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Making ROI Work

SPEAKER: Patti P. Phillips, Ph.D., CEO, ROI Institute, Inc.

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Learning Objectives

- Describe how ROI can work for any type of program or project.
- Identify the five levels of outcomes that demonstrate program value.
- Determine where and when to use ROI.

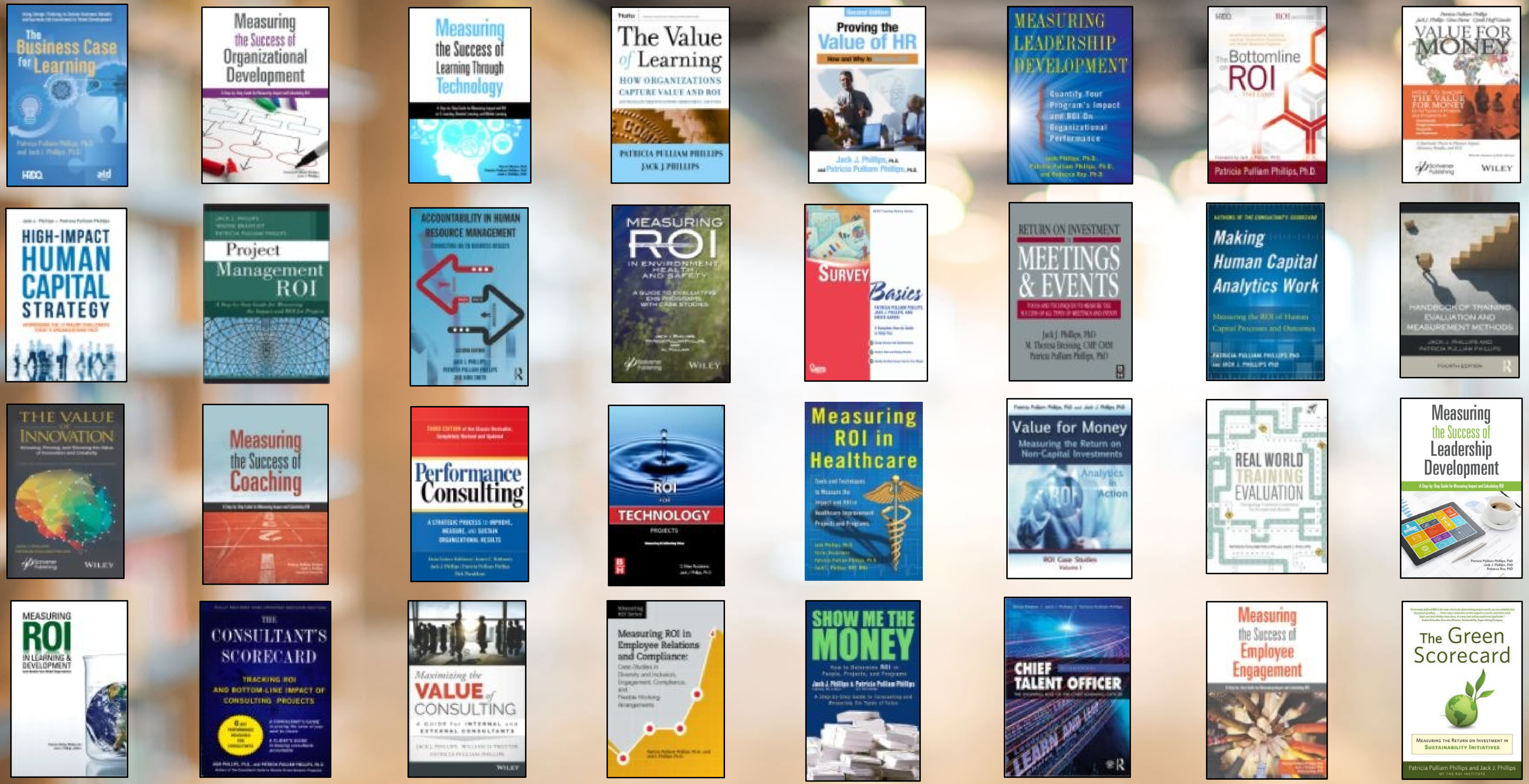
What is ROI?

