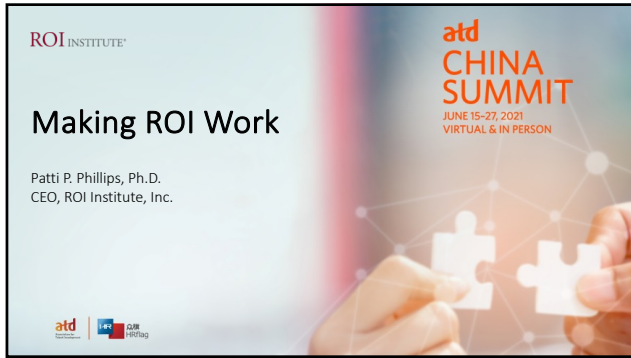
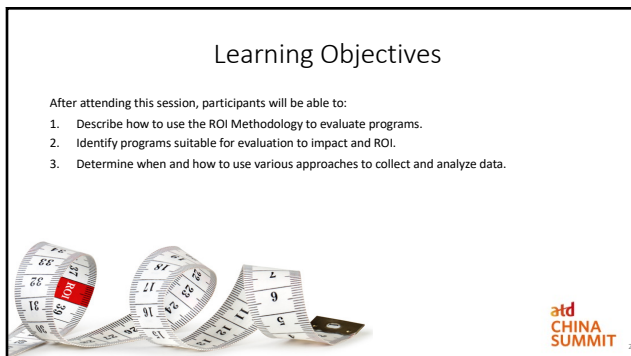
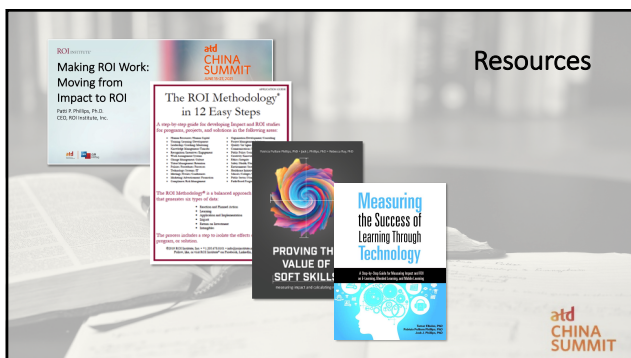




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What is ROI?

ROI measures the amount of return relative to an investment. It indicates the extent to which an organization uses its resources efficiently.

$$\text{BCR} = \frac{\text{Benefits}}{\text{Costs}}$$

$$\text{ROI} = \frac{\text{Benefits} - \text{Costs}}{\text{Costs}} \times 100$$



4

What is ROI?

$$\text{BCR} = \frac{\$750,000}{\$425,000}$$

$$\text{ROI} = \frac{\$750,000 - \$425,000}{\$425,000} \times 100$$

5

How do you make it work?

1. Framework
2. Process Model
3. Guiding Principles
4. Case Application
5. Implementation



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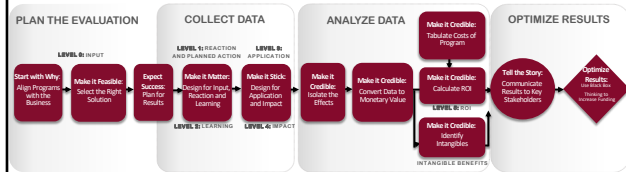
Evaluation Framework

Levels of Evaluation	Measurement Focus	Typical Measures
0. Inputs & Indicators	The input into the project in terms of scope, volume, efficiencies, costs	Participants, Hours, Costs, Timing
1. Reaction & Planned Action	Measures participant satisfaction and captures planned actions, if appropriate	Relevance, Importance, Usefulness, Appropriateness, Intent to use, Motivation to act
2. Learning & Confidence	Measures changes in knowledge, skills, and attitudes	Skills, Knowledge, Capacity, Competencies, Confidence, Contacts
3. Application & Implementation	Measures changes in behavior or actions	Extent of use, Task completion, Frequency of use, Actions completed, Success with use, Barriers to use, Enablers to use
4. Business Impact	Measures changes in business impact variables	Productivity, Revenue, Quality, Time, Efficiency, Customer Satisfaction, Employee Engagement
5. Return on Investment	Compares project benefits to the costs	Benefit-Cost Ratio (BCR), ROI%, Payback Period

Kirpatrick developed four steps of training evaluation. Kirkpatrick wrote about four steps of training evaluation. Phillips added economic theory and operationalized the framework by adding process and standards and applying it to practice in just early learning, but the broader HR community and beyond.

