider how they will apply the learning and the benefits that they will bring to the organization. A supplemental form to the standard end-of-course questionnaire provides space for participants to list planned actions and potential impacts of these. Participants explain their estimates of impact measurement and monetary values. This activity should be reserved for those participants who can understand the connection between the learning and the impact as they use the content on the job. In addition to collecting their planned actions, forecast impacts, and the estimated monetary value, participants describe their
basis for arriving at these numbers and the confidence in their estimate on a scale of zero to 100 percent (where zero is no confidence and 100 percent is certainty). Figure 5-3 illustrates a version of this supplemental form.

The exercise below is an example of how this process works.

**Figure 5-3. Supplemental Form Example**

**Planned Improvements—Forecast ROI w/ Level 1**

1. Please indicate what you will do differently on the job as a result of this program (please be specific).
   a. ______________________________________________________________________________________
   b. ______________________________________________________________________________________
   c. ______________________________________________________________________________________

2. What specific measure(s) will improve? _________________________________________________

3. As a result of any change in your thinking, new ideas, or planned actions, please estimate (in monetary values) the benefit to your organization (i.e., reduced absenteeism, reduced employee complaints, better teamwork, increased personal effectiveness) over a period of one year. ____________________________
   a. What is the basis of this estimate? ______________________________________________________
   b. What confidence, expressed as a percentage, can you put in your estimate? 
      (0%=No Confidence; 100%=Certainty) ___________________________________%

---

**Exercise**

**M & H Engineering and Construction Company**

M & H is involved in the design and construction of large commercial projects, such as plants, paper mills, and municipal water systems. Safety is always a critical issue at M & H and usually commands much management attention. To improve the current level of safety performance, a two-day safety awareness program was initiated. The program focused on safety leadership, safety planning, safety training, safety meetings, accident investigation, policy and procedures, standards, and worker’s compensation. Each participant had a dozen safety measures that they could target for improvement, and the cost of each measure was presented in the program.

At the end of the program, participants completed a comprehensive questionnaire that asked about specific action items planned and the mon-
etary value those actions would contribute to M & H. In addition, participants were asked to explain the basis for estimated values by including the specific measures that would improve. To adjust for error in their estimate, they were asked to state their confidence in those values. The following data are from the first group of participants.

<table>
<thead>
<tr>
<th>Participant Number</th>
<th>Estimated Value</th>
<th>Basis</th>
<th>Confidence Level</th>
<th>Adjusted Monetary Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$20,000</td>
<td>Reduction in accidents</td>
<td>90%</td>
<td>$18,000</td>
</tr>
<tr>
<td>2</td>
<td>9,000</td>
<td>OSHA-reportable injuries</td>
<td>80%</td>
<td>7,200</td>
</tr>
<tr>
<td>3</td>
<td>50,000</td>
<td>Accident reduction</td>
<td>70%</td>
<td>35,000</td>
</tr>
<tr>
<td>4</td>
<td>10,000</td>
<td>First aid/doctor visits</td>
<td>60%</td>
<td>6,000</td>
</tr>
<tr>
<td>5</td>
<td>45,000</td>
<td>Reduction in lost-time injuries</td>
<td>95%</td>
<td>42,750</td>
</tr>
<tr>
<td>6</td>
<td>Millions</td>
<td>Total accident cost</td>
<td>100%</td>
<td>0</td>
</tr>
<tr>
<td>7</td>
<td>75,000</td>
<td>Worker’s compensation</td>
<td>80%</td>
<td>60,000</td>
</tr>
<tr>
<td>8</td>
<td>7,500</td>
<td>OSHA citations</td>
<td>75%</td>
<td>5,625</td>
</tr>
<tr>
<td>9</td>
<td>60,000</td>
<td>Reduction in accidents</td>
<td>30%</td>
<td>18,000</td>
</tr>
<tr>
<td>10</td>
<td>30,000</td>
<td>Worker’s compensation</td>
<td>80%</td>
<td>24,000</td>
</tr>
<tr>
<td>11</td>
<td>15,000</td>
<td>Reduction in total accident costs</td>
<td>90%</td>
<td>13,500</td>
</tr>
<tr>
<td>12</td>
<td>20,000</td>
<td>OSHA fines/citations</td>
<td>70%</td>
<td>14,000</td>
</tr>
<tr>
<td>13</td>
<td>40,000</td>
<td>Accident reductions</td>
<td>60%</td>
<td>24,000</td>
</tr>
<tr>
<td>14</td>
<td>4,000,000</td>
<td>Total cost of safety</td>
<td>95%</td>
<td>0</td>
</tr>
<tr>
<td>15</td>
<td>65,000</td>
<td>Total worker’s compensation</td>
<td>50%</td>
<td>32,500</td>
</tr>
<tr>
<td>16</td>
<td>Unlimited</td>
<td>Accidents</td>
<td>100%</td>
<td>0</td>
</tr>
<tr>
<td>17</td>
<td>45,000</td>
<td>Injuries</td>
<td>90%</td>
<td>40,500</td>
</tr>
<tr>
<td>18</td>
<td>2,000</td>
<td>Visits to doctor</td>
<td>100%</td>
<td>2,000</td>
</tr>
</tbody>
</table>

Total Adjusted Monetary Benefit $343,075

Consider the following questions.

1. What strategy do you recommend to analyze the data?
2. How reliable are the data?

___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________

3. How could you use the data?

___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________

As far as strategy to analyze the data, some adjustments were made, such as tossing out extreme items, such as the $4,000,000 value, and throwing out those responses that did not reflect actual values. Additionally, the estimated values were adjusted for the reported confidences. For example, in the $10,000 improvement with an 80 percent confidence, the final value is $8,000, after adjusting for the error in the estimate.

For the second question, an initial response is likely that the data are unreliable but indicate some value. The results are directly from the participants themselves. In that respect, there is some credibility, because this is what they think they can achieve with what they learned from the program. They are not committing to the level of improvement. Rather, they are forecasting the improvement, assuming it can occur if all things come together back on the job.

Finally, the last question regarding use of data usually provokes several discussion items. These results have value for select programs for the following reasons:

1. They provide executives better data for Level 1 than are often seen. Remember, reaction is the least valuable information for top executives. These data are more meaningful to executives, because they connect the program to business data.

2. These data might build support for a follow-up evaluation. Sometimes, there is no executive support for a follow-up evaluation. When we present this type of data to executives, we are often told “I don’t believe it.” We respond, “We don’t believe it either. Why don’t we check to see? Are you willing to help us secure follow-up data?” The answer is almost always “yes,” because they are now curious as to whether or not the forecast is met.
3. These data are excellent to compare to a follow-up evaluation to see the relationship between the two (when the follow-up can be arranged). This is a forecast, and the question is, “How does that forecast compare with the actual result when you do a follow-up?” Ideally, there should be a relationship. One large banking organization collected this type of data for an advanced negotiations program for commercial loan officers. When they collected follow-up data later, they noticed about a 50 percent reduction between the forecast and follow-up. This is what we call the “Monday morning” effect. Things that look great in the classroom or at the keyboard don’t look so good in the reality of work on Monday morning. So, if this reduction is consistent with repeated trials, there is a predictor of ROI at this point, with only a little investment of time.

4. Some organizations, such as Xerox and NCR (National Cash Register), have told us that they like to do this with certain programs, even if they did not actually analyze the data. They want to do this to create a mindset, letting participants know that the learning is not successful unless they have had an impact on the job. This is a great message, and this type of activity underscores the message in a big way.

So while reaction data are useful, and in some cases predictive, results-based program design focuses beyond that. To make a program truly matter, participants (and those who support them) should have the skills, knowledge, information, and insight that will enable them to apply that content on the job.

Design Learning for Results
Almost every project involves learning and will usually include the acquisition of serious knowledge and skills. A prerequisite to designing for results is to make sure that the program is designed for proper learning. This involves several elements.

Designing for learning and focusing on results are intertwined. As the program is designed for participants to learn the content, the focus ultimately shifts to the business results. Several areas need attention.
The Learning Style
Sometimes, it is helpful to understand the learning style of the participants for particular age groups. For example, programs that support Millennials and Generation Z can (and should) incorporate technology. Boomers, and most Generation X, on the other hand, as a group prefer face-to-face participative approaches (older groups often need visual or participative approaches). Taking inventory of learning styles can help ensure that the project or program is suitable for participants.

Sequencing and Timing
Sequencing the materials, from easy to hard, or for the natural flow of the learning, is helpful. Advanced material should be placed near the end. Small quantities of information should be presented sequentially, keeping a balance so not too much content is offered but making sure there is enough to keep the individuals challenged.

The materials for learning should come at the right time for the participant; ideally, this is just before they need to use it. If content is presented too early, it will be forgotten; if it is too late, they will have already learned another way to do it. Essentially, this challenge is to focus on achieving customized learning for the individual, following the J4 approach:
1. Just for me
2. Just in time
3. Just enough
4. Just right for the task

Design for Results
Designing for learning and focusing on results are intertwined. As the program is designed for participants to learn the content, the focus ultimately shifts to the business results. At least five areas need attention.

Activities
All activities in the session should focus on situations that define the application of what participants are learning, the consequences of their learning, or both. Breakout sessions, working groups, individual projects, and any other assignments should focus on the actions that participants will be taking on the job to achieve business success.
Skill Practices
Sometimes, participants will practice skills, where the focus is on the use of those skills and the subsequent outcomes. The situational context for the practice is critical for achieving business results. For example, if a learning session is focused on improving employee work habits, a distinct set of skills is developed for changing these habits. To provide the focus, an impact objective is needed to define the original problem that must be changed. In one setting, it was absenteeism and tardiness. With that objective known, the skill practices were designed to improve an existing measure of unplanned absenteeism and persistent tardiness, both captured in the system. Without the impact objectives, the skill practice could focus on situations where other unrelated and distracting work habits might be the problem, such as excessive talking, excessive texting, or improper dress code. In this particular example, those issues were not the problem. The impact objectives clearly defined the problem and signaled for the designer to include absenteeism and tardiness in the skill practices.

Simulations
When simulations are developed to measure learning, they should describe and connect with the ultimate outcomes. This extra effort makes the simulation as real as possible for application and keeps an eye on the consequences (business impact). For example, simulations with the use of software not only replicate what the participant is doing but report the time taken to accomplish steps (time), errors that are made along the way (quality), and level of accomplishment achieved (productivity). These simulations remind the individuals about the ultimate outcome, business results.

Problems
Some programs involve solving problems, particularly process-oriented programs. The problems provided should reflect a realistic connection to application and impact. The related activities should focus on an actual problem that participants will solve and the measures that they will improve, such as output, quality, cost, and time. For example, in an advanced negotiation program, participants were asked to solve a negotiation problem. Given the ultimate outcome needed for the negotiations (budget, delivery, and quality), the participants used the appropriate skill sets to ultimately achieve
their negotiations in a planned process. In solving the problem, participants had to identify the specific skill sets that would be used (application) and arrive at the correct amount for each outcome (business impact).

Case Studies
Case studies are often a part of programs, particularly for the learning and development field. Case studies rely on real situations to illustrate the point. Case studies should be selected that focus on the content, application, and impact for the program. Application items and impact measures should be scattered throughout the case study. The case study includes these, focuses on them, and often results in recommendations or changes to them. This reminds the audience of the ultimate impact that should be driven by the program.

This book represents the proper use of case studies to explain and visualize what success should look like. Readers are experiencing the value of the approach being referenced.

How Learning Works
A recently published book, *How Learning Works*, provides seven research-based principles for smart teaching. Although it was written from an academic perspective, it has broad implications for all types of learning. The authors of this important work define learning as a process that leads to change, which occurs as a result of experience and increases the potential for improved performance and future learning. This sets the stage for how important learning is to achieving a positive ROI. Learning is a precondition for application and impact, and it can also make it easier to attain them.

According to these authors, there are three critical components to this definition of learning. The first is that learning is a process, not a product. However, because this process takes place in the mind, we can only infer that it has occurred from participants’ performances. The second is that learning involves change in knowledge, beliefs, behaviors, or attitudes. This change unfolds over time; it is not fleeting but rather has a lasting impact on how participants think and act. The third is that learning is not something done to participants but rather something that participants themselves do. It is the direct result of how participants interpret and respond to their experiences—conscious and unconscious, past and present.

These critical components translate into seven principles of learning:
1. Participants’ prior knowledge can help or hinder learning.
2. How participants organize knowledge influences how they learn and apply what they know.
3. Participants’ motivation determines, directs, and sustains what they do to learn.
4. To develop mastery, participants must acquire component skills, practice integrating them, and know when to apply what they have learned.
5. Goal-directed practice coupled with targeted feedback enhances the quality of participants’ learning.
6. Participants’ current level of development interacts with the social, emotional, and intellectual climate of the course to impact learning.
7. To become self-directed learners, participants must learn to monitor and adjust their approaches to learning.

To conclude this section, is it helpful to understand what makes great learning. Allison Rossett and Kendra Shelton published a set of answers to this important question. Based on a tremendous amount of research and practice, here is the answer. Great learning:

1. Has strong purpose.
2. Touches hearts as well as minds.
3. Is active and engaging.
5. Is devoted to inclusion and opportunity.
6. Has shape.
7. Is measured.
8. Is human.
9. Is more than a moment in time.
10. Transfers to the workspace.

**What Must Change**

This chapter addresses effectiveness and efficiencies of learning through a design approach. “Make It matter” focuses on collecting data at the first three levels, 0, 1, and 2, and examining each measure or potential measure and making adjustments. Each adjustment will add monetary benefits, lower costs, or both. This is how to maximize the impact even in the early stages of data collection.
Chapter 5 – Make It Matter: Designing for Input, Reaction, and Learning

References
Chapter 6
Make It Stick: Designing for Application and Impact

There is no phenomenon more inhibiting to the success of learning than the lack of transfer of learning to the job. Unfortunately, there are many barriers to success, most notably a lack of support from the direct manager. At the same time, there are many enablers to success, most notably the support of the manager. Unfortunately, barriers and enablers are not addressed in a systematic way in many organizations, certainly not before learning implementation. The challenge is to address these in the beginning of, during, and after the program.

For too long, designers, developers, and facilitators have not fully adjusted to their role in driving application and impact. They have typically worked to create engaging content that interested and excited participants, but that role has changed. Designers and developers can make a difference as to whether participants apply the content and the extent to which it has an impact in their lives and work. They must step up to their responsibilities and drive application and impact. This is particularly critical for programs that have been converted to technology-based learning. A great facilitator can inspire, encourage, require, and insist on application and impact. Absent the facilitator, as in technology-based learning, designers, developers, and program administrators must take that role.

To know if a program is sticking, you need follow-up data. This chapter offers tips for designers, developers, facilitators, and others to design for success at the application and impact levels. Making it stick is the fifth step in the eight-step results-based model.
Fashion Stores, Inc.

True Story

With several successful brands and a position as a leader in the industry, Fashion Stores, Inc. (FSI) wanted more growth and profitability. Sales growth was not what the executives would like to see, and some operational issues had caused less-than-desirable profits. After detailed analysis of the issues, it was decided that the store managers needed to drive improvement in store performance by building teams and creating an environment where team members were fully engaged, satisfied with their employer, and perceived FSI as a great place to work. Essentially, the solution was a high-performance team program, preparing the store managers to create a compelling place to shop, a compelling place to work, and a compelling place to invest. Three important business measures—store growth, sales growth, and profitability—provided the business rationale for the program.

With this in mind, the talent development team designed the program to deliver results. They recognized that certain fundamental issues could be addressed at the convenience of the participants through eLearning modules. They also wanted the power of live presentations, networking collaboration, skill-building, and action planning in a high-impact, two-day workshop. From a design perspective, the transfer of learning to the job is the critical issue. To accomplish that, coaches were provided, technology support was made available, and manager involvement was critical. Action planning was used to capture and track results. Reporting results to the appropriate organization was the way to make sure that they were fully accountable for the results. The design for this program is shown in Figure 6-1.

The initial evaluation for the implementation of this program involved approximately 100 managers across four areas: Europe, South America, North America, and Asia. This group was evaluated all the way to the ROI level to show management the power of this program, to help make it even better, and to influence the allocation of funds for it in the future.

By design, this program was successful, delivering an impressive ROI of 133%.¹
This case clearly illustrates the need for programs to be designed with the results in mind. This means designing content, delivery, expectations, and mechanisms not only to make sure that the right people are there with the right content at the right time but to ensure that their implementation is fully supported and the content is transferred to the job, with application and business impact. This program was designed for impact and ROI from every perspective.

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**A Quick Review of Data Collection**

Before tackling strategies for making it stick, it’s helpful to review data collection methods that measure the success of the learning transfer. Data collection has relevance throughout the program cycle, both for reaction and learning data during the program and to confirm the effectiveness of the program via application and impact data in the follow-up. This chapter explores data collection methods, principles, and timing, with emphasis on application and impact, where the issue of “making it stick” is a concern. Data collection also reveals areas where the program isn’t working and opportunities for improvement. The focus on collecting data for impact and ROI analysis is in the next chapter.
Questionnaires and Surveys

The questionnaire is the most common method of data collection. Ranging from short reaction forms to detailed follow-up tools, questionnaires are used to obtain subjective information about the participants involved as well as objective data to measure business results and ROI analysis. With its versatility and popularity, the questionnaire is an optimal method for capturing levels of data (reaction, learning, application, and business impact). Surveys are a specific type of questionnaire that captures attitudes, beliefs, and opinions. The principles of survey construction and design are similar to questionnaire design.\(^2\) A questionnaire may include any of the following types of items:

- An open-ended question has an unlimited answer. The question is followed by ample blank space for the response.
- A checklist provides a list of items in which respondents are asked to check those that apply in the situation.
- A two-way question has alternate responses (yes or no, or two other possible responses).
- A multiple-choice question asks the respondent to select the most applicable response.
- A ranking scale requires the respondent to rank a list of items.

The areas of feedback used on reaction questionnaires depend on the purpose of the evaluation. Some forms are simple, while others are detailed and require considerable time to complete. When a comprehensive evaluation is planned, and impact and ROI are being measured, a comprehensive list of questions is necessary. This feedback can be useful in making adjustments to a program and documenting performance after the program. Typical examples are included in Figure 6-2.

**Figure 6-2. Questionnaire Topics for Application and Impact**

| Use of materials, guides, and technology | Confidence level of data supplied |
| Application of knowledge and skills | Perceived value of the investment |
| Frequency of use of knowledge and skills | Linkage with output measures |
| Success with use of knowledge and skills | Barriers to implementation |
| Change in work or work behavior | Enablers to implementation |
| Improvements and accomplishments | Management support for implementation |
| Monetary impact of improvements | Target audience recommendations |
| Improvements linked to the program | |
Interviews

Another helpful data collection method is the interview. The talent development team or a third party usually conducts the interview, which can secure data not available in business or organization databases or data that may be difficult to obtain through questionnaires or observations. Interviews may also uncover success stories that can be useful in communicating evaluation results. Participants may be reluctant to describe their results in a questionnaire but may be willing to volunteer the information to a skillful interviewer who uses probing techniques. The interview is particularly useful when collecting application or performance data. However, one major disadvantage is that it is time-consuming, because it requires interviewer preparation to ensure the process is consistent.

Interviews are categorized into two basic types: structured and unstructured. A structured interview is much like a questionnaire. The interviewer asks specific questions that allow the interviewee little room to deviate from the menu of expected responses. The structured interview offers several advantages over the questionnaire, however. For example, an interview can ensure that the questions are answered and that the interviewer understands the responses supplied by the interviewee. The unstructured interview has built-in flexibility to allow the interviewer to probe for additional information. This type of interview uses a small number of core questions that can lead to information that is more detailed as important data are uncovered. At Levels 3 and 4, the interviewer must be skilled in interviewing a variety of individuals and using the probing process to uncover barriers and enablers and to explore success stories. Interview design and steps are similar to those of the questionnaire.

Focus Groups

Much like interviews, focus groups are helpful when in-depth feedback is needed. A focus group involves a small group discussion conducted by an experienced facilitator, who solicits qualitative feedback on a planned topic. Group members are all invited to provide their thoughts, because individual input builds on group input.

Focus groups have several advantages over questionnaires, surveys, or interviews. The basic premise of using focus groups is that when quality perspectives are subjective, several individual perspectives are better than
one. The group process, where group members stimulate ideas in others, is an effective method for generating qualitative data. Focus groups are less expensive than individual interviews and can be quickly planned and conducted. They should be small (eight to 12 individuals) and should consist of a representative sample of the target population. Group facilitators should have expertise in conducting focus groups with a wide range of individuals. The flexibility of this data collection method makes it possible to explore organizational matters before the intervention as well as to collect unexpected outcomes or application after the program. Barriers to implementation can also be explored through focus groups, while examples and real concerns can be collected from those involved in the intervention.

Focus groups are particularly helpful when there is a need for qualitative information about the success of a program. For example, focus groups can be used to:

- Collect information contributing to diagnosis and the proposed solution.
- Gauge the overall effectiveness of program application.
- Identify the barriers and enablers to a successful implementation.
- Isolate the impact from other influences.

Focus groups are helpful when evaluation information is needed but cannot be collected adequately with questionnaires, interviews, or quantitative methods. However, for a complete evaluation, focus group information should be combined with data from other instruments.

**Observations**

Another potentially useful data collection method is observation. The observer may be a member of the learning and talent development team, an immediate manager, a member of a peer group, or an external party. The most common observer, and probably the most practical, is a member of the learning and talent development team.

To be effective, observations need to be systematic and well developed, minimizing the observer’s influence and subjectivity. Observers should be carefully selected, fully prepared, and knowledgeable about how to interpret, score (if relevant), and report what they see.

This method is helpful for collecting data on soft skills programs, such as employee engagement, leadership development, management training, coaching, and executive education. For example, observation is used to
provide 360-degree feedback, as behavior changes are solicited from direct reports, colleagues, internal customers, immediate managers, and even self-input. This is considered a delayed report method of observation. This feedback process can be the actual program, or it could be used before participating in another development initiative.

For observation to be successful, it must be invisible or unnoticeable. Invisible means that the person under observation is not aware that it is taking place. For instance, Starbucks uses secret shoppers to observe their employees. A secret shopper goes to one of the stores and takes note of how long orders take to process, the demeanor of the server, whether the store and bathrooms are clean, and whether the server is familiar with new drink offerings. The observation continues immediately following the visit, when the secret shopper checks the temperature of the drink order. This observation activity is invisible to the server. Unnoticeable observations are situations in which the person under observation may know that it is taking place but doesn't notice it, because it occurs over a longer period of time or at random times. Examples of unnoticeable observations include listening in on customer service calls ("this call may be monitored for quality assurance purposes") or a 360-degree feedback process.

**Action Plans**
For many learning and talent development programs, business data are readily available. However, data won't always be easily accessible to the program evaluator. Sometimes, data are maintained at the individual, work unit, or department level and may not be accessible to anyone outside that area. Tracking down those data may be too expensive, very time-consuming, or flat-out impossible. In these cases, the use of action plans and performance agreements may be helpful for capturing data.

While action plans traditionally have captured application and implementation data, this method can also be a useful way to collect business impact data. For business impact data, the action plan is more focused and often deemed more credible than a questionnaire. This can be a powerful process that drives tremendous results, and it is appropriate for talent development programs where there is a need to document improvement.

The basic design principles involved in developing and administering action plans keep the focus on both application and business impact data. The following steps are recommended when an action plan is developed
and implemented to capture business impact data and to convert that data to monetary values. The adjustments needed to convert action plans to performance agreements are described at the end of the section.

▶ **Set Goals and Targets.**

As shown in Figure 6-3, an action plan can be developed with a direct focus on business impact data. This figure may be too small to see in detail. A larger copy and other examples are included in a special tools website for this book, www.businesscase.net/tools. The plan has an overall objective, which is usually the primary objective of the program. In some cases, an organization may have more than one objective, which requires additional action plans. In addition to the objective, the improvement measure is defined, along with the current and target levels of performance and a time frame to achieve the target. This information requires the individual to anticipate the application of skills and set goals for specific performances that can be realized.

The action plan is completed during the program, often with input and assistance from a talent development team. The practitioner approves the plan, indicating that the action steps meet the SMART requirements. Each plan can be developed in a 20- to 30-minute time frame, and a plan often begins with action steps related to the intervention. These action steps are Level 3 activities that detail the application and implementation of talent development program content. They build support for and are linked to business impact measures.

