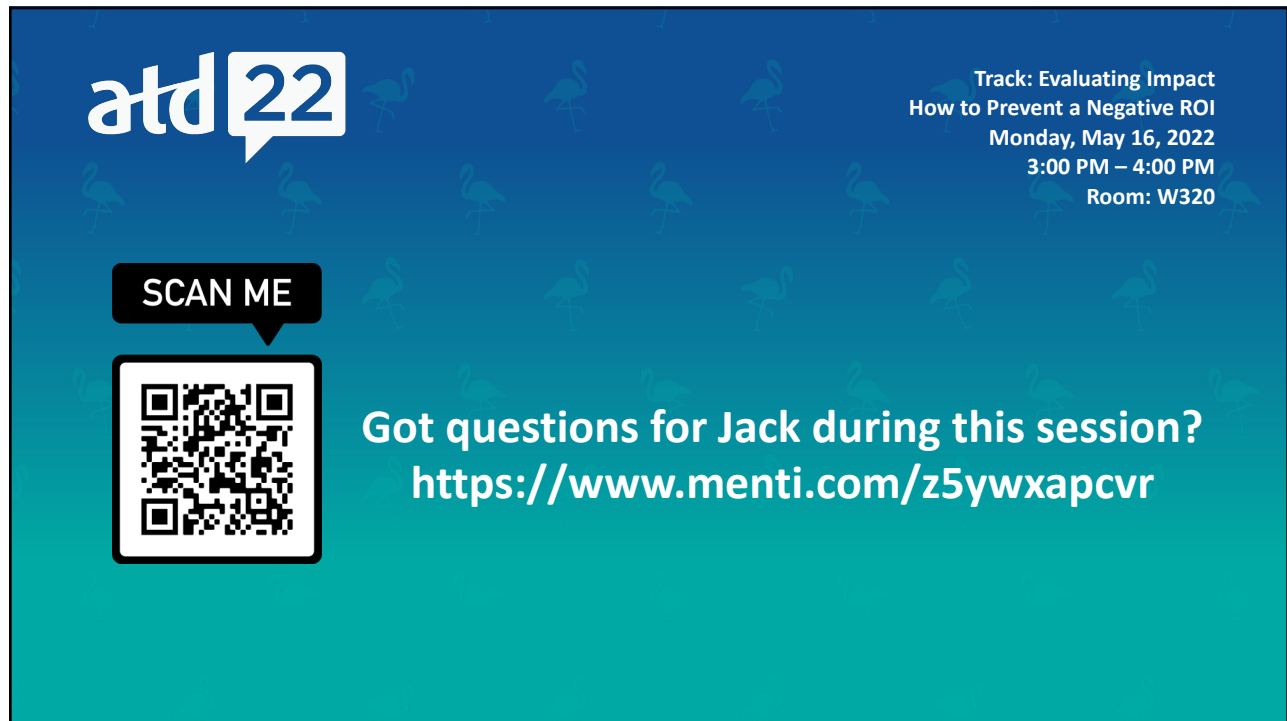




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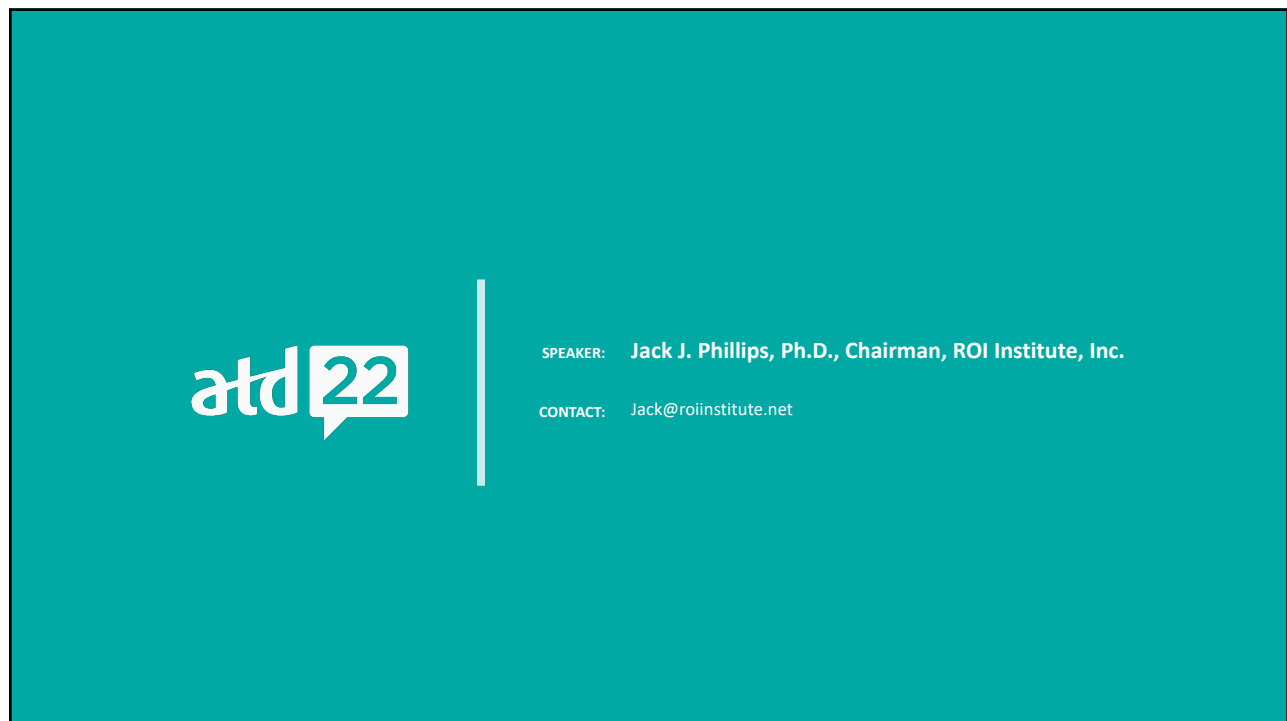
Track: Evaluating Impact
How to Prevent a Negative ROI
Monday, May 16, 2022
3:00 PM – 4:00 PM
Room: W320

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<https://www.menti.com/z5ywxapcvr>

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atd 22

SPEAKER: Jack J. Phillips, Ph.D., Chairman, ROI Institute, Inc.

CONTACT: Jack@roiinstitute.net

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Resources



3

Objectives

After attending this program, participants should be able to:

- Change their approach to program implementation to prevent disappointing results.
- Forecast the results before implementing a program.
