ROI INSTITUTE®

How to Ensure Your Diversity, Equity, and Inclusion Programs Deliver Value

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

Session Objectives

After attending this session, participants should be able to:

1. Identify the five levels of outcomes from DEI programs.
2. Explain the need to deliver impact and ROI for selected DEI programs.
3. Design DEI programs to deliver application, impact, and ROI.
4. Plan the next steps to ensure DEI programs delivers value.

Resources

The ROI Methodology®
in 12 Easy Steps
Measuring ROI Series
Measuring ROI in
Employee Relations
and Compliance:
Case Studies in
Diversity and Inclusion,
Engagement, Compliance,
and
Flexible Working
Arrangements
Patricia Pulliam Phillips, Ph
Jack J. Phillips, Ph.D.
ROI INSTITUTE
THE CONFERENCE BOARD
The ROI of Inclusion Tool Kit
Designing Diversity, Equity, and Inclusion (DEI) Initiatives for Business Results
ROI INSTITUTE
How to Ensure Your
Diversity, Equity, and
Inclusion Programs
Deliver Value
Patti P. Phillips, Ph.D., CEO, ROI Institute, Inc.

In which activities does your company invest?

A. Company-recognized employee groups (e.g., ERGs, BRGs)
B. External partnerships focused on DEI activities (e.g., suppliers)
C. Unconscious bias training, specifically
D. Leadership training with a focus on inclusive leadership skills
E. Other

Which activities take on the highest proportion of your organization’s yearly DEI budgets in the current fiscal year? (Select top 3)

DEI Program	Percentage of Respondents
Company-recognized employee groups (e.g., ERGs, BRGs)	42%
External partnerships focused on DEI activities	38%
Any diversity and inclusion training, no including unconscious bias training	28%
Unconscious bias training	28%
Diversity recruitment and hiring programs	23%
Leadership training with a specific focus on inclusive leadership skills	17%
High-potential leadership development programs	13%
Networking events and activities with a focus on DEI	8%
External recognition activities focused on DEI	8%

Source: The Conference Board The ROI of Inclusion: How to Align Diversity, Equity, and Inclusion with Business Results (2021)

The Need to Deliver Impact & ROI

- Workforce Management estimates that companies spend a combined **$8 billion on diversity and inclusion training annually**, while Human Resource Management Journal reports that diversity and inclusion consultants earn a combined **$400 million to $600 million annually in consulting fees** alone. [1]
- While survey data indicate that **high performing organizations** are **four times more likely** to provide development education to senior leaders for conscious/unconscious bias than low-performance organizations, research studies have also shown **these types of trainings to be ineffective** in increasing numbers of the underrepresented, much less driving business value.[2]
- Even the tried-and-true **employee groups** (also known as employee resource groups, affinity groups, business resource groups) **struggle to survive** the oscillating interest.[3]
- Add to this issue the struggles **DE&I executives face** when asked to drive efforts. If they go too slow in making change, **they are criticized**. If they go too fast, **they may be fired**.[4]
- "It's time to move from saying, "**We need to do this**." to asking "**What are we doing with this**?"[5]

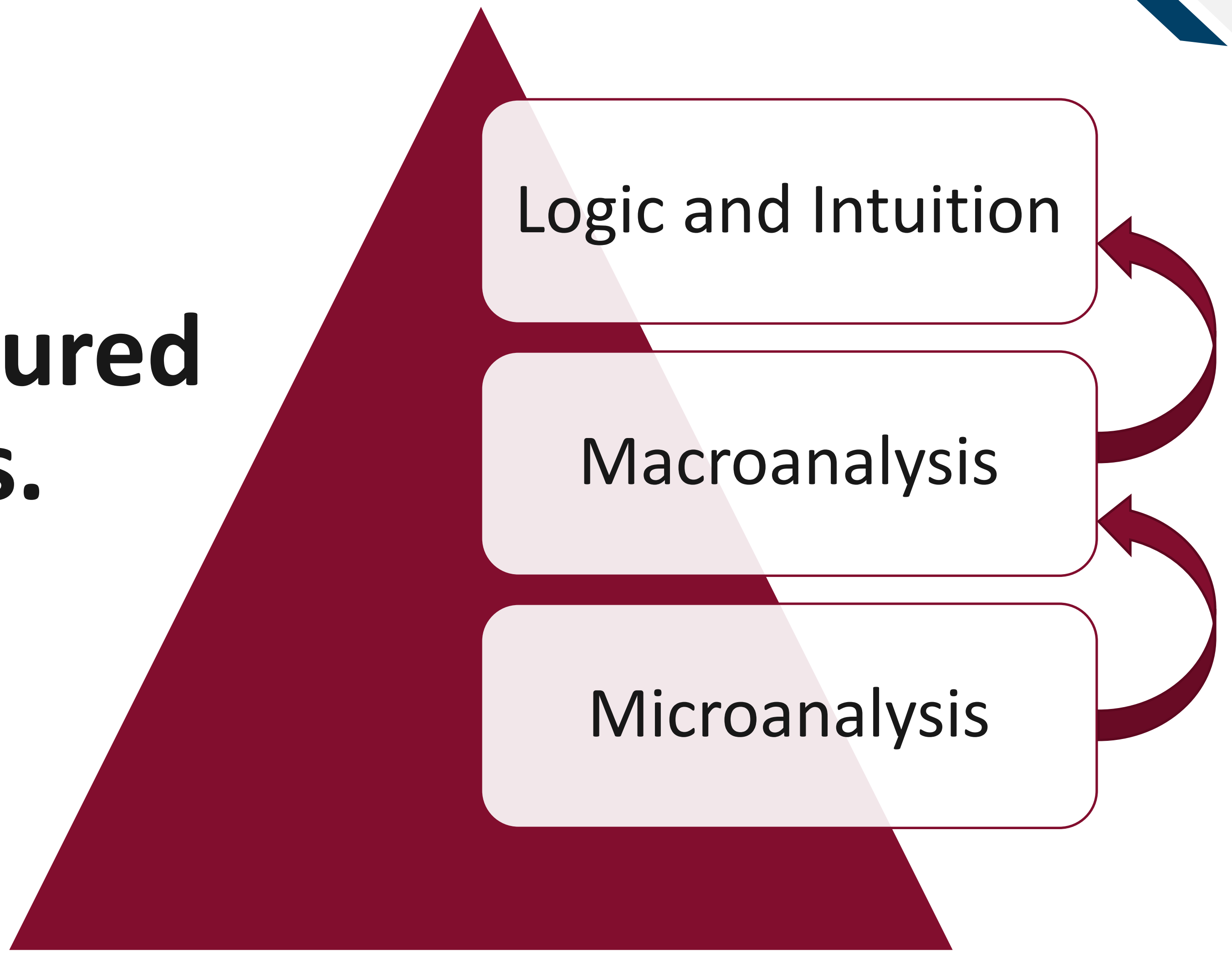
[1] 2020 Working Mother Diversity Best Practices.
[2] D&I Metrics Survey Analysis. (2019). Institute for Corporate Productivity. Retrieved from https://www.i4cp.com/file/1985
[3] Sabattini, L., Ye, Amy, Popiela, A. and Horan, J. (2020) What's Next for Employee Groups? The Conference Board, Research Report 1712-20.
[4] Cutter, C., and Weber, L. (2020, July 14). Diversity Role is Hot, But Turnover is High, *The Wall Street Journal*, p.A1, A4.
[5] Stoll, John D. (2020, June 27-28). Pressure is on to Pivot from Say to Do, *The Wall Street Journal*, p.B2.