▶ **Define the Unit of Measure.**

The next step is to define the actual unit of measure. In some cases, more than one measure may be used and will subsequently be contained in additional action plans. The unit of measure is necessary to break the process into the simplest steps in order to determine the ultimate value. The unit may be output data, such as one unit produced or one closed sale. In terms of quality, the unit can be one reject, one error, or one rework. Time-based units are usually measured in minutes, hours, days, or weeks, such as one hour of process time. Other units are specific to their particular type of data, such as one grievance, one complaint, one absence, or one instance of turnover. Here, simplicity rules the day; we are breaking down impact data into the simplest terms possible.
**Figure 6-3. Sample Action Plan from a Management Development Program**

Name: Ginger Sanford  Facilitator Signature:            Follow-Up Date:   Nov 30   Objective: Reduce service complaints by at least 25%
Evaluation Period: May to November   Improvement Measure: Service complaints

Current Performance  21 per month  Target Performance  15 per month

<table>
<thead>
<tr>
<th>Action Steps</th>
<th>Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Review reasons for complaints, sort out items under our control</td>
<td>May 30</td>
</tr>
<tr>
<td>2. Change protocol with customers based on step 1</td>
<td>June 10</td>
</tr>
<tr>
<td>3. Have team sharing session each week to focus on complaints</td>
<td>June 11</td>
</tr>
<tr>
<td>4. Provide team feedback when necessary for members who need help</td>
<td>June 15</td>
</tr>
<tr>
<td>5. When a team member prevents a complaint, establish a complaint prevention award</td>
<td>June 20</td>
</tr>
<tr>
<td>6. Celebrate monthly successes</td>
<td>July 1</td>
</tr>
<tr>
<td>7. Have three-month review and adjust as necessary</td>
<td>Aug 15</td>
</tr>
</tbody>
</table>

A. What is the unit of measure?  1 service complaint
B. What is the value (cost) of one unit?  $ 600
C. How did you arrive at this value? Provided by John M. in the Services Dept.
D. How much did the measure change during the evaluation period? (monthly value) 8 per month
E. List the other factors that have influenced this change
   Service Delivery Process Enhancement, Product Quality Improved, Supplier Changed
F. What percent of this change was actually caused by this program?  30 %
G. What level of confidence do you place on the above information? (100%=Certainty and 0%=No Confidence)  80 %

Intangible Benefits:

Comments: Program helped us focus
Chapter 6 – Make It Stick: Designing for Application and Impact

- Place a Monetary Value on Each Improvement.

  During the talent development program, participants are asked to locate, calculate, or estimate the monetary value for each improvement outlined in the plan. The unit value is determined using a variety of methods, such as standard values, expert input, external databases, or estimates.

  The process used to arrive at the value is described in the instructions for the action plan. When the actual improvement occurs, these values will be used to capture the annual monetary benefits of the plan. The talent development facilitator or program owner must be prepared to discuss values and reasonable methods in the session. The preferred method of determining value is to use standard values or an expert opinion. However, in the worst-case scenario, those participating in the talent development program are asked to estimate the value. When estimates are necessary, it is important to collect the basis of their calculations, so space for this information should be provided.

- Implement the Action Plan.

  Ideally, the action plan is implemented after the program. Action plan steps are followed (Level 3), and subsequent business impact improvements are achieved and documented (Level 4). At the end of the specified follow-up period—usually two, three, four, or six months—group members indicate the specific improvements they’ve made. This determines the actual amount of change that has been observed, measured, and recorded. The values are typically expressed as a daily, weekly, or monthly amount. In most cases, only the changes are recorded, because those amounts are needed to calculate the monetary values linked to the talent development program. In other cases, before and after data may be recorded, which allows the evaluator to calculate the differences.

- Isolate the Effects of the Program.

  Although the action plan is initiated because of the talent development program, the actual improvements reported on the action plan may have been influenced by other factors. The program usually shares the credit for the improvement gained. For example, an action plan to implement leader competencies for department managers could only be given partial credit for a business improvement, because other variables in the work unit may have influenced the impact measures.
There are several ways to isolate the effects of a learning and talent development program, but participant estimation is often used in the action planning process. In this method, participants are asked to estimate the percentage of the improvement that is directly related to the talent development program. It’s beneficial to precede this question with a request to identify all the other factors that may have influenced the results. This allows participants to think through the possible relationships before allocating a portion to the talent development program. Additional detail on methods to isolate the effects of talent development programs is presented in Chapter 7.

- Provide a Confidence Level for Estimates.

Identifying the amount of improvement directly related to the program is not a precise process—it is an estimate of the allocation. As a result, an error adjustment is made. Group members are asked to indicate their levels of confidence in their estimates using a scale of 0 to 100 percent—0 percent means no confidence, and 100 percent means absolute certainty. The confidence estimate is multiplied and serves as an error discount factor, reducing the allocation by the amount of the error in the allocation.

- Collect Action Plans.

A high response rate is essential, so several steps may be necessary to ensure that the action plans are completed and returned. Group members usually see the importance of the process and develop their plans during the program. Some organizations use follow-up reminders by email. Others call group members to check on their progress. Still others offer assistance in developing the final plan. These steps may require additional resources, which need to be weighed against the importance of having data that is more precise. Specific ways to improve response rates are discussed later in this chapter.

- Summarize the Data and Calculate the ROI.

If developed properly, each action plan will have annualized monetary values that are associated with improvements. In addition, each individual will indicate the percentage of the improvement that is directly related to the talent development program. Finally, group members provide a confi-
dence estimate, expressed as a percentage to reflect their uncertainty with the estimates and the subjective nature of the data they provided.

This process may not appear to be accurate, because it involves estimates; however, several adjustments during the analysis make it credible and more accountable. These adjustments reflect the guiding principles of the ROI Methodology and are outlined in the following.

1. For those group members who do not provide data, the assumption is that they had no improvement to report. This is a very conservative approach.

2. Each value is checked for realism, usability, and feasibility. Extreme values are discarded from the analysis.

3. Because improvement is annualized, the assumption is that a short-term talent development program had no improvement after the first year. Some programs are longer term and will have multiple years of value.

4. The improvement is adjusted by the percentage that is directly related to the program using multiplication. This isolates the effects of the program.

5. The improvement from step 4 is then adjusted using the confidence estimate, multiplying it by the confidence percentage. For example:
   - As shown in Figure 6-2, the program reduced service complaints from 21 per month to 13 per month, for a change of 8 per month. The cost of a service complaint is estimated to be an average of $600. This cost is from the service department and is accepted by executives.
   - The annual amount of improvement is 8 x 12 = 96 complaints.
   - The participant estimates that 30 percent of the improvement is caused by the program. This is 96 x 30% = 29.
   - The participant indicates 80 percent confidence, reflecting a 20 percent error possibility (100 - 80 = 20). To reduce the estimated amount of improvement by 20 percent, it is multiplied by 80 percent. This is 29 x 80% = 23.
   - With an 80 percent confidence factor, the participant is suggesting that the value could be in the range of 23 to 35 (20 percent less, to 20 percent more). To be conservative, the lower number, 23, is used.
   - The annual monetary value is 23 x $600 = $13,800.
6. The monetary values determined in these steps are totaled for all measures and participants to arrive at the final program benefit for all participants. Since these values are already annualized, the total of these benefits becomes the annual benefits for the program. This value is placed in the numerator of the formula to calculate the ROI.

Monitoring Performance

One of the more important methods of data collection is monitoring the organization’s records. Performance data are available in every organization to report on impact measures, such as output, quality, cost, time, job engagement, and customer satisfaction. As emphasized in Chapter 2, “Start with Why,” the key is to start with a business impact measure connected to the talent development program.

Performance measures should be reviewed to identify the measures related to the proposed program. Sometimes, an organization has several performance measures related to the same objective. For example, a new talent development program may be designed to increase productivity from the team, which could be measured in a variety of ways:

- Team output (products, services, projects)
- Individual output
- Output per unit of time
- Gross productivity (revenue per person)
- Time savings (when the saved time is used on other productive work)
- Fewer hours worked (with the same output)
- Fewer team members (with the same output)

Each of these measures gauges the efficiency or effectiveness of the team. All related measures should be reviewed to determine those most relevant to the talent development program.

Improving the Response Rate for Data Collection

One of the greatest challenges in data collection is achieving an acceptable response rate. Requiring too much information may result in a suboptimal response rate. The goal, therefore, is to tackle data collection design
and administration so as to achieve the maximum response rate. This is critical when the primary data collection method hinges on input obtained through questionnaires, surveys, and action plans. Figure 6-4 presents a few ways to boost response rates.

**Figure 6-4. Techniques to Increase Response Rate**

- Provide advance communication about the questionnaire.
- Clearly communicate the reason for the questionnaire.
- Indicate who will see the results of the questionnaire.
- Show how the data will be integrated with other data.
- Keep the questionnaire as simple as possible.
- Keep questionnaire responses anonymous—or at least confidential.
- Make it easy to respond with email.
- Use two follow-up reminders.
- Have the introduction letter signed by a top executive.
- Send a summary of results to the target audience.
- Have a third party collect and analyze the data.
- Communicate the time limit for submitting responses.
- Design the questionnaire to attract attention, with a professional format.
- Let group members know what actions will be taken with the data.
- Provide options to respond (such as electronically or on paper).
- Frame questions so group members can respond appropriately to relevant questions.
- Review the questionnaire in a formal session at the end of the program.

**Built-In Application Tools**

Building application and data collection tools into the project is perhaps one of the most important areas where designing for results works extremely well. This is particularly helpful for learning and talent development programs where data collection can easily be a part of the program. Ranging from simple action plans to significant job aids, these tools come in a variety of types and designs. Action plans were discussed earlier, and their success depends on having them built into the process. Figure 6-5 shows the steps that are followed to ensure that the action plan is incorporated into the process and becomes an integral part of achieving business success.
Figure 6-5. Sequence of Activities for Action Planning

<table>
<thead>
<tr>
<th>Before</th>
<th>During</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Communicate the action plan requirement early.</td>
</tr>
<tr>
<td></td>
<td>• Require one or more impact measures to be identified by participants.</td>
</tr>
<tr>
<td></td>
<td>• Describe the action planning process.</td>
</tr>
<tr>
<td></td>
<td>• Allow time to develop the plan.</td>
</tr>
<tr>
<td></td>
<td>• Teach the action planning process.</td>
</tr>
<tr>
<td></td>
<td>• Have the facilitator approve the action plan.</td>
</tr>
<tr>
<td></td>
<td>• With some assistance, require participants to assign a monetary value</td>
</tr>
<tr>
<td></td>
<td>for each proposed improvement.</td>
</tr>
<tr>
<td></td>
<td>• If possible, require action plans to be presented to the group.</td>
</tr>
<tr>
<td></td>
<td>• Explain the follow-up mechanism.</td>
</tr>
<tr>
<td></td>
<td>• Require participants to provide improvement data.</td>
</tr>
<tr>
<td></td>
<td>• Ask participants to isolate the effects of the program.</td>
</tr>
<tr>
<td></td>
<td>• Ask participants to provide a level of confidence for estimates.</td>
</tr>
<tr>
<td></td>
<td>• Collect action plans at the pre-determined follow-up time.</td>
</tr>
<tr>
<td></td>
<td>• Summarize the data and calculate the ROI (optional).</td>
</tr>
<tr>
<td></td>
<td>• Report results to sponsor and participants.</td>
</tr>
<tr>
<td></td>
<td>• Use results to drive improvement.</td>
</tr>
</tbody>
</table>

Improvement Plans and Guides
Sometimes, the phrase “action plan” is not appropriate; some organizations have used it to refer to many other projects and programs, creating an unsavory impression. When this is the case, other terms can be used. Some prefer the concept of improvement plans, recognizing that a business measure has been identified and improvement is needed. The improvement may involve the entire team or just an individual. There are many types of simple and effective designs for the process to work well. In addition to “improvement plan,” the term “application guide” can be used and can include a completed example as well as what is expected from the participant and tips and techniques to make it work.

Application Tools/Templates
Moving beyond action and improvement plans brings a variety of application tools, such as simple forms, technology support to enhance an application, and guides to track and monitor business improvement. All types of templates and tools can be used to keep the process on track, provide data
for those who need it, and remind a participant of where he or she is going. See www.businesscase.net/tools for examples.

Performance Contract
Perhaps the most powerful built-in tool is the performance contract, which is much like an action plan. This is essentially a contract for performance improvement between the participant in the project or program and his or her immediate manager. Before a program is conducted, the participant meets with the manager and they agree on the specific measures that should be improved and the amount of improvement. This contract can be enhanced if a third party enters the arrangement (this would normally be the facilitator for the learning and development program or a project coordinator for other types of projects).

Performance contracts are powerful, as these individuals are now making a contract for performance change that will be achieved through the use of content, information, and materials from the program, and they have the added bonus of support from the immediate manager and the facilitator/project manager. When programs are implemented using a performance contract, they deliver very significant changes in the business measure.

The design of the performance contract is similar to the action plan. Figure 6-6 shows a performance contract for a sales representative involved in a variety of sales-enabling processes, including a combination of formal learning sessions, online tools, and coaching from the sales manager. The goal is to increase sales with existing clients. The sales manager approves the contract, along with the participant and the facilitator of the project. This example is very small and may be difficult to read. For a larger copy, see www.businesscase.net/tools.
**Performance Contract**

<table>
<thead>
<tr>
<th>Name: Laura Gibson</th>
<th>Manager: Cathy Gettys</th>
<th>Facilitator: Tim Brock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective: Increase sales with existing clients by 20%</td>
<td>Evaluation Period: January to March</td>
<td></td>
</tr>
<tr>
<td>Improvement Measure: Monthly sales</td>
<td>Current Performance: $56,000 per month</td>
<td>Target performance: $67,000 per month</td>
</tr>
</tbody>
</table>

**Action Steps**

<table>
<thead>
<tr>
<th>Action Steps</th>
<th>Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meet with key clients to discuss issues, concerns, and other opportunities.</td>
<td>What is the unit of measure? Monthly sales for existing clients</td>
</tr>
<tr>
<td>Review customer feedback data—look for trends and patterns.</td>
<td>What is the value (cost) of one unit? 25% profit margin</td>
</tr>
<tr>
<td>Counsel “at risk” clients to correct problems and explore opportunities for improvement.</td>
<td>How did you arrive at this value? Standard value</td>
</tr>
<tr>
<td>Develop business plan for high-potential clients.</td>
<td>How much did the measure change during the evaluation period? (monthly value) $13,000</td>
</tr>
<tr>
<td>Provide recognition to clients with long tenure.</td>
<td>What other factors could have contributed to this improvement? Changes in market, new promotion</td>
</tr>
<tr>
<td>Schedule appreciation dinner for key clients.</td>
<td>Routinely</td>
</tr>
<tr>
<td>Routinely</td>
<td>What percent of this change was actually caused by this program? 60%</td>
</tr>
<tr>
<td>Encourage marketing to delegate more responsibilities.</td>
<td>Routinely</td>
</tr>
<tr>
<td>Follow up with each discussion, discuss improvement, and plan other action.</td>
<td>What level of confidence do you place on the above information? (100% = Certainty and 0% = No confidence) 90%</td>
</tr>
<tr>
<td>Monitor improvement and provide support when appropriate.</td>
<td>Routinely</td>
</tr>
</tbody>
</table>

Intangible benefits: Client satisfaction, loyalty

Comments: Excellent, hard-hitting program
Job Aids
Job aids represent a variety of designs that help an individual achieve success with application and impact. A job aid illustrates the proper way of sequencing tasks and processes and reminds the individual what must be achieved, with the ultimate aim of improving a business measure. Perhaps the simplest example is the job aid used at a major restaurant chain to show what must go into a particular dish ordered by a customer. The individuals preparing the food use the job aid, which was part of a training program. The job aid demonstrates how the process flows, using various photographs, arrows, charts, and diagrams. It is easily positioned at the station where the food is prepared and serves as a quick reference guide. When used properly, the job aid drives important business measures: minimizing the time to fill the order (time savings), allowing the restaurant to serve more customers (productivity), and ensuring consistency with each meal while reducing the likelihood of a mistake (quality).

Case in Point
Booz Allen Hamilton identified priority areas of business growth in the near and long term. To meet these growth targets, the firm needed a pool of affordable technical talent to meet current and future demand. The firm’s Tech Tank program focuses on high-performing staff in a targeted functional area within a market team. Two market teams participated in the initial pilot program (100 learners). Based on the success of the pilot, the program is being scaled for company-wide implementation.

Tech Tank is a 9- to 12-month skills enhancement program designed to rapidly build an affordable pool of in-demand technical talent. This cohort-based program is designed to be scalable and repeatable. This allows for multiple cohorts to run at the same time, and each cohort can focus on very different targeted roles and skills.

The Tech Tank selection method is a highly competitive, 5-step process. After eligibility criteria have been met, a cohort selection committee reviews the results of all staff that have completed the pre-test and assessments and determines the final participants. Selected staff members receive an offer to participate in the form of a program commitment letter that must be signed by the participant and endorsed by his or her leadership.
Those who do not pass the technical pre-test are given information on how to develop the skills required and invited to apply to a future cohort.

There are six components to the Tech Tank program:

1. **Core Curriculum**: Participants receive training in industry-recognized skills to accelerate the learning curve and enable them to support multiple complex client environments. They participate in classroom training, self-paced training, experiential labs, interactive workshops, and gamified social learning. The selection and development of curriculum was done in partnership with business leaders.

2. **Events**: Participants attend in-person events throughout the program. These are designed to measure progress and to help participants discuss challenges, network with colleagues/leaders within the functional area, and engage in technically focused activities that apply content from the core curriculum.

3. **Assignments**: Participants engage in internally built competitions and activities (e.g., “hack-a-thons,” “pitch-jams”) using gamification and social learning. Points are allocated to all assignments, allowing learners to earn points as they compete with other participants, and results are displayed on a badging leaderboard. These practical applications are reviewed and the content reinforced through one-on-one mentoring from SMEs.

4. **Engagement Plan**: Following the completion of the core curriculum training and in coordination with their leadership, participants engage in a series of billable assignments or other projects that allow them to practice and further develop the critical skills and competencies gained throughout the program.

5. **Electives**: Technical and consulting courses are offered for participants to take on their own time to increase the breadth and depth of their skills beyond the core curriculum.

6. **Mentoring**: Participants are matched with mentors to foster functional development by identifying available experts and aiding staff to engage in activities that focus on learning and growing functional skills that can be directly applied to their work. In many cases, the same business leaders who led the assignments and helped develop the core curriculum serve as mentors to participants.
The program has been very successful, based in large part on the six components that were designed to deliver results.\(^3\)

### Involving the Participants’ Manager

A final area of design involves creating a role for the participants’ managers. As mentioned earlier, this is a very powerful group, and having specific items, activities, tools, and templates for them can make a tremendous difference in business results.

### The Most Influential Group

Research consistently shows that participants’ managers are the most influential element, apart from their own motivation, desire, and determination, in helping participants achieve application and impact objectives. No other group can influence participants as much as their immediate managers. Figure 6-7 shows how learning is transferred to the job, using three important groups of stakeholders involved in this success: the participants, the participants’ immediate manager, and the facilitator. In a non-learning program, the facilitator is the project organizer. Three time frames are possible: prior to the program, during the program, and after the program.

#### Figure 6-7. The Transfer of Learning to the Job

<table>
<thead>
<tr>
<th>Time frame</th>
<th>Before</th>
<th>During</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Participant</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Facilitator/Organizer</td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
</tbody>
</table>

This matrix creates nine possible blocks of activities to transfer what is learned from a particular program to the job. The transfer not only includes the behaviors and actions that must be taken (application) but also the impact that must be obtained (impact measures). For example, the participant can be involved in pre-project activities to set specific goals that he or she wants to achieve before the project is implemented (block number 4).
During the program, the participant will plan specific actions to improve a business measure (block number 5). After the program is conducted, the participant will apply the material, achieve the business impact improvement, and report it to interested stakeholders (block number 6).

In another example, the manager can meet with the participant and set a goal before attending the program (block number 1). During the implementation, the manager observes part of the program, teaches a segment of it, or provides coaching as part of it (block number 2). After the program is conducted, the manager follows up to make sure that the material is used appropriately and the business impact has been achieved (block number 3). The process continues until activities are identified for every block.

Research on this matrix shows that the most powerful blocks for achieving learning transfer to the job are 1 and 3. Unfortunately, managers do not always see it that way. They underestimate their influence. They must be reminded of their influence and provided with tools to ensure that the learning from the program is used and drives the business results. This is one of the most powerful areas to explore for improving business results.

Pre-Program Activities
At the very least, managers should set expectations for participants involved in any type of program. It only takes a matter of minutes, and the results can be powerful. Pre-program activities can range from the formal process of a performance contract, described earlier, to an informal two-minute discussion that takes place just before the program. A full array of activities should be provided that take very little time. Even a script could be helpful. The important point is that these managers must be reminded, encouraged, or even required to do this.

During the Program Activities
Sometimes, it is important for the manager to have input into the design and development of the program. Possible activities include having managers (or at least someone representing the manager group) help to design the content of the program. Also, managers could review the content and serve as SMEs to approve it. Managers could be involved in the program, teach sections of the process, provide one-on-one coaching for participants needing help with specific parts, or just observe the program (or a portion
of it). Managers could serve on an advisory committee for the program or review the success of others in the program. The key is to connect the manager to the design and content of the program. Manager involvement will help focus the program on business results, which they will find extremely important.

Post-Program Activities
The most basic action a manager can take is to follow up to ensure the content of the program is being used properly. Suggesting, encouraging, or even requiring application and impact can be very powerful. Managers should be available to provide assistance and support as needed to make the program successful. Just being available as a sounding board or to run interference to ease the application may be enough. Although it is not necessary, post-project activities can take place on a more formal basis, where the managers actively participate in follow-up evaluations. Managers may sign off on results, review a questionnaire, follow up on action plans, collect data, or present the results. In each case, they make a difference.

Management Reinforcement Tools
In some situations, a workshop is offered to teach managers how to reinforce and guide the behaviors needed to achieve a desired level of performance in business measures. Management reinforcement workshops are very brief, usually ranging from two hours to half a day, but can be extremely valuable. Some formal learning programs come with management reinforcement or management support workshops. In addition to the workshops, a variety of tools can be created and sent to managers. These tools include checklists, scripts, key questions, resources, and contacts needed to keep the focus on results.

Sometimes, managers volunteer for a role where they are asked to be available to assist the participants with a formal coaching process. In this scenario, managers are provided with details about coaching, how to make it work, and what is required of them. In programs that are more formal, they will actually receive some coaching training. It is extremely powerful when a participant’s immediate manager serves as a coach to accomplish business results.
Case in Point

One of the most successful computer companies in the world, a global company employing more than 10,000 people worldwide, implemented a career development program. This program was a pilot performance improvement strategy in a dynamic manufacturing environment. Strategic goals for solution implementation included: enhanced operational capacity and bench strength; enhanced work climate for engaging employees; and increased labor efficiency. Components of this initiative included: an action learning workshop with performance objectives aligned to business needs; self-assessments and manager assessments of pilot participants’ critical skills; and a development discussion action plan to assist participants in applying critical skills toward execution of operational performance priorities. Evaluation results showed a positive link between participants’ applied knowledge/skills and desired business results.