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

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

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

ROI can be applied to any type of program.



Use ROI selectively.

Measurement Targets

Level		Recommended % of Programs	**Benchmarking %
0	Input	100%	100%
1	Reaction	100%	80%
2	Learning	80-90%	70%
3	Application	30-40%	49%
4	Impact	10-20%	37%
5	ROI	5-10%	18%

*Percentage of programs evaluated at each level each year

**Benchmarking 2020

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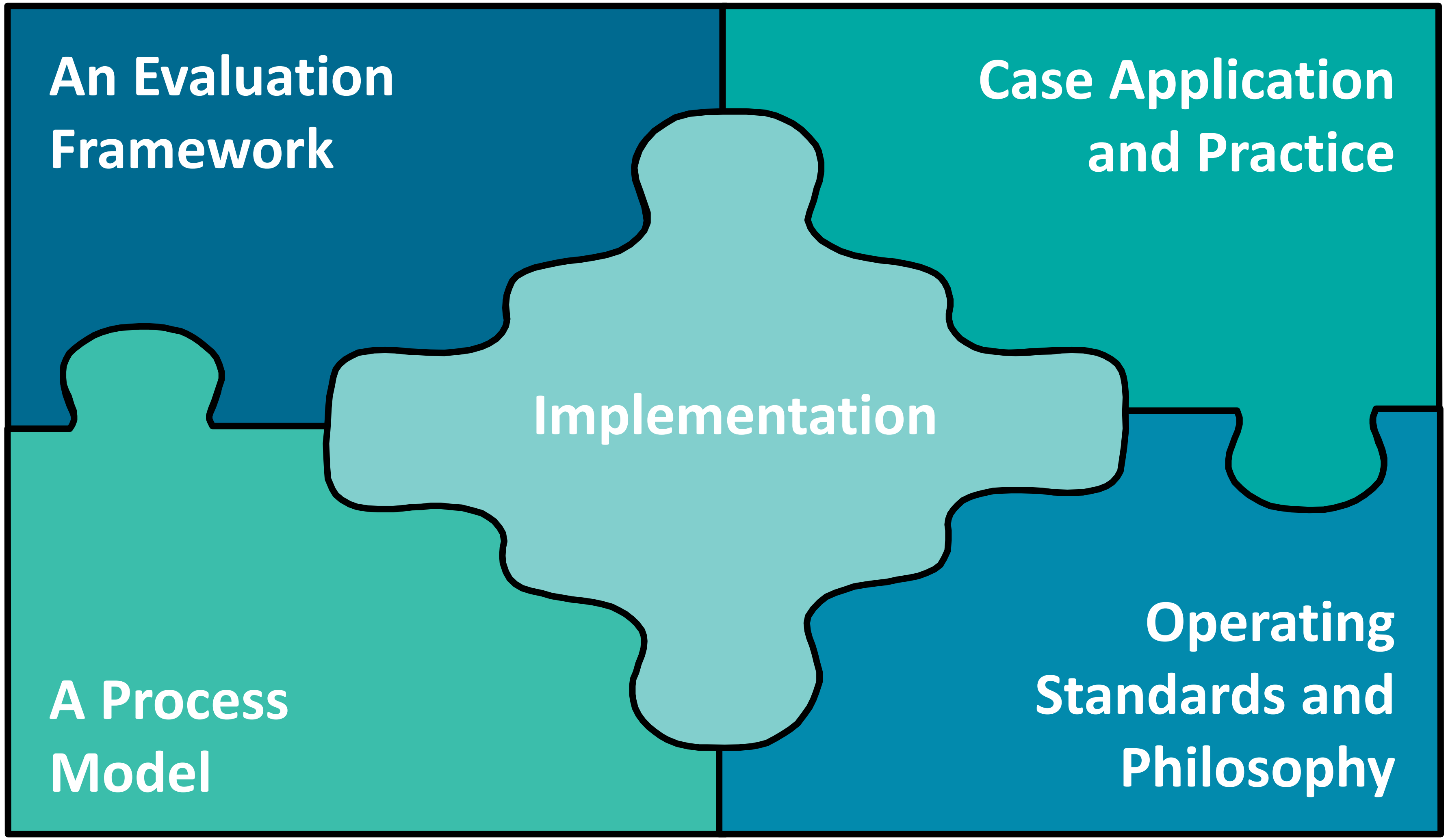
Considerations when selecting programs for ROI include