- Collect data in the early stages of a program to make any necessary adjustments.



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Serious Performance Challenges

**True
or
False?**

1. Most learning and development is wasted (not used).
2. The learning outcome desired by executives in client organizations is rarely measured.
3. Most learning providers do not have data showing that they make a difference in the organization.
4. Most executives see learning as a cost and not an investment.
5. Most executives view hard skills as more valuable than soft skills.

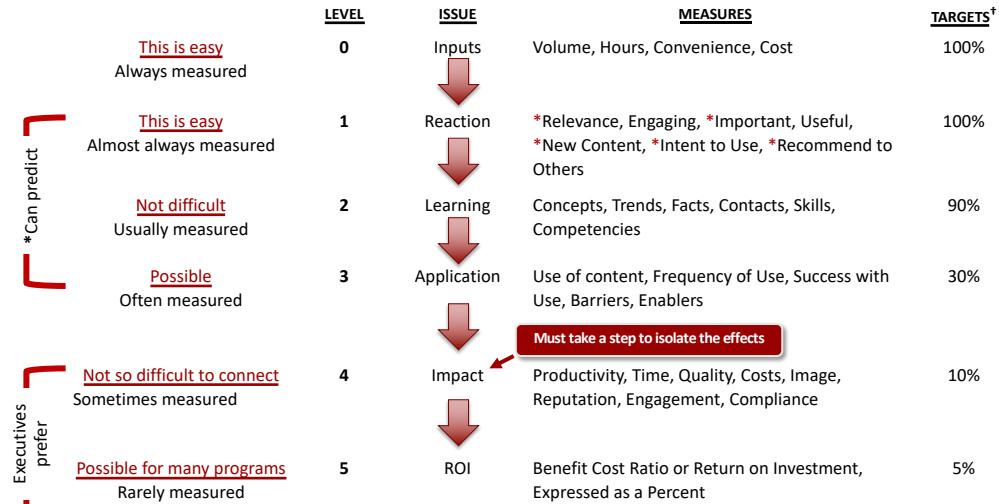
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What is Value?

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The Value Chain is Always There!