Given the important role of managers in reinforcing this initiative and providing constructive, timely feedback, a transfer strategy was developed as part of the evaluation plan. Figure 6-8 shows the transfer strategy matrix used in this effort. This figure may be too small to see in detail. A larger version is located at www.businesscase.net/tools. This “before, during, after” implementation approach was rolled out in initial briefings about the project, had strong senior management support, and was instrumental in holding managers accountable for supporting employees’ performance objectives throughout all phases of solution implementation. In communicating the vision for a results-based effort, the transfer strategy was instrumental in dispelling the notion of evaluation as an “add-on” activity that occurs at the end of a program. Defining specific responsibilities of stakeholders was a critical success factor. It also established a foundation of shared ownership for solution results.
### Figure 6-8: Transfer Strategy Matrix for a Career Development Initiative

<table>
<thead>
<tr>
<th>Role</th>
<th>Before</th>
<th>During</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steering Committee</td>
<td>- Help define performance, business objectives</td>
<td>- Attend, co-facilitate select implementation sessions</td>
<td>- Participate in reviewing evaluation plan</td>
</tr>
<tr>
<td></td>
<td>- Participate in assessing skill gaps</td>
<td>- Communicate importance of learning, performance, and business objectives</td>
<td>- Reinforce follow-up and application of action plans</td>
</tr>
<tr>
<td></td>
<td>- Determine pilot selection criteria</td>
<td>- Assist in collecting, analyzing, converting data</td>
<td>- Recognize individuals for successful completion</td>
</tr>
<tr>
<td></td>
<td>- Co-facilitate “kick-off” sessions or briefings</td>
<td>- Ensure managers fulfill coaching/advising roles</td>
<td>- Assist in removing barriers to application</td>
</tr>
<tr>
<td></td>
<td>- Require attendance at scheduled briefings</td>
<td></td>
<td>- Provide incentives</td>
</tr>
<tr>
<td>Managers, Supervisors</td>
<td>- Support HRD in defining performance objectives</td>
<td>- Remove barriers to employees’ attendance</td>
<td>- Determine viability of enterprise-wide roll-out of program</td>
</tr>
<tr>
<td></td>
<td>- Attend briefing sessions prior to implementation</td>
<td>- Provide coverage for individuals in training</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Reinforce trainee participation</td>
<td>- Attend sessions as available</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Complete pre-work assessments</td>
<td>- Directly discuss development discussion action plan</td>
<td></td>
</tr>
<tr>
<td>Human Resource Development (HRD)</td>
<td>- Align objectives with identified needs (organization, process, performer)</td>
<td>- Ask employees about workshop progress</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Customize curriculum to meet desired objectives</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>- Incorporate benchmarked transfer strategies into course design</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Design data collection instruments, evaluation plan(s)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Conduct briefings with pilot groups</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participants</td>
<td>- Assist HRD in job/task analysis</td>
<td>- Communicate importance of learning, performance, and business objectives</td>
<td>- Continue implementing evaluation plan</td>
</tr>
<tr>
<td></td>
<td>- Attend briefing sessions</td>
<td>- Assess trainees for reaction, learning, and skill/knowledge transfer</td>
<td>- Conduct action planning sessions</td>
</tr>
<tr>
<td></td>
<td>- Complete pre-assessment survey and pre-work</td>
<td>- Facilitate pre-work</td>
<td>- Facilitate 60-day follow-up sessions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Teach the development discussion and action planning process</td>
<td>- Report results to key stakeholders</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Implement evaluation plan/tools; collect, analyze, report results data</td>
<td>- Use results for continuous improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Determine viability of enterprise-wide roll-out of program</td>
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</tbody>
</table>

(Adapted from Broad and Newstrom)
What Must Change
This fifth step in the eight-step results-based model focuses on what is necessary to achieve business results from a design perspective—at Levels 3 and 4 (application and impact). Tools, templates, and job aids are important to ensure that a participant is fully involved and delivers results, making it stick on the job. Participants will explore the use of the acquired learning and increase their ability to implement the tools and techniques. This approach provides the readiness, motivation, commitment, and tools needed to help achieve the business contribution.

References
Chapter 7

Make It Credible: Measuring Results and Calculating ROI

Chapter 5, “Make It Matter,” focused on driving and measuring success at three levels, Level 0 (input), Level 1 (reaction), and Level 2 (learning). Almost all learning programs are measured at these levels. However, many talent development functions do not measure the success of learning beyond the classroom, keyboard, or mobile device. Chapter 6, “Make It Stick,” focused on measurement at Level 3 (application) and Level 4 (impact). Measuring at these two levels shows that learning can make a difference and attracts management attention. This chapter focuses on business results, which are Level 4 (impact) and Level 5 (ROI). Although the previous chapter offered ways to collect impact data, this chapter presents the steps to make the results more credible for funders, sponsors, and supporters.

For most evaluation studies, impact data is factual, measured, or monitored from the data systems in the organization. The challenge is to show how much of the change in impact data is attributed to the program being evaluated. In addition, some executives want to see the monetary value of the improvement. Finally, some executives need the monetary benefits compared to the cost of the program, and this is the ROI. These issues are addressed in this chapter.

This level of measurement must be planned, systematic, and implemented in a sensible way. It can be accomplished with a minimum of additional budget, and it can make a drastic difference. The challenge is to design for and expect results and then make it happen.

Most learning and talent development practitioners will agree that data analysis and interpretation is one of the most challenging tasks of measurement and evaluation. A misunderstanding of the techniques as well as a fear of math and statistics compound this challenge. This chapter describes five key steps in simple terms.
The first step is to isolate the impact of a program from other influences. Because other variables often affect the impact of programs, these factors must be taken into account. The second step is to convert data to monetary values, locating or calculating a monetary value. The third step is to tabulate the costs of the program using direct and indirect costs. The fourth step focuses on the ROI, a common approach to calculate value that can be used in comparison with other types of investment. The final step is to discuss intangibles, which are the impact measures that are not converted to money.

“ROI is a way to keep score.”
—Warren Buffett

National Crushed Stone Company

National Crushed Stone (NCS) is one of the leading firms in the crushed stone industry, with more than 300 locations in many geographic areas. The crushed stone industry is very competitive; profit margins are narrow and cost control is everything. Companies in this industry are constantly seeking ways to control costs to gain a competitive advantage in the marketplace.

There were some concerns that the costs at NCS were not as low as they could be, although they were among the lowest in the industry. Some costs were fixed and not under the control of the quarry team. However, many costs could be controlled. Based on engagement studies in the literature, the assumption was that if employees were really engaged in quarry operations, taking a very strong interest in maintaining and caring for the equipment, working smarter, and operating efficiently, the costs could be lower, perhaps even significantly so.

The talent development team suggested a simple employee engagement survey and proposed that if employees became more engaged, they would take more interest in their jobs, try to be more efficient, take better care of equipment, take better care of the facility, and even make suggestions for improvement. However, the company culture wasn’t very open to employees accepting responsibility, making recommendations, and being involved in making decisions. In order to implement this plan, NCS would have to
change its culture. To help augment change, the plant superintendents assumed the role of plant managers with the additional expectation of having a more involved and engaged workforce. However, this does not happen just by decree, discussion, meeting, memo, or policy—it comes from changing the mindset of the organization while adjusting job descriptions and encouraging employees to open up and be engaged.

In early discussions, it was suggested that a portion of the cost savings be shared with the employees. Using a concept called gainsharing, the decision was made to share half the gains in cost reductions with employees, providing a bonus for exploring options to lower costs.

The new system was planned for implementation in six locations that represented typical NCS plants. The complete process, which would comprise several stages, was developed during a two-month period using an external consultant and the part-time assistance of two internal staff members.

Evaluation Methodology

To ensure that the new system received a comprehensive evaluation, the five-level framework for evaluation was undertaken, and the actual calculation of the ROI was planned using the ROI Methodology. Data would be collected to obtain the reaction from employees (Level 1) and to measure the extent to which they learned the new approach and how the gainsharing process works (Level 2). In addition, employees’ progress would be monitored on the job to determine how engaged they were at each plant (Level 3). Also, specific cost measures and other impacts (Level 4) would be monitored at each plant before and after the program, and these data would be compared with a group of similar plants. This control group arrangement involved identifying six other crushed stone plants to compare with the six plants destined for implementation. This approach should ensure that the results achieved were directly related to the new system. The actual cost of the system would be compared with the monetary value of the benefits to develop an actual ROI (Level 5). To be conservative, one year of monetary benefits would be obtained and compared with the fully loaded costs of the program.
Control Group Selection
Selecting specific plants to use in a control group represented a challenging issue. Although as many as 30 variables can influence the performance of a crushed stone plant, it was only practical to use a small group of variables to select the two groups. The area operations managers of the six selected locations identified the top five variables as:

- The size of the plant, in terms of annual production
- The product mix of the plant; some products require more time to produce and are more abrasive to the equipment
- The market, as defined by the construction activity in the local market area
- The age of the equipment, which is already a routinely monitored variable; older equipment can cause inefficiencies in production
- Previous plant productivity

In addition, three more variables were considered: the average wage rate, unplanned absenteeism, and the employee turnover rate. These additional variables should be similar, because they were closely related to the perceived payoff of the program.

These eight variables were used to select six locations to act as a control group.

System Design
Before the engagement system could be fully implemented, job descriptions had to be broadened to indicate more responsibility and accountability. These descriptions were written in a tone that encouraged the employees to do more, seek more, and become more. With these descriptions in place, the engagement was then defined. The engagement survey served as the beginning point to determine issues to be addressed. After much input from the plant managers, senior executives, and employees, coupled with a review of the literature on engagement, a new definition of engagement was developed.

Results: Reaction and Learning
It was considered important for employees to learn about the new system and react favorably to it. Although a positive reaction was assumed, employee feedback was obtained in a more formal way by using a one-page ques-
tionnaire. This was considered necessary because of potential skepticism from management and the sensitivity of making adjustments to the job and adding a bonus. Both employees and plant managers provided reactions that exceeded expectations. This would be critical to success later.

For Level 2 (learning), a simple true/false and multiple-choice test was administered, using three questions about each part, for a total of 15. The results for this level from employees exceeded the goal of a minimum score of 70 percent.

Results: Application
Overall, the improvements were significant and impressive. It was also important to capture data about how employees were participating in meetings, taking a more responsible role, accepting accountability for results, and sharing information freely with others. Data were collected from the employees and their plant managers. Data from the managers were based on observation, while the data from the employees were collected using a questionnaire to determine their perception of what they were actually doing.

Results: Business Impact
Impact data were derived directly from the plant operating system. The cost per ton for each cost category was monitored, along with the unplanned absenteeism and the turnover rate, which was reported monthly but annualized. The data showed a great improvement in impact caused by the program, with the exception of total employment and production, which remained similar between the control and pilot plants. The cost per ton for the variable costs showed a dramatic improvement for the experimental plants, with a reduction of 31 cents per ton. However, because there was also a five-cent per ton reduction in the plants without the system, this five cents per ton must be subtracted from the 31 cents to yield a 26-cent improvement.

The same approach was taken for voluntary turnover. The experimental plants saw a significant reduction, from 18 percent down to 12 percent. Because the control plants also saw a 1 percent reduction, that 1 percent had to be subtracted. Thus, the program saw a 5 percent improvement.

Unplanned absenteeism saw a dramatic reduction, from 7.4 percent to 4.2 percent for the experimental plants. There was a slight reduction (0.1
percent) in the control plant, which was also subtracted to give the overall improvement (this method of isolation is the best).

From all indications, nothing unusual was happening in the six plants that could have affected results (such as a sudden market shift, weather issues, or a change in plant manager). As a result, it appears that these plants were matched up very well and were consistent throughout the year-long study period.

Converting the data to money was relatively easy in this case, because the measures were already in the organization. For the variable production, costs were expressed in money as cents per ton, so no conversion was necessary. This was the principal measure connected with the project. The data suggested that for this mix of employees (production workers and some skilled workers), the voluntary turnover cost would be about 50 percent of annual pay, and management agreed to this value before the system was implemented. These studies were based on having a fully loaded cost for turnover, to include recruiting, selection, and onboarding as well as training and improvement until the employees were up to previous levels. It also included disruption caused by the departing employees, the premium pay necessary for other employees to do the job, supervisor time, and exit costs. Thus, this cost figure seems very conservative.

Finally, the cost of an absence was straightforward, and the group agreed the estimated cost would be calculated at $160 per day. This was probably lower than the actual number, but the key is that it was agreed on in advance.

There were also a few intangibles that could have been converted to money. For example, a slight reduction in the number of loads of stone that were rejected by the customer could have been attributed to the program. However, the number was small, and it would require some extra work to calculate the actual money savings, because the quality team had not calculated the average cost previously. Another intangible cost that could have been attributed to the program was a decrease in the amount of downtime for the entire plant. Most of the team thought that it was because of this program, which meant that the employees took good care of the plant and provided better plant maintenance. This number was also small, and there was no credible monetary value for one hour of downtime. Consequently, both of these were left as intangibles.
Monetary Benefits of Project
The 26-cent cost per ton improvement in total production (8,600,000 tons) gave a bonus pool of $2,236,000 to be split equally with employees and the company. This yielded a bonus of $9,395 annually for the employees, which was about 22 percent more than their base pay, while also representing a huge $1,118,000 in direct savings to the company’s bottom line.

Turnover costs were calculated very similarly, with this program preventing 5 percent turnover, which would annualize to yield six turnovers prevented for the experimental group. Plugging in the value of the cost of a turnover, there was an improvement of $125,736.

Absenteeism costs were very straightforward, with a 3.1 percent reduction as a result of this program. When this was multiplied by the total number of days that employees could work, this 3.1 percent absenteeism reduction accounted for 885 days prevented. When this value was multiplied by the cost of an absence, the result was $141,600. In summary, there was a total benefit of $1,385,336 for one year of this program.

ROI Calculation
The ROI was calculated to be 967 percent, which means that for every dollar invested in this program, another $9.67 was returned after that dollar was recovered. Several intangible benefits were identified and connected to the project, including job satisfaction, teamwork, customer satisfaction, the number of customer complaints, the number of loads of stone rejected by the customer, and the amount of plant downtime.

Conclusion
The results were very impressive, exceeding the expectations of all involved. For the next year, the new target for cost was the same as the previous year, adjusted upward by the increase in producer price index. This will be the process going forward. If the team maintains this same level of performance, their bonus will increase as the producer price index increases. If the team can further reduce costs, the bonus will be even greater.

This true story reveals the power of this type of analysis to approve and expand programs. It also shows how a program can be designed to achieve results.¹
Isolating the Effects of the Program
The situation is not uncommon. An improvement in retention is noted after a major talent development program has been implemented. The two events appear to be related, and an executive wants to know how much of the improvement was due to the talent program. While this question is often asked, it is rarely answered with any degree of certainty. The change in performance may be related to the talent development program, but other factors may have also contributed to the improvement. This section explores several techniques that can be used to answer the question “What impact did the program have on performance?” with a much greater degree of certainty. Taking the time to carry out this step creates additional credibility for the process by focusing attention on other variables that may have influenced performance.

“If you cannot show your direct contribution to the business, you have no credibility.”
—Jeff Bezos

Use of Comparison Groups
The most credible approach for isolating the impact of a program is to use comparison groups, similar to the design of a scientific experiment. This approach involves an experimental group that has the benefit of the program and a control group that does not. Both groups should have similar characteristics and, if feasible, be selected randomly. When this is possible, and both groups are subjected to the same environmental influences, the difference in each group’s performance can be attributed to the program. Figure 7-1 illustrates how a control group is set up.
The use of control group arrangements has been around for a very long time. Indeed, there is a story from the Bible’s book of Daniel, dating back to 600 B.C., that clearly describes a control group. Daniel and his friends from Judah did not want to eat what the Babylonian royal court officials ate, so he proposed that he and his friends would eat vegetables and water for 10 days. When the 10 days were up, the officials compared Daniel’s group with the group that ate the royal food and found a significant difference in energy and health.

One major disadvantage of this method is that the program is withheld from one group. For example, take a situation in which the group that participated in a learning and talent development program had $6 million more in revenue than the control group. Are the data gained from withholding the benefits of the program from the control group worth it? There always needs to be a solid business reason for using a control group.

Trend Line Analysis
Another useful technique for approximating the impact of programs is the trend line analysis. In this approach, a trend line is projected from a series of points that represents the initial performance level of the target audience, and it extends to a point that represents the anticipated performance level without the program. Upon completion of the program, the actual performance is compared with the predicted performance level using the trend line. Any improvement in performance above what was predicted can be reasonably attributed to the program. However, this requires that two conditions exist: 1) the trend that was established before the program would
have continued into the post-program period and 2) no other new influences were introduced after the program was conducted. Participants can usually validate these assumptions. While this is not an exact process, it provides a reasonable estimation of the program’s impact.

Figure 7-2 shows an example of a trend line analysis taken from a logistics company. The figure displays the percentage of on-time shipments before and after a learning program that was conducted in June. There was an established downward trend in the shipment rate prior to conducting the program. The trend line shows that while this downward trend would have continued without the program (according to the participants), the program had a dramatic effect on the on-time shipments. The participants and others involved in the program could not identify any other factors that could have influenced this measure. It is tempting to measure the improvement by comparing the average six-month shipping rates prior to the learning program with the average of the six months after the program. However, a more accurate comparison is to compare the rate in month six after the program with the predicted trend line value of the same month. In this example, the difference is 27 percent (95 - 68).

Figure 7-2. Trend Line Analysis

The main disadvantage of this approach is that it may not always be very accurate, although it may be as accurate as other methods. In addition, to use this approach, the events influencing the performance variable prior to the program must be still in place after the program.

The primary advantage of this approach is that it is simple and inexpensive, and it takes very little effort. If historical data are available, a trend line can be projected quickly.
Analytical Modeling

When there are other influences in the post-program period, a more analytical approach to trend line analysis is to use a forecasting model to predict the future level of performance of the impact measures if the learning program were not implemented. This forecasted value, based on other influences, is compared to the actual value. The difference is attributed to the learning program. This approach represents a mathematical relationship, which uses an equation to forecast the value of the anticipated performance improvement. This mathematical modeling is usually developed by others in the organization.

The primary advantage of this process is that it can be an accurate predictor of the performance variables that would occur without implementing the program, if appropriate data and models are available. The method is simple for linear relationships and less accurate for multiple variables.

However, a major disadvantage to this approach occurs when many variables have to be considered, because the process becomes more complex and requires the use of a more sophisticated statistical analysis. Even then, the data may not fit the model. Unfortunately, many organizations have not developed mathematical relationships for output variables as a function of one or more inputs. Without them, this method is impossible to use. If the numbers are available, they could provide valuable evidence of the impact of a learning and development program. The presentation of specific methods is beyond the scope of this book and is contained in other works.

Participant Estimation

An easy method to isolate the impact of a program is to secure information directly from participants. This approach assumes that participants are capable of estimating what portion of their performance improvement is related to the learning program, which is generally the case. Although their input is an estimate, it usually has considerable credibility, because participants have produced the improvement resulting from the program. To make it even more credible, the amount is adjusted by the potential error of the estimate expressed as a confidence in the estimate.

As an added enhancement, management may be asked to approve the participants’ estimates. For example, Figure 7-3 shows a sample of these estimates for one program. Then managers at the next level above those
participants reviewed and approved the estimates. In essence, this means that the managers confirmed participants’ estimates.

**Figure 7-3. Example of a Team Member’s Estimates**

<table>
<thead>
<tr>
<th>Factor That Influenced Improvement</th>
<th>% of Improvement Caused by</th>
<th>Confidence Expressed as a %</th>
<th>Adjusted % of Improvement Caused by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program</td>
<td>60%</td>
<td>80%</td>
<td>48%</td>
</tr>
<tr>
<td>Six Sigma</td>
<td>15%</td>
<td>70%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Environmental Change</td>
<td>5%</td>
<td>60%</td>
<td>3%</td>
</tr>
<tr>
<td>System Change</td>
<td>20%</td>
<td>80%</td>
<td>16%</td>
</tr>
<tr>
<td>Other</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The process has some disadvantages. Because it is an estimate, it does not have the accuracy desired by some professionals. In addition, if individuals are uncomfortable providing these types of estimates, the input data may be limited.

However, the approach also has several advantages. It is a simple process that is easily understood by participants and others who review evaluation data. There is also an extensive body of research that suggests these estimates are accurate; there is wisdom in the crowd. This approach is inexpensive, takes little time and analysis, and contributes an efficient addition to the evaluation process. Finally, despite being an estimate, it originates from a credible source.

**Expert Estimation**

Another approach is to rely on external or internal experts to estimate what portion of results can be attributed to a program. With this process, the experts must be carefully selected based on their knowledge of the process, intervention, and situation. For example, a company could ask an expert in quality to estimate how much quality improvement could be attributed to a Six Sigma program. This approach is most effective when the expert has been involved in similar programs and is able to estimate the impact of those factors based on previous experience or historical data.
Converting Data to Monetary Units
Chapter 2 presented the types of data collected for learning and talent development programs’ evaluation. Before these data can be used to compare benefits with costs, they must be converted to monetary values. This section provides additional insight into practical ways to perform this conversion.

Converting Increased Output
Changes in output are the goal of many programs, and in most situations, the value of increased output can be easily calculated. For example, when implementing a program to increase sales, the change in output (sales) can easily be measured by calculating the sales improvement after the program by multiplying it by the average profit per sale, a standard value. In another example, consider machine operators in a pharmaceutical plant who package drugs for shipment. Production managers participate in a program to learn how to increase production through better use of equipment and work procedures. The value of the increased output is the operating profit margin of the add. Fortunately, most of these conversions have been developed as standard values.

Converting Time Savings
Some programs are aimed at reducing the time it takes to perform a task, deliver a service, or respond to a request. Time savings are important, because employee time is money, as reflected in the form of wages, salaries, and paid benefits. The most common time savings result is reduced costs of effort for those involved in the program. The monetary savings are the hours saved multiplied by the effort cost per hour. This is appropriate for the portion of time saved that is used on other productive work. When a program drives time savings, the participants should estimate the percent of time that was used on other productive work and then provide examples of that other work. This is the only way for the results to be credible.

Converting Improved Quality
Quality improvement is an important and frequent target of employee engagement programs. The cost of poor quality to an organization can be astounding. According to the late quality expert Phillip Crosby, an organization could increase its profits by 5 to 10 percent if it concentrated on
improving quality.\textsuperscript{3} To calculate the return on the program, the value of the quality improvement must be calculated.

The most obvious cost of poor quality is the scrap or waste generated by mistakes. Defective products, spoiled raw materials, and discarded paperwork are the results of poor quality. This waste translates into a monetary value that can be used to calculate the impact of an improvement in quality. The cost of a defective product can be easily calculated in a production environment; it is the total cost incurred at the point the mistake is identified minus the salvage value. The costs of paper and computer entry errors can also be significant; an error on a purchase order can be enormous, if the wrong items are ordered.

Many mistakes and errors result in costly rework, especially when a product is delivered to a customer but must be returned for correction or an expensive product is implemented with serious errors. When determining the cost of rework, labor and direct cost are both significant. Maintaining a staff to perform rework is an additional overhead cost for the organization. In a manufacturing plant, for example, the cost of rework is in the range of 15 to 70 percent of a plant’s productivity. In banks, an estimated 35 percent of operating costs could be blamed on correcting errors.

Calculating the Value
Occasionally an organization will develop and accumulate cost for specific data items. For example, some organizations monitor the cost of grievances. Although it’s extremely variable, the average cost per grievance provides a basis for estimating the cost savings for a reduction in grievances. Because of their relative accuracy, historical costs should be used to estimate the value of data items, unless this data is unavailable or requires too many resources.

Using Expert Input
Expert input, either internal or external, can also sometimes be used to estimate the value of data. Internal experts are those employees who are proficient and knowledgeable in their fields. For example, a purchasing expert may estimate the salvage value of defective parts, an industrial engineer might estimate the time that it takes to complete a task or perform a function, and a marketing analyst might estimate the cost of a customer
complaint. Using internal experts provides excellent opportunities to recognize individuals in the organization. Their expert analysis should not be challenged, because others in the organization have no better basis to make the estimate. External experts may also provide an estimate, depending on their expertise in a given field. For example, an external consultant may estimate the cost of a grievance and then provide that figure to several organizations.

External Studies
Extensive analyses of similar data in other organizations may be extrapolated to fit an internal situation. For example, many experts have attempted to calculate the cost of absenteeism. Although these estimates can vary considerably, they may still serve as a rough value for other calculations after some adjustments for the specific organization. There are hundreds of studies covering the cost of variables such as absenteeism, turnover, tardiness, grievances, complaints, and lost time due to accidents. Typical sources to pursue may include Corporate Leadership Council, Academy of Management Journal, Journal of Applied Psychology, Human Resources Management, OD Practitioner, Human Resource Development Quarterly, and Workforce Management.

Participant Estimation of Value
Employees who are directly involved in a program may be capable of estimating the value of an improvement. Either during the program or in a follow-up, participants should be asked to estimate the value of the improvements. To provide further insight, they should also be asked to furnish the basis for their estimate and their level of confidence in it. Estimations by participants are credible and may be more realistic than other sources, because participants are usually directly involved with the improvement and are knowledgeable of the issues. If given encouragement and examples, participants are often creative at estimating these values. For example, asking managers to estimate the value of reducing the time to process a loan after participating in a special program. Although their responses won’t be precise, they may provide a credible estimate of the value.
Management Estimation
A final strategy for converting soft data to monetary values is to ask managers who are concerned about the program evaluation to estimate the value of an improvement. Several management groups may be targets for this estimation, including supervisors of program participants, middle management, or even the C-suite.