Diversity and inclusion consultants make an average base pay of $70,657 a year and up to $107,000.

---Glassdoor.com

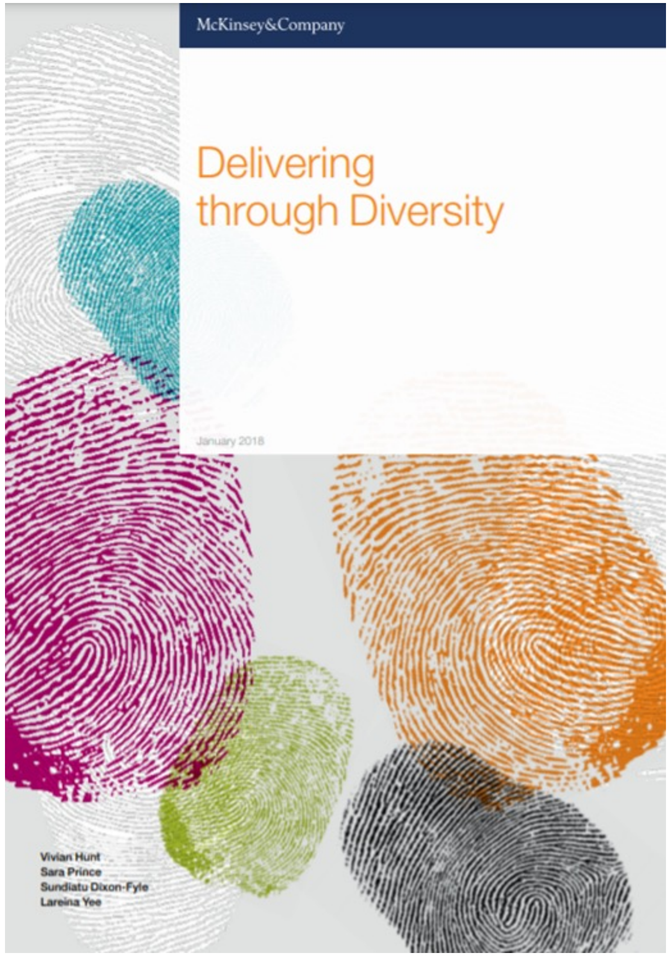

How do you measure success?

Value in DEI is measured in different ways.



Macroanalysis

According to McKinsey & Company's “Delivering through **Diversity**” report, companies with higher executive-level gender **diversity** worldwide are 21 percent more likely to outperform their peers in EBIT (earnings before interest and taxes) margins and are 27 percent more likely to outperform peers in long-term **value** ...



Microanalysis

Over a six-month period, Tyson studied a sample of 517 team members enrolled in across 16 Arkansas locations enrolled in **Upward Academy**, compared to a general pool of similar team members at the same locations.

- 86% participants indicated they have improved communication skills at work and in community
- 85% said they were happier in the workplace
- 77% felt more loyal to the company
- 123% return on investment
- Other benefits:
  - Participants felt better equipped to carry out responsibilities at home and at work
  - Greater confidence at work
  - Increased connection and inclusion in workplace

https://www.forbes.com/sites/gradsoflife/2018/09/24/how-a-csr-pilot-program-became-a-key-business-imperative-at-tyson-foods/?sh=59c7c4323a8a

Measures of Success

Levels	Measurement Focus	Examples of Measures
0. Inputs & Indicators	The input into the project in terms of scope, volume, efficiencies, costs	Number of activities, participants, hours; Representation; Cost of the investment
1. Reaction & Planned Action	Measures participant satisfaction and captures planned actions, if appropriate	Relevance, Importance, Usefulness, Appropriateness, Intent to use, Commitment to act
2. Learning & Confidence	Measures changes in knowledge, insight, skills, and attitudes	Self-awareness, Knowledge, Capacity, Competencies, Confidence, Contacts
3. Application & Implementation	Measures changes in behaviors, processes, actions as well as barriers and enablers to changes	Extent of use, Task completion, Frequency of use, Actions completed, Success with use, Collaboration, Allyship, Barriers to use, Enablers to use
4. Impact	Measures the impact of changes in behaviors, processes, actions on measures important to the organization	Representation, Turnover, Engagement, Productivity, Revenue, Quality, Time, Efficiency, Customer Satisfaction
5. Return on Investment	Compares project benefits to the costs	Benefit-Cost Ratio (BCR), ROI%, Payback Period

Three Categories of Impact

Representation Measures	Preventive Measures	Value-Add Measures
• Gender	• Complaints	• Revenue
• Race/color	• Charges	• Productivity
• Age/generational	• Lawsuits	• Quality
• Disabilities	• Conflicts	• Cost
• Military veterans	• Inclusion	• Time
• National origin	• Job satisfaction	• Efficiencies
• Sexual orientation	• Engagement	• Innovation
• Skills	• Absenteeism	• Brand
• Experience	• Turnover	• Societal contribution
• Religious affiliation	• Transfers	• Environmental impact

What about belonging?

Research by the people experience platform BetterUp, for example, shows that employees who feel a strong sense of belonging, versus a weak one, experience a **56 percent increase in job performance**, **50 percent reduction in turnover risk**, and **75 percent decrease in sick days**. They are also **167 percent more likely to recommend their company** to others as a great place to work.*

During a discussion about inclusive leadership, one of our interview participants expressed the belief that **belonging is more important than ever before**, especially in the context of remote work and the participant's own health and well-being.

*Source: BetterUp, *The Value of Belonging at Work: New Frontiers for Inclusion in 2021 and Beyond*, December 2020.

ROI Calculation

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

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

ROI Calculation

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

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

ROI Calculation

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

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

How does your organization primarily measure the success of DEI initiatives?

