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Jack J. Phillips, Ph.D.



Dr. Jack J. Phillips, a world-renowned expert on accountability, measurement, and evaluation, is chairman of ROI Institute, Inc. Former HR executive and bank president, Phillips provides consulting services for Fortune 500 companies and major global organizations. The author or editor of more than 100 books, he conducts workshops and presents at conferences throughout the world.

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Learning Objectives

After attending this session, participants will be able to:

- Describe how they can use the ROI Methodology to evaluate their programs.
- Determine when and how to use various approaches to design for, collect, and analyze data.
- Plan next steps to conduct an ROI study.



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Resources

**The ROI Methodology®
in 12 Easy Steps**

A step-by-step guide for developing Impact and ROI studies for programs, projects, and solutions in the following areas:

- Human Resources: Human Capital
- Training Learning Development
- Leadership Coaching Mentoring
- Knowledge Management/Transfer
- Recruitment Selection Engagement
- Work Engagement Culture
- Change Management Culture
- Team Management Processes
- Project Management Processes
- Technology Training IT
- Learning Career Development
- Marketing Communications Promotion
- Compliance Risk Management
- Organizational Development
- Quality
- Customer
- Public Policy
- Education
- Healthcare
- Government
- Non-Profit
- Public Safety
- Public Works

The ROI Methodology® is a balanced approach that generates six types of data:

- Executive and Planned Action
- Learning
- Application and Implementation
- Impact
- Return on Investment
- Longevity

The process includes a step to isolate the effect of the program, or solution.

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**The Bottomline
on ROI**

Third Edition

Benefits and Barriers to Measuring Learning, Performance Improvement, and Human Resources Programs

Foreword by Jack J. Phillips, Ph.D.

Patricia Pulliam Phillips, Ph.D.

SCAN ME

Jack Phillips presents
ROI AT WORK: AN INTERACTIVE CASE STUDY

WEBINAR

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Why Learning Fails to Deliver Impact and ROI

Waiting too late to start the evaluation process

Failing to align to the business

Not expecting success

Failing to design for application and impact

Not isolating the effects of the program

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The Value Chain is Always There!

	LEVEL	ISSUE	MEASURES	TARGETS [†]
	0	Inputs	Volume, Hours, Convenience, Cost	100%
	1	Reaction	*Relevance, Engaging, *Important, Useful, *New Content, *Intent to Use, *Recommend to Others	100%
*Can predict	2	Learning	Concepts, Trends, Facts, Contacts, Skills, Competencies	90%
	3	Application	Use of content, Frequency of Use, Success with Use, Barriers, Enablers	30%
	4	Impact	Productivity, Time, Quality, Costs, Image, Reputation, Engagement, Compliance	10%
Executives prefer	5	ROI	Benefit Cost Ratio or Return on Investment, Expressed as a Percent	5%

[†] Best Practice: Percent of Programs Evaluated at this level each year.

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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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Serious Performance Challenges

**True
or
False?**

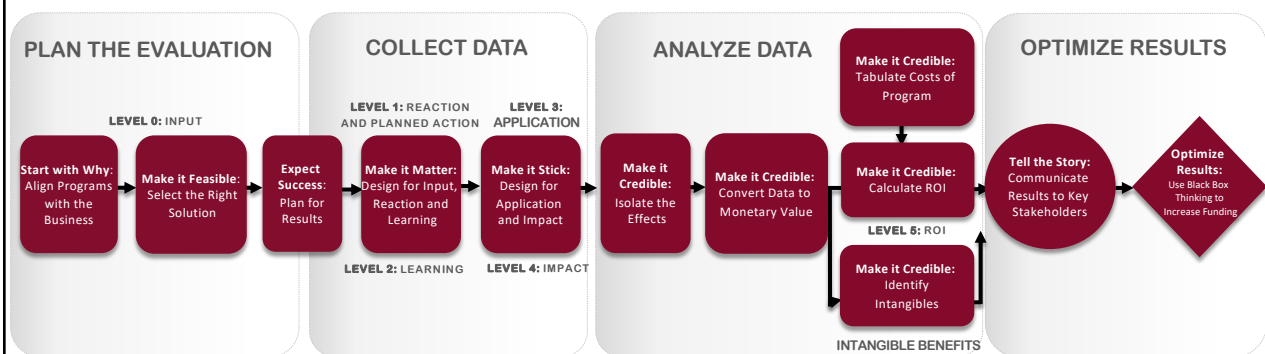
1. Most learning and development is wasted (not used).
2. The learning and development outcome desired by executives in client organizations is rarely measured.
3. Most learning and development providers do not have data showing that they make a difference in the organization.
4. Most executives see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