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The Executive View of Metrics

Measure	We currently measure this	We should measure this in the future	My ranking of this measure's importance
Inputs: "Last year, 78,000 employees received formal learning."	94%	85%	6
Efficiency: "Formal learning costs \$2.15 per hour of learning consumed."	78%	82%	7
Reaction: "Employees rated our training very high, averaging 4.2 out of 5."	53%	22%	8
Learning: "92% of participants increased knowledge and skills"	32%	28%	5
Application: "At least 78% of employees are using the skills on the job."	11%	61%	4
Impact: "Our programs are driving our top 5 business measures in the organizations."	8%	96%	1
ROI: "Five ROI studies were conducted on major programs yielding an average of 68% ROI."	4%	74%	2
Awards: "Our L&D program won an award from <i>Association of Talent Development</i> ."	40%	44%	3

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ROI Calculation

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

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



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ROI Calculation

$$\text{BCR} = \frac{\$756,000}{\$339,400} =$$

$$\text{ROI} = \frac{\$756,000 - \$339,400}{\$339,400} \times 100 =$$



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ROI Calculation

$$\text{BCR} = \frac{\$756,000}{\$339,400} = 2.23:1$$

$$\text{ROI} = \frac{\$756,000 - \$339,400}{\$339,400} \times 100 = 123\%$$



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A negative ROI is not necessarily bad news!

But...

Fear of a negative ROI is the No. 1 barrier to pursuing ROI use.

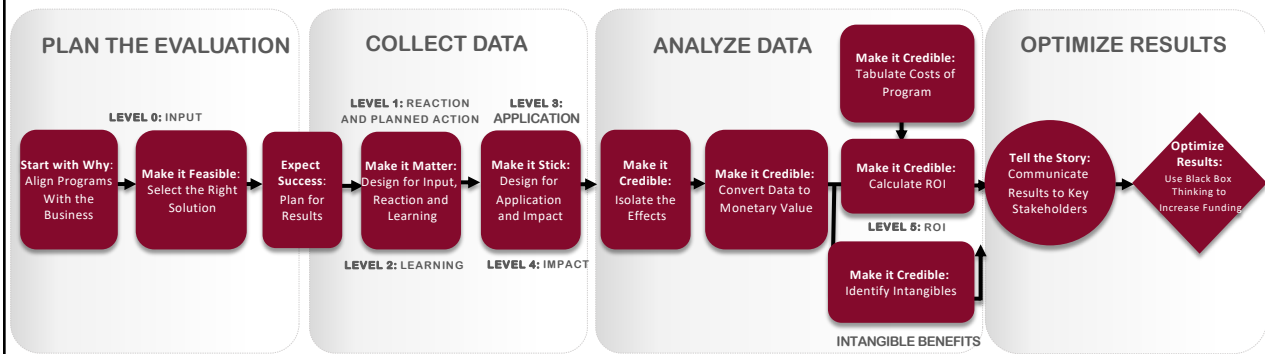


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The ROI Methodology Process Model

Designing for the Delivery of Business Results



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What is your experience with ROI? (Select all that apply.)

- A. No experience with it.
- B. It's been suggested, but no action has been taken.
- C. I have attempted it.
- D. I have conducted an ROI study.
- E. I wish ROI would go away.

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Steps to Prevent a Negative ROI



1. Start with the business measure.
2. Select the best solution.
3. Expect the success you need.
4. Involve the right people.
5. Design for impact and ROI.
6. Look for early signs of disappointment.
7. Examine the costs of the program.