A. Changes in representation measures
B. Changes in preventive measures
C. Changes in value-add measures
D. Other
E. We do not measure the success of DEI

How does your organization measure the success of DEI initiatives? (Select all)

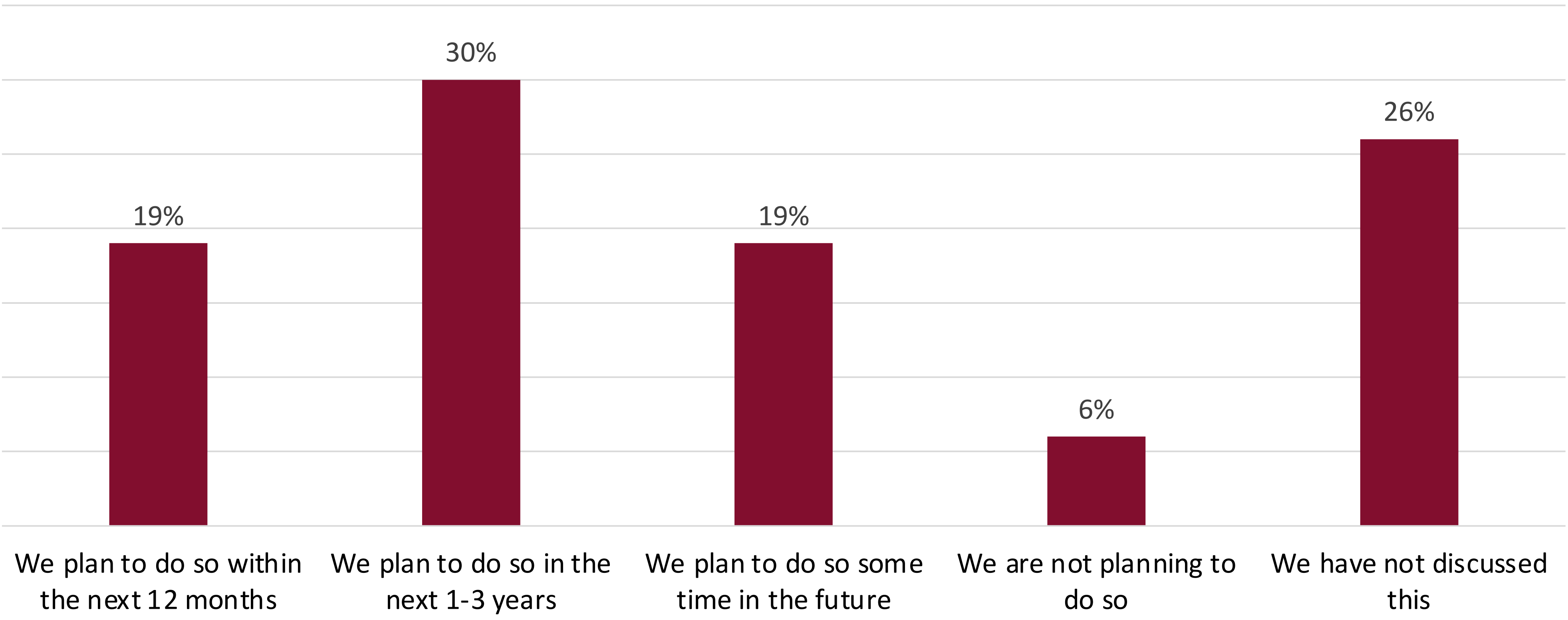
Top Choices	Percentage of respondents
Representation Measures	
Changes in diverse representation across all levels	78%
Changes in diverse representation among executives	72%
Preventive Measures	
Changes in employee engagement	67%
Changes in inclusion metrics	61%
Changes in employee turnover	59%
Value-Add Measures	
Changes in business measures and outcomes (e.g., productivity, sales, brand recognition)	13%
Actual benefit/cost comparison (e.g., benefit-cost ratio, ROI percentage)	9%

Source: The Conference Board The ROI of Inclusion: How to Align Diversity, Equity, and Inclusion with Business Results (2021)

Characteristics of Investments Suitable for Impact & ROI

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

What is your organization’s plan to measure the benefit-cost comparison of any of your DEI activities? (Select one)



Source: The Conference Board The ROI of Inclusion: How to Align Diversity, Equity, and Inclusion with Business Results (2021)

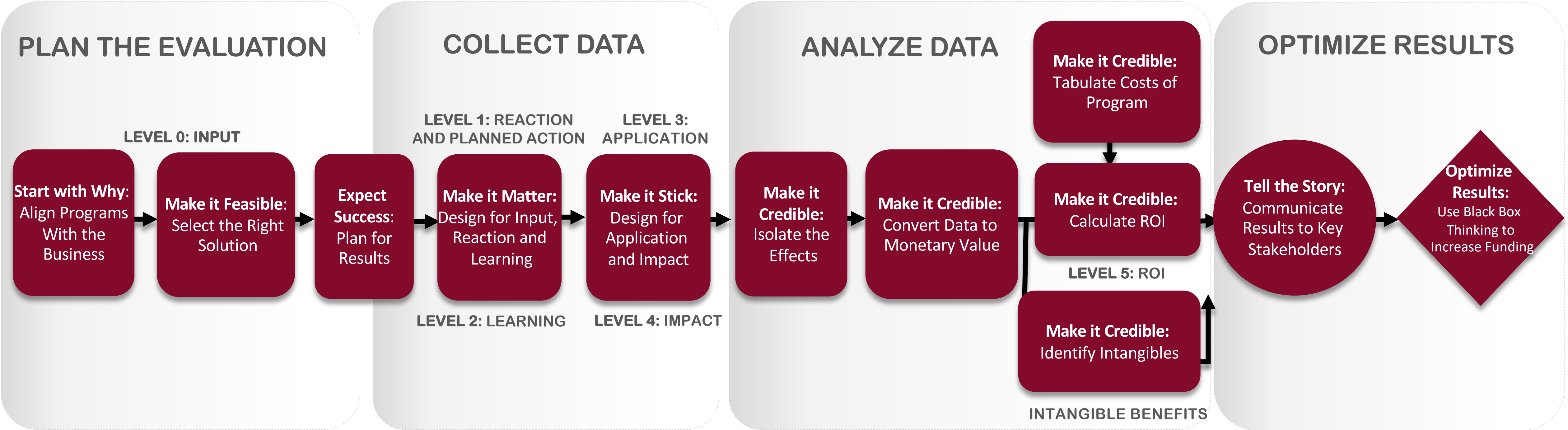
Barriers to ROI in DEI

- Lack of know-how
- Inconsistent measurements
- Stage along the DEI journey and/or not well-defined measurement strategy
- Limited resources and staff
- DEI still viewed as an HR issue rather than a business issue

How do you make it work?

The ROI Methodology Process Model

Designing for the Delivery of Business Results



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The ROI Methodology Process Model

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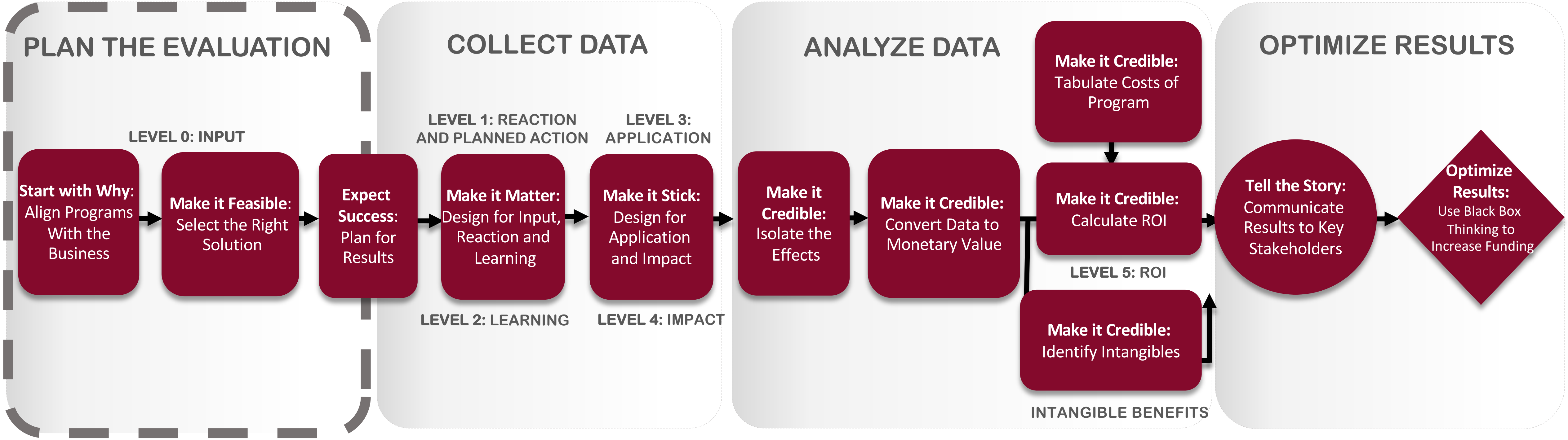