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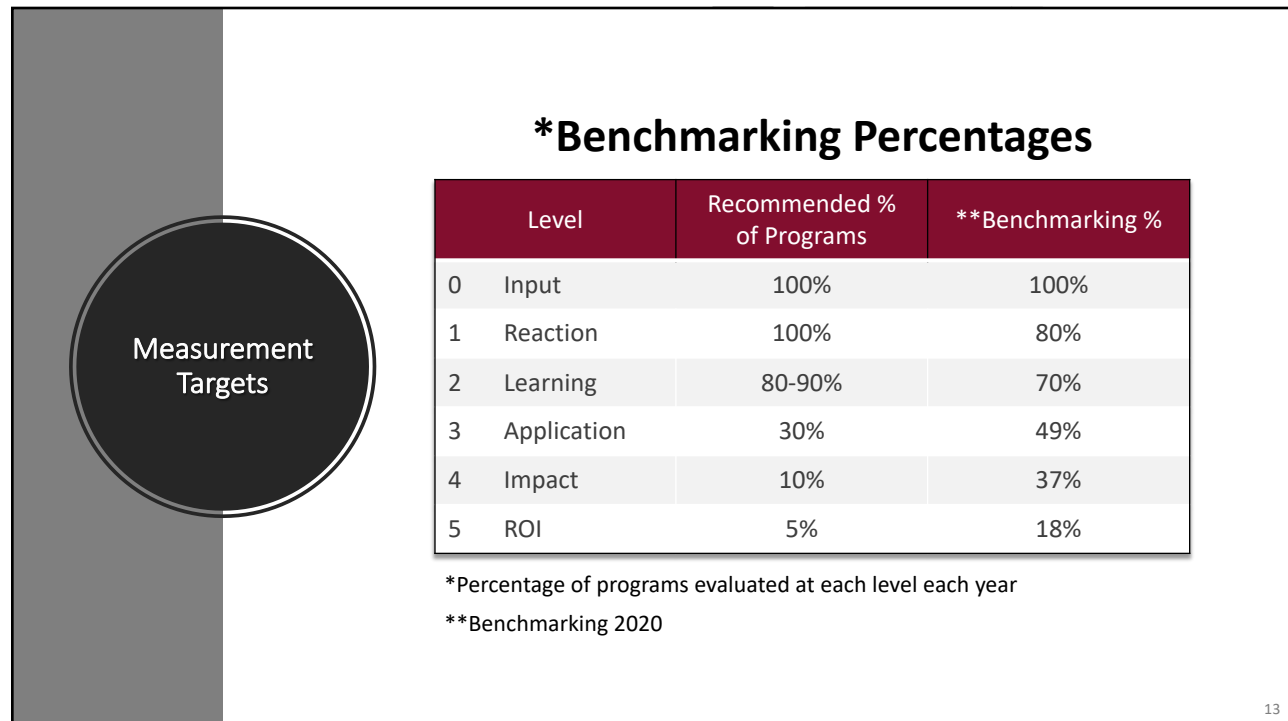
The ROI Methodology®