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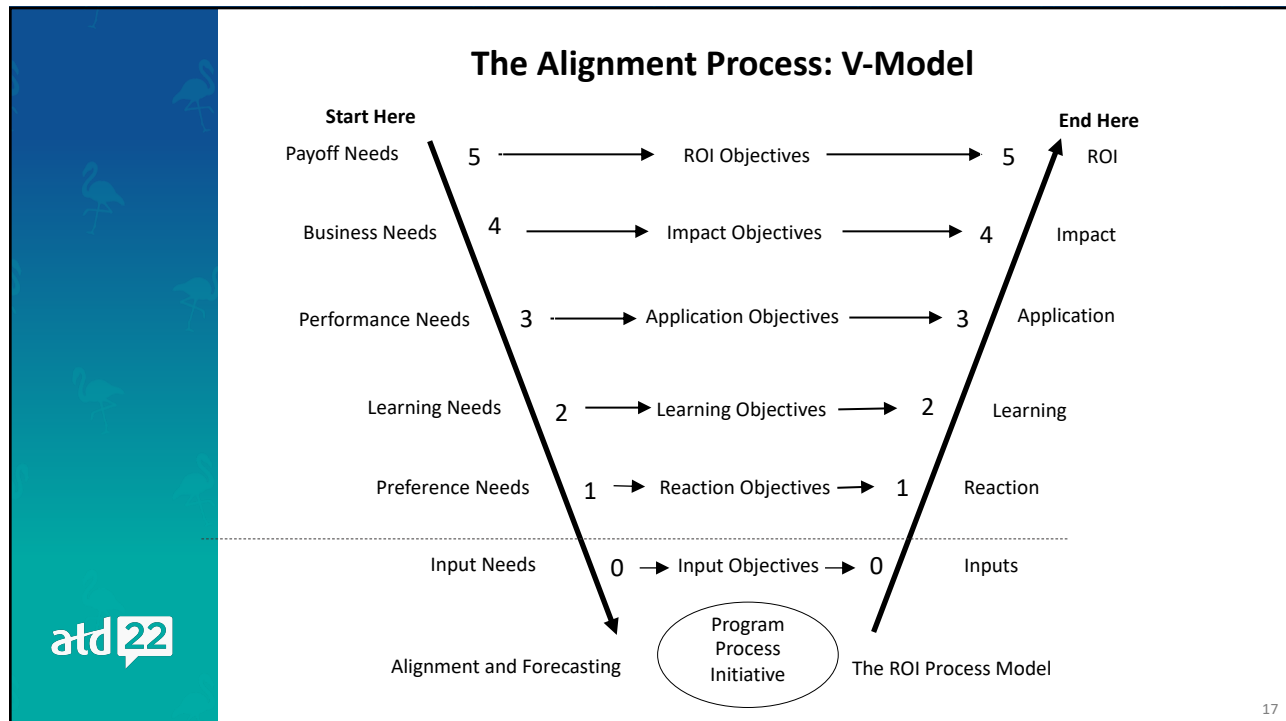
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Step 1: Start with the business measure.

- Alignment is the key.
- Is it a problem or opportunity?
- Need specific business measures.

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Step 2: Select the best solution.

- What are we doing (or not doing) that's influencing the business measure?
- How can we achieve this performance?

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Is it the right solution?

1. Examine the data and records.
2. Initiate the discussion.
3. Reference a case study.
4. Use benchmarking from similar solutions.
5. Use evaluation as the hook.
6. Involve others in the discussion.
7. Use diagnostic tools.
8. Discuss disasters in other places.



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Step 3: Expect the success you need.



- Redefine success of program.
- Set objectives at multiple levels.
- Expand responsibilities.

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Develop Objectives For Each Level

Levels of Objectives	Focus of Objectives
Level 1, Reaction	Defines specific measures of expected reaction to the program as it is revealed and communicated to the stakeholders
Level 2, Learning	Defines specific measures of improvement in knowledge, information, contacts, and skills as the participants and other stakeholders learn how to make the program successful
Level 3, Application	Defines specific measures of actions taken that define success with application and implementation of the program
Level 4, Impact	Defines the specific impact measures that will change or improve as a consequence of the program's implementation
Level 5, ROI	Defines the minimum return on investment from the program, comparing program costs with monetary benefits from the program

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Matching Evaluation Levels with Objectives

After completing this program, participants should:

1.	Decrease customer complaints by 20% in one year.	4
2.	Be able to manage a remote team.	2
3.	Perceive the performance management system as appropriate.	1
4.	Decrease the amount of time required to move to the next job level.	4
5.	Achieve a 20% ROI one year after implementation of flexible work system.	5
6.	Perceive diversity to be important to the success of the organization.	1
7.	Conduct a proper investigation using the seven-step process in 95% of complaint situations.	3
8.	Decrease security breaches by 25% in six months.	4
9.	Score an average of 75 or better on new strategy quiz.	2
10.	Complete a disclosure form each year as part of the new ethics policy.	3

1 = Reaction 2 = Learning 3 = Application 4 = Impact 5 = ROI

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Step 4: Involve the right people.

- Ensure participants have an opportunity to use the skills in the program.
- If 20% or more are not able to use the skills, a negative ROI is imminent.

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Step 5: Design for impact and ROI.



- Provide application and impact objectives to program designers and facilitators.
- Create tools, job aids, and processes to enable impact
- The key is to make sure the team delivers the desired impact.