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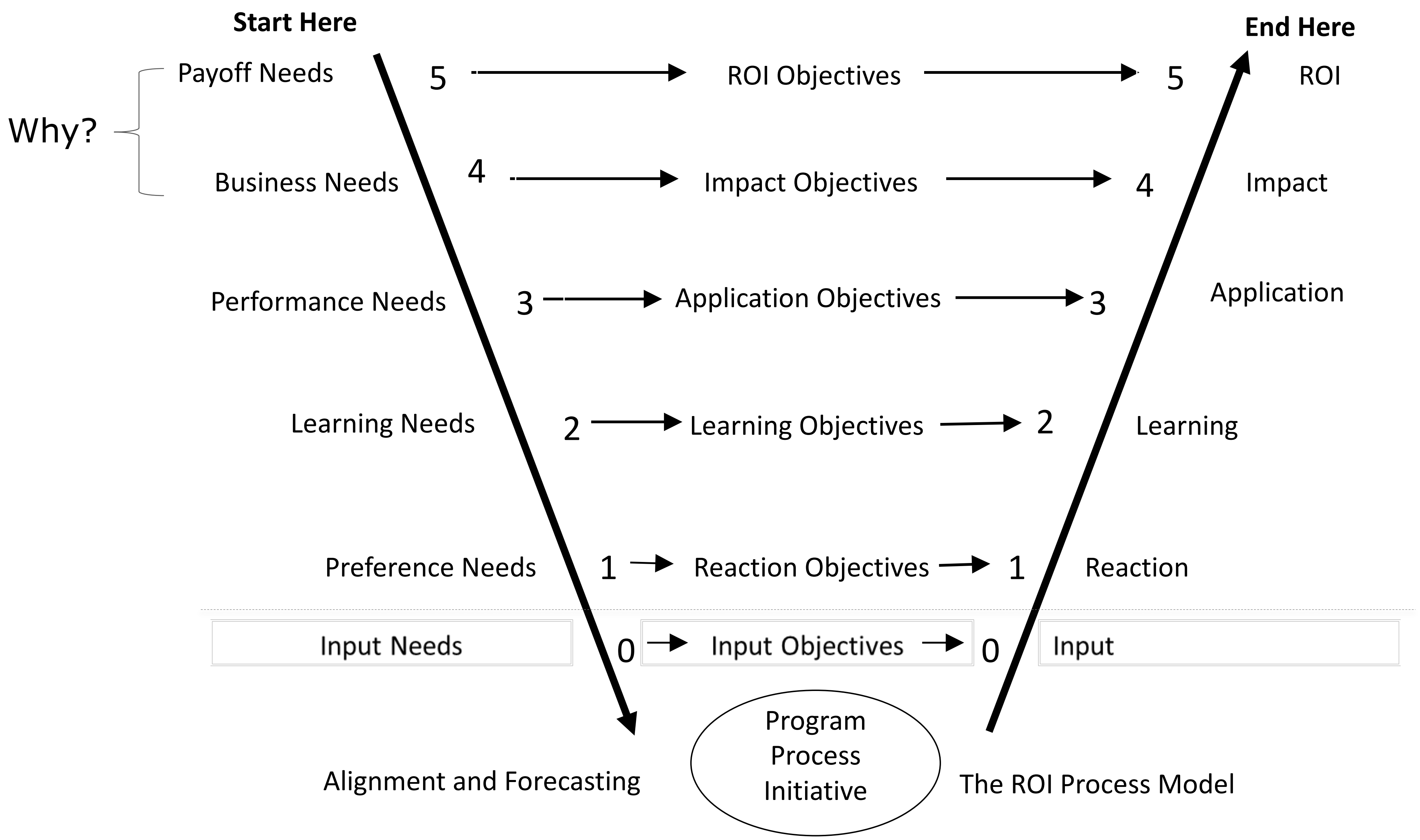
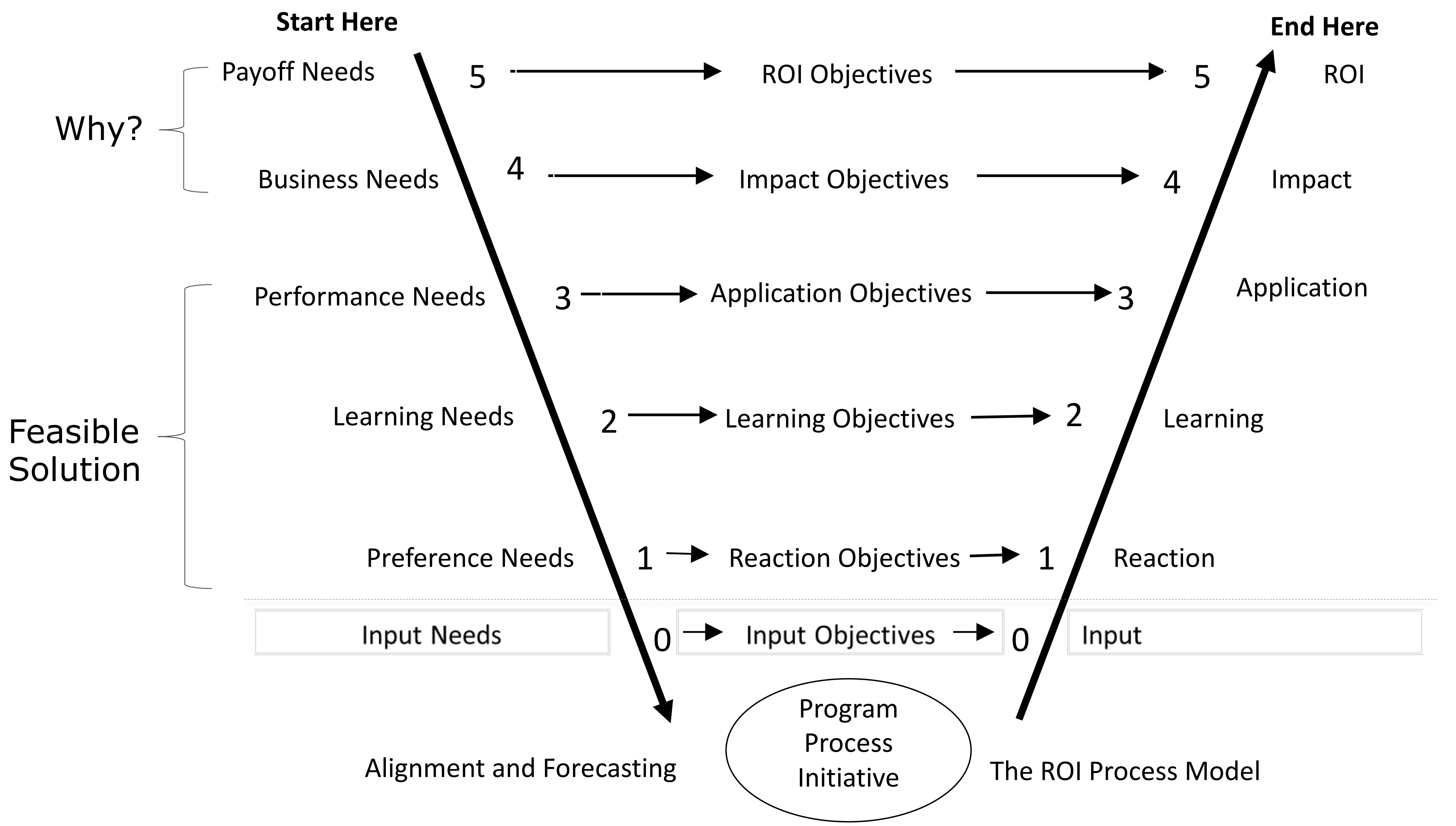
Alignment Model