Designing for the Delivery of Business Results

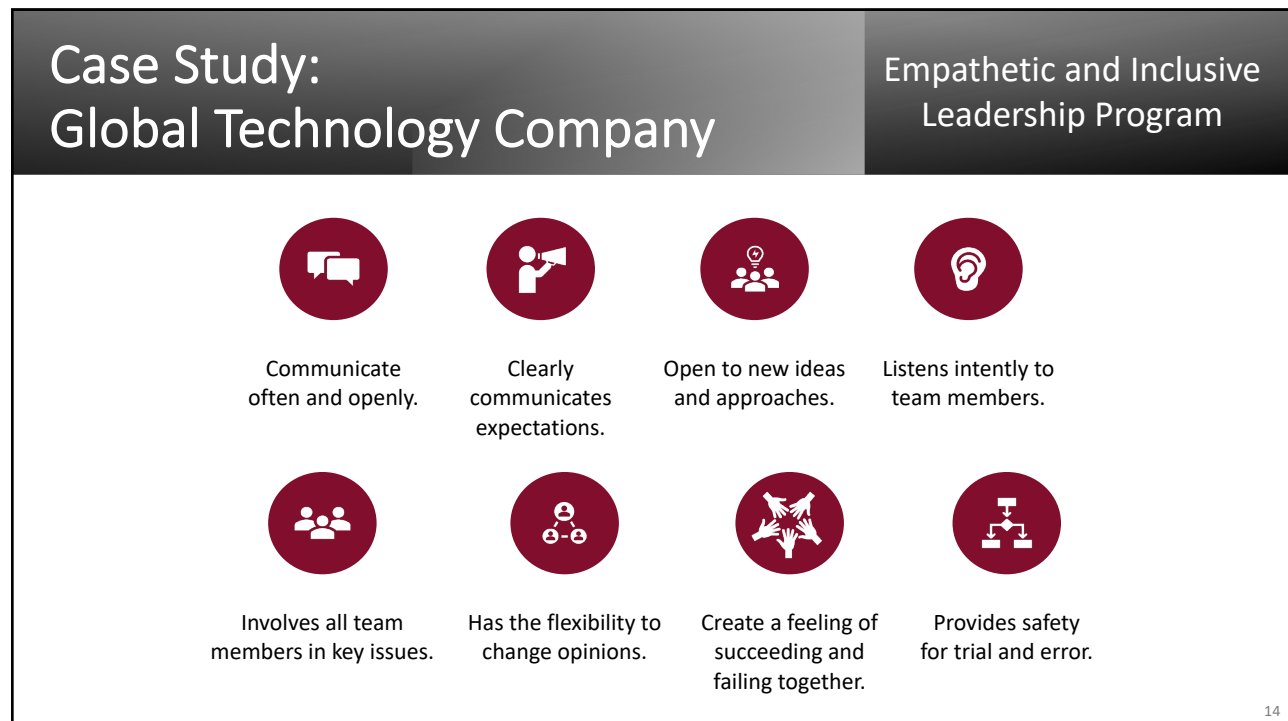


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