These strategies are effective for converting soft data to monetary values when calculating the return on a program. One word of caution is in order. Whenever a monetary value is assigned to subjective information, it needs to be fully explained to the audience receiving the information. When there is a range of possible values, the most conservative one should be used to ensure credibility for the process.

For more information on techniques to convert data to money, see other resources.4

Tabulating the Costs of the Program
After an analysis yields a need, the organization designs and develops a solution or acquires and implements one. The learning and talent development team routinely reports to the client or sponsor throughout the process and then undertakes an evaluation to show the program’s success. A group of costs also supports the process (such as administrative support and overhead costs). For costs to be fully understood, the project needs to be analyzed in several different categories.

The most important task is to define which specific costs are included in a tabulation of program costs. This step involves decisions that will be made by the learning and talent development team and, in most cases, approved by management. If appropriate, finance and accounting staff may need to approve the list. Figure 7-4 shows the recommended cost categories for a fully loaded, conservative approach to estimating costs.
Figure 7-4. Program Cost Categories

<table>
<thead>
<tr>
<th>Cost Item</th>
<th>Prorated</th>
<th>Expensed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Needs assessment</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>2 Design and development</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>3 Acquisition costs</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>4 Implementation costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1 Salaries/benefits for coordination time</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>4.2 Salaries/benefits for participant time</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>4.3 Materials and supplies</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>4.4 Travel/lodging/meals</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>4.5 Use of facilities</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>5 Maintenance and monitoring</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>6 Administrative support and overhead</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>7 Evaluation and reporting</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

Needs Assessment Costs

One of the most overlooked items is the cost of conducting the initial assessment or diagnosis of the need for the program. In some projects, this cost is zero, because the program is implemented without an initial assessment of need. However, as organizations focus increased attention on needs assessment, this cost item becomes more significant.

While it’s best to collect data to the fullest extent possible on all costs associated with the needs assessment, estimates are appropriate. These costs include the time it takes team members to conduct the assessment, direct fees, expenses for external consultants who conduct the diagnosis, and internal services and supplies used in the analysis. The total costs are usually prorated over the life of the project. Depending on the type and nature of the project, the life cycle should be kept to a reasonable number, somewhere in the one- to two-year time frame. The exception would be for expensive projects for which the needs are not expected to change significantly for several years.

Design and Development Costs

One of the most significant items is the cost of developing the program. This cost includes internal staff and consultant time for development of
software, job aids, and other support material directly related to the project. As with diagnostics costs, development costs are usually prorated, perhaps using the same time frame. Three to five years is recommended, unless the project is expected to remain unchanged for many years and the development costs are significant.

Acquisition Costs
In lieu of development costs, many organizations purchase software or programs to use off the shelf or in a modified format. The acquisition costs for these programs include the purchase price and other costs associated with the rights to implement the program. These acquisition costs should be prorated, typically over three to five years, using the same rationale described previously. If the organization needs to modify or further develop the program, those costs should be included as development costs. In practice, many programs have both acquisition costs and development costs.

Implementation Costs
Perhaps the most important segment of learning program costs is implementation. Five major categories are included:

- **Salaries of coordinators and organizers.** The salaries of all individuals involved in coordination and direct support should be included. If a coordinator is involved in more than one program, the time should be allocated to the specific program under review. The key point is to account for all the direct time of internal employees or external consultants who work with the program. Include the employee benefits factor each time direct labor costs are involved.
- **Materials and supplies.** Specific project materials such as workbooks, handouts, brochures, guides, job aids, and iPads should be included in the delivery costs, along with any license fees, user fees, and royalty payments.
- **Travel expenses.** Include direct costs of travel, if required, for participants, facilitators, and coordinators. Lodging, meals, and other expenses also fall under this category.
- **Facilities for sessions.** Take into account the direct cost of the meeting facilities. When external meetings are held, this item represents the direct charge from the conference center or hotel. If meetings are held
internally, use of the meeting room represents a cost to the organization and should be included, even if it is not the practice to include facility costs in other cost reporting.

- **Participants’ salaries and benefits.** The salaries plus employee benefits of group members for their time away from work should be included. Estimates are appropriate in this analysis.

**Maintenance and Monitoring**
This item includes all costs related to routine operation of the program. It encompasses all costs in the same categories listed under implementation, plus perhaps additional equipment and services.

**Overhead**
Another charge is the cost of overhead, which is the additional costs of the learning and talent development function that are not directly charged to a particular program. The overhead category represents any fixed cost not considered in the previous calculations, such as the cost of administrative support, administrative expenses, and the salaries of program managers. A rough estimate developed through some type of allocation plan is usually sufficient.

**Evaluation**
The evaluation cost is included in the program costs to compute the fully loaded cost. For an ROI evaluation, the costs include developing the evaluation strategy and plans, designing instruments, collecting data, analyzing data, and preparing and presenting results. Cost categories include time, purchased services, materials, purchased instruments, and surveys.

**Calculating the ROI**
The ROI has been reported earlier; it is a figure that must be used with caution, because it can be interpreted or misinterpreted in many ways. This section presents some general guidelines to help calculate the ROI and interpret its meaning.

The monetary benefits are derived from the impact measures after they are converted to money. A group of employees is often involved in a learning program, so the investment figure should be the total costs of analysis,
BUSINESS CASE FOR LEARNING

development, implementation, operating, and evaluation totaled together in the bottom part of the equation. With these considerations for calculating the ROI, the following formula is used:

\[ \text{ROI (\%)} = \frac{\text{Net Benefits}}{\text{Program Costs}} \times 100 \]

The net benefits are the benefits minus the costs. The formula is multiplied by 100 to convert it to a percent.

To illustrate this calculation, consider a learning program designed to reduce error rates. The average daily error rate per employee dropped from 20 to 15 because of the program. Before the program, an employee spent an average of 30 minutes correcting errors. If employees average $20 per hour and 20 employees completed the program, the weekly operational savings for this program using base pay savings is $1,000 (or \( 5 \times 0.5 \times 20 \times 20 \)). The annual savings are $52,000. This assures that the time saved is used on other productive work. If the program costs $40,000, the ROI after the first year is:

\[ \text{ROI} = \frac{$52,000 - $40,000}{$40,000} \times 100 = 30\% \]

This suggests that for every dollar invested in this program, the dollar is recovered plus another 30 cents is returned. These figures may be more meaningful to managers who use ROI calculations for capital expenditures. ROI may be calculated prior to a program to forecast the potential cost effectiveness or after a program to measure the results achieved. The methods of calculation are the same.

Similar to the ROI, the BCR consists of the total of the benefits derived from the program expressed in money, divided by the total cost of the program. A BCR greater than one indicates a positive return. A ratio of less than one indicates a negative ROI. The benefits portion of the ratio is a tabulation of all the benefits derived from the program converted to monetary values, and the total costs include all the cost categories, as described earlier in this chapter. In the previous example, the BCR is:

\[ \text{BCR} = \frac{$52,000}{$40,000} = 1.3\% \]
This suggests that for every dollar invested, a dollar and 30 cents were received in benefits.

**Identifying the Intangibles**

Perhaps the first step to understanding intangibles is to clearly define the difference between tangible and intangible assets in a business organization. As shown in Figure 7-5, tangible assets are required for business operations; they are readily visible, rigorously quantified, and routinely represented as line items on balance sheets. Intangible assets are the key to competitive advantage. They are invisible, difficult to quantify, and not tracked through traditional accounting practices. With this distinction, it is easy to understand why intangible measures are more challenging to convert to money.

In the ROI Methodology, intangibles are defined as impact measures not converted to money because the conversion would require too many resources or the result would not be credible. Figure 7-5 illustrates some typical examples from the vast number of possible intangibles.

To connect the intangibles to the program, a simple question is asked about a list of intangibles: to what extent did this program influence each of these measures? A 5-point scale is provided for response. The program participant is usually the one to provide the data.

*Figure 7-5. Typical Intangible Measures Linked with Programs*

- Job satisfaction
- Organizational commitment
- Climate
- Engagement
- Employee complaints
- Recruiting image
- Brand awareness
- Stress
- Leadership effectiveness
- Resilience

- Caring
- Career-mindedness
- Customer satisfaction
- Customer complaints
- Customer response time
- Teamwork
- Cooperation
- Conflict
- Decisiveness
- Communication
What Must Change
This chapter discussed key issues in calculating the business contribution, the sixth step in the eight-step model. One of the first issues is the concept of isolating the effects of the program from other influences, which determines the extent to which the improvement was caused by the program. The second issue involves converting data to monetary values. Regardless of the type of data, several techniques can be extremely helpful in translating the data to monetary values to use in ROI formulas. The third aspect is the cost of the program. Calculating the ROI is the fourth issue of data analysis, and there are several credible methods to do so.

Data collection and analysis have little use without conveying the results to the right audience in the right way. The next chapter will highlight how to communicate the results to key stakeholders.

References
Chapter 8
Tell the Story: Communicating Results to Key Stakeholders

When results from a learning program are measured, particularly at Level 3, 4, or 5, they are provided to the key client, supporter, or major sponsor. Beyond that, the other stakeholders are often omitted from any formal communication plan. To maximize the value of these results, key stakeholders, ranging from the participants to the top executives, need to know the results. The challenge is to identify the key stakeholders, craft the message, determine the method of communication, and communicate results to them in a timely manner.

Case in Point
A company implemented a major learning program to improve the quality and speed of service. When the project ended, the team measured the results, which were disappointing. The quality of service had improved, but the speed of service had not. In fact, it had worsened. The team generated a report, which included the major findings along with charts and graphs, and distributed it to the executive team in an email. Unfortunately, the report was overlooked in the sea of emails received by the executive team. It wasn’t until a face-to-face meeting on another topic that one member of the executive team commented on the mixed results and raised several questions. The tone of the meeting became tense and uncomfortable. The learning and talent development executive remarked to her team afterward, “If I had to do it again, I would have escalated the need to communicate these findings in a different way.”

The issues raised by this scenario help to illustrate common challenges of communicating results. You need to be able to answer several questions before you share your evaluation results: What and when is the best way

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to convey results? What is the purpose of the communication? Who is the intended audience? This chapter describes the seventh step in the eight-step process, and it will address these questions and more. It highlights the dos and don’ts of communicating evaluation results, describes a best practice report formula that can be repeatedly used to sustain momentum and change, and outlines key ingredients for a communication plan. More importantly, the concept of storytelling is emphasized.

Proctor & Gamble

I’ve had the opportunity to deliver a presentation to the then-CEO of Proctor & Gamble (P&G) A.G. Lafley four or five times in the decade he held that position. The first time was unforgettable. That day I learned a valuable lesson—the hard way—about how not to present to the CEO.

I’d been given 20 minutes on the agenda of the Executive Global Leadership Council meeting. This group included the CEO and a dozen or so of the top officials in the company. They met weekly in a special room on P&G’s executive floor designed just for them. It was a perfectly round room with modern features, centered on a perfectly round table. Even the doors were curved so as not to stray from the round motif. My presentation was the first item on the agenda that day, so I arrived 30 minutes early to set up my computer and make sure all the audiovisual equipment worked properly. I was, after all, making my first presentation to the CEO. I wanted to make sure everything went smoothly.

The executives began filing into the room at the appointed time and taking up seats around the table. After half of them had arrived, Mr. Lafley entered the room. He walked almost completely around the table, saying hello to each of his team members and, to my horror, sat down in the seat immediately underneath the projection screen—with his back to it!

This was not good. “He’ll be constantly turning around in his seat to see the presentation,” I thought, “and he’ll probably hurt his neck. Then he’ll be in a bad mood, and he might not agree to my recommendation.” But I wasn’t going to tell the boss where to sit, so I started my presentation.
About five minutes in, I realized Mr. Lafley hadn’t turned around even once to see the slides. I stopped being worried about his neck and started worrying that he wasn’t going to understand my presentation. And if he didn’t understand it, he certainly wouldn’t agree to my recommendation. But again, I wasn’t going to tell the CEO what to do. So I just kept going.

At ten minutes into the presentation—halfway through my allotted time—I noticed that he still hadn’t turned around once to look at my slides. At that point, I stopped being worried and just got confused. He was looking right at me and was clearly engaged in the conversation. So why wasn’t he looking at my slides?

When 20 minutes had expired, I was done with my presentation, and the CEO hadn’t ever bothered to look at my slides. But he did agree to my recommendation. Despite the success, as I was walking back to my office, I couldn’t help but feel like I’d failed somehow. I debriefed the whole event in my head, wondering what I had done wrong. Was I boring? Did I not make my points very clear? Was he distracted with some billion-dollar decision far more important than whatever I was talking about?

But then it occurred to me. He wasn’t looking at my slides because he knew something that I didn’t know until that moment. He knew if I had anything important to say, I would say it. It would come out of my mouth, not from that screen. He knew those slides were there more for my benefit than for his.

As CEO, Mr. Lafley probably spent most of his day reading dry memos and financial reports with detailed charts and graphs. He was probably looking forward to that meeting as a break from that tedium and as an opportunity to engage someone in dialogue—to have someone tell him what was happening on the front lines of the business, to share a brilliant idea, and to ask for his help. In short, he was hoping for someone to tell him a story. Someone like me. That was my job during those 20 minutes. I just didn’t know it yet.

Looking back, I realize it was probably no accident Mr. Lafley chose the seat he did. There were certainly others he could have chosen. That position kept him from being distracted by the words on the screen and allowed him to focus on the presenter and on the discussion.¹

—Paul Smith, author of Lead with a Story and former P & G executive
Every great leader is a great storyteller.

—Howard Gardner, Harvard psychologist

Communication Basics

Communicating results effectively is a systematic process with specific rules and steps. Here are seven guidelines:

1. Make communication timely.
2. Customize your communication to a specific audience.
3. Select the mode of communication carefully.
4. Keep communication neutral.
5. Include testimonials.
7. Use communication to drive improvement.

Make Communication Timely

Program results should usually be communicated as soon as they are known and packaged for presentation. As in the opening “Case in Point” story, the timing of communication was a critical factor in the program. Not sharing the results in a timely fashion led to a missed opportunity for well-timed improvement. Several questions about timing must be addressed:

- Is the audience prepared for the information when considering the content and other events?
- Are they expecting it?
- When is the best time to have the maximum impact on the audience?

Customize Your Communication to a Specific Audience

The communication will be more efficient when it is designed for a specific group. The message can be especially tailored to the interests, needs, and expectations of the group. The length, content, detail, and slant will vary with the audience. Figure 8-1 shows some specific audience groups, with the most common reasons for communicating results.
The most important target audience is probably the client or sponsor, which involves senior management, because they need information to approve funding. The entire management group may also need to be informed about results in a general way. Management’s support for and involvement in learning and talent development is important to the success of the effort. The department’s credibility is another key issue, and communicating program results to management can help establish this.

The importance of communicating with a participant’s immediate manager is probably obvious, as these managers may need to support and allow employees to be involved in programs. An adequate ROI improves their commitment to employee learning while enhancing the learning team’s credibility with them.

Participants also need feedback on the overall success of their efforts. However, this target audience is often overlooked; it is assumed that they don’t need to know.

The learning and development team members should also receive information about program results, and, depending on the team’s reporting relationships, HR may be included too. For small teams, the individual conducting the evaluation may be the same person who coordinated the effort.
For larger departments, the evaluation may be a separate function. In either case, the team needs detailed information about the program’s effectiveness so that adjustments can be made if the program is repeated.

Select the Mode of Communication Carefully
Depending on the group, one medium may be more effective than another, so it is important to select the appropriate medium to communicate the results. For example, face-to-face meetings may be better than special reports for some groups, whereas a brief summary to senior management will likely be more effective than a full-blown evaluation report. Figure 8-2 illustrates options for communicating results.

Insert Figure 8-2. Options for Communicating Results

<table>
<thead>
<tr>
<th>Detailed Reports</th>
<th>Brief Reports</th>
<th>Electronic Reporting</th>
<th>Mass Publications</th>
<th>Live Presentations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact study</td>
<td>Executive summary</td>
<td>Website</td>
<td>Announcements</td>
<td>Executive briefings</td>
</tr>
<tr>
<td>Case study (internal)</td>
<td>Slide overview</td>
<td>Email</td>
<td>Bulletins</td>
<td>Management meetings</td>
</tr>
<tr>
<td>Case study (external)</td>
<td>One-page summary</td>
<td>Blog</td>
<td>Newsletters</td>
<td>Staff</td>
</tr>
<tr>
<td>Major articles</td>
<td>Brochure</td>
<td>Video</td>
<td>Brief articles</td>
<td>Team</td>
</tr>
</tbody>
</table>

Keep Communication Neutral
The challenge for the evaluator is to remain neutral and unbiased. Let the results inform as to whether the program hit the mark. Separate facts from fiction, and replace opinions with data-driven statements. Some target audiences may view communication from the employee engagement team with skepticism and may be on the lookout for biased information and opinions. Boastful statements may turn off individuals, and then most of the content of the communication will be lost. Observable, believable facts carry more weight than extreme claims.

Include Testimonials
Testimonials are more effective if they are from individuals with audience credibility. Perceptions are strongly influenced by others, particularly by those who are admired or respected. Testimonials about learning program
results, when solicited from individuals who are generally respected in the organization, can have a strong impact on the effectiveness of the message. They can usually be collected from participants at each level: reaction, learning, application, and impact.

Be Flexible
Look for ways to include evaluation reporting, using the timing and forums of other organization reports. The content of the communication should be consistent with organization practices. A special communication at an unusual time may create more work than it’s worth. When a particular group, such as senior management, regularly receives communication, the information sharing should continue, even if the results are not what was desired. If some results (such as a negative ROI) are omitted, it might leave the impression that only good results are reported.

Use Communication to Drive Improvement
Because information is collected at different points during the process, providing feedback to the groups enables them to take action and make adjustments if needed. As a result, the quality and timeliness of communication is critical to making improvements. Even after the evaluation is completed, communication is necessary to make sure the target audience fully understands the results achieved as well as how the results may be enhanced in future programs or in the current program, if it is still operational. Communication is the key to making important adjustments at all phases of the project. This is emphasized in the next chapter.

“If history were taught in the form of stories, it would never be forgotten.”
—Rudyard Kipling
Storytelling
Unlike more traditional commentaries on business results, design thinking presumes that numbers cannot tell the whole story and that other means of communication are required to define and articulate the results. The design thinking approach believes that stories are uniquely useful in their ability to bring people onto the same page and to organize information and present it in an efficient and accessible manner.

Stories foster empathy and connectedness, as they prioritize information and objectives. They provide a clear beginning, middle, and end. The narrative structure of a story is a teaching tool that can make complex data or relationships more easily accessible to an audience. Because the important ideas are set in a metaphor that people can easily understand, both storytellers and listeners can move past arcane details and focus on the problem at hand. The immediacy of the story helps people track the important relationships while empathizing with the subject. This allows for a richer experience and fosters greater insight into the nature of the program, its place in the organization, and how the choices of the participants contribute to its success.

Why tell stories? The simple reason is that they work. Here are eight of Paul Smith’s ten most compelling reasons to tell stories, and he has much evidence to back them up:
1. Storytelling is simple.
2. Storytelling is timeless.
3. Stories are contagious.
4. Stories are easier to remember.
5. Stories inspire.
6. Stories appeal to all types of learners.
7. Stories fit in the workplace where most of the learning happens.
8. Telling stories shows respect for the audience.

It’s important to use a logical structure to develop stories. Although the structure can vary, Figure 8-3 presents an efficient checklist, from a storytelling expert, that is appropriate for most stories.
Figure 8-3. Story Structure Checklist

Hook
- Why should I listen to this story?

Content
- Where and when did it happen?
- Who is the hero? (Are they relatable?)
- What do they want? (Is that worthy?)

Challenge
- What is the problem/opportunity? (Relevant?)

Conflict
- What did the hero do about it? (Honest struggle?)

Resolution
- How did it turn out in the end?

Lesson
- What did you learn?

Recommended Action
- What do you want me to do?

Source: Adapted from Lead with a Story by Paul Smith (New York, NY: AMACOM).

The Cautions of Communicating Results
Communications can go astray or miss the mark. Several cautions should be observed early and often in the process. Here are four critical ones.

Don’t Hide the Results
The least desired communication action is doing nothing. Communicating results is almost as important as producing results. Getting results without communicating them is like planting a flower and not watering it. By not sharing the findings from your project, you can cause the organization to miss out on a key opportunity to make adjustments and bring about the change that is desired.

Don’t Overlook the Political Aspects of Communication
Communication is one of those issues that can cause major problems. Because the results of a program may be closely linked to political issues within an organization, communicating them can upset some individuals while pleasing others. If certain individuals do not receive the information, or in-
formation is delivered inconsistently between groups, problems can quickly surface. The information must not only be understood; issues relating to fairness, quality, and political correctness make it crucial that the communication be constructed and delivered effectively to all key individuals.

Don’t Skimp on the Recommendations
Recommendations are probably one of the most critical issues—they are the main conduit to change. Sometimes they seem to be given as an afterthought or skipped altogether. The best recommendations include specific action-oriented steps that come from the conclusions of the evaluation study and are then discussed with key stakeholders for buy-in and ownership. The point is to collaborate with stakeholders on this section so that they can internalize the results and necessary action. For this book, the “What Must Change” portion of each chapter is effectively a recommendation.

Don’t Ignore the Audience’s Bias
Opinions are difficult to change, and a negative opinion toward a program or team may not be changed simply by presenting the facts. However, facts may strengthen the opinions held by those who already support the program, because this reinforces their position and provides a defense they can use in discussions with others. A project team with a high level of credibility and respect may have a relatively easy time communicating results. Low credibility can create problems when one is trying to be persuasive.

“Don't confuse me with the facts. My mind is already made up.”
—Gary Marx

The Complete Report
The type of report to be issued depends on the degree of detail and the information presented to the various target audiences. Brief summaries of project results with appropriate charts may be sufficient for some communication efforts. In other situations, particularly those involving major projects requiring extensive funding, a detailed evaluation report is crucial. A complete and comprehensive impact study report is usually necessary at least in the early uses of the ROI Methodology. This report can then be used
as the basis for more streamlined information aimed at specific audiences using various media. Figure 8-4 offers a report formula to effectively convey the results. It has all the necessary ingredients to communicate outcomes in the best possible way.

**Figure 8-4. Results Report Format**

<table>
<thead>
<tr>
<th>General Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Background: What were the needs that precipitated the program? Why was this program selected?</td>
</tr>
<tr>
<td>Objectives of study: What are the goals and targets for this program?</td>
</tr>
<tr>
<td>What are the intended results?</td>
</tr>
<tr>
<td>Opening story</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Methodology for Impact Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levels of evaluation: Describe the evaluation framework to set the stage for showing the results.</td>
</tr>
<tr>
<td>ROI process: Briefly describe the 10-step process that was used.</td>
</tr>
<tr>
<td>Collecting data: Which methods were used to collect data, and why? Also, when were data collected?</td>
</tr>
<tr>
<td>Isolating the effects of the program: Which methods were used to isolate the effects of the intervention, and why?</td>
</tr>
<tr>
<td>Converting data to monetary values: Which methods were used to convert data to money, and why?</td>
</tr>
</tbody>
</table>

| Data Analysis: How were data analyzed? |

<table>
<thead>
<tr>
<th>Results: General Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response Profile: Include demographics of the population that responded or participated in the evaluation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results: Reaction and Planned Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data sources</td>
</tr>
<tr>
<td>Data summary</td>
</tr>
<tr>
<td>Key issues</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results: Learning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data sources</td>
</tr>
<tr>
<td>Data summary</td>
</tr>
<tr>
<td>Key issues</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results: Application and Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data sources</td>
</tr>
<tr>
<td>Data summary</td>
</tr>
<tr>
<td>Key issues</td>
</tr>
</tbody>
</table>
Results: Impact
- Data sources
- Data summary
- Key issues

Costs of Program—Direct and Indirect

Results: ROI Calculation and What It Means

Results: Intangible Measures

Relevant Story, If Feasible

Barriers and Enablers: This section of the report can be a powerful mechanism to lead into conclusions and recommendations. What obstacles were experienced that kept the organization from experiencing the kind of results they wanted? If barriers were noted, action items should be developed to minimize them in the future for the organization.

Conclusions: Summarize key findings from the data.

Recommendations: Based on the conclusions, what changes are needed? What are stakeholders willing to do?

While the impact study report is an effective, thorough way to present ROI data, several cautions are in order. Because this report documents the success of a program involving other individuals, credit for the success must go completely to those involved—the participants in the program and their immediate leaders. Their performance generated the success.