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The ROI Methodology®

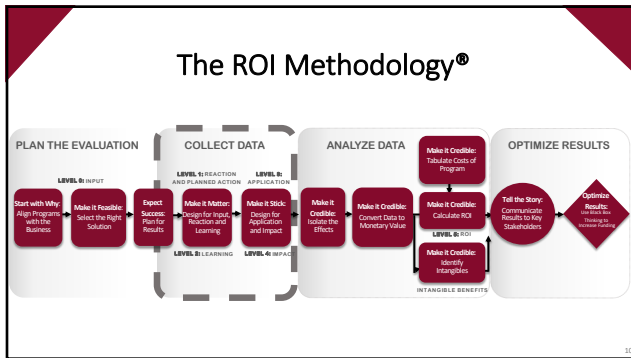


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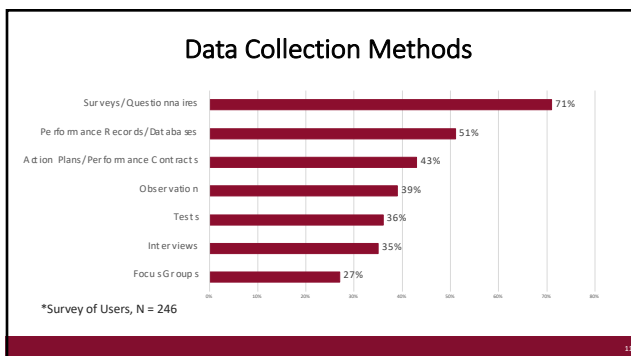
The ROI Methodology®



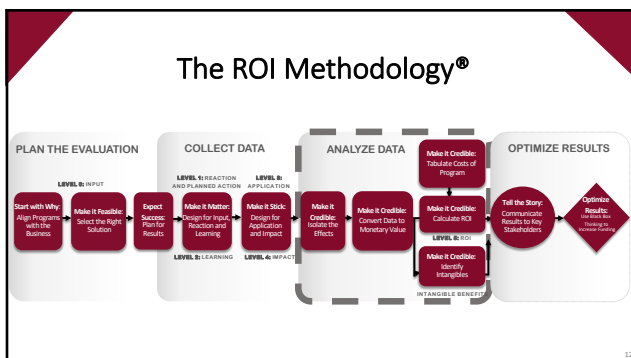
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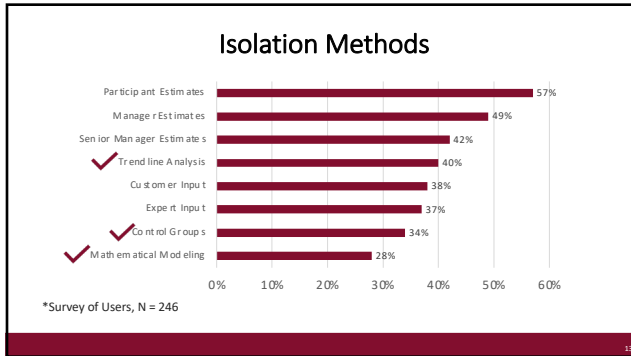
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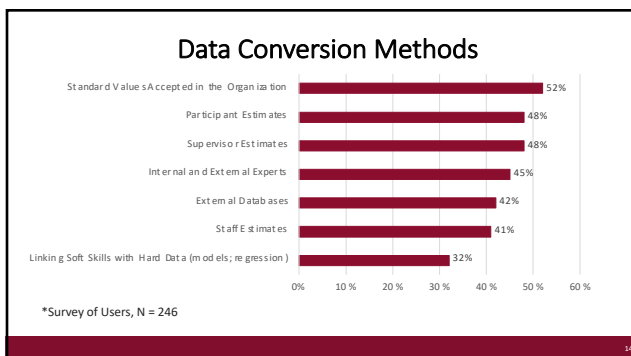
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Intangibles