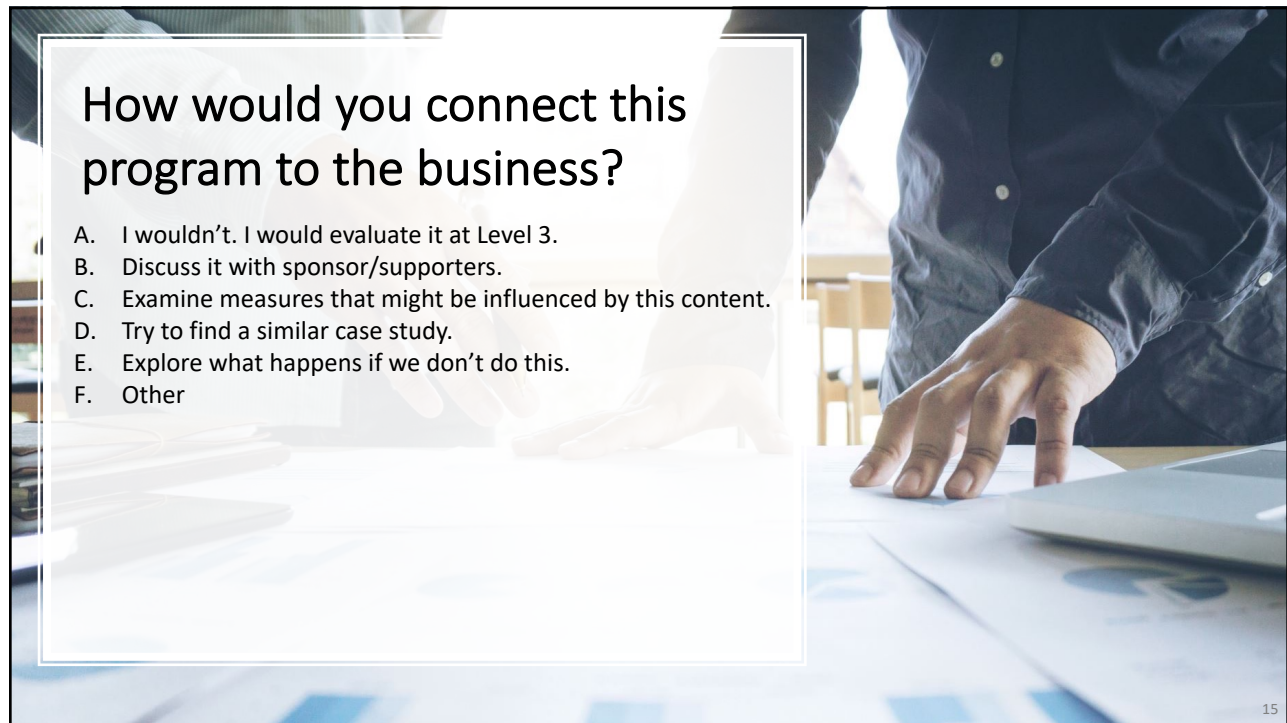
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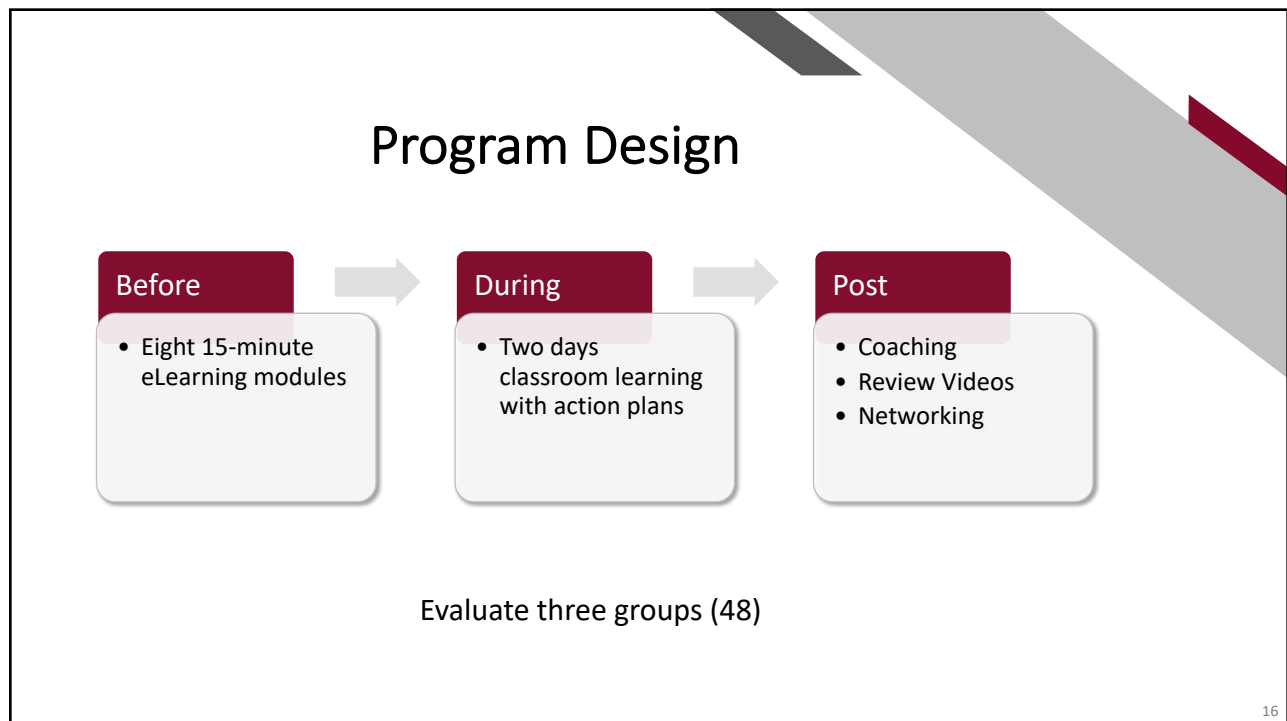