The methodology should be quickly explained, along with the assumptions made in the analysis. The reader should easily see how the values were developed and how specific steps were followed to make the process more conservative, credible, and accurate. Detailed statistical analyses, if used, should be placed in an appendix. This report can be condensed into an executive summary of five to eight pages or even a one-page summary. Figure 8-5 shows an example of a one-page summary of the results of a leadership program using infographics.
Chapter 8 – Tell the Story: Communicating Results to Key Stakeholders

**Figure 8-5. Example of a One-Page Summary**

**Leadership Development Precision Manufacturing**

**The Leadership Challenge**
- Four-day workshop with actions plans and support tools
- Each participant selects 2 KPIs to improve using the competencies with his or her team.

**Reaction – Objectives Met**

| Relevance | ✓ |
| Importance | ✓ |
| Intent to use | ✓ |

**Application Objectives on a 5-point scale**

- Extent of use: 4.3
- Frequency of use: 4.5
- Success with use: 3.9

**Barriers**
- Not enough time: 23%
- Lack of support: 18%
- Doesn’t fit: 14%
- Other: 10%

**Learning Objectives Met**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Pre-Post Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Communicate values and beliefs</td>
<td>48%</td>
</tr>
<tr>
<td>2. Focus on key values through actions</td>
<td>57%</td>
</tr>
<tr>
<td>3. Build collaboration teamwork and trust</td>
<td>42%</td>
</tr>
<tr>
<td>4. Strengthen others’ abilities to excel</td>
<td>69%</td>
</tr>
<tr>
<td>5. Inspire others to share a common vision</td>
<td>53%</td>
</tr>
<tr>
<td>6. Recognize the accomplishments of others</td>
<td>67%</td>
</tr>
</tbody>
</table>

**Impact Objectives**

- Costs: 23%
- Safety: 17%
- Quality: 29%
- Retention: 21%
- Other: 10%

**Method of Converting Data to Money**

- Expert Input: 63%
- Standard Value: 24%
- Estimate: 13%

**Total Monetary Benefits = $538,640**

**Costs – Direct $355,370**
- Indirect – Prorated $9,890
- Total $365,260

**BCR = 1.47**

**ROI = 47%**
Using Meetings
When used properly, meetings are fertile ground for communicating program results and a great opportunity to tell a story. All types of organizations conduct a variety of meetings, and some may provide the proper context to convey program results. Along the chain of command, staff meetings are held to review progress, discuss current problems, and distribute information. These meetings can be an excellent forum for discussing the results achieved in a program that relate to the group’s activities. Program results can also be sent to executives for use in a staff meeting, or a member of the evaluation team can attend the meeting to make a presentation.

Regular meetings with management groups are a common practice. Typically, discussions will focus on items that might be of help to work units. The discussion of a program and its results can be integrated into the regular meeting format. A few organizations have initiated the use of periodic meetings for all key stakeholders, where a project leader reviews progress and discusses the next steps. A few highlights from interim program results can be helpful in building interest, commitment, and support for the program.

Presentation of Results to Senior Management
Perhaps one of the most challenging and stressful types of communication is presenting an impact study to the senior management team, which also serves as the client for a project. The challenge is convincing this highly skeptical and critical group that outstanding results have been achieved (assuming they have) in a very reasonable time frame, addressing the salient points, and making sure the managers understand the process. Two potential reactions can create problems. First, if the results are very impressive (high ROI), making the managers accept the data as credible may be difficult. On the other extreme, if the data are negative, ensuring that managers don’t overreact and look for someone to blame is important. Several guidelines can help ensure that this process is planned and executed properly, and these are presented as Figure 8-6.
Figure 8-6. Guidelines for the Executive Briefing

**Purpose of the Meeting:**
- Create awareness and understanding of ROI.
- Build support for the ROI Methodology.
- Communicate results of study.
- Drive improvement from results.
- Cultivate effective use of the ROI Methodology.

**Use These Ground Rules:**
- Do not distribute the impact study until the end of the meeting.
- Be precise and to the point.
- Avoid jargon and unfamiliar terms.
- Spend less time on the lower levels of evaluation data.
- Present the data with a strategy in mind.

**Follow This Presentation Sequence:**
1. Describe the program, and explain why it is being evaluated.
2. Present the methodology process.
3. Present the reaction and learning data.
4. Present the application data.
5. List the barriers and enablers to success.
6. Address the business impact.
7. Show the costs.
8. Present the ROI.
9. Show the intangibles.
10. Review the credibility of the data.
11. Summarize the conclusions.
12. Present the recommendations.

**A Briefing Example**
To illustrate the importance of this briefing and the necessity of getting it right, here’s an example of how Joan Kravitz made a very successful presentation.

**Case in Point**
Joan Kravitz was a little nervous as she faced the executive audience. She had been there a couple of times for other briefings, but never with this particular issue. As she scanned the room, she saw the senior executives who were interested in her project, and, more importantly, in the success of the project. She was confident that she knew the material and had a clear
agenda. She had practiced this briefing with her own team, who gave her very candid feedback.

Joan’s project was an ROI study on the company’s executive leadership development program conducted by a very prestigious business school. It was very expensive and had been conducted for leaders in the company for five years. Although the program was supported by executives, pushing it to record levels of funding, the top executives offered an interesting challenge and request. They wanted to see the impact that this program was having on the organization, and, if possible, the financial ROI. Fortunately, Joan received this request in enough time to implement changes into the program to keep it focused on results and have the participants committed to showing the value of their individual and team projects. She had some very intriguing data. Yes, there were some bumps along the way, but there was still a good story to tell, and she was very proud of it.

As Joan scanned the audience, she knew the perspectives of the different audience members. The CEO was not there, but all the other senior team members were present. She was disappointed, because the CEO was the champion of this project, but an urgent schedule change prohibited him from being there. She would have a private session with him to cover the agenda. The CFO seemed to support the program, but he was really concerned about budgets, costs, and the value of every project, including this one. The operations executive VP saw the program as helpful but was still concerned about business value. The VP of Design and Engineering did not support the program and rarely nominated participants for it. The VP of Marketing was a solid supporter of the program. The most friendly face in the group was the Executive VP of HR, who was a very strong supporter of this program and actively involved in various parts of it. The remaining members of the group were largely neutral about the program.

Joan knew that there were two major issues that she had to address. Not only must she show the results and secure approval for any changes in the program, but she must show them the methodology she was using. Yes, they all thought they knew ROI, but not the way she was presenting it. Although this particular process used the same formula that the CFO would use for a capital investment, it was the way in which the data were collected that made it so interesting and credible. Conservative processes were used, which should agree with this group, but she had to explain it to
them quickly, in a mere thirty minutes. She also had a little fear that, if they really liked this process, they might want to see this type of analysis for all projects. So she also had to show them that this process should be used very selectively. All these things were racing through her mind as she opened the presentation.

The Presentation.

“Good morning, colleagues,” Joan began, “Thank you for coming and giving up your precious time to see the value of a program that you have supported for several years. We all know the Advanced Leadership Program, which has enjoyed a five-year history with this company, with over 200 individuals participating. We have some results to show you from the group that participated last year. While these results are very intriguing and impressive, they do point to some important changes we need to make, and I want to secure your approval for these changes.”

Joan began to relax and get comfortable with her presentation, and she saw an engaged audience. There were no grumpy expressions or frowns at that point.

Joan quickly described the program and revealed the methods that were being used to show the value.

“Our method of choice to evaluate this program is the ROI Methodology, adopted by 5,000 organizations. It is the most-used evaluation system in the world, and it is ideal for measuring this type of program, because it captures reaction to the program, learning about the program content, application of the content, business impact, ROI, and intangibles.

It operates with a system of logical processes that you see in front of you. It uses some very conservative standards that I know you will find to be most credible and convincing. Here are two standards as applied to this study. First, all the cost of the program was used in the calculation, including the executive’s time away from work. Second, for individual projects, we claimed only one year of monetary value on the benefit side. We all know that if an executive changes behavior and implements changes for the team, there will be multiple years of benefits. For the team projects that are being implemented throughout the organization, a three-year payoff was used, which is very conservative. These time frames were endorsed by finance and accounting. These two standards, which are number nine and ten on
the list in front of you, are only two of the twelve standards we followed in conducting this study.”

Joan noticed quickly that the executives began to glance at the standards while trying to pay attention to her at the same time. This was what she wanted. She captured their interest with those two assumptions, and they began to look at some of the others. She felt she could only allocate about two minutes for this issue, because she had much more to present.

- **Reaction and Learning.**

“As I present the results, please feel free to ask questions at any time. We will keep this very interactive, and I promise you, we will keep it within thirty minutes. The first two levels of results, reaction and learning, are presented first. While these may not be of much interest to you, we know that the project could go astray if the participants don’t see value in it. Also, if they didn’t really learn anything about themselves, their team, or their own competencies, then there won’t be any subsequent actions, behavior change, and impact. Fortunately, we have very positive reaction and learning results.”

Joan took two minutes for coverage on Level 1 (reaction) and Level 2 (learning), and she quickly moved on to Level 3 (application).

- **Application.**

“Application describes the extent to which these executives are changing the way they work, changing their behavior from a leadership perspective. I’m sure that you are more interested in this.” Joan spent three minutes describing the table with the application data. “At this point, it is appropriate to examine the barriers and enablers, the important issues that inhibit or enhance application. Here are the barriers for these executives to use this program. As you can see, they are not very strong, but it is good to know what they are. If this program had significant barriers, we would want to work on them quickly.”

By then, Joan had taken a total of ten minutes. Now she knew that the rest of the time would be focused on impact and ROI. Up to that point, there had been no questions, much to Joan’s surprise. She thought that this group would always be engaged, but she knew the next section would get them involved.
Business Impact.

“In terms of business impact, we examined three sets of data,” Joan explained. “The first was individual projects that the participants took on, centered on an important business measure in their particular business unit. Using action plans, they made improvements with these measures. Your report will have a copy of the action plan and sample copies of completed ones. This chart shows a sampling of individual projects, highlighting the specific measures selected and the amount of money the improvements represent, as participants actually converted the improvements to money. These improvements, which were monitored six months after their action plans were initiated, were impressive. The chart also shows the basis for this conversion, and it addresses another important issue, isolating the effects of this program.” This was where Joan began to have some anxieties, because she was concerned about the executives’ reaction to this issue.

“As you know, when any improvement is made, there are multiple factors that can drive it. These executives selected measures that are often influenced by various factors, and sometimes we implement programs aimed at those improvements. So we must sort out the impact of this program from other influences. Our best method for accomplishing this is an experimental versus control group arrangement, where one group of executives is involved in this program, and another is not. As you can imagine, this won’t work here, because they all have different measures from different business units. And there are some other analytical techniques that, unfortunately, also won’t work. So we have to rely on the executives to provide this information. But the good news is that they are very credible. These are the individuals who have achieved the results, and we don’t think there is any reason why they would attribute more results to this program than some other influence.”

“This information was collected in a very nonthreatening, unbiased way, by having them list the other factors that have improved the results and then provide the percent of improvement that should be attributed to this program. Because this is an estimate—and we don’t like estimates—we asked them another question that serves as an error adjustment. We asked them, ‘What is your confidence in the allocation that you have just provided, on a scale of 0–100 percent?’ For example, if someone was 80 percent confident in an allocation to the program, that reflects 20 percent error. So
we would take out the 20 percent. This is achieved by multiplying by the 80 percent. Let me take you through an example.”

Joan described one particular participant and followed the data through the chart to show the value. In the example, an executive reported an improvement with three other factors causing it. He or she allocated 25 percent to the leadership program and was 70 percent confident with that. In that case, 17.5 percent (25 percent x 70 percent) was allocated to the program.

As expected, this table attracted a lot of interest and many questions. Joan spent some time very confidently responding to those.

The CFO opened up, “If I want to see this particular measure, pointing to a particular individual, I could go to that business unit and find the measure and track what has changed.” Joan responded, “Yes, you can see the actual unit value of that measure, and we can provide you the business unit if you would like to. On the chart, we did not use specific names, because we did not want this to appear to be a performance evaluation for the executive. This should be process improvement; if this program doesn’t work, we need to fix it and not necessarily go after the participant. So we can provide to you the business units if you want to do that kind of audit.” The CFO added, “There is really no need to do that; I was just curious.”

Joan continued, “Please remember that the groups took on a team project and that this particular group of people had four projects. Three of those projects have been implemented, and the other has not, at least at this point. So we don’t count any value for the fourth project. For the three projects implemented, we used a three-year payoff. These projects represented needed changes in the organization. Let me quickly describe the three projects.”

Joan methodically described these projects, showing their monetary value, the assumptions that were made, and the isolation issue. This took about five minutes, but it attracted interest, as the executives asked a few questions about them.

Joan presented a summary of the money from individual projects and team projects to show the money saved or generated because of this leadership program. She reminded the audience that the amount claimed was connected to the leadership program, isolated from other influences.

Next, Joan presented the cost. She had previously reviewed the cost categories with finance and accounting, and they agreed with Joan. In fact, Joan invited Brenda, her finance and accounting representative, to the
meeting, and she was there. After showing the detailed cost table, with a quick cost summary discussion, she noted that all cost was included. Joan turned to Brenda and asked for her assessment of the categories of cost that were included. Brenda confirmed that all costs seemed to be covered, and some items were included that might not be necessary. For example, the time away from work probably should not be included, because these executives got their jobs done anyway. Joan added, “We wanted to be consistent and credible, so we have included all the cost.” Joan quickly looked at the CFO and could see he was really intrigued and pleased with this brief part of the presentation.

ROI.

Finally, Joan showed the ROI calculation, and she presented it two ways. The first ROI was based on individual projects alone, and this generated an ROI of 48%. Joan added, “We have a standard that if someone doesn't provide you with data, then you assume it had no value. Of the thirty people in this session, six did not provide us data, perhaps for good reason. Because it was not there, we included zero for them. This is guiding principle number six,” Joan added. “When the team projects are included, the number is staggering, with 831% ROI. Please remember, the data on these projects have been approved by the executives involved in the program. Only a portion of the project that is connected directly to this program is used in the calculation, recognizing that other factors could have influenced these particular data sets. So this is a huge value add from the program.”

Intangibles.

Joan moved on to the intangibles. She had asked the participants about the extent to which this program was influencing certain measures that were largely intangibles; a chart in the report listed the key intangibles. This attracted some interest from the executives as Joan described how the table was constructed. The CFO asked about connecting these measures to monetary values. “They have not been converted to money in our organization,” Joan replied, “but some organizations have done so, and we recommend that we pursue more of those types of conversions. The trend these days,” added Joan, “is to convert more of the classic intangibles to money. This would be a good time to focus on this task.” The CFO agreed.
Conclusion and Recommendations.

Joan quickly concluded with a summary and some recommendations that she wanted to make, based on the comments from participants. The team project seemed to be a bit cumbersome. It generated a lot of frustration with the participants. Maybe the individual project should be enough, they suggested. Also, since this program had been operating for some time, many of the really challenging and necessary team projects had already been addressed. Although new ones were generated, this could be an optional part of the process. Joan’s recommended change was to make the team project optional.

After some discussion among the group, the executives concluded that the team projects should be a part of the process, with administrative support provided to help these executives with the work. Joan added that some support had been provided, and it was accounted for in the cost of the project, but having more support available would certainly be helpful.

So the change that Joan recommended to be approved, wasn’t. The decision did underscore the support for this program and the results that she had presented. Joan concluded the conversation by asking if there were any other major programs that should be evaluated at this level. But she cautioned that this level of evaluation took resources for the team to conduct the study plus the cost of having it reviewed by an external expert. Executives discussed the topic and identified two other projects that they wanted to see evaluated at this level.

The CFO indicated this was a good presentation and that he certainly appreciated the effort. Joan was pleased when the executives left the room. The HR executive was elated. “This was exactly what we need to be doing, Joan,” she said, “You have done an amazing job.”

Reflection.

Walking back to her office, Joan was relieved. She felt good about her presentation and the support from executives. She was very pleased that she was able to show the results of an important soft program in a tangible, credible way. The presentation was challenging, but it was not too difficult. She had methodically followed the guidelines in Figure 8-4.
Routine Communication Tools

An internal, routine publication—such as a newsletter, magazine, newspaper, or electronic message—is one way to reach all employees or stakeholders and share program results. The content can have a significant impact if it is communicated appropriately; however, the scope should be limited to general-interest articles, announcements, and interviews.

Results communicated through these types of media must be important enough to arouse general interest. For example, a story with the headline “New Employee Onboarding Program Decreases Costs” will catch the attention of many readers, because they probably know about the program and can appreciate the relevance of the results. Reports on the accomplishments of a small group of organization members may not generate interest if the audience cannot relate to the accomplishments. For many projects, results are not achieved until weeks or even months after the program is completed. Communicating results to a general audience may lead to motivation to continue the program or introduce similar ones in the future.

Stories about those involved in a program and the results they have achieved can help create a favorable image. Employees see that the organization is investing resources to improve performance and prepare for the future. This type of story provides information about a program that may otherwise be unknown and sometimes creates a desire for others to participate. Public recognition of program participants who deliver exceptional performance can enhance employee engagement and drive them to excel.

The Communication Plan

Any activity must be carefully planned to achieve maximum results. This is a critical part of communicating the results of the program. The actual planning of the communication is important to ensure that each audience receives the proper information at the right time and that necessary actions are taken.

Several issues are crucial in planning the communication of results:

• What will be communicated?
• When will the data be communicated?
• How will the information be communicated?
• Where will the information be communicated?
• Who will communicate the information?
• Who is the target audience?
• What are the specific actions required or desired?

The communication plan is usually established when the program is approved. This plan details how specific information is developed and communicated to various groups as well as the expected actions. In addition, it explains how the overall results will be communicated, the time frame for communication, and the appropriate groups to receive the information. The learning and talent development team leader, key managers, and stakeholders will need to agree on the degree of detail in the plan.

What Must Change
The seventh step in the results-based process, Tell the Story, is crucial. If it is not executed adequately, the full impact of the results will not be recognized, and the study may be a waste of time. This chapter began with the basics and general dos and don’ts for communicating results, which can serve as a guide for any significant communication effort. The various target audiences were then discussed, along with the most commonly used media for communicating program results. The emphasis is on developing the detailed report and conducting a briefing to executive sponsors. The communication process must be planned and properly executed to produce the desired outcomes. The next chapter will discuss how to use evaluation and data to optimize the results and influence the budget.

References
Chapter 9
Optimize Results: Using Black Box Thinking to Increase Funding

The talent development team must use business evaluation for maximum value. This means results are used to make improvements. If a program is not as successful as it needs to be, the data collected usually indicate what must change to make it better. If it is successful, the data also show what can be changed to make it more successful. Optimizing results is the goal, particularly when the results include business impact and ROI data. Optimization increases the ROI, which helps funders and decision makers decide where to invest in the future, such as allocating more of the budget to a particular area. The challenge is making continuous improvements that lead to optimization that leads to allocation. This is the eighth and final step in the results-based process.

Retail Merchandise

True Story
Retail Merchandise is struggling with sales growth and problems with their business model. The chief executive at Saks Fifth Avenue was recruited to change the business model and customer experience. There was very little customer interaction within the store. The sales staff was not required, expected, or prepared to have a dialogue with the customer to guide them to a purchasing decision while they were in the store. The new president and executive team wanted to require and support this type of dialogue. An analysis by the analytics team revealed that this would make a difference in sales but also that the individuals in the sales associate role were not comfortable with having this dialogue. After all, it was not previously a part of their job requirements.
This request prompted a pilot learning program focusing on skill practices for sales associates. A total of 48 people, representing 16 participants each from three different stores, embarked on the new program. All these individuals were employed in the electronics sales area, and the three stores were compared to three other stores that were carefully matched as a comparison group for experimental control group analysis.

The program results were impressive. The sales staff saw this as valuable to the customer and also important to their own satisfaction and job engagement. They quickly learned to use the skills, as demonstrated in role-plays in the classroom, and they used the skills routinely with the customers. Over 50 percent used these skills with every customer. This resulted in a 16 percent improvement in sales for the experimental group over the control group. This increase drove enough profit that it generated an ROI of 118%.

The results, comparing the success at each level, were presented to the management team. For reaction, learning, application, impact, and ROI, the objectives were successfully met and exceeded. With an impressive 118% ROI, the results convinced the executive team to implement the program throughout the 420 stores. At the same time, some opportunities for improvement were uncovered, so the next group would have even more favorable results. Essentially, this study drove the decision to implement a major program that involved almost twenty thousand employees.¹

This case study shows that evaluation can lead to optimization, and optimization leads to allocation of funds. The evaluation revealed both that the program was a success and that there were areas that could be changed to increase the success in the future. As a result, the program could deliver even more results. In a very convincing way, the results were used to allocate funds for this program and implement it throughout the system.

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**Process Improvement Is the Key**

With the intense competition for resources, it is important to show key funders and supporters the value of projects. Very credible and unmistakable results make a great case for maintaining or increasing funding. However, it starts with the issue of process improvement, as data are collected and used to make changes to improve the program. Whether the program is delivering the desired results or not, the challenge is to make it even bet-
Learning from Failure: Black Box Thinking

Unfortunately, most programs fail to deliver the desired results. The reason for the failure must be uncovered, and adjustments must be made, much like the use of black boxes on airplanes. You can learn a lot from black box thinking, and Matthew Syed’s new book *Black Box Thinking: Why Most People Never Learn from Their Mistakes—But Some Do* brings into focus the power and payoff of learning from failure.

Failure is something we all have to endure from time to time, whether it is missing a deadline, flunking an examination, or even the local football team losing a match. Sometimes, failure can be far more serious. For doctors and others working in safety-critical industries, getting it wrong can have deadly consequences. Let’s explore two contrasting industries to see what we can learn about failure: aviation and healthcare.

The Aviation Industry

In the aviation industry, the attitude toward failure is striking and unusual. Every aircraft is equipped with two almost-indestructible black boxes, one of which records instructions sent to the onboard electronic systems and another that records the conversations and sounds in the cockpit. If there is an accident, the boxes are opened, the data are analyzed, and the reason for the accident pinpointed. This ensures that procedures can be changed so that the same error never happens again. Through this method, aviation has attained an impressive safety record.

In 2013, there were 36.4 million commercial flights worldwide carrying more than 3 billion passengers, according to the International Air Trans-
port Association. Only 210 people died. For every one million flights on Western-built jets, there were 0.41 accidents—a rate of one accident per 2.4 million flights.³

In 2014, the number of fatalities increased to 641, in part because of the crash of Malaysia Airlines Flight 370, where 239 people died. Most investigators believe that this was not a conventional accident but an act of deliberate sabotage. But even if we include this in the analysis, the jet accident rate per million takeoffs fell to a historic low of 0.23 in 2014.⁴ For members of the International Air Transport Association, many of whom have the most robust procedures to learn from error, the rate was 0.12 (one accident for every 8.3 million takeoffs).⁵

Aviation grapples with many safety issues. New challenges arise almost every week. In March 2015, the Germanwings suicide plane crash in the French Alps brought pilot mental health into the spotlight. Industry experts promise that they will always strive to learn from adverse events so that failures are not repeated. After all, that is what aviation safety ultimately means.

The Healthcare Industry
In healthcare, however, things are very different. In 1999, the American Institute of Medicine published a landmark investigation called “To Err Is Human.” It reported that between 44,000 and 98,000 Americans die each year as a result of preventable medical errors.⁶ In a separate investigation, Lucian Leape, a Harvard University professor, put the overall numbers higher. In a comprehensive study, he estimated that a million patients are injured by errors during hospital treatment and that 120,000 die each year in America alone.⁷

But these statistics, while shocking, almost certainly underestimate the true scale of the problem. In 2013, a study published in the Journal of Patient Safety⁸ put the number of premature deaths associated with preventable harm at more than 400,000 per year. (Categories of avoidable harm include: misdiagnosis, dispensing the wrong drugs, injuring the patient during surgery, operating on the wrong part of the body, improper transfusions, falls, burns, pressure ulcers, and postoperative complications.) Testifying to a Senate hearing in the summer of 2014, Peter J. Pronovost, MD, professor at the Johns Hopkins University School of Medicine and one of the most respected clinicians in the world, made a startling comparison.
“What these numbers say is that every day, a 747, two of them are crashing. Every two months, 9/11 is occurring,” he said. “We would not tolerate that degree of preventable harm in any other forum.” These figures place preventable medical errors in hospitals as the third-biggest killer in the United States—behind only heart disease and cancer.