- Adaptability
- Awards
- Brand awareness
- Career minded
- Caring
- Collaboration
- Communication
- Conflicts
- Corporate social responsibility
- Decisiveness
- Engagement

- Image
- Innovation
- Job satisfaction
- Leadership
- Networking
- Organizational climate
- Organizational commitment
- Reputation
- Stress
- Talent
- Teamwork

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Fully Loaded Costs

"When in doubt, put it in."
The process should withstand even the closest scrutiny in terms of its credibility.

DIRECT ☐ Program Materials ☐ Instructor / facilitator ☐ Facilities ☐ Travel, lodging, meals	INDIRECT ☐ Needs Assessment (Prorated) ☐ Program Development (Prorated) ☐ Participant Time (salaries & benefits) ☐ Administrative/overhead ☐ Evaluation
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What is ROI?

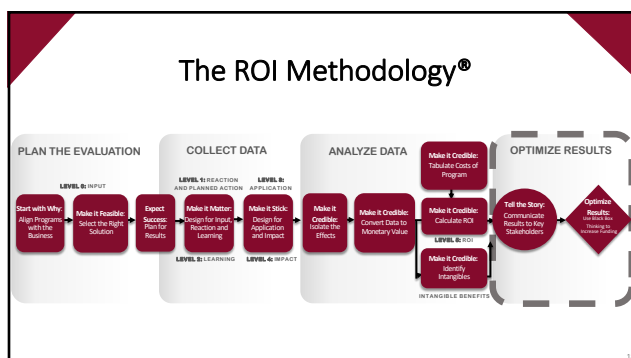
ROI measures the amount of return relative to an investment. It indicates the extent to which an organization uses its resources efficiently.

BCR = $\frac{\text{Benefits}}{\text{Costs}}$

ROI = $\frac{\text{Benefits} - \text{Costs}}{\text{Costs}} \times 100$



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Guiding Principles Ensure Reliability in the Process

1. Report the complete story.
2. Conserve evaluation resources.
3. Use the most credible sources of data.
4. Choose the most conservative alternatives.
5. Isolate the effects of the program.
6. Assume no data, no improvement.
7. Adjust estimates for error.
8. Throw out the extreme and unsupported claims.
9. Use first year benefits for short-term programs.
10. Include fully loaded costs.
11. Report intangible benefits.
12. Communicate results to all stakeholders.



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Characteristics of Programs Suitable for Impact & ROI

-  Cost of the program
-  Linkage of program to operational goals and issues
-  Importance of program to strategic objectives
-  Top executive interest in the evaluation
-  Visibility of the program
-  Size of target audience
-  Investment of time required

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Measurement Targets

*Benchmarking Percentages

Level	Recommended % of Programs	**Benchmarking %
0 Input	100%	100%
1 Reaction	100%	80%
2 Learning	80-90%	70%
3 Application	30%	49%
4 Impact	10%	37%
5 ROI	5%	18%

*Percentage of programs evaluated at each level each year
 **Benchmarking 2020

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Healthcare, Inc.

Data Collection Techniques

- (L3) Self Assessment Questionnaire – 6 months after program
- (L3) Employee Survey (25% Sample) – 6 months after program
- (L4) Complaint and Turnover Records – 12 months after program

Isolation Techniques

- Complaints – Trend Line Analysis
- Turnover – Forecasting

Data Conversion Techniques

- Complaints – Historical costs and input from experts (internal EEO/AA staff)
- Turnover – External studies within industry

Program Costs

- Fully loaded including needs assessment, development, coordination, salaries and benefits of initial meeting, and evaluation
- Total Costs: \$277,987

Benefits (Isolated)

- **Complaints**
 - Value of one complaint: \$24,343
 - Prevented over one year: 14.8
- **Turnover**
 - Value of one turnover statistic: \$20,887
 - Prevented over one year: 136

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Case In Point: Background Leadership Development — Precision Manufacturing Company

- Program Description
- Business Need (the "Why")
- Action Taken (the "Solution")
- Result (the "Insight")
- Why ROI?