How would you connect this program to the business?

- A. I wouldn't. I would evaluate it at Level 3.
- B. Discuss it with sponsor/supporters.
- C. Examine measures that might be influenced by this content.
- D. Try to find a similar case study.
- E. Explore what happens if we don't do this.
- F. Other

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How would you verify that this is the right solution?

- A. I wouldn't. I have faith it will work.
- B. Look for research that connects these competencies to impacts.
- C. Ask participants if they think using these competencies with their team will improve the business measures.
- D. Ask the content experts to validate that these competencies will drive the business measure.
- E. Locate a similar case study.
- F. Other

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1. Start with Why—Align to Business Measures

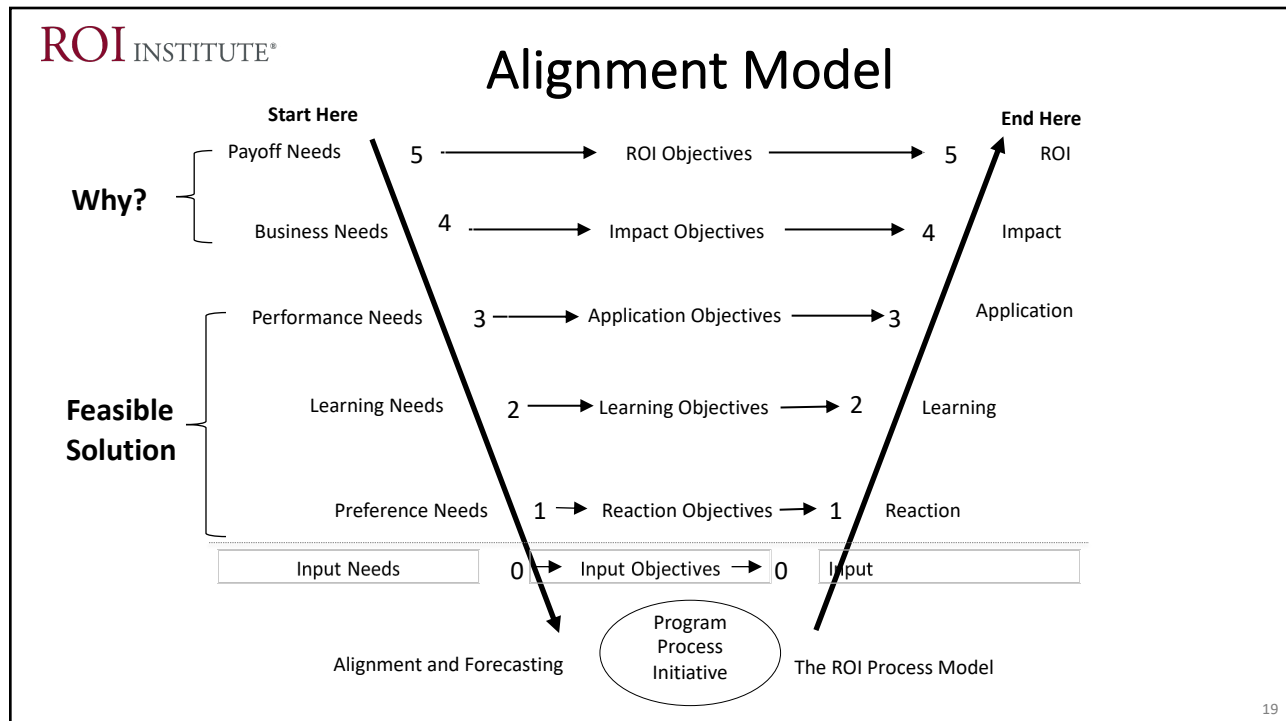
- Data, discussion, benchmarking led to business measures
- Voluntary turnover, transfers, absenteeism, job engagement, other measures

2. Make it Feasible—Select the Right Solution

- The leaders (participants) made the connection.