Alignment Model



Use Diagnostic Tools

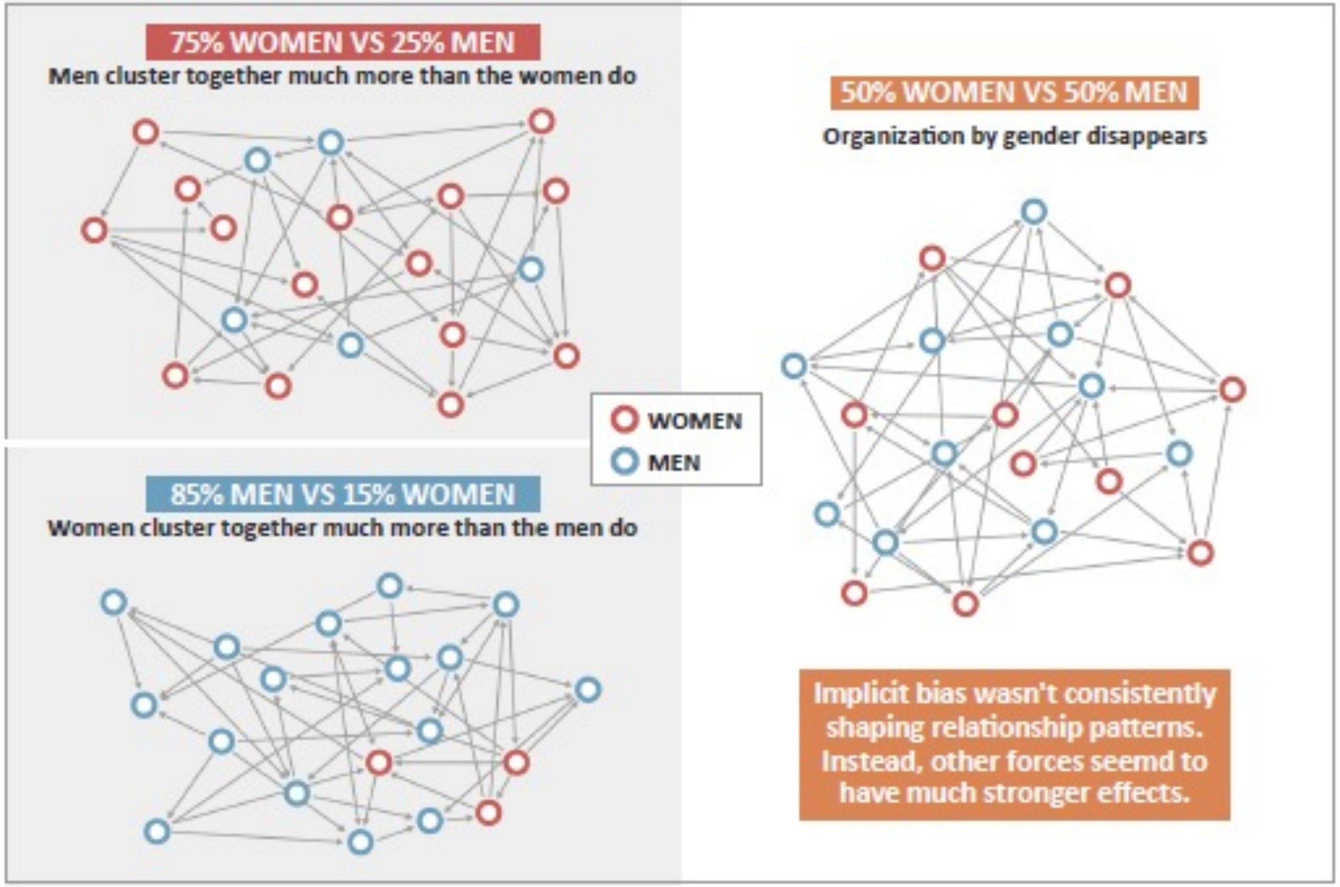
Feasible solutions evolve through the understanding of context, empathizing with the target audience, and identifying performance gaps. The next step is to identify learning needs and how best to deliver relevant information. Forecasting outcomes based on inputs is sometimes helpful.

- Statistical process control
- Brainstorming
- Problem analysis
- Cause-and-effect diagram
- 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

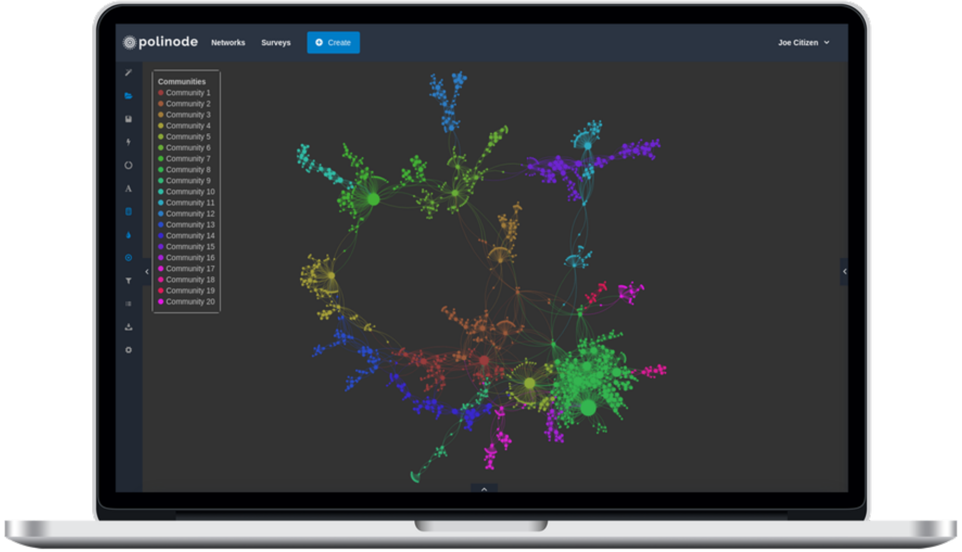
Organization Network Analysis (ONA)

Also referred to as Collaborative Analytics

Clustering of relationships with different percentages of men and women



polinode



Source: Carboni, I., Cross, R., Page, A., Parker, A. (2019) *Invisible Network Drivers of Women's Success: How People Manage Collaborative Overaload*. Connect Commons, p. 3.