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

How do you make it work?

Five Components of the Evaluation Puzzle



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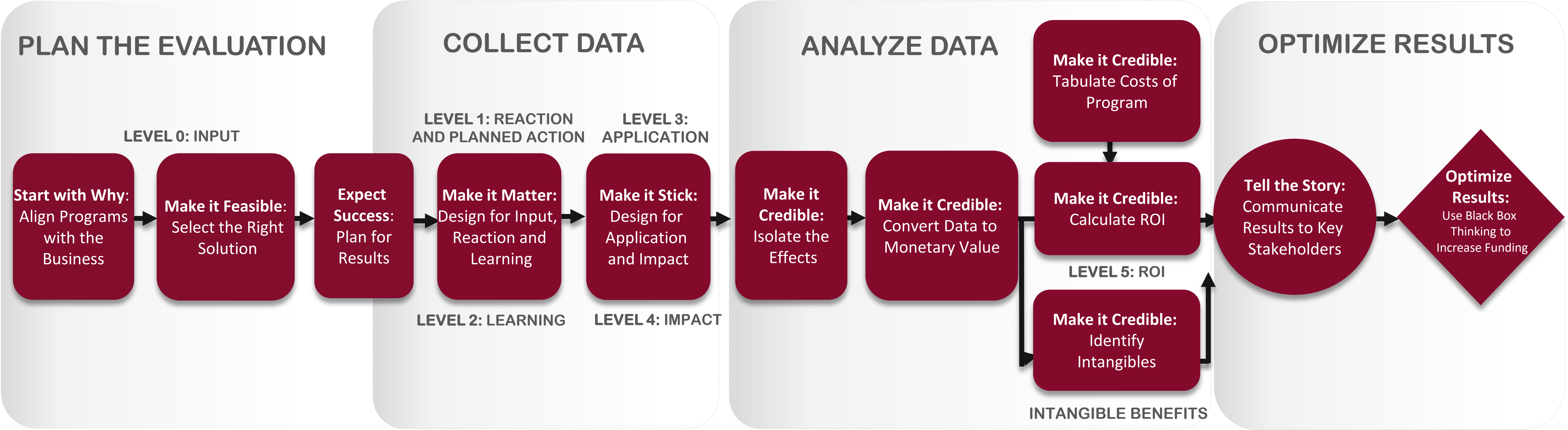
Evaluation Framework

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

Katzell 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 in practice in not only learning, but the broader HR community and beyond.

The ROI Methodology®

Designing for the Delivery of Business Results



Standards 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 program effects.
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.

Case Application and Practice: Healthcare, Inc.

Background

Healthcare organization experiencing high levels of complaints and turnover.

- **Cost of one complaint: $24,343**
- **Cost of one turnover statistic: $20,887**

The organization implemented a program that involved senior executives at an offsite for two days. They then shared what they learned with their immediate their during a routine staff meeting, who then did the same with their team.

This was an inexpensive solution for a very expensive problem.