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3. Expect Success

- Definition of success: Impact (business measures)
- Objectives developed for reaction, learning, application, and impact
- Objectives provided to all stakeholders with the request: Design to application and impact

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Matching Evaluation Levels with Objectives

Objective	Evaluation Level
After completing this program or project, participants should:	
1. Decrease employee transfers by 20% in one year.	___
2. Listen intently to team members routinely.	___
3. Be able to demonstrate the five steps to diffuse a conflict, given two individuals in a heated argument.	___
4. Rate the content 4 out of 5 on relevance.	___
5. Decrease the amount of time required to complete a project.	___
1 = Reaction 2 = Learning 3 = Application 4 = Impact 5 = ROI	

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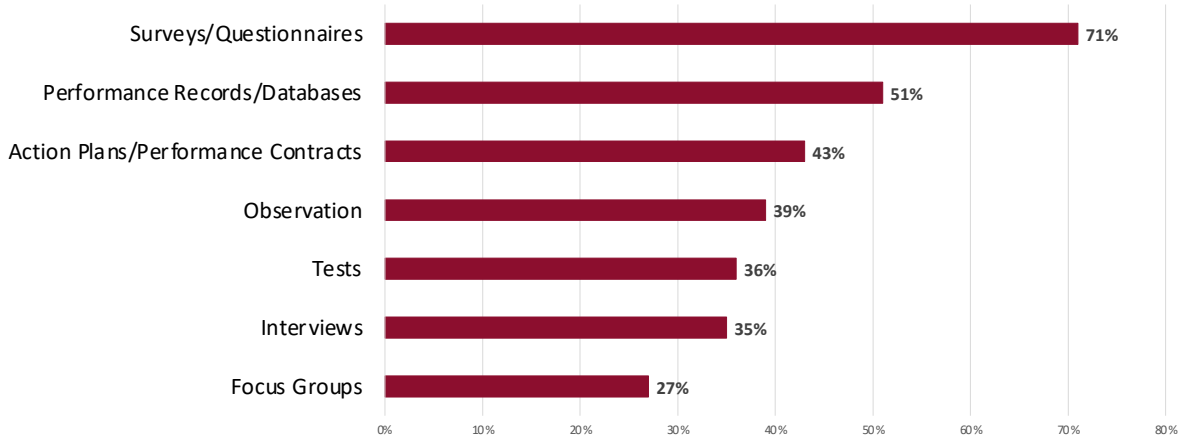
Matching Evaluation Levels with Objectives

Objective	Evaluation Level
After completing this program or project, participants should:	
1. Decrease employee transfers by 20% in one year.	4
2. Listen intently to team members routinely.	3
3. Be able to demonstrate the five steps to diffuse a conflict, given two individuals in a heated argument.	2
4. Rate the content 4 out of 5 on relevance.	1
5. Decrease the amount of time required to complete a project.	4
1 = Reaction 2 = Learning 3 = Application 4 = Impact 5 = ROI	

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Data Collection Methods



*Survey of Users, N = 246

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How would you collect data for application and impact?