And yet, even these numbers are incomplete. They do not include fatalities caused in nursing homes or in outpatient settings, such as pharmacies, care centers, and private offices, where oversight is less rigorous. According to Joe Graedon, adjunct assistant professor in the Division of Pharmacy Practice and Experiential Education at the University of North Carolina, the full death toll due to avoidable error in American healthcare is more than half a million people per year.

Medical errors follow a normal bell-shaped distribution. They occur most often when physicians and clinicians are going about their business with the diligence and concern you would expect from the medical profession.

But there is also something deeper at work, something that has little to do with resources and everything to do with culture. It turns out that many of the errors committed in hospitals have subtle but predictable patterns. With open reporting and honest evaluation, these errors could be spotted and reforms put in place to stop them from happening again, as happens in aviation. But, all too often, they are not reported.

Learning from failure has the status of a cliché. But it turns out that, for reasons both prosaic and profound, a failure to learn from mistakes has been one of the single greatest obstacles to human progress. Healthcare is just one strand in a long, rich story of evasion. Confronting this could transform not only healthcare but business, politics, and much else. A progressive attitude to failure turns out to be a cornerstone of success for any institution.

All people are aware, in our different ways, that we find it difficult to accept our own failures. Even in trivial things, like a friendly game of golf, we can become prickly when we have underperformed and are asked about it in the clubhouse afterward. When failure is related to something important in our lives—our job, our role as a parent, our wider status—it is taken to a different level altogether.

When our professionalism is threatened, we put up defenses. We don’t want to think of ourselves as incompetent or inept. We don’t want our credibility to be undermined in the eyes of our colleagues. For senior doctors,
who have spent years in training and reached the top of their profession, being open about mistakes can be almost traumatic.

Society as a whole has a deeply contradictory attitude toward failure. Even as we find excuses for our own failings, we are quick to blame others who mess up. We have a deep instinct to find scapegoats. We are so keen to conceal our own mistakes partly because we are so willing to blame others for theirs. We anticipate, with remarkable clarity, how people will react, how they will point the finger, how little time they will take to put themselves in the tough, high-pressure situation in which the error occurred. The net effect is simple: it destroys openness and creates cover-ups. It hides the vital information we need in order to learn.

Failures in the Learning System
As mentioned in the beginning of this book, in learning and talent development programs, we know that:

1. Sixty to ninety percent of job-related learning is wasted (not used on the job, although we want it to be used). The culprit: failure in the system.
2. Most learning and talent development functions do not measure success at the levels desired by top executives (Levels 4 and 5). The culprit: fear of results (perceived failure).

The failure of learning programs (or the fear of failure) is serious, although it may seem trivial. After all, what will it hurt if participants:

• Attend a program when they are not in a role to use the skills and knowledge?
• Are not interested in the content and are not motivated to use it?
• Choose not to learn the content?
• Fail to use what they learned on the job?

This is not so important unless you examine the numbers from the entire organization. We have six clients at the ROI Institute with over $1 billion each in their learning and talent development budgets. If 50 percent of participants do not use what they learn, this is a waste of over $3 billion in these six organizations alone. Now, that’s important.

We cover up mistakes, not only to protect ourselves from others but to protect us from ourselves. Experiments have demonstrated that we all have
a sophisticated ability to delete failures from memory. Far from learning from mistakes, we edit them out of the official autobiographies we keep in our own heads.

This basic perspective—that failure is profoundly negative, something to be ashamed of in ourselves and judgmental about in others—has deep cultural and psychological roots. According to Sidney Dekker, a psychologist and systems expert at Griffith University, Australia, the tendency to stigmatize errors is at least two-and-a-half thousand years old.\(^\text{12}\)

The purpose of this book is to offer a different perspective—to argue that we need to redefine our relationship with failure, as individuals and as organizations. This is the most important step on the road to a high-performance learning organization. Only by redefining failure will we unleash progress, creativity, and resilience.

### Making Adjustments in Programs

The good news is that the causes of failure (or disappointing results) can be identified, and adjustments can be made at different points in the cycle. These adjustments are all aimed at making the program more successful and essentially moving it from mediocre or negative results to delivering very positive results. Even if the results are positive, adjustments can still make improvements. This helps us with the prospects of improved funding, but it will also address other important issues.

*“Never confuse a single defeat with a final defeat.”*  
—F. Scott Fitzgerald

### The Fear of Results

As discussed earlier, the greatest barrier to evaluating programs at the impact and ROI level is a fear of the results. Stakeholders with ownership of the program are concerned that disappointing results may reflect unfavorably on them and their individual performance. Some fear this outcome would lead to budget cuts or maybe a decision to discontinue the program. This is not necessarily the case. The principal issue is the reason for the ROI evaluation. If you wait for the funder, sponsor, or top executive to ask for the results, then you are at a disadvantage, with a short timeline. The program
may not be properly designed to achieve the desired results, and you will have missed the opportunity to make the needed adjustments to deliver the results. In addition, the request places you on the defensive, and that’s not a good place to be.

You always want to be on the offensive, be proactive, and drive accountability. This positions you in a much better situation for sponsors to react to negative data. In this scenario, you are initiating the evaluation of the program to ensure that it is delivering results. If it’s not, adjustments are made. The continuous process of evaluating and improving programs is the best way to overcome the fear of negative results.

You Can Always Make It Better
The design thinking process focuses on results at each step in the program cycle. If the results are not there, adjustments are made. It is extremely rare for a program to be perfect, delivering maximum results in the first attempt. Instead, there will be barriers and difficulties throughout the chain of value. Hopefully, these problems will be minimal, but they could be major. Either way, it’s an opportunity for improvement and making the program better—that’s your goal.

When you follow the processes in this book, negative outcomes are minimized because of the focus on results in the beginning and adjustments throughout the cycle to deliver those results. Using this eight-step process creates a high probability of a positive ROI, essentially guaranteeing positive results. This helps to reduce the fear and anxiety of delivering undesirable outcomes.

When Do You Discontinue the Program?
Although rare, there are times when the program needs to be discontinued. (If the steps described in this book are followed properly, then that should not happen.) In some cases, the right audience is not involved, the wrong solution is implemented, or the program is not aligned to business measures. When this happens, the appropriate action may be to discontinue the program. If there is no way that the program can be adjusted or modified to deliver positive results (yet positive results are needed), then it is best to eliminate the program.
In one large telecom organization, a program was implemented at the request of a senior executive. When the learning team attempted to link the program to the business measures provided by the executive, the connection was weak at best. When questioned if this was the right solution to deliver, the executive asked them to implement the program. He was not interested in discussions about “the right solution.” When the program was implemented, the results at Level 1 were unfavorable, prompting a discussion with this executive to examine if, perhaps, this was the wrong solution. The participants said this program was not relevant to their work or important to their success, and they didn’t intend to use it. Obviously, with that reaction, it will be difficult to have business success.

The executive refused to believe the data and suggested that it should be successful on the job. A follow-up evaluation conducted later validated what the learning and talent development team suspected. The participants did not use the content, because it wasn’t helpful to them, it was not needed, and there was no support from their management team. Consequently, the business measure that was allegedly connected to the program did not improve. When confronted with this data, the executive reluctantly agreed to discontinue the program.

Further analysis of the situation revealed that there was a close relationship between this executive and the learning supplier for the program that biased his ability to be objective. You must have the courage to discontinue a program when it is not working and cannot be made successful.

In our work at the ROI Institute, we have the opportunity to see many program evaluations that are negative, with as much as 40 to 50 percent of the projects negative on the first evaluation. However, a negative study will lead to improvements, if they can be made. Our estimate is that approximately 10 percent of negative programs are actually discontinued, making it less than 5 percent of ROI-evaluated programs overall that are discontinued because of lack of results. They are discontinued because it is the wrong solution for the participants involved or the business measure desired cannot be influenced by this solution, which is the right thing to do under those scenarios.

This is an important issue, because there is a concern among some professionals that most learning and talent development programs will be negative. Fortunately, most are not. When the process as described in this
book is followed correctly, the chances of a negative study are diminished dramatically, and the chance of discontinuing the program is miniscule.

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**When to Make Changes?**

Changes are made at different points in the cycle, even in the initial processes of selecting the solution and understanding the environment where the participants work. This step attempts to explore whether the solution will be effective in the work environment. If a barrier exists, it may be necessary to stop the process and address the barrier by trying to minimize, remove, or go around it. After this analysis and assessment phase, as the chain of value unfolds, each level presents an opportunity for making adjustments.

**Level 0, Input**

As discussed in Chapter 5, at Level 0, it is important to have the right people in the learning program at the right time. This issue focuses on the particular group of people who should be involved, the target audience for the program. They must have an opportunity in their work to use what they are learning.

Early in the process, the target audience must be clearly identified. If a participant is not in the target group or not in a position to use what they will learn, they should be not allowed to participate, unless there is some other reason for having them involved, such as career development.

The other key concern at Level 0 is the timing. Ideally, a person should be involved in the program just before they need to use the offered skills or knowledge. This is not always a perfect match, but it needs to be as close as possible. If it’s too early, participants will forget the skills or knowledge. If it’s late, bad habits may evolve that will have to be changed. Participants ought to be able to use the skills immediately, or at least close to the time that they assume the role. Some programs add to current skill sets to enhance what participants are already using. In this case, the issue is not so critical, because they can use the skills almost immediately as they learn them.

**Level 1, Reaction Measures**

Reaction data is another predictor of success; participants must see the content as something that they will use at the workplace. If they see it as not
relevant, not important to their success, or not necessary, they may not use it. When reaction is captured and does not meet the objectives, it is best to make adjustments. If participants do not see value, more communication or more information about the program may be required. Adjustments are minimized if reaction objectives are developed that clearly define the desired reaction. This issue was described in more detail in Chapters 4 and 5.

Level 2, Learning Measures
Sometimes, participants are not learning the content. As mentioned in Chapter 5, there are various ways to measure learning, ranging from informal self-assessment processes to very structured objective tests, demonstrations, and simulations. If participants are not successful in meeting the learning objectives, adjustments will need to be made in the program. The flow of information, the way content is presented, or the time devoted to learning could influence the level of learning. The activities, discussions, or focus of the modules may need to be adjusted for more learning. The important issue in learning design is to make sure the participants have the knowledge or skills and to make adjustments along the way if they don’t. The concern is that if participants are not learning, there will be no application from this program, and without application, there is no business impact.

Level 3, Application Measures
Level 3 (application) is where the chain of value most likely breaks: Participants just don’t use what they have learned in the program. This disappointment is usually a result of the tremendous number of barriers that often exist in the transfer of learning to the workplace. This area of concern has been discussed several times in this book, with an entire chapter devoted to it (Chapter 6). Changes are usually made in three situations within the data collection process.

In the first situation, data collection reveals a gap where individuals are not using what they’ve learned, compared to what should be occurring from the application objectives. Comments are usually provided that can indicate the reason for the gap. This gap might deserve more attention, particularly if the problem is occurring at just one part of the process.

The second situation is to identify the barriers to learning with a direct question to participants. Whether they are labeled impediments, inhibitors,
or obstacles, the barriers are those items that kept the participants from using the content to the extent that they could or should. If there are huge barriers, a program may be devastated. Unfortunately, this occurs more often than expected. Each barrier identifies what should be adjusted, and these are often issues that must be changed with assistance from others. For example, the participants’ managers, other executives, and administrators in the organization may need to be involved in minimizing or removing the barriers.

A third situation is the identification of enablers, those items that have enhanced results. The enablers, collected directly from the participants, should be present for every program and may be unique to the individuals. What some participants found to be an enabler, may not have enabled others. Just like barriers, enablers are powerful for making improvements. Ideally, enablers are there for everyone.

**Level 4, Impact Measures**

For some program evaluations, the impact measures have changed, and the challenge is to find out what happened. Several issues can cause this. The first is that there is a misalignment in the beginning, and the business measure is not the right measure for this program. The business measure may be correctly targeted as the one that needs to be changed, but this program will not improve it. Second, the program is having an adverse effect on another business measure that wasn’t anticipated, and adjustments must be made. This situation is common. For example, a program is designed to improve quality and productivity. Quality improves, but productivity decreases. These variables need to be monitored for this adverse effect and adjustments made to correct it. Other factors actually influencing the measure may be a third reason for having disappointing results. The program may be moving the measure in the right direction, but something else is pushing it back in the opposite direction. This should be clearly identified in the isolation process (described in Chapter 7), where a particular step is taken to isolate the effects of the program on the data.

**Making the Adjustments**

When adjustments need to be made, some will be obvious and should be made as quickly as they are uncovered, particularly at Levels 0, 1, and 2.
Other stakeholders outside of the learning and talent development team may need to be involved. Sometimes, input will be needed from the learners’ managers. This is particularly true for Level 0, when the wrong participants are involved at the wrong time. Also, when Level 3 evaluation reveals that participants are not using the program, the reason must be identified. Whether it is manager support or some other obstacle in the system, this will need to be changed. Finally, still other adjustments may involve executives, including the sponsors. For example, when there is a mismatch with the business measures, this will require a discussion with the sponsor. When groups face serious challenges or barriers in the program area, adjustments must be addressed by the executives.

It is helpful to show the impact these changes will make. For example, at Level 3, the changes can be dramatic, and a brief analysis can show how they will affect the impact and ROI. That’s a great way to secure support for the changes, particularly when a significant effort is needed from managers or executives. The key is to implement the changes as soon as possible, involve others as necessary, and stick with the determination to make it work.

“If you fell down yesterday, stand up today.”

—H. G. Wells

**Increasing ROI**

Fundamentally, ROI is increased by either increasing the monetary benefits in the numerator of the equation or by decreasing the cost of the project in the denominator. Sometimes, both are necessary.

**Addressing Costs**

The cost seems a logical place for action, as costs are easily understood. Is there a way to reduce the cost of the program? Some cost reductions are easier to spot than others, as in this example.

**Case in Point**

A large government utility with a combination of coal, gas, and nuclear power generation was concerned about keeping the costs low so that their customers would have lower rates. One approach was to tap the creativity of
employees through a suggestion system, where employees make suggestions to reduce costs. If a suggestion is implemented, the employee receives a percentage of the cost savings. This classic suggestion system design, which can generate tremendous value, was implemented with much anticipation.

Employees were excited about the opportunity to make extra money and be rewarded for their great ideas (reaction). They learned how to make the suggestions by completing the form and how the system works (learning). Over 10 percent of them made suggestions each year (application). The cost savings for two years of operation was an impressive $1.52 million (impact).

The general manager and the executive team wanted to make sure that the program delivered a positive ROI. After all, a full-time suggestion system administrator had been added in each of their twelve facilities, and four were added in the corporate office, making this a very expensive program. The general manager was anxiously expecting the results at the highest level (ROI).

The fully loaded operating cost of the program for the two years was $2.1 million, yielding a negative 28% ROI, and this was unacceptable. Some team members argued that the negative ROI should be acceptable, because there was more job satisfaction, engagement, ownership, and commitment. Although, in some cases, it may be possible to accept a negative ROI if there are important intangibles, this was not true in this case. “After all,” said the general manager, “We cannot spend more on a cost reduction program than it is actually delivering in cost reduction. We are a government utility, and transparency means these results will ultimately be in the newspaper. How will that look to the taxpayers of this country?”

In the program evaluation, the utilization of the staff was monitored. The administrators in the plant were only about 20 percent utilized with the level of suggestions they were receiving. It became evident that there was too much staff for what the program required. The conclusion was to eliminate eight staff members by placing them in open jobs, so that no one lost a job. This change reduced the costs by half, yielding a positive ROI going forward for the same level of suggestions.

This is an unusual case, because when the ROI is negative, it is not usually the cost of the program that is the problem but the monetary benefits. But this situation does clearly illustrate that the ultimate accountability is
Chapter 9 – Optimize Results: Using Black Box Thinking to Increase Funding

not achieved until ROI is calculated. It also underscores the fact that the program does not necessarily have to be discontinued when it is negative.

Cost reduction possibilities for learning programs often spark discussions about converting classroom programs to eLearning, online learning, blended learning, or mobile learning. Sometimes, this is the right thing to do, and other times, it is not. During the recession, our profession witnessed a shift to eLearning as executives were cutting costs, including training costs and travel costs. Facilitator-led learning converted to eLearning looked like a great way to address both of these cost categories by dramatically lowering training costs (the facility and facilitator) and lowering the travel costs of participants. Unfortunately, some of this was implemented without enough thought about the impact that the program was actually delivering. We observed one dramatic shift in a major computer company as they examined the learning needs for the sales team to sell new products and product upgrades.

Exercise

The Elusive ROI

Each year, the sales team at a global computer company launches over a hundred new products, services, or upgrades. The challenge is to prepare the sales team to sell them. A few years ago, facilitator-led new-product training was offered regionally, on a monthly basis. Then, an eLearning module was developed for each product or upgrade. For every module, Level 3 (application) and Level 4 (impact) objectives were developed.

Early in the transition to eLearning, a comparison was made between facilitator-led and eLearning training. For one product, a Level 4 objective was for 80 percent of participants to sell the product in two weeks and meet a specific revenue target in three months. For the classroom version, this would mean that 20 participants out of 25 would sell the product in the first two weeks. The group met the revenue target, and a 150% ROI was delivered.

For the eLearning version, only 20 percent achieved a sale in two weeks, with a lower revenue realized. This would mean that 5 of the 25 participants would sell the product in the first two weeks. However, because of the low cost of eLearning, the ROI was about 450%.
Questions:
1. Which is the best approach?

___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________

2. What are your concerns about this situation?

___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________

3. Is the VP of sales happy with this?

___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________

4. What is your recommendation?

___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________

As you can see from this example, eLearning produces a higher ROI because of the lower cost, but it does not provide the same impact that executives want to see. The executives wanted to make sure that the technology-based learning delivered the same impact as its facilitator-led counterpart. If that were the case, lowering the cost of the program would increase the ROI tremendously.

Cheaper is not always the right answer. We see this with major programs, even classroom-designed programs. There is a misconception that if the costs are lowered, the ROI will improve—always. If lower cost means a different program or different provider is selected, this may not be so.

Case in Point

Consider this situation: an organization is interested in building the capability and expertise of the learning and talent development team. They want a certified professional designation for the staff. They examine the certification from the ATD program, Certified Professional in Learning and Performance (CPLP), and think it is too expensive.
Instead, they select and purchase another certification program that is available from the Strategic Management Institute. This certification is only $200 per person, whereas the ATD certification is almost $2,000 per person. A subsequent analysis of the impact of this certification shows no impact on the team. By definition, if there was no impact, yet they absorbed the cost of the program, the ROI calculation is a negative 100%. Unfortunately, taking the less-expensive option didn’t work for this organization. Another study, conducted for ATD by an independent organization, reveals a very positive ROI for the ATD program. The conclusion: a cheaper program doesn’t necessarily deliver a higher ROI.

Addressing the Monetary Benefits
When the monetary value isn’t what you thought it would be, it could be that the measure or measures that are being influenced, when converted to money, are not at the level that was expected. This may require a review of the data conversion process to make sure it is accurate. Also, it could be that there are other measures influenced, or the intangibles that were not converted to money may need to be converted in the future. The challenge is to increase the monetary value credibly.

Case in Point
In one program in a restaurant chain, the impact of a performance management program for store managers was based on improving unplanned absenteeism. When the ROI was calculated, it was less than expected. However, it appeared that the number produced by the method to convert data to money might be unusually low, using a value of only $41.00 for an absence. Although that was the accepted standard value, comparing that value to similar absenteeism studies in the literature suggested that it was an understatement of results. The value should have been about one and a half to two times the daily wage rate. The executives agreed. The value was adjusted going forward to be more accurate, and the standard was changed to reflect this new value.
Timing of Assessments
As this chapter underscores, the adjustments should start early in the process, and making changes along the way in dynamic format ensures that programs deliver the monetary value expected. Even at the program’s conclusion, it is sometimes helpful to review the process to see what else could be changed to increase the monetary benefits. Unfortunately, adjustments are usually made at the end of the program, because many organizations are not designing for results. A program is not effective when the results at Level 4, when converted to monetary value, don’t yield enough monetary benefit to calculate a positive ROI. The adjustments described earlier can be significant and hold many opportunities. Figure 9-2 summarizes some of the adjustments with some comments about possibilities. Sensitivity analysis can be used to see how these various impacts may play out in the calculation. The key is to make adjustments, and if these changes are significant, to measure the success again and calculate the new ROI.

*Figure 9-2. Opportunities for Adjustments*

<table>
<thead>
<tr>
<th>Issue</th>
<th>Level</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audience</td>
<td>0</td>
<td>Moderate</td>
</tr>
<tr>
<td>Timing</td>
<td>0</td>
<td>Low</td>
</tr>
<tr>
<td>Importance</td>
<td>1</td>
<td>High</td>
</tr>
<tr>
<td>Motivation</td>
<td>1</td>
<td>High</td>
</tr>
<tr>
<td>Relevance</td>
<td>1,2</td>
<td>High</td>
</tr>
<tr>
<td>Appropriateness</td>
<td>1,2</td>
<td>Low</td>
</tr>
<tr>
<td>Usability</td>
<td>1,2,3</td>
<td>High</td>
</tr>
<tr>
<td>Design</td>
<td>2,3,4</td>
<td>High</td>
</tr>
<tr>
<td>Process</td>
<td>3</td>
<td>Moderate</td>
</tr>
<tr>
<td>Support</td>
<td>3</td>
<td>High</td>
</tr>
<tr>
<td>Transfer Barriers</td>
<td>3</td>
<td>High</td>
</tr>
<tr>
<td>Alignment</td>
<td>4</td>
<td>High</td>
</tr>
<tr>
<td>Focus</td>
<td>1,2,3,4</td>
<td>High</td>
</tr>
</tbody>
</table>

Influencing Allocation
The theme of this book is that the ultimate goal of evaluation is to have an influence on the funding for programs. Whether the objective is to minimize the reductions in the budget, maintain the current budget, or increase the budget, this is probably the most important outcome of this
results-based approach. We witnessed some organizations actually increasing the learning and talent development budget during the Great Recession, when budgets were being cut in other places. This is moving beyond avoiding budget cuts or maintaining existing budgets to increasing budgets in the face of reductions in other areas. This is powerful, and it is a culmination of designing for value through the process.

Cost Versus Investment

It’s helpful to revisit the concept of cost and investments. An organization has many activities that represent costs, and the perception of executives about these costs becomes critical. If executives see the activity as an investment with a positive ROI, then there is a reluctance to minimize or reduce it. When the activity has no apparent impact, or there are no credible data to show its effects, then there is often a desire to reduce, minimize, control, or even eliminate it.

We witnessed an important example of this in 2015, when two very successful and wealthy investors bought two important global brands, Kraft and Heinz, and merged them. Warren Buffet, in the USA, with Berkshire Hathaway, and Carlos Alberto Sicupira, from Brazil, teamed up for this purchase. When the merger was announced, Carlos was interviewed by the London Financial Times and was asked about the value he saw in this merger. He responded, “When I examine these two organizations, I see costs. Costs are like fingernails, they have to be cut constantly.”

Carlos has a reputation for cutting costs, and that is playing out now as those two companies have merged; the process, as expected, is brutal. If a particular staff support function or process is not able to show ROI for their expenditures, then they are at a disadvantage and often suffer significant cost reductions. This is very dramatic, and it has had a devastating effect on the learning and talent development function, because, in most cases, they had very little data to show the ROI for programs.

Case in Point

We saw an interesting example of this in Bombardier, a maker of regional jet aircraft in Canada. Bombardier was developing a new larger aircraft to compete with Airbus and Boeing. Although the company was not necessarily struggling, they were limiting costs to fund this new aircraft. In a move
to conserve cash, the CFO sent a memo to all employees, which was reported in *The Globe and Mail*, a Canadian newspaper. Essentially, the memo said that the company needed to save cash to fund development of the new model, and in doing so, unnecessary expenses should be eliminated. The memo added that, effective immediately, all training, recruiting, external consultants, and off-site meetings were suspended. Apparently, the CFO had concluded that those expenses produced little, if any, positive ROI. It was easy to cut them, and that was what he was doing, or at least postponing them for a while. Figure 9-3 summarizes the cost versus investment issue. It’s a simple but powerful concept.