Overall, people seeking ties with colleagues and stakeholders early on tended to stimulate larger networks where they were sought out for their knowledge and expertise. Being sought out over time was strongly associated with faster promotion and longer tenure.

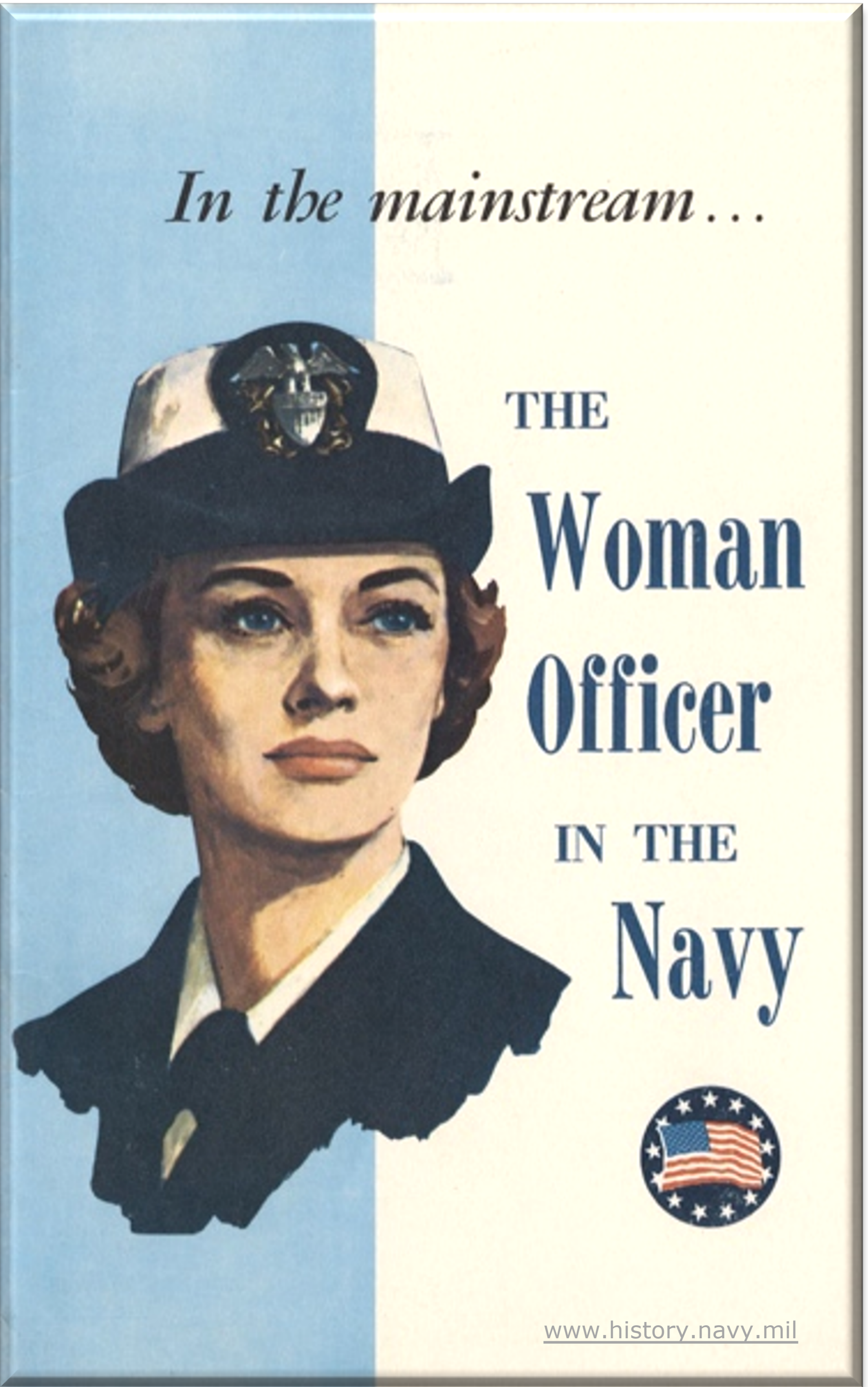
MITSloan Management Review

MAGAZINE SUMMER 2021 ISSUE

Cultivating an Inclusive Culture Through Personal Networks

Analyzing employees' network connections can show whether they have the access and relationships they need to be most effective.

Rob Cross, Kevin Oakes, and Connor Cross • June 08, 2021 READING TIME: 11 MIN



Interpretative Phenomenological Analysis

Identify effective strategies for female Navy officers, who are mothers, to embrace long-term deployment

- Face-to-face interviews lasting 45-90 minutes
- Study Criteria and Demographics Collection Form
- 11 semi-structured, open-ended questions
- Use of appreciative inquiry in formulating positive and engaging questions for positive conversation and outcomes

Walker, A. H. *Increasing Female Navy Officer Retention: Deploying Mothers' Perspectives*. The University of Southern Mississippi

Alignment Model

Payoff Needs 5 → **ROI Objectives** → 5 **ROI**

Worker absenteeism is impeding productivity; cost to temporary staff is expensive. Managers estimate the cost of absenteeism is about $10,000 per month.

ROI 25%

Calculate ROI

Business Needs 4 → **Impact Objectives** → 4 **Impact**

Unexplained absenteeism is 9% and increasing; greater than benchmarking of 5%. Unplanned absenteeism of female employees (50% total) is 9.5%.

Reduce unplanned absence to 5% six months after the program. 2.5% of the reduction should represent the female employees.

Monitor unplanned absences post-program. Measure unplanned absence six months after the program (performance records)
Isolate the effects of program using combination trendline analysis and manager and employee estimates.

Performance Needs 3 → **Application Objectives** → 3 **Application**

Analysis shows that supervisors and senior staff criticize rather than coach employees when making mistakes. This environment is perceived as hostile, particularly by female staff.

Within three months of program, employees and supervisors report that coaching sessions occur in at least 95% of the situations when performance issues arise. Employee development plans are created for each employee. When employees feel they are mistreated, they follow the guidelines and employ the techniques described in the workshop.

Follow-up with survey in three months with manager and employees; Follow up with sample of managers in three months (interviews); Follow up with sample of employees in three months (focus groups)

Learning Needs 2 → **Learning Objectives** → 2 **Learning**

Supervisors and senior staff need to learn how to set clear expectations and objectives, coach and motivate for maximum performance, and document performance problems. Employees need to know what they can expect from their supervisors and their options if they believe to be mistreated in the workplace.