- A. Questionnaires
- B. Action plans
- C. Monitor performance records
- D. Interviews
- E. Focus groups
- F. Other

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4. Make it Matter

- This is important to our mission. 4.2
- This is important to me. 4.6
- This is something I will use. 4.9
- This is something I will recommend to others. 4.0

(Ratings based on a five-point scale)

5. Make it Stick

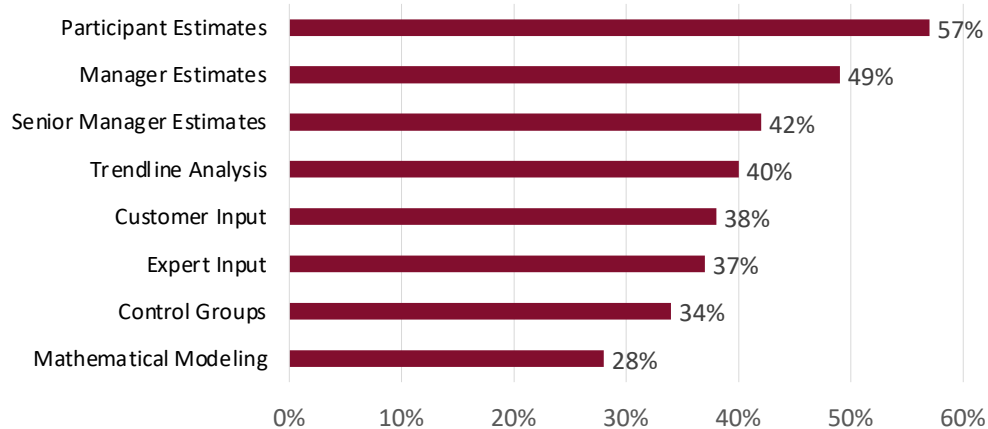
- Questionnaire
 - Extent of use 4.4
 - Success with use 4.3
- Impact measure on action plans

(Ratings based on a five-point scale)

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Isolation Methods



*Survey of Users, N = 246

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Which isolation techniques would you use?

- A. I would skip this step.
- B. Experiment vs. control group analysis
- C. Trend line analysis
- D. Mathematical modeling
- E. Participant's estimate
- F. Other

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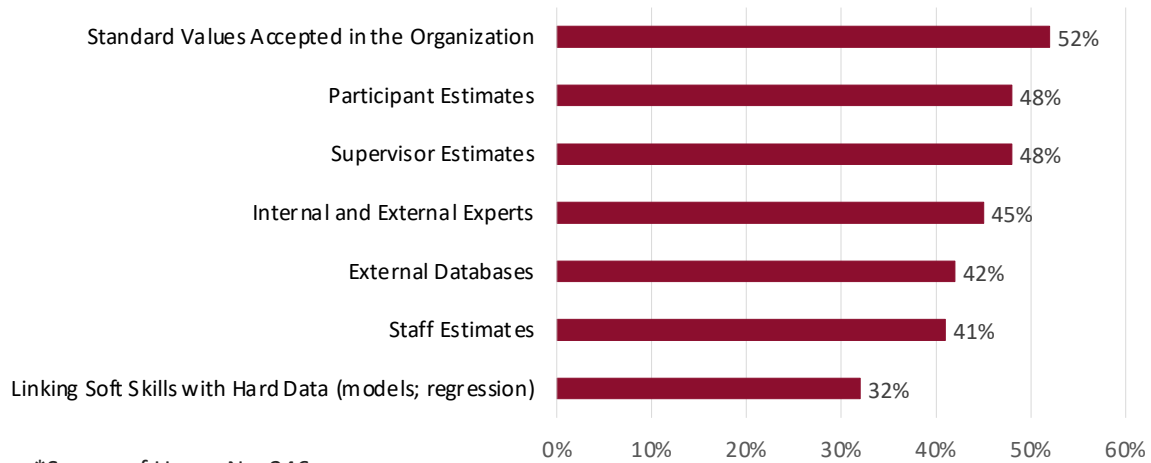
Step 6. Make it Credible: Isolate the Effects of the Program

- Explored: experimental versus control group
- Tried: trend line analysis
- Used: estimates from participants adjusted for error

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Data Conversion Methods



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Which methods should be used to convert data to money?

