ROI Basics
Part One in a Series

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Imagine your most important, annually held meeting is coming up in three months. This meeting is strategic, expensive, high profile, and has senior management's involvement. Now suppose that you are asked to evaluate this meeting to determine how it is contributing to the company's business goals. In addition, you are asked to report your findings to company management across multiple departments. Your findings will help determine if that meeting receives funding next year or not. How would you proceed? What approach should you use?

Getting Started

First and most importantly, don't be overwhelmed. If you take a systemic approach to ROI and set realistic evaluation goals based upon your resources and time commitments, you can start building a foundation for reporting results and showing stakeholders the benefits of a meeting or event

Showing the pay-back of a meeting starts by regularly collecting post-event *reaction data* from your attendees. This is usually done with survey questions such as, *"Was this meeting useful, necessary, motivational, challenging, and important to your success?"* and so forth. Next, move beyond *reaction* feedback and start collecting *learning data*. This tells you what attendees learned during events like an annual sales meeting or a user group conference. For example, you may ask attendees things like "*Name the three new sales techniques highlighted in your breakout session",* or "*Describe a cross-selling opportunity you will use during the new product roll-out this fall.*" Once you have established the practice of collecting learning data, it is relatively easy to move on to higher levels of evaluation, which involve collecting *application and implementation data*.

Application data is collected after the meeting and helps you understand if attendees' did anything differently back on the job as a result of attending a meeting. Did they implement something? Did they change a process? Are they using skills or new knowledge learned during a conference —for example, new management skills, enhanced product knowledge, or sales techniques. These behavioral changes, influenced by meeting content and attendance, can affect important business measures—such as sales revenue, employee turnover, and new product development. Evaluating how these behavioral changes effect business performance measures will lead you to *impact* data.

In fact, as participants attend a meeting or large conference, a chain of impact occurs. They first react to it, then acquire knowledge and information, apply that in their job and, as a result, positively influence business measures. Defining the key learning, application, or business measures that you want your meeting to impact is an important part of evaluation planning. For example, targeted learning objectives may include:

- Identify three new cross-selling opportunities.

This article originally appeared in *HR Insight/Event Solutions,* November 2007

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- Score 75 or better on the new product quiz.
- Explain the advantages of three new product features.
- Describe the new product positioning and differentiation features.

Targeted application objectives could include:

- Within six months, all sales representatives will increase use of the new web-based CRM/sales lead tracking system by 50%.
- Within one year, each product development team will introduce at least two new products into the development pipeline.

Defining clear, measurable meeting objectives with stakeholders *before* staging a meeting event will increase your likelihood of success after the meeting.

Defining ROI

Now let's define ROI. ROI represents the fifth level of evaluation and is the ultimate measure of accountability. ROI answers the question: Is there a financial return for investing in a program, process, initiative, corporate event or performance improvement solution? Below are the basic equations used to calculate the benefit-cost ratio and the ROI:

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

What do these equations mean? A benefit-cost ratio of 2:1 means that for every $1 invested, you get $2 back. This translates into an ROI of 100%, which says that for every $1 invested, you get $1 back after the costs are covered (you get your investment back plus $1).

Data from the *reaction, learning*, *application* and *impact* levels must be collected in order to calculate the financial ROI for meetings and events. All five levels (Table 1) provide important, stand-alone data. Reported together, the five-level ROI framework represents data that tells the complete story of meeting success or failure. However, an ROI calculation is not intended to be a pass/fail grade for your meeting or event. At the outset of any evaluation or ROI study, the project leader should clearly position the study as an opportunity to provide process improvement data; what worked and what didn't work so you can make adjustments. For some programs, intangible, non-monetary benefits also have important value, such as improved public image, increased job satisfaction, increased organizational commitment, reduced stress, and improved teamwork.

Choosing an ROI Methodology

As manager responsible for evaluating and reporting on the success of important meetings and events, you will need a proven methodology that provides step-by-step guide from initial planning through data collection and evaluation. It will be even more advantageous if the methodology you employ has a time-tested consistent and credible approach for ROI studies and a track record of success in your industry or in industries similar to yours. The credibility of your approach is very important because once you select a methodology, collect your data and present your findings, you will inevitably face some fundamental and universal questions that may include:

- What makes this study credible?

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- What method of data collection did you use?
- What costs did you include in your calculation?
- Was your questionnaire response rate high enough to attain meaningful data?
- At what time interval after the event did you distribute the second questionnaire?

The Payoff

In almost all organizations, the need for meetings exceeds the available resources. While evaluating at the ROI level is not necessary for all programs, the process provides data that can help eliminate unsuccessful events or reinvent those that are successful but expensive. This data can help you, as a meeting manager, justify meeting management expenses and set priorities. Finally, collecting data at various levels and reporting results that are linked to key business measures is the best way to secure and even increase budgets for meetings. Meeting sponsors often want evidence that meetings are adding tangible organizational value and that the benefits of meeting participation are aligned properly with strategic goals. In the next article, we'll highlight aspects of the ROI process and give case examples that will help you get the kind of consist, reliable results that you and your clients want from your meetings.

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