Program participants demonstrate ability to set expectations and objectives, coach and motivate for maximum performance, and document performance problems. They acknowledge awareness of proper procedures for reporting performance issues.

Skill practice and exercises during program.
Assessments and polling during online modules.

Preference Needs 1 → **Reaction Objectives** → 1 **Reaction**

Program needs to provide relevant, practical information and tools. Participants do not need to be off the production floor longer than two days. Solution is a Civil Treatment Workshop. Supervisors and employees will participate in separate workshops to ensure issues specific to their roles are addressed in detail. Virtual support will continue.

Participants indicates positive reaction as measured by ratings of 4.5/5 on relevance, importance, and intent to apply what they learned.

End-of-program questionnaire. Five key questions after each online module using embedded survey.

Input Needs 0 **Input Objectives** 0 **Input**

All employees, two days, with supporting online modules and materials. Ongoing virtual support.

Account for attendance, program costs

Civil Treatment Program

Expect Success: Developing 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 or behaviors changed 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

Matching Evaluation Levels with Objectives

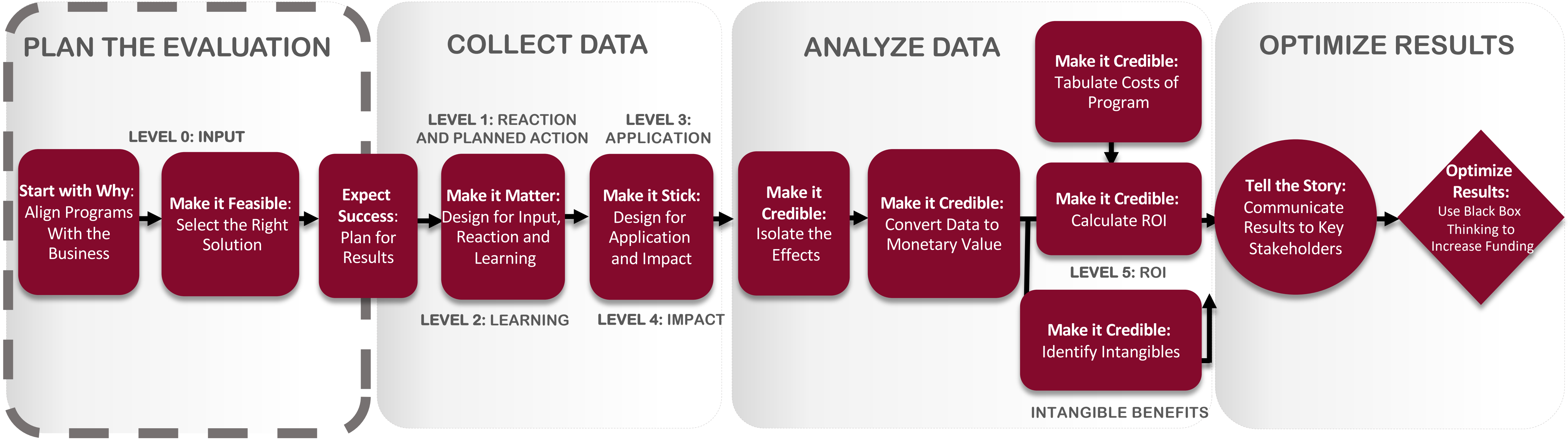
Objective	Evaluation Level
After completing this program, participants should:	
1. Decrease complaints by 20% in one year.	
2. Use problem-solving skills to uncover the causes of a complaint.	
3. Be able to demonstrate the five steps to diffuse a conflict, given two individuals in a heated argument.	
4. Perceive inclusion to be important to the team's success.	
5. Seek first to understand, then to be understood.	
6. Upward Academy achieved a 123% ROI.	

Matching Evaluation Levels with Objectives

Objective	Evaluation Level
After completing this program, participants should:	
1. Decrease complaints by 20% in one year.	**4**
2. Use problem-solving skills to uncover the causes of a complaint.	**3**
3. Be able to demonstrate the five steps to diffuse a conflict, given two individuals in a heated argument.	**2**
4. Perceive inclusion to be important to the team's success.	**1**
5. Seek first to understand, then to be understood.	**3**
6. Upward Academy achieved a 123% ROI.	**5**

The ROI Methodology Process Model

Designing for the Delivery of Business Results



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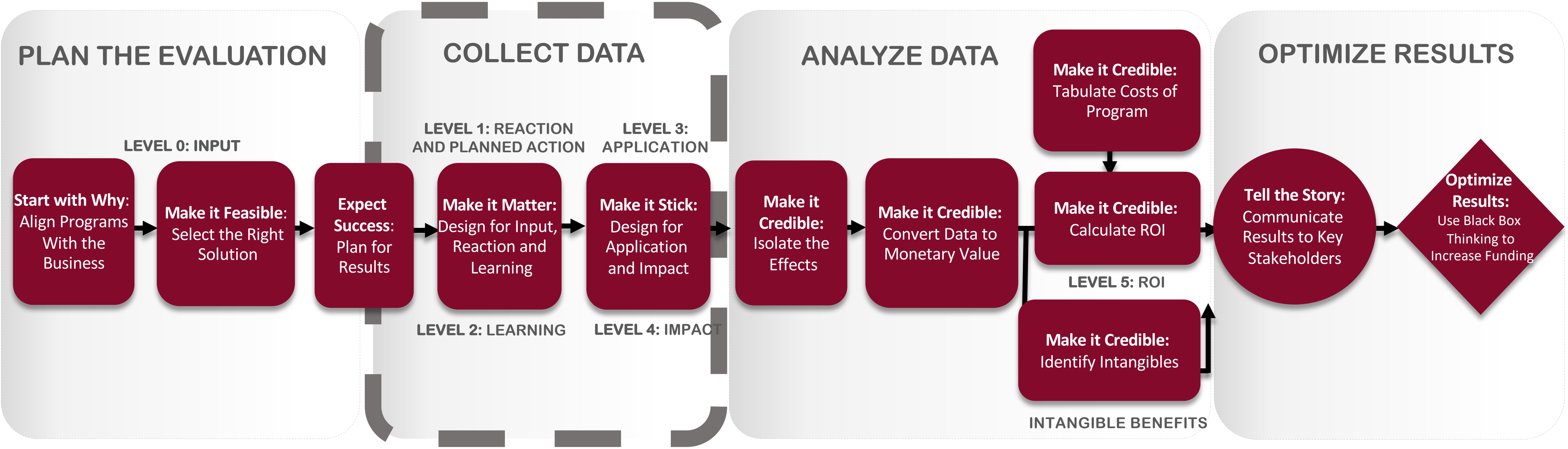