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**Figure 9-3. Costs Versus Investment Perception**

<table>
<thead>
<tr>
<th>Perception</th>
<th>Actions</th>
<th>Consequences</th>
</tr>
</thead>
<tbody>
<tr>
<td>It’s a cost</td>
<td>• Control it</td>
<td>• Expenses are controlled</td>
</tr>
<tr>
<td></td>
<td>• Reduce it</td>
<td>• Influence diminishes</td>
</tr>
<tr>
<td></td>
<td>• Eliminate it</td>
<td>• Support is lost</td>
</tr>
<tr>
<td>It’s an investment</td>
<td>• Maintain it</td>
<td>• Funding is curtailed</td>
</tr>
<tr>
<td></td>
<td>• Enhance it</td>
<td>• Business partnerships flourish</td>
</tr>
<tr>
<td></td>
<td>• Protect it</td>
<td>• Client relationships improve</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• A seat at the table is earned</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Funding is easier</td>
</tr>
</tbody>
</table>

---

**Exercise**

An important exercise is to think about how top executives, who provide funding for learning and talent development, see these programs in your organization. Do they see learning as an investment or as an expense? If it is not perceived as an investment, you could easily see ups and downs in funding, where budgets are cut during tough times and increased during lean times, often wreaking havoc with programs that are aimed at delivering value. To convince executives that learning is an investment, you must show an ROI calculation for a few of the major programs.
Competition for Funding
The competition for funds is fierce. The budget for learning and talent development is often desired by others in the organization. When talent development funding becomes significant, with facilities and many staff members, then it really becomes a target for operations, marketing, and support executives. Although they may have significant budgets, marketing and IT, for example, might want to claim part of the learning budget. From the top executive perspective, there is a dilemma. IT and marketing typically show the ROI of major projects. HR and learning and talent development rarely show the value of what they are doing, and this creates a problem. As a recent article in *Harvard Business Review* suggested, “Few HR departments have felt compelled to make the case that any of their practices could drive profits. Many don’t calculate ROI, even though other functions have been expected to do so for at least a generation. That just feeds into business leaders’ view of HR as a cost center where the goal is always to cut, cut, cut.”

The CTO (or CLO) must make sure there is some mechanism to convince executives that this is a good investment, and this is accomplished with data. You do it with impact and ROI, not with Levels 3, 2, or 1 data, and certainly not with Level 0. A retired CLO from IBM once told us that when he was promoted to head of learning, he was warned that when you go to the budget meeting to get your budget approved—you need to bring data, because everybody brings data. You must have convincing data that you are making a difference and that your proposed budget contributes to that. The more credible and specific the data, in terms of impact and finance, the more convincing your story and the more likely that you’ll get your budget approved.

“In the budget approval process, you get what you can sell. These days, it’s easier to sell impact and ROI.”
—Jac Fitz-enz

Anxiety and Downturns Translate into Cost Reduction
When there is a downturn in the economy, executives look for budgets that they can easily cut. If they see it as an expense or cost, it’s easy to cut. If they see it as an investment, they may not cut it. You want them to resist the
temptation to cut learning budgets. Also, as we have noticed in the global economy, when there is uncertainty, anxiety, or volatility with wars, politics, and terrorism, there is a tendency to prepare for the unknown by having a tighter ship and leaner budget. This translates into significant budget controls and sometimes budget cuts. We even have witnessed companies with record profits still cutting budgets because of the uncertain future. What they are doing is trimming the parts they think do not necessarily add value, those items that are, perhaps, “nice-to-do” instead of “absolute must-dos.” Without data that show HR and learning and development make a difference, it is difficult even to argue to keep the budget.

The Great Recession of 2008–2010 had a lasting effect on many organizations, not only in terms of keeping budgets in check but in demanding up-front accountability before new projects are implemented. The concept of forecasting ROI is now common in many organizations, even for learning and talent development. We have had several learning and development managers say that they cannot implement a major project now unless they provide an ROI forecast. This is a tremendous change from what we have experienced previously.

The good news is that a program will be funded if an executive thinks that it is a good investment, one that is going to generate a positive return. We see this routinely. For example, Jack Phillips was involved in the banking industry in the 1992 recession in the USA. He was president of the retail division and general manager of the mortgage company for a regional federal savings bank. Because of the recession, the bank staff was reduced by about 20 percent. This was because there were fewer people coming to the branch to make deposits, make loans, or purchase other products, so the original staffing levels were not needed. At the same time, the learning and HR budgets were increased by roughly the same percentage. The rationale was that this is the time to have the best people with the best skill sets, perhaps multitalking to accomplish the work of others. This was a time when people needed to be at their best, so it was time to invest more. The board of directors and the other operating executives would not have agreed to this if they hadn’t been convinced that the investment would reap a positive ROI. Jack was able to convince his executives with multiple studies demonstrating that investing in people produces a positive ROI. Without that perception, that investment would not have continued.
Shifting the Budget
When ROI evaluation on projects is conducted across the learning and talent development function, some interesting results can materialize. For example, soft skills programs often deliver a much higher ROI. Soft skills—such as leadership development, management development, team leader onboarding, communications, coaching, and team building—can have high impact and high ROI, because they influence an individual who has a team of people reporting to them. When one person learns to improve the performance of the team, and the team involves twenty people, there is a multiplicative effect. Training one person impacts twenty individuals, and their productivity, quality, and time measures improve. When an executive or CFO sees this, they may not understand it so quickly. After an explanation, they get it.

Armed with this data, it is easier to make a case that organizations don’t need just technical and hard skills training but soft skills programs as well. This may alter the allocation of budgets for soft skills. After all, it is the soft skills that create the sustainable companies, the most admired organizations, the most innovative organizations, and the great places to work, and that earn many other accolades. Great organizations are built by people working with other people using soft skills. This shift can have an important consequence, but having data to show it is the critical issue. That is what this book is designed to do.

What Must Change
This chapter is the eighth step in the eight-step process. It’s taking the results of an evaluation and improving programs to optimize the ROI. With this increased ROI, the allocation of funds can be influenced. Ultimately, you need to influence the funding for learning and talent development, but you can only do this with credible data to show that you have made a difference and are delivering a positive ROI for major programs and projects.

This chapter is also the capstone of the eight-step philosophy of the book. Although Step 1 started with why and details why we are tackling a different program, Step 8 shows why we are even concerned about the value of evaluation in the beginning. It details why a serious approach to evaluation is needed. You have serious budgets, serious challenges, and serious consequences. You have to show the value, and this can be achieved. The
approach is not to measure your way to a positive ROI but to design the entire process to deliver ROI. That’s what is needed, and that is what the book will do. The next, and last, chapter shows how to make this process routine and sustainable.

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12 Dekker, Sidney, Lecture in Brisbane: https://vimeo.com/102167635
Chapter 10
Make It Work: Sustaining the Change to a Results-Based Process

This book can make a dramatic difference in the value of learning and talent development and the budget allocated for it. Formal learning will always be a part of organizations in advanced societies. Fast-paced changes and the demand for instant knowledge and information will increase the need for even more learning in the future. However, learning must translate into value for the individuals and the organization. Value is often what participants do with what they have learned and the impact it has in their lives, their work, and their organization. The challenge is to make this book work for you.

“The question is not, ‘when will things get back to normal?’
The question is, ‘what will the new normal look like?’”
—Gary Marx

Even the best-designed process or model is of little value unless it is effectively and efficiently integrated into the organization. This is not difficult, but it requires that all stakeholders change a few things about what they do. Some of this resistance to change is based on fear and misunderstanding. Some is real, based on actual barriers and obstacles. Although the process presented in this book is a step-by-step, methodical, and simple procedure, it can fail if it is not properly integrated, fully accepted, and adequately supported by those who must make it work within the organization. This chapter focuses on some of the most effective means of overcoming resistance to implementing a results-based process.
Garanti Bank

True Story

The head of learning and development for Garanti Bank, one of Turkey’s most profitable and successful banks, was very determined to make sure that the learning and development team focused on results. Following assignments in a variety of field operations roles, she took on the role of head of learning and development with a mandate to add value to the organization. After searching for ways and processes, she focused on the ROI Methodology as the tool to show the impact of programs and also improve current programs.

After attending a two-day ROI workshop in Istanbul, she decided that she wanted several of the team members to be CRPs. She offered ROI Certification to the group on a voluntary basis. She asked for volunteers to take a greater role in accountability and measurement and to become experts in the process. To do so meant that each had to complete an ROI study, evaluating a program all the way through to ROI, and then use the information from that study to make improvements and communicate the results to the top executives. To her surprise, almost 30 individuals volunteered. Showing her full support, she participated in the certification at every step in the process, constantly reinforcing what the executives wanted from the learning team, providing examples, and offering encouragement. As a tribute to her, all who volunteered for the certification eventually became CRPs.

After the certification program, she continued to support the team by providing assistance and rewarding them for achieving this designation. The image and influence of the learning and talent development team increased. Based on the success of their programs, Garanti Bank won an award from ATD, the largest organization of learning and talent development professionals in the world.

She followed up with a second group two years later, and again, all volunteered to be involved in the process. As part of the introduction to the second group, she said, “You have volunteered for this program, and we want you to be successful with it. Being successful means you have to become a CRP. Doing nothing with what you have learned is not an option.
You must follow through and complete this assignment. If you accomplish this, we will properly recognize and reward you for your good efforts.”

**Overcoming Resistance**

The task is to shift the responsibility for driving business results to all stakeholders, with each individual altering his or her efforts. The entire team is designing for and expecting results. Although some would argue that the changes should have been there earlier, they are not in place in most organizations.

Resistance appears in a variety of ways, including comments, remarks, actions, or behaviors. Figure 10-1 provides typical comments that indicate an open resistance to increased accountability:

> **Figure 10-1. Typical Resistance to Increased Accountability**

<table>
<thead>
<tr>
<th>It costs too much.</th>
<th>How can we be consistent with this?</th>
</tr>
</thead>
<tbody>
<tr>
<td>It takes too much time.</td>
<td>Our managers don’t want this.</td>
</tr>
<tr>
<td>Who is asking for this?</td>
<td>Our managers will not support this.</td>
</tr>
<tr>
<td>This is not in my job.</td>
<td>This is not easy.</td>
</tr>
<tr>
<td>I did not have input on this.</td>
<td>This is not practical.</td>
</tr>
<tr>
<td>I do not understand this.</td>
<td></td>
</tr>
<tr>
<td>What happens when the results are negative?</td>
<td></td>
</tr>
</tbody>
</table>

> "We have met the enemy and he is us."

—Pogo, Cartoon Character

Each comment signals an issue that must be resolved or addressed in some way. A few are based on realistic barriers, but others are based on myths that must be dispelled. Resistance to the process may reflect underlying concerns. For example, owners of programs may fear losing control, while others may feel vulnerable to whatever actions may follow if the program is not successful. Still others may be concerned about any process that brings change or requires additional effort. It may take evidence of tangible and intangible benefits to convince participants that it is in their best interest to make the program successful. Although most program owners want
to see the results of a program, they may have concerns about the information that’s needed and whether their personal performance is being judged while the project is undergoing evaluation. Participants may express the same fears.

The challenge is to implement the methodology systematically and consistently so that it becomes a normal task, part of a routine, and a standard process built into projects. The implementation necessary to overcome resistance covers a variety of areas. Figure 10-2 shows the actions outlined in this chapter, which are presented as building blocks to overcoming resistance. They are all necessary to construct the proper base or framework to dispel myths and remove or minimize barriers. The remainder of this chapter presents specific strategies and techniques devoted to each building block.

**Figure 10-2. Building Blocks for Overcoming Resistance**

- Monitoring Progress; Reporting Results
- Removing Obstacles
- Preparing the Management Team
- Initiating the Projects
- Preparing the Team
- Revising Policies, Procedures, and Practices
- Establishing Goals and Plans for the Transition
- Developing Roles and Responsibilities
- Assessing the Status of Delivering Results

**Assessing the Climate**

Some organizations assess the current climate for achieving results as a first step toward implementation. One way to do this is to develop a survey to determine the current perspectives of the learning and talent development team. A special instrument is available for this at ROI Institute (www.roi-institute.net, and it is also attached as Appendix A). Conducting interviews with key stakeholders to determine their willingness to follow the program through to ROI is another way. With an awareness of the current status, the learning and talent development team can plan for significant changes and pinpoint particular issues that need support as the results-based model is implemented.
Developing Roles and Responsibilities

Defining specific roles and responsibilities for different stakeholders addresses many of the resistance factors and helps pave a smooth path for implementation.

Identifying a Champion

As an early step in the process, designate one or more individuals as the internal leaders for driving business results. In most change efforts, someone (or a group) must take responsibility for ensuring that the process is implemented successfully. This is someone who has a passion for measuring success, enjoys solving problems, understands the organization’s operation, and is great at written and oral communications. This leader serves as the champion and is usually the one who understands the process best and sees vast potential for its contribution. More importantly, this leader is willing to teach others and will work to sustain sponsorship.

Developing the Champion

The champion is a key member of the learning and talent development team who has the responsibility for evaluation and needs assessment. For large organizations, the champion is a full-time role, and it is a part-time role in a smaller organization. The typical job title for a full-time champion is manager or director of analytics or assessment, measurement, and evaluation. Some organizations assign this responsibility to a team and empower it to lead the effort.

In preparation for this assignment, individuals usually receive special training that builds specific skills in and knowledge of the assessment, evaluation, and design thinking. The role of the implementation leader is quite broad and includes many specialized duties. In some organizations, the implementation leader can take on many roles, ranging from diagnostician to problem solver to communicator.

Leading the process is a difficult and challenging assignment that requires unique skills. Fortunately, programs are available to teach these skills. For example, ROI Institute offers a program that is designed to certify individuals who will be assuming leadership roles in the implementation of the ROI Methodology. This certification is built around 10 specific skill sets linked to successful ROI implementation, focusing on the critical areas of...
data collection, isolating the effects of the project, converting data to monetary value, presenting evaluation data, and building capability. This process is quite comprehensive but may be necessary to build the skills needed for taking on this challenging assignment. Design thinking workshops may be appropriate and are available at Stanford, Harvard, and other organizations.

Establishing a Task Force
Making the process work well may require the use of a task force, which usually comprises a group of individuals from different parts of the project or client team who are willing to develop a results-based approach and implement it in the organization. Selecting the task force may involve volunteers, or participation may be mandatory according to specific job responsibilities. The task force should represent the cross section necessary for accomplishing any stated goals. Task forces have the additional advantage of bringing more people into the process and developing more ownership of and support for the results-based process.

Assigning Responsibilities
Determining specific responsibilities is critical, because confusion can arise when stakeholders are unclear about their particular assignments in the process. Responsibilities apply to two areas. The first is the assessment, measurement, and evaluation responsibility of the entire team. Everyone involved in the process will have some responsibility, including all the stakeholders listed in Figure 10-3. Typical key roles necessary to drive business results are listed for each stakeholder group. These responsibilities may include providing input on designing instruments, planning specific evaluations, analyzing data, and interpreting the results. General duties include:

- Ensuring that the initial analysis or diagnosis for the project includes specific business impact measures
- Developing specific application and business impact objectives for the project
- Keeping the organization or team members focused on application and impact objectives
- Communicating the rationale for evaluation
- Assisting in follow-up activities to capture application and business impact data
• Providing assistance for collection, analysis, and reporting of data  
• Communicating results, and  
• Driving improvements and optimizing ROI

**Figure 10-3. Key Roles**

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Key Roles</th>
</tr>
</thead>
</table>
| Analysts                            | • Align with the business  
• Select proper solution  
• Develop objectives at four levels |
| Designers                           | • Design for the proper audience and convenience  
• Design for cost  
• Design for time |
| Developers                          | • Design for application  
• Design for impact |
| Facilitators                        | • Teach to application  
• Teach to impact  
• Expect success  
• Coordinate evaluation |
| Program owners/ coordinators        | • Expect success  
• Coordinate evaluation  
• Communicate results |
| Sponsors                            | • Expect success  
• Require business results  
• Support process  
• Use results |
| Participants                        | • Use content  
• Drive impact  
• Provide data |
| Managers of participants            | • Expect success  
• Require business results  
• Encourage |
| Evaluators                          | • Expect success  
• Collect data  
• Measure results  
• Communicate results  
• Drive improvement  
• Optimize ROI |
Assigning responsibilities for results requires attention throughout the process. Although the team must be assigned specific responsibilities for delivery, requiring others to serve in support functions is not unusual.

Establishing Goals and Plans
Establishing goals, targets, and objectives is critical to implementation, particularly when several goals are planned. Establishing goals also includes detailed planning documents for individuals and for the overall process.

Setting Evaluation Targets
Establishing specific targets for evaluation levels is an important way to make progress with measurement and evaluation. As emphasized throughout this book, not every program should be evaluated to the ROI level. Knowing in advance to which level the program will be evaluated helps in planning what measures will be needed and how detailed the evaluation must be at each level. Figure 10-4 presents an example of the targets set for evaluation at each level from one of the largest telecommunications companies in the world. Targets should be set early in the process, with the full support of the entire team. If practical and feasible, the targets should also have the approval of key managers—particularly the senior management team.

Figure 10-4. Evaluation Targets in a Large Telecom

<table>
<thead>
<tr>
<th>Level</th>
<th>Target*</th>
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</thead>
<tbody>
<tr>
<td>Level 1, Reaction</td>
<td>100%</td>
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<tr>
<td>Level 2, Learning</td>
<td>80%</td>
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<tr>
<td>Level 3, Application and Implementation</td>
<td>30%</td>
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<td>Level 4, Business Impact</td>
<td>10%</td>
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<tr>
<td>Level 5, ROI</td>
<td>5%</td>
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</tbody>
</table>

*Percent of programs evaluated at this level.

Developing a Plan for Implementation
An important part of implementation of the results-based process is establishing a timetable. This document becomes a master plan for completion of the different elements presented earlier. Beginning with forming a team and concluding with meeting the targets previously described, this
schedule is a project plan for transitioning from the present situation to the desired future situation. Items on the schedule include developing specific ROI projects, building staff skills, developing policy, and teaching managers the process. Figure 10-5 shows an example of a plan for implementing the results-based process for a large petroleum company. The more detailed the document, the more useful it becomes. The project plan is a living, long-range document that should be reviewed frequently and adjusted as necessary. More importantly, those engaged in delivering business results should always be familiar with it.

Figure 10-5. ROI Implementation Plan for a Large Petroleum Company

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Revising or Developing Guidelines and Procedures

Another part of planning is revising or developing the organization’s policy or guidelines on measurement and evaluation. The guidelines document contains information developed specifically for the process. It is created with input from the team and key managers or stakeholders. This document addresses critical matters that will influence the effectiveness of the process. These may include adopting the five-level framework presented in this book, requiring Level 3 and 4 objectives for some or all programs, and defining responsibilities for the participants.
Guidelines provide structure and direction for the team and others who work closely with the process. Guidelines also provide an opportunity to communicate basic requirements and fundamentals of performance and accountability. More than anything, they serve as tools to teach others, especially when they are developed collaboratively. If guidelines are developed in isolation, the team and management will be denied their sense of ownership, rendering the guidelines neither effective nor useful.

Procedures for assessment, measurement, and evaluation are important for showing how to use the tools and techniques, guide the design process, provide consistency, ensure that appropriate methods are used, and place the proper emphasis on each of the areas. Procedures are more technical than guidelines and often include detailed steps showing how the process is undertaken and developed. They frequently involve specific forms, instruments, and tools necessary to facilitate the process.

Preparing the Team
The learning and talent development team members may see this process as an unnecessary intrusion into their normal responsibilities that absorbs precious time and stifles creative freedom. Several issues must be addressed when preparing the team for implementation.

Involving the Team
For each key issue or major decision regarding implementation, involve the team in the process. Team input is essential as evaluation guidelines are prepared and procedures are developed. It will be more difficult for the team to resist if they helped design and develop the process. Use meetings, brainstorming sessions, and task forces to involve the team in every phase of developing the framework and the supporting documents.

Teaching the Team
The learning and talent development team may have inadequate skills in assessment, measurement, and evaluation, because these areas are not always a formal part of the team’s or evaluator’s job preparation. Consequently, the champion must learn the eight steps in this book and teach them to the entire team. Teaching materials are available from www.roiinstitute.net.
Initiating ROI Studies

The first tangible evidence of the value of using the results-based process may be seen at the initiation of the first program for which an ROI calculation is planned. Because of this, it is important to identify appropriate programs and keep them on track. Selecting appropriate programs for ROI analysis is critical. Only certain types of projects qualify for comprehensive, detailed analysis. The following case study shows how to tackle this issue.

Case in Point

Sarah McCullough was the head of HR for a national bank in the Middle East. She was a very successful and effective HR executive. She wanted to show the executives that, in this bank, both HR and learning and talent development are connected to the business and that they drive success with their projects and programs. She asked for the leaders of the different programs, projects, and functional sections within HR to attend the ROI Certification program to develop assessment, measurement, and evaluation skills. In total, 35 attended.

Recognizing that some leaders would be apprehensive about measuring the success of their programs, perhaps even frightened of the outcomes, Sarah wanted to remove that anxiety. She did this by conducting a one-hour session in the workshop to discuss her vision of how they would be accountable and connect to the business. She also mentioned that she wanted a minimum of seven ROI studies on major programs from this group. She went on to say that it is best to select the programs that are high profile, very expensive, and very important to the organization, and that command the attention of top executives. For those individuals who selected a program to evaluate at this level, she would think more favorably about their performance. For the next performance review, this action would be a plus, even if the ROI was negative.

She asked for volunteers to evaluate their particular programs and, as expected, most of them volunteered. Then it was a matter of selecting which programs were the best for this level of evaluation. In all, there were seven programs, five people per team, and they all became CRPs. She removed the fear of results.
Preparing the Management Team

Perhaps no group is more important to the results-based process than the management team, who must allocate resources for learning and talent development programs and then support them. In addition, the management team often provides input into and assistance for the results-based process. Preparing, training, and developing the management team should be carefully planned and executed.

Conducting a briefing is one effective approach to prepare executives and managers for the process. Varying in duration from one hour to half a day, this type of practical briefing can provide critical information and enhance support for the results-based process. Managers leave these briefings with greater appreciation of ROI and its potential impact on projects as well as a clearer understanding of their role in the process. More importantly, they often renew their commitment to react to and use the data collected in the results-based process.

A strong, dynamic relationship between the learning and talent development team and key managers is essential for successful implementation. There must be a productive partnership that requires each party to understand the concerns, problems, and opportunities of the other. Developing a beneficial relationship is a long-term process that must be deliberately planned for and initiated by key employee engagement team members. The decision to commit resources and support a solution may be based on the effectiveness of this relationship.

Case in Point

The New Jersey State Police Academy had all academy members participate in a comprehensive accountability process with ROI certification. The commandant of the police academy, who had been exposed to this level of accountability previously, wanted all the members of the academy to understand how business results are driven. Yes, the police academy had business measures (output, quality cost, and time). His philosophy was to ensure programs begin with the proper alignment (start with why) and begin with the end in mind. He also wanted to make sure that proper solutions were selected, objectives were developed, programs were designed with results in mind, and programs were delivered with the desired results. As a team, all stakeholders should deliver powerful content, ensuring that it transfers
to the job and that it has impact. He wanted to evaluate the programs, but he wanted to examine only a few at the impact level. His concern, most importantly, was that all members understand what causes results and what they could do to drive those results. He needed a results-based approach to clearly show the business case for learning. In different sessions, all 70 police academy members participated in a one-week ROI certification process.

His focus and commitment was demonstrated during one of the sessions conducted in January at the police academy on the New Jersey shore. A snowstorm was coming, and normally, police academy enrollees and staff are relieved of their current assignments to assist with traffic issues due to snowstorms. Because of the importance of the ROI certification process and of having it in place at the academy, the commandant decided that the certification session should continue, and the members of the police academy who were involved in the session did not have to report for traffic duty. This left an impression with the team, underscoring how critical accountability, results, and business value are for the learning function.

Removing Obstacles
As this process is implemented, obstacles to its progress will inevitably crop up. The obstacles are based on concerns discussed in this chapter, some of which may be valid, but others of which may be based on unrealistic fears or misunderstandings.

Dispelling Myths
As part of the implementation, attempts should be made to dispel the myths and remove or minimize the barriers or obstacles. Much of the controversy regarding impact, ROI, and additional accountability comes from misunderstandings about what the process can and cannot do and how it can or should be implemented in an organization. Some of the biggest misunderstandings include:

- This is too complex for most users.
- This is expensive and consumes too many critical resources.
- If senior management does not require impact and ROI, there is no need to pursue it.
- This is a passing fad.
ROI is only one type of data.