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Case In Point: Objectives & Results Leadership Development — Precision Manufacturing Company

	Objectives	Results
Reaction	Relevance Importance Intent to Use	4.2 out of 5
Learning	Communicate Focus on Values Build Collaboration	Strengthen Abilities Inspire Others Recognize Accomplishments
Application	Extent of Use Frequency of Use Success with Use	4.3 out of 5 4.5 out of 5 3.9 out of 5
Impact	Sales Growth Operating Costs Productivity	Safety Retention Quality
ROI	14%	47%

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Case In Point: ROI Analysis Leadership Development — Precision Manufacturing Company

Isolating the Effects: Estimate, Adjusted for Error
 Converting Data to Money: Expert Input, Standard Value
 Annual Monetary Benefits: \$534,640
 Cost of Program: \$365,260

$$\text{ROI} = \frac{\text{Benefits} - \text{Cost}}{\text{Cost}} \times 100 = 47\%$$

Intangibles: Engagement, Job Satisfaction, Stress

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Steps to Jump Start Your Practice

- Assess your readiness for ROI
- Identify stakeholders and their data needs
- Determine the purpose of your evaluation practice
- Identify programs suitable for ROI



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SCAN ME

Scan the QR code or click the link below to receive resources from today's session.

<https://roiinstitute.net/atd-china-making-roi-work/>



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ROI CERTIFICATION®

SCHEDULED EVENTS

August 10-September 9, 2021 — Live Virtual (Delivered in Spanish)	September 27-October 1, 2021 — New Orleans, LA
August 23-27, 2021 — Salt Lake City, Utah	October 4-8, 2021 — Atlanta, GA
September 13-24, 2021 — Live Virtual	October 18-22, 2021 — Boston, MA
September 13-24, 2021 — Live Virtual (Focused on Healthcare)	February 28-March 4, 2022 — Orlando, FL

WHAT IS ROI CERTIFICATION?

ROI Certification is a globally renowned process focused on measuring the true value of tough-to-measure initiatives using the ROI Methodology. Participating in ROI Certification is the most comprehensive way to gain the skills needed to evaluate major programs and to report the most credible results that drive organizational improvement.

Email: info@roiinstitute.net Enroll: <http://bit.ly/ROICertification> Call: +1 205.678.8101

ATD members receive 10% off. Use code ATD10



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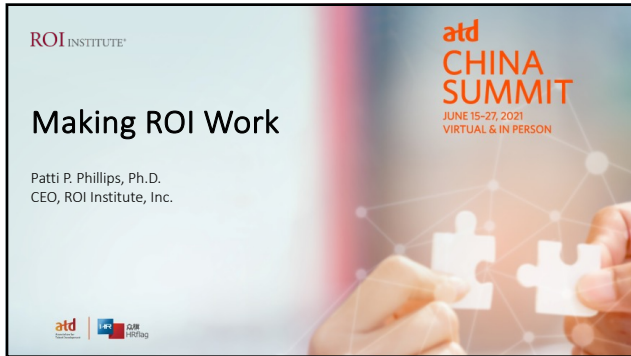
Let's have a conversation.

Schedule a time that works for you.

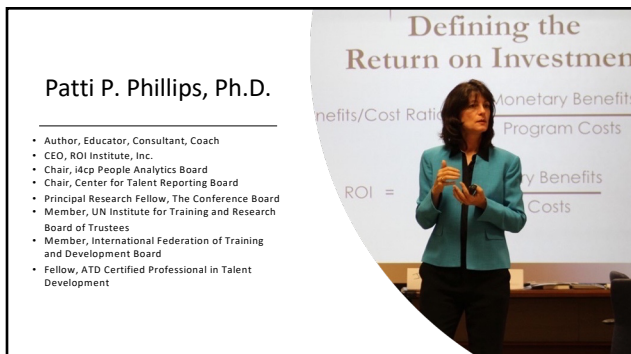
<https://calendly.com/pattiphillips/connect>

patti@roiinstitute.net

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