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Step 6: Look for early signs of disappointment.

- Watch for warning signs that participants don't see the value—or if there is no significant learning generated through the process.
- If participants are not using what they've learned, it may be time to adjust the program to ensure there is impact.

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Step 7: Examine the costs of the program.



- Expensive programs will demand more impact to produce a positive ROI.
- The key is to avoid unnecessary costs.

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High ROI Values* are Achievable in Programs Involving:

*100% to 700% ROI
is not uncommon



Leadership Development



Performance Management



Management Development



Supervisor Training



Talent Retention



Flexible Work Systems



Reward Systems



Skill-Based Pay



Business Coaching

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Be Proactive

Remember, when it comes to delivering results:

- Hope is not a strategy.
- Luck is not a factor.
- Doing nothing is not an option.

Change is inevitable.
Progress is optional.

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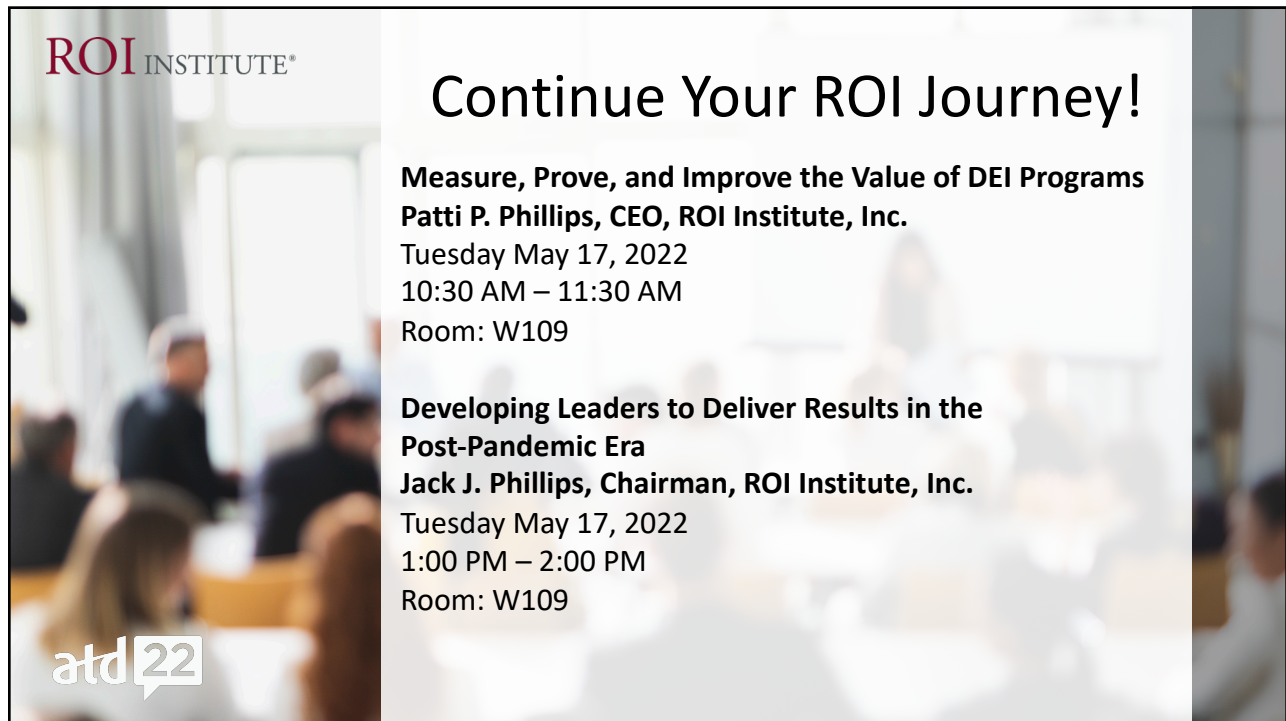
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<https://roiinstitute.net/atd-ice-how-to-prevent-negative-roi/>