Impact and ROI analysis is not future oriented; it only reflects past performance.

ROI is rarely used by organizations.

The impact and ROI analysis cannot be easily replicated.

Impact and ROI analysis is not a credible process; it is too subjective.

Impact and ROI cannot be used with soft projects.

Isolating the influence of other factors is not always possible.

This is only appropriate for large organizations.

No standards exist for the ROI Methodology.

These are all myths. A variety of learning initiatives and reinforcement processes are needed with the team to dispel these myths and misunderstandings. Appendix C presents a brief quiz on many of these issues. The answers are in Appendix D.

**Delivering Bad News**

Receiving inadequate, insufficient, or disappointing news is one of the most difficult obstacles for a team to overcome. The time to think about bad news is early in the process, but this must be done without losing sight of its value. You should look for red flags along the way and make adjustments if possible. You should lower expectations with key stakeholders throughout the process. In essence, bad news means that things can change, they need to change, and the situation can improve. The team simply needs to be convinced that good news can be found in a bad-news situation. Here is some advice to follow when delivering bad news:

- Never fail to recognize the power to learn and improve with a negative study.
- Never alter the standards.
- Remain objective throughout the process.
- Prepare the team for the bad news.
- Consider different scenarios.
- Find out what went wrong.
- Adjust the story line to: “Now we have data that show how to make this program more successful.” In an odd way, this puts a positive spin on data that are less than positive.
Using the Data

It is unfortunately too often the case that programs are evaluated and significant data are collected, but no action is taken. Failure to use data is a tremendous obstacle, because the team has a tendency to move on to the next project or issue and focus on other priorities. Figure 10-6 shows how the different levels of data can be used to improve projects. It is critical that the data be used—the data were essentially the justification for undertaking the evaluation in the first place. Failure to use the data may mean that the entire evaluation was a waste.

There are many reasons for using the results after collection. These will become action items for the team to ensure that changes and adjustments are made. In addition, the client or sponsor must act to ensure that the uses of data are appropriately addressed.

**Figure 10-6. Use of Evaluation Data**

<table>
<thead>
<tr>
<th>Use of Evaluation Data</th>
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<th>3</th>
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<tbody>
<tr>
<td>Adjust program design.</td>
<td>✓</td>
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<td>Improve implementation.</td>
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<td>✓</td>
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<tr>
<td>Influence application and program impact.</td>
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<td>✓</td>
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<tr>
<td>Improve management support for the program.</td>
<td>✓</td>
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<tr>
<td>Improve stakeholder satisfaction.</td>
<td>✓</td>
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<td>Recognize and reward participants.</td>
<td>✓</td>
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<tr>
<td>Justify or enhance budget.</td>
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<td>Reduce costs.</td>
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<td>Market programs in the future.</td>
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<td>Optimize ROI.</td>
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Monitoring Progress

A final element of the implementation process is monitoring the overall progress made and communicating that progress. Although often overlooked, an effective communication plan can help keep the implementation on target and let others know what the process is accomplishing. The elements of a communication plan were discussed in Chapter 8.
The initial schedule for implementation is based on key events or milestones. Routine progress reports should be developed to communicate the status of these events or milestones. Reports are usually developed at six-month intervals, but they may be more frequent for short-term projects. Two target audiences, the learning and talent development team and the senior managers, are critical for progress reporting. All team members should be kept informed of progress, and senior managers should know the extent to which the results-based process is being implemented and how it is working within the organization.

**What Must Change**

Even the best model or process will fail if it is not used and sustained. This final chapter explores the implementation of the results-based process. If not approached in a systematic, logical, and planned way, the process will not be an integral part of learning and talent development, and accountability will suffer, support will diminish, and funding may be reduced. This chapter presents the different building blocks that must be considered and issues that must be addressed to ensure that implementation is smooth, uneventful, and sustained. Smooth implementation is the most effective means of overcoming resistance to designing, delivering, and measuring business results. The outcome is a complete integration of business results as a mainstream component of major programs.

“The test of a first-rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function. One should, for example, be able to see that things are hopeless and yet be determined to make them otherwise.”

—F. Scott Fitzgerald

This book outlines the relevant steps necessary to deliver results, optimize the ROI, and use the results to influence the budget in the future. The focus is shifted from value capture to value creation. If done properly, it will transform learning and talent development from a nice to have (and
necessary) function to a business-driving process. It is possible and worth it! Good luck.

“Change is inevitable. Progress is optional.”

—Gary Marx
Appendix A

How Results-Based Are Your Learning and Talent Development Programs?

A Manager Survey

Instructions: For each of the following statements, please circle the response that best matches the learning and talent development function at your organization. Please be candid with your responses.

1. The direction of the learning and talent development function at your organization:
   a. Shifts with requests, problems, and changes as they occur.
   b. Is determined by HR and adjusted as needed.
   c. Is based on a mission and a strategic plan for the function.

2. The primary mode of operation of the learning and talent development function is:
   a. To respond to requests by managers and other employees to deliver programs and services.
   b. To help management react to crisis situations and reach solutions through programs and services.
   c. To implement many programs in collaboration with management to prevent problems and crisis situations.

3. The goals of the learning and talent development function are:
   a. Set by the learning staff based on perceived demand for programs.
   b. Developed consistent with the organization’s HR plans and goals.
   c. Developed to integrate with operating goals and strategic plans of the organization.

4. Most new programs are initiated:
   a. By request of top management.
   b. When a program appears to be successful in another organization.
   c. After a needs analysis has indicated that the program is needed.
Appendix A – How Results-Based Are Your Learning and Talent Development Programs?

5. When a major organizational change is made:
   a. We decide only which presentations are needed, not which skills are needed.
   b. We occasionally assess what new skills and knowledge are needed.
   c. We systematically evaluate what skills and knowledge are needed.

6. To define learning plans:
   a. Management is asked to choose learning from a list of existing courses.
   b. Employees are asked about their learning needs.
   c. Needs are systematically derived from a thorough analysis of performance problems.

7. When determining the timing of learning and the target audiences:
   a. We have lengthy, nonspecific learning courses for large audiences.
   b. We tie specific learning needs to particular individuals and groups.
   c. We deliver learning almost immediately before its use, and it is provided only to those people who need it.

8. The responsibility for results from learning:
   a. Rests primarily with the learning staff.
   b. Belongs to the learning staff and managers, who jointly ensure that results are obtained.
   c. Is shared among the learning staff, participants, and managers, with all working together to ensure success.

9. Systematic, objective evaluation, designed to ensure that participants are performing appropriately on the job:
   a. Is never accomplished; the only evaluations are during the program, and they focus on how much the participants enjoyed the program.
   b. Is occasionally accomplished; participants are asked if the learning was effective on the job.
   c. Is frequently and systematically pursued; performance is evaluated after learning is completed.

10. New learning programs are developed:
    a. Internally; a staff of instructional designers and specialists is used.
    b. By suppliers; we usually purchase programs modified to meet the organization’s needs.
    c. By using internal staff and suppliers; this is accomplished in the most economical and practical way to meet deadlines and cost objectives.
11. Costs for learning and talent development are accumulated:
   a. On a total aggregate basis only.
   b. On a program-by-program basis.
   c. By specific process components such as development and delivery, in addition to a specific program.

12. Management involvement in the learning process is:
   a. Very low; only occasional input.
   b. Moderate; usually by request or on an as-needed basis.
   c. High; deliberately planned for all major learning activities, to ensure a partnership arrangement.

13. To ensure that learning is transferred into performance on the job, we:
   a. Encourage participants to apply what they have learned and report results.
   b. Ask managers to support and reinforce learning and report results.
   c. Utilize a variety of learning transfer strategies appropriate for each situation.

14. The learning and talent development team’s interaction with operating management is:
   a. Rare; issues are almost never discussed with them.
   b. Occasional; issues are discussed during activities such as needs analysis or program coordination.
   c. Regular; communication is used to build relationships as well as to develop and deliver programs.

15. The learning and talent development team’s role in major change efforts is:
   a. To conduct learning to support the project, as required.
   b. To provide administrative support for the program, including learning.
   c. To initiate the program, coordinate the overall effort, and measure its progress, in addition to providing learning.

16. Most managers in your organization view the learning and talent development function as:
   a. A questionable function that wastes too much of employees’ time.
   b. A necessary function that probably cannot be eliminated.
   c. An important resource that can be used to improve the organization.
Appendix A – How Results-Based Are Your Learning and Talent Development Programs?

17. Learning and talent development programs are:
   a. Activity-oriented (all managers attend the “Performance Management Workshop”).
   b. Individual–results based (the participant will reduce their error rate by at least 20 percent).
   c. Organizational–results based (the cost of quality will decrease by 25 percent).

18. The investment in learning and talent development is measured primarily by:
   a. Subjective opinions.
   b. Observations by management and reactions from participants.
   c. Monetary return through improved productivity, cost savings, or better quality.

19. The learning and talent development effort consists of:
   a. Usually one-shot, seminar-type approaches.
   b. A full array of courses to meet individual needs.
   c. A variety of programs implemented to change the organization.

20. New learning and talent development programs are implemented at my organization without some formal method of evaluation:
   a. Regularly
   b. Seldom
   c. Never

21. The results of learning programs are communicated:
   a. When requested; to those who have a need to know.
   b. Occasionally; to members of management only.
   c. Routinely; to a variety of selected target audiences.

22. Management involvement in learning evaluation:
   a. Is minor; no specific responsibilities and few requests.
   b. Is moderate; consists of informal responsibilities for evaluation, with some non-routine requests.
   c. Is very specific; all managers have some responsibilities in evaluation.

23. During a business decline at my organization, the learning function will:
   a. Be the first to have its staff reduced.
   b. Be retained at the same staffing level.
   c. Go untouched in staff reductions, and possibly be beefed up.
24. Budgeting for learning and talent development is based on:
   a. Last year's budget.
   b. Whatever the learning manager can “sell.”
   c. A zero-based system.

25. The principal group that must justify learning and talent development expenditures is:
   a. The learning and talent development department.
   b. The HR function.
   c. Operations management.

26. Over the last two years, the learning and talent development budget as a percent of operating expenses has:
   a. Decreased.
   b. Remained stable.
   c. Increased.

27. Top management’s involvement in the implementation of learning and talent development programs:
   a. Is limited to sending invitations, extending congratulations, awarding certificates, etc.
   b. Includes monitoring progress, opening/closing speeches, providing presentations on the outlook of the organization, etc.
   c. Includes program participation to see what’s covered, conducting segments of the program, requiring key executives to be involved, etc.

28. Line management involvement in conducting learning and talent development programs is:
   a. Very minor; only learning specialists conduct programs.
   b. Limited; a few specialists conduct programs in their area of expertise.
   c. Significant; on average, over half of the programs are conducted by operating managers.

29. When an employee completes a learning program and returns to the job, their manager is likely to:
   a. Make no reference to the program.
   b. Ask questions about the program and encourage the use of the material.
   c. Require use of the program material and provide rewards when the material is used successfully.
Appendix A – How Results-Based Are Your Learning and Talent Development Programs?

30. When an employee attends an external learning program, upon return, they are required to:
   a. Do nothing.
   b. Submit a report summarizing the program.
   c. Evaluate the program, outline plans for implementing the material covered, and estimate the value.

Score the assessment instrument as follows. Allow:
   • 1 point for each (a) response.
   • 3 points for each (b) response.
   • 5 points for each (c) response.
   The total will be between 30 and 150 points.

The interpretation of scoring is provided below. The explanation is based on the input from dozens of organizations and hundreds of managers.

<table>
<thead>
<tr>
<th>Score Range</th>
<th>Analysis of Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>120–150</td>
<td>Outstanding Environment for achieving results with learning and talent development. Great management support. A truly successful example of results-based learning and talent development.</td>
</tr>
<tr>
<td>90–119</td>
<td>Above Average in achieving results with learning and talent development. Good management support. A solid and methodical approach to results-based learning and talent development.</td>
</tr>
<tr>
<td>60–89</td>
<td>Needs Improvement to achieve desired results with learning and talent development. Management support is ineffective. Learning and talent development programs do not usually focus on results.</td>
</tr>
<tr>
<td>30–59</td>
<td>Serious Problems with the success and status of learning and talent development. Management support is non-existent. Learning and talent development programs are not producing or showing the value of the program.</td>
</tr>
</tbody>
</table>
Appendix B
Answers to the Exercise in Chapter 4

<table>
<thead>
<tr>
<th>Objective</th>
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<tbody>
<tr>
<td>After completing this program or project, participants should:</td>
</tr>
<tr>
<td>Improve work group productivity by 20% in six months.</td>
</tr>
<tr>
<td>Initiate at least three cost reduction projects in 15 days.</td>
</tr>
<tr>
<td>Achieve an average cost reduction of $20,000 per project.</td>
</tr>
<tr>
<td>Increase the use of counseling discussion skills in 90% of situations where work habits are unacceptable.</td>
</tr>
<tr>
<td>Achieve a 2:1 benefit-to-cost ratio one year after the new gain-sharing program is implemented.</td>
</tr>
<tr>
<td>Be able to identify the five elements of the employee assistance program.</td>
</tr>
<tr>
<td>Increase the external customer satisfaction index by 25% in three months.</td>
</tr>
<tr>
<td>Address customer complaints with the 5-step process in 95% of complaint situations.</td>
</tr>
<tr>
<td>Perceive the absenteeism control policy to be fair.</td>
</tr>
<tr>
<td>Achieve a leadership simulation score average of 75 out of a possible 100.</td>
</tr>
<tr>
<td>Conduct a performance review meeting with direct reports to establish performance improvement goals.</td>
</tr>
<tr>
<td>Provide a 4 out of 5 rating on appropriateness of the new ethics policy.</td>
</tr>
<tr>
<td>Decrease the time to recruit new engineers from 35 to 20 days.</td>
</tr>
<tr>
<td>Complete action plans in three months.</td>
</tr>
<tr>
<td>Perceive the flextime work schedule system as influencing their intent to remain with the organization.</td>
</tr>
<tr>
<td>Be involved in the career enhancement program at a rate of 15% of all employees.</td>
</tr>
<tr>
<td>Decrease the amount of time required for project managers to complete a project.</td>
</tr>
<tr>
<td>Achieve a post-test knowledge score increase of 30%.</td>
</tr>
<tr>
<td>Use the new software daily, as reflected by an 80% score on an unscheduled audit of use.</td>
</tr>
<tr>
<td>Submit ideas or suggestions for improvement in the first year (10% objective).</td>
</tr>
</tbody>
</table>

If you have questions about the answers, we would be delighted to discuss them with you. Please contact us at info@roiinstitute.net.
Appendix C – ROI Quiz

ROI Quiz

True or False? Please choose the answer you feel is most correct

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The ROI Methodology collects or generates just one data item, expressed as a percentage.</td>
</tr>
<tr>
<td>2.</td>
<td>A program with monetary benefits of $200,000 and costs of $100,000 translates into a 200% ROI.</td>
</tr>
<tr>
<td>3.</td>
<td>The ROI Methodology is a tool to strengthen and improve programs, projects, and processes.</td>
</tr>
<tr>
<td>4.</td>
<td>After reviewing a detailed ROI impact study, senior executives will usually require ROI studies on all programs.</td>
</tr>
<tr>
<td>5.</td>
<td>ROI studies should be conducted very selectively, usually involving 5–10 percent of programs.</td>
</tr>
<tr>
<td>6.</td>
<td>While it may be a rough estimate, it is always possible to isolate the effects of a program on impact data.</td>
</tr>
<tr>
<td>7.</td>
<td>A program costing $100 per participant, designed to teach basic skills to 100 participants, is an ideal program for an ROI study.</td>
</tr>
<tr>
<td>8.</td>
<td>Data can always be credibly converted to monetary value.</td>
</tr>
<tr>
<td>9.</td>
<td>The ROI Methodology contains too many complicated formulas.</td>
</tr>
<tr>
<td>10.</td>
<td>The ROI Methodology can be implemented for about 3–5 percent of my functional budget.</td>
</tr>
<tr>
<td>11.</td>
<td>ROI is not future oriented; it only reflects past performance.</td>
</tr>
<tr>
<td>12.</td>
<td>ROI is not possible for soft skills programs.</td>
</tr>
<tr>
<td>13.</td>
<td>A negative ROI will kill my program.</td>
</tr>
<tr>
<td>14.</td>
<td>The best time to consider an ROI evaluation is three months after the program is completed.</td>
</tr>
<tr>
<td>15.</td>
<td>In the early stages of implementation, the ROI Methodology is a process improvement tool and not a performance evaluation tool for the project team.</td>
</tr>
<tr>
<td>16.</td>
<td>If senior executives are not asking for ROI, there is no need to pursue the ROI Methodology.</td>
</tr>
</tbody>
</table>

So, how did you do?

The answers are contained in Appendix D. Now that the answers to the quiz have been provided, see how you fared. Tally your scores. Based on the interpretations on the next page, what is your ROI acumen?
## BUSINESS CASE FOR LEARNING

<table>
<thead>
<tr>
<th>No. of Correct Responses</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>14–16</td>
<td>You could be an ROI consultant.</td>
</tr>
<tr>
<td>10–13</td>
<td>You could be a speaker at the next ROI Conference.</td>
</tr>
<tr>
<td>7–9</td>
<td>You need a copy of a thick ROI book.</td>
</tr>
<tr>
<td>4–6</td>
<td>You need to attend a two-day ROI workshop.</td>
</tr>
<tr>
<td>1–3</td>
<td>You need to attend the ROI certification.</td>
</tr>
</tbody>
</table>
Appendix D – Answers to the Quiz in Appendix C

Appendix D

Answers to the Quiz in Appendix C

1. F
2. F
3. T
4. F
5. T
6. T
7. F
8. F
9. F
10. T
11. F
12. F
13. F
14. F
15. T
16. F

If you have questions about the answers, we would be delighted to discuss them with you. Please contact us at info@roiinstitute.net.
About the Publishers

ATD
The Association for Talent Development (ATD) is the world’s largest professional membership organization supporting those who develop the knowledge and skills of employees, improve performance, and help to achieve results for the organizations they serve. Originally established in 1943, the association was previously known as the American Society for Training & Development (ASTD).

ATD’s members come from more than 120 countries and work in public and private organizations in every industry sector. ATD supports talent development professionals who gather locally in volunteer-led U.S. chapters and international member networks, and works with international strategic partners. For more information, visit www.td.org.

HRDQ
Since its inception in 1977, HRDQ has been in the business of creating off-the-shelf resources for developing great people skills. We offer a range of experiential games, assessments, simulations, and ready-to-use programs in practical, easy-to-use formats suitable for trainers and classroom facilitators of any experience level. Our products cover a range of interpersonal skills, including collaboration, leadership, communication, emotional intelligence, coaching, team building, influencing, creativity and innovation, negotiation, and managing conflict.

About the Authors

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Dr. Patti Phillips is President and CEO of the ROI Institute, the leading source of ROI competency building, implementation support, networking, and research. A renowned expert in measurement and evaluation, she helps organizations implement the ROI Methodology in 70 countries around the world. She serves as Principal Research Fellow for The Conference Board, board member of the Center for Talent Reporting, and 2015 ATD CPLP Certification Institute Fellow. Patti also serves on the faculty of the UN System Staff College in Turin, Italy, and The University of Southern Mississippi’s Ph.D. in Human Capital Development program. Her work has been
featured on CNBC, *EuroNews*, and over a dozen business journals.

Before co-founding the ROI Institute, Patti served as a researcher and manager of market research for a large electric utility. Patti’s academic accomplishments include a Ph.D. in International Development and a Master’s Degree in Public and Private Management. She is certified in ROI evaluation and has been awarded the designations of Certified Professional in Learning and Performance and Certified Performance Technologist.

Patti contributes to a variety of journals and has authored or edited over 75 books on the subjects of measurement, evaluation, analytics, and ROI, including the award-winning *The Bottomline on ROI*. Patti Phillips can be reached at patti@roiinstitute.net.

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Dr. Jack J. Phillips is chairman of ROI Institute. Phillips is a world-renowned expert on accountability, measurement, and evaluation. Phillips provides consulting services for Fortune 500 companies and major global organizations. The author or editor of more than 100 books, he conducts workshops and presents at conferences throughout the world.

Phillips has received several awards for his books and work. On three occasions, Meeting News named him one of the 25 Most Powerful People in the Meetings and Events Industry, based on his work on ROI. The Society for Human Resource Management presented him an award for one of his books and honored a Phillips ROI study with its highest award for creativity. The American Society for Training and Development gave him its highest award, Distinguished Contribution to Workplace Learning and Development for his work on ROI. His work has been featured in the *Wall Street Journal*, *BusinessWeek*, and *Fortune* magazine. He has been interviewed by several television programs, including CNN.

His expertise in measurement and evaluation is based on more than 27 years of corporate experience in the aerospace, textile, metals, construction materials, and banking industries. Dr. Phillips has served as training and development manager at two Fortune 500 firms, as senior human resource officer at two firms, as president of a regional bank, and as management professor at a major state university.

Dr. Phillips regularly consults with clients in manufacturing, service, and government organizations in 70 countries in North and South America, Europe, Africa, Australia, and Asia.
Dr. Phillips has undergraduate degrees in electrical engineering, physics, and mathematics; a Master’s Degree in Decision Sciences from Georgia State University; and a Ph.D. in Human Resource Management from the University of Alabama. He has served on the boards of several private businesses—including two NASDAQ companies—and several nonprofits and associations, including the American Society for Training and Development (now ATD), the International Society for Performance Improvement, and the National Management Association. Jack Phillips can be reached at jack@roiinstitute.net.

About **ROI Institute**

ROI Institute, Inc. is the leading resource on research, learning and networking for practitioners of the ROI Methodology™. Founders and owners Jack J. Phillips, Ph.D. and Patti Pulliam Phillips, Ph.D. are the leading experts in the application of ROI to learning, HR, and performance improvement programs.

Founded in 1993, ROI Institute is a service-driven organization assisting professionals in improving their programs and processes through the use of the ROI Methodology. This methodology is a critical tool for measuring and evaluating programs with over 22 different applications in more than 70 countries.

ROI Institute offers a variety of consulting services, learning opportunities and publications. In addition, it conducts research activities for organizations internally, as well as for other enterprises, public sector entities, industries and interest groups, globally.

ROI Institute is the only organization offering ROI Certification to build expertise in implementing ROI evaluation and sustaining the measurement and evaluation process in your organization. When competencies in the ROI Methodology have been demonstrated, certification is awarded. There is no other process that provides access to the same level of expertise as our ROI Certification. To date, over 12,000 individuals have participated in this process.

For more information on certification, workshop, consulting and research, please visit us on the web at: www.roiinstitute.net, email info@roiinstitute.net, or call us at 205.678.8101.
Facing a learning and development budget cut? Here’s how to start showing—and delivering—real business value.

In many organizations, learning and talent development budgets are huge. Yet proof that they add real business value is almost non-existent. It’s no surprise that they’re at constant risk of being cut. If you’re like most learning and development professionals, your efforts to seek and protect funding face some daunting roadblocks.

**Dilemma 1:** Over 50 percent of learning and development is wasted. When you have a million-dollar budget, that’s a lot of cost for very little benefit.

**Dilemma 2:** What senior executives want from learning and development is rarely measured. For example, 96 percent of Fortune 500 CEOs want to see the business connection, yet only 8 percent see it. And 74 percent want to see ROI, yet only 4 percent see it.

**Dilemma 3:** Very few learning and development professionals have data to show top executives that their programs make a difference to the company’s bottom-line.

**Dilemma 4:** Most executives perceive learning and development to be a cost rather than an investment. Thus, in times of economic anxiety, it’s the first budget to cut—when, really, it should be enhanced.

**Dilemma 5:** Hard skills are widely perceived as being far more valuable than soft skills—even though data shows the payoff of soft skills is higher. Yet, soft skills require a major investment that CEOs may be reluctant to provide.

Apply design thinking to the learning and talent development process, and you can tackle all of these problems. Patti and Jack Phillips lay out an eight-step process not just for delivering business value but almost guaranteeing it. They teach how to design for results—results that executives can see and understand—instead of merely measure for success.

What does all of this mean for learning and development professionals? For starters, you can stop asking for funding based on faith and start asking based on hard evidence that your programs work. Employees will receive training that helps them to perform their jobs better, driving important business measures. What’s more, learning boosts engagement and helps recruitment and retention. The company will thrive. And you’ll be able to protect and sometimes enhance your budget... even in times of uncertainty and downturn.