Data Collection

- (L1) Questionnaire – end of program
- (L2) Knowledge assessment; skill practice – during program
- (L3) Self-Assessment questionnaire – 6 months post-program
- (L3) Employee survey (25% sample) - 6 months post-program
- (L4) Complaint and Turnover records – 12 months post-program

Isolation Techniques

- Complaints – Trendline analysis
- Turnover – Forecasting

Program Costs

- Fully-loaded including needs assessment, design, development, implementation, and evaluation
- Total cost: $277,987

Benefits (after isolation)

- Complaints prevented over one year: 14.8
- Turnover prevented over one year: 136

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Benefits

Complaints: 14.8
Turnover: 136

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

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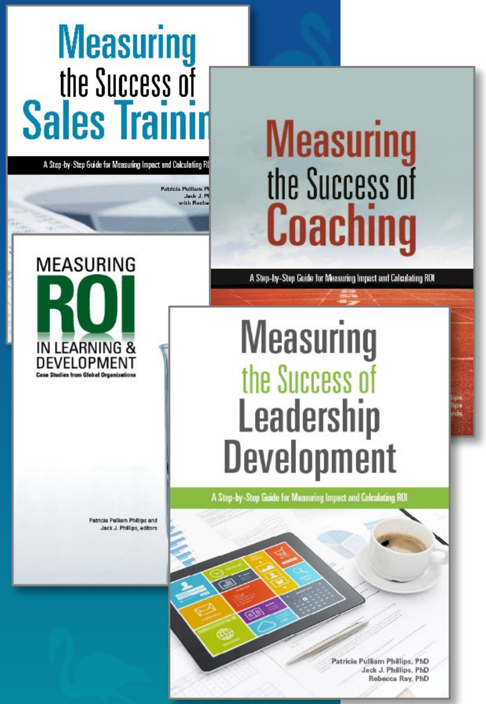


Sample Case Studies

Transnet Coach Business (*South Africa)* — **ROI = 32.64%**
Supervisor coaching program focused on improving beat rate and sales targets.

Department of Defense (*USA)* — **ROI = 153%**
Master's degree program focused on reducing turnover and implementing quality and cost reduction projects.

Industrial Company (*Germany)* — **ROI = 161%**
Global sales training focused on improving sales.