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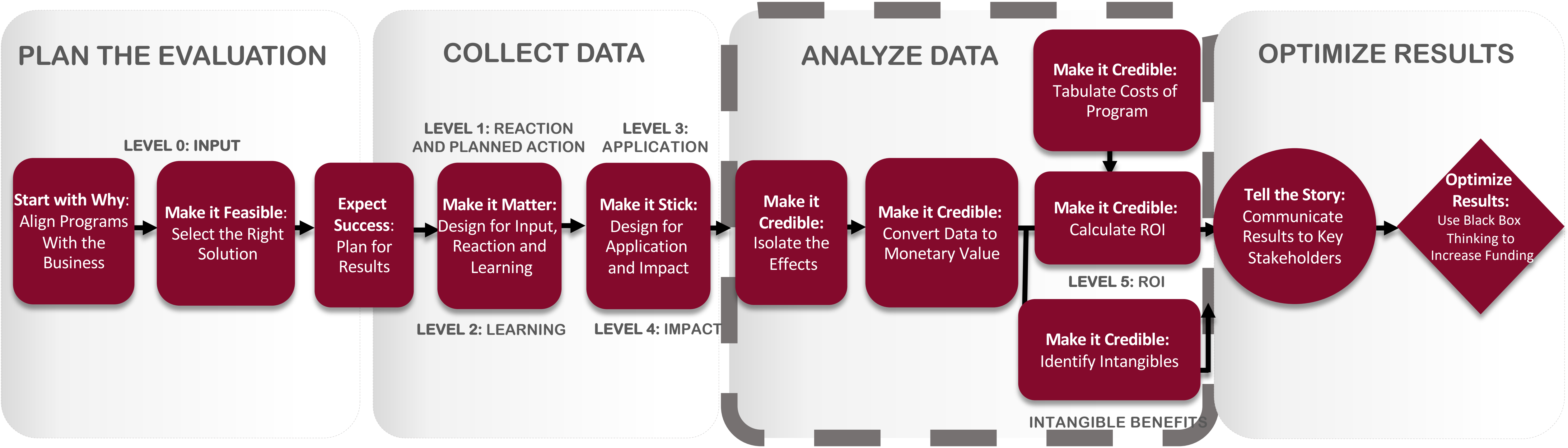

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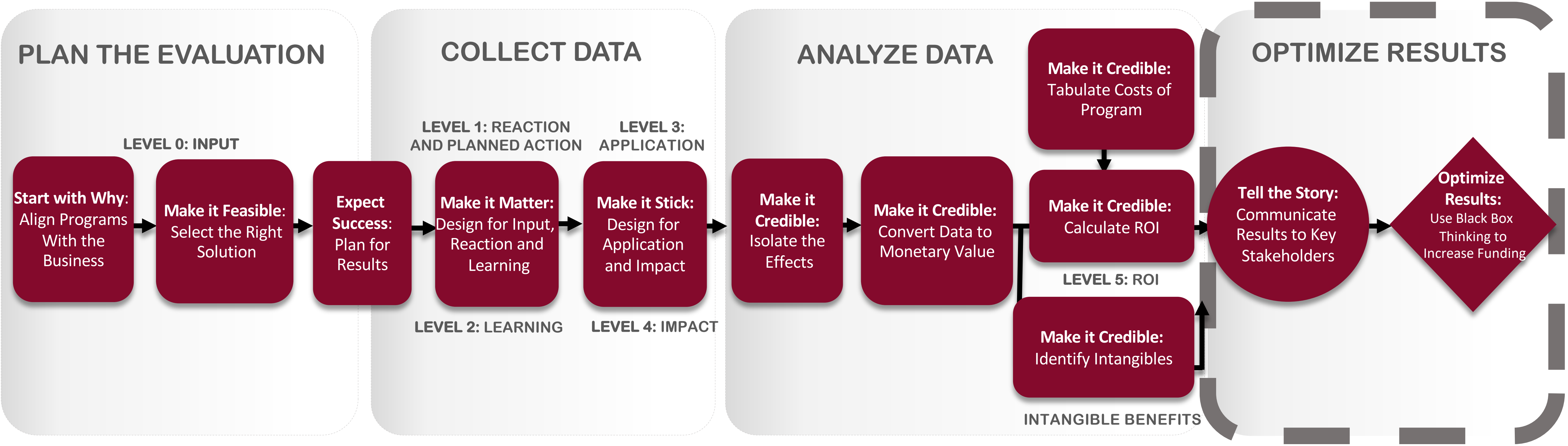

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Healthcare, Inc.

Data Collection Techniques

- (L1) Questionnaire – end of program
- (L2) Knowledge Assessment; Skill Practice – during program
- (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

ROI Calculation

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

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

Healthcare, Inc.

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
  - 14.8 x $24,343 = $360,276.40
- **Turnover**
  - Value of one turnover statistic: $20,887
  - Prevented over one year: 136
  - 136 x $20,887 = $2,840,632

$$\textbf{ROI} = \frac{\overset{\text{(Complaints + Turnover)}}{(\$360{,}276.40 + \$2{,}840{,}632) - \$277{,}987}}{\$277{,}987} \times 100 = 1{,}051\%$$


What is the next step?

SCAN ME

Click the link below or scan the QR code to access the resources from today's session.

https://roiinstitute.net/how-to-ensure-your-dei-programs-deliver-value/

ROI Learning Center

Hosted by Training Magazine Network
Created by ROI Institute, Inc.

Four realities occur in today's learning and development environment, globally.

1. Most top executives want learning and development to be aligned with the business.
2. The concept of ROI is familiar to most people.
3. Connecting learning and development to the business is not that difficult.
4. Thousands of L&D professionals are routinely doing this.

The ROI Learning Center provides tools, templates, and case studies to help prepare you for success in today's environment. Our goal is to take the mystery out of the ROI process.

Start at Level 1 and explore each level at your own pace. Each of the five levels will bring you closer to calculating the ROI of your program or project. There is also a calculator to help you calculate ROI when you have the appropriate data.

https://www.trainingmagnetwork.com/roilearningcenter

training magazine Network

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- Level 1 Reaction
- Level 2 Learning
- Level 3 Application
- Level 4 Impact
- Level 5 ROI
- ROI Calculator

Patti Phillips, Ph.D.
Chief Executive Officer
ROI Institute

Jack Phillips, Ph.D.
Chairman
ROI Institute

Live Virtual ROI Boot Camp

October 5, 2021

ROI INSTITUTE®
ONLINE ACADEMY

During ROI Boot Camp, participants will learn about:

- The benefits and barriers of using ROI
- The five levels of evaluation
- Data at multiple levels
- Isolating the effects of your programs
- The 12 guiding principles
- Converting data to money
- The 12 steps in the ROI Methodology
- Calculating ROI using the ROI Methodology

https://www.roiinstituteacademy.com/live-bottomline-on-roi-boot-camp

This activity has been approved for 5 HR (General) re-certification credit hours toward aPHR™, PHR®, PHRca®, SPHR®, GPHR®, PHRi™ and SPHRi™ re-certification through HR Certification Institute® (HRCI®)

This Boot Camp has been pre-approved by Training Industry for 5 continuing education recertification hours toward the Certified Professional in Training Management credential.

ROI CERTIFICATION®

SCHEDULED EVENTS

August 23-27, 2021 — Salt Lake City, Utah

September 13-24, 2021 — Live Virtual

September 27-October 1, 2021 — New Orleans, LA

November 8-12, 2021 — Milwaukee, WI

January 10-14, 2021 — 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.

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Let’s have a conversation.

Schedule a time that works for you.

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patti@roiinstitute.net

Patti P. Phillips, Ph.D.

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