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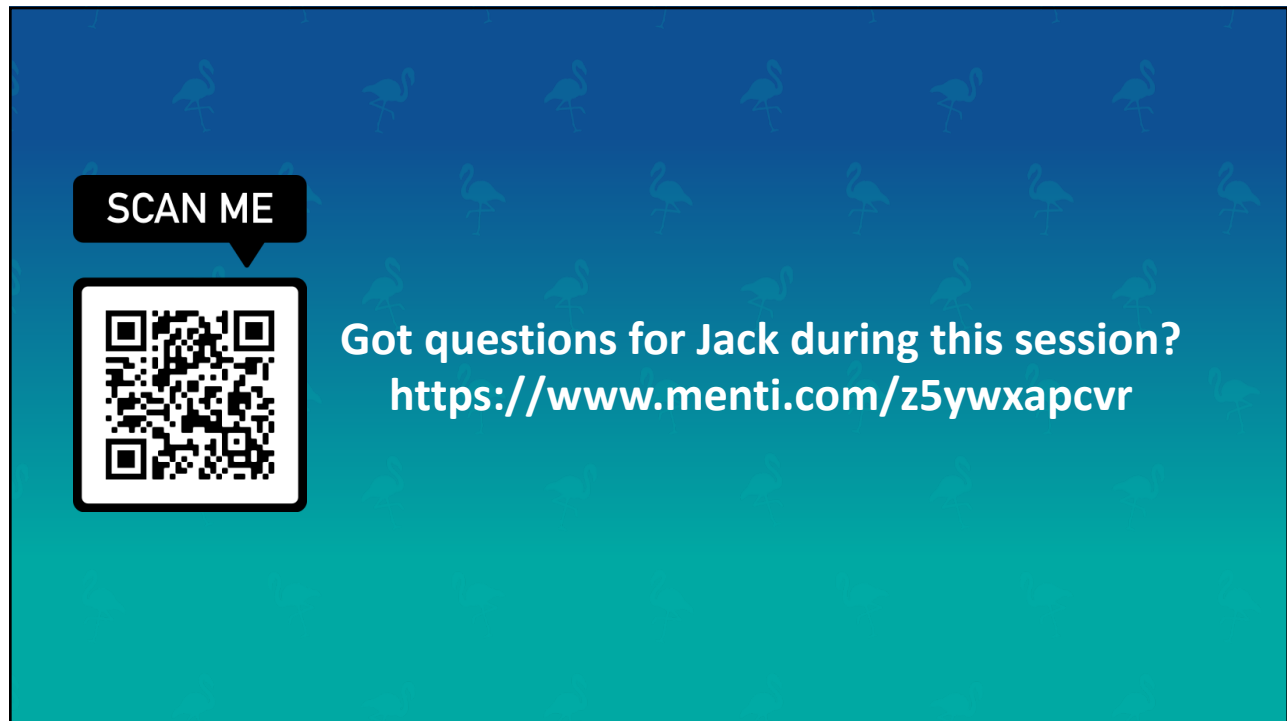
Continue Your ROI Journey!

Measure, Prove, and Improve the Value of DEI Programs
Patti P. Phillips, CEO, ROI Institute, Inc.
 Tuesday May 17, 2022
 10:30 AM – 11:30 AM
 Room: W109

Developing Leaders to Deliver Results in the Post-Pandemic Era
Jack J. Phillips, Chairman, ROI Institute, Inc.
 Tuesday May 17, 2022
 1:00 PM – 2:00 PM
 Room: W109

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ROI CERTIFICATION®

SCHEDULED EVENTS

June 20-July 1, 2022 — Live Virtual	September 12-16, 2022 — Boise, ID
July 11-15, 2022 — Salt Lake City, Utah	September 19-30, 2022 — Live Virtual
July 25-29, 2022 — Denver, CO	October 3-7, 2022 — Birmingham, AL
August 15-19, 2022 — San Diego, CA	November 14-18, 2022 — Atlanta, GA
August 22-September 2, 2022 — Live Virtual	December 5-9, 2022 — Charlotte, NC

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.

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Jack J. Phillips, Ph.D.



Jack Phillips, Ph.D., Chairman, ROI Institute, Inc., is a world-renowned expert on accountability, measurement, and evaluation. Former learning executive, Jack has authored and edited more than 100 books, including *Show the Value of What You Do: Measuring and Achieving Success in Any Endeavor* (Berrett-Koehler Publishers, September 2022).

Jack and his wife and ROI Institute, co-founder, Dr. Patti Phillips, were awarded the 2022 ATD Talent Development Thought Leader Award. Previously, ATD presented Jack with its highest honor, the Distinguished Contribution to Workplace Learning and Development Award.

Jack's experience includes learning and development, human resources, and general management roles, including bank president. He regularly consults with clients in 70 countries.