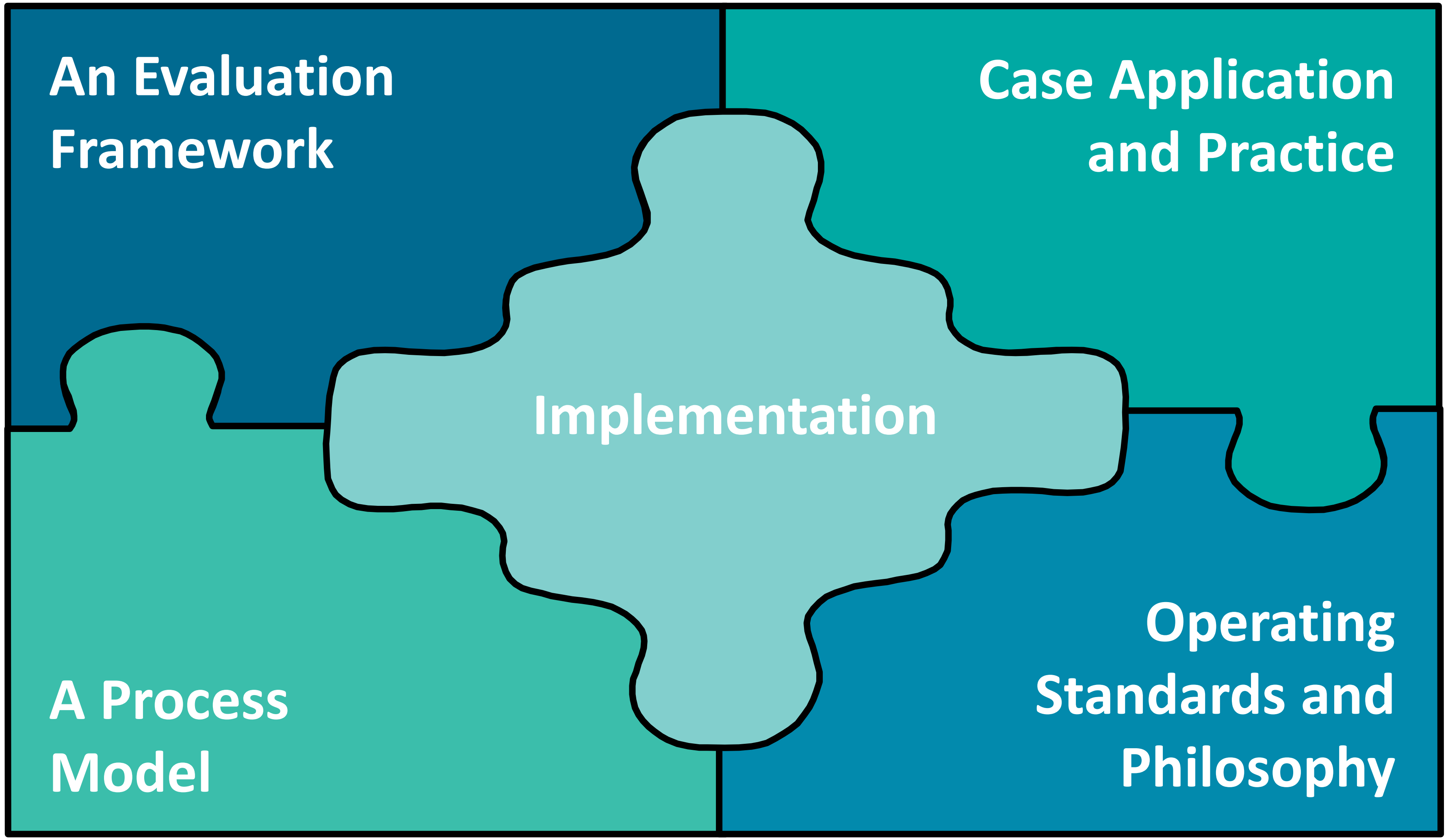
Manufacturing Company (*USA)* — **ROI = 49%**
Organizational change solution focused on reducing errors, turnover, customer fulfillment issues and improving employee mobility and customer satisfaction..

Telecommunications (*USA)* — **ROI = - 85%**
Call center representative training focused on call escalations.

Steps to Implementation

- Utilizing Shortcuts
- Monitoring Progress
- Removing Obstacles
- Preparing the Management Team
- Initiating the ROI Projects
- Tapping into a Network
- Preparing the Staff
- Revising Policies and Procedures
- Establishing Goals and Plans
- Developing Roles and Responsibilities
- Assessing the Climate for Measuring ROI

Five Components of the Evaluation Puzzle



Continue Your ROI Journey!

How to Prevent a Negative ROI
Jack J. Phillips, Chairman, ROI Institute, Inc.
Monday May 16, 2022
3:00 PM – 4:00 PM
W320, Chapin Theater

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

Join us at the ATD Store!

Monday, May 16
9:15 am EDT

Located in the Convention Center West B Lobby

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Resources

SCAN ME

Questions?

Visit us online

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ROI CERTIFICATION®

SCHEDULED EVENTS

June 20–July 1, 2022 — Live Virtual

July 11–15, 2022 — Salt Lake City, Utah

July 25–29, 2022 — Denver, CO

August 15–19, 2022 — San Diego, CA

August 22–September 2, 2022 — Live Virtual

September 12–16, 2022 — Boise, ID

September 19–30, 2022 — Live Virtual

October 3–7, 2022 — Birmingham, AL

November 14–18, 2022 — Atlanta, GA

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.

Email: info@roiinstitute.net

Enroll: http://bit.ly/ROICertification

Call: +1 205.678.8101

ROI INSTITUTE®

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