- A. I would skip this step.
- B. Standard value (They already know it.)
- C. Ask the internal expert.
- D. Use an external database.
- E. Participants should estimate it.
- F. Other

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Step 7. Make it Credible: Convert Data to Money

- Voluntary Turnover – HR provided (150% of annual pay)
- Transfers – HR provided (\$15,500)
- Absenteeism – Payroll provided (\$428 per absence)
- Others – Varies
- Total Monetary Value – One year of benefits

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Monetary Calculations From Action Plans

Measure	% Participants Claiming	# Prevented Annually	Unit Cost	Annual Value	Contribution	Confidence	Total
Voluntary Turnovers	42% (20)	14	\$222,000	\$3,108,000	31%	72%	\$693,706
Transfers	54% (26)	9	\$15,500	\$139,500	43%	76%	\$45,589
Absenteeism	38% (18)	25	\$428	\$10,700	37%	73%	\$2,890
Others* *Questionnaire	10% (5)	Varies	Varies	\$39,600	63%	81%	\$20,208
							Total \$762,393

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Step 8. Make it Credible: Identify Intangible Benefits

Productivity	4.8
Innovation	4.7
Compassion	4.6
Job Satisfaction	4.6
Engagement	4.5
Quality of Work	4.5
Trust	4.4
Collaboration	4.2
Recruiting Impact	4.1
Stress	3.9

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Which costs would you include in the ROI calculation?

- A. Needs assessment
- B. Design and development
- C. Facilitation
- D. Participants' time
- E. Facilities
- F. Travel
- G. Other

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Step 9. Make it Credible: Capture Costs of Program

Needs assessment (prorated)	\$20,000 / 2,400 x 48	\$400
Research/Development costs (prorated)	\$50,000 / 2,400 x 48	\$1,000
Production costs (prorated)	\$25,000 / 2,400 x 48	\$500
Salaries/benefits facilitation	\$10,000 x 3	\$30,000
Salaries/benefits coordination	\$4,800 x 3	\$14,400
Salaries/benefits participation	\$2,770 x 48	\$132,960
Coaching	\$2,100 x 48	\$100,800
Travel and lodging	\$1,976 x 48	\$94,848
Facilities	\$300 x 6	\$1,800
Evaluation (internal and external)		\$11,000
Prorated over life of program = 2,400 managers Three groups of 16 managers = 48 managers		Total \$387,708

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What is ROI?

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

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



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Step 10. Make it Credible: Calculate ROI

Total Monetary Benefits = \$762,393

Total Costs = \$387,708

$$\text{BCR} = \frac{\$762,393}{\$387,708} =$$

$$\text{ROI} = \frac{\$762,393 - \$387,708}{\$387,708} \times 100 =$$

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Step 10. Make it Credible: Calculate ROI

Total Monetary Benefits = \$762,393

Total Costs = \$387,708

$$\text{BCR} = \frac{\$762,393}{\$387,708} = 1.97:1$$

$$\text{ROI} = \frac{\$762,393 - \$387,708}{\$387,708} \times 100 = 97\%$$

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Who should receive the results?

- A. Top executives
- B. Participants
- C. Immediate managers
- D. Talent development
- E. All team members
- F. All executives and managers

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Step 11. Tell the Story: Communicate Results to Key Stakeholders

With numbers and narrative, results were communicated to:

- Executives — face-to-face briefing
- Immediate managers — executive summary
- Participants — infographic with webinar
- Talent development team — full report with webinar

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Step 12. Optimize Results: Use Black Box Thinking to Increase Funding

- ☐ Although the objectives were met, there is always room for improvement.
- ☐ The barriers, enablers, and suggestions are sources for making it better.
- ☐ There may be an opportunity to connect this problem to tangible measures of productivity, quality, innovation, and recruiting effectiveness.
- ☐ This program should not be in jeopardy of funding and enjoy increased support and commitment based on this study.
- ☐ The reputation of talent development was enhanced because of this study.

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After seeing this presentation, how do you feel about ROI?

- A. I am aware of the steps in an ROI study.
- B. I realize there are several options for each step.
- C. I see how ROI can be applied to my programs.
- D. With the right tools and resources, I can make ROI work.
- E. With additional training, I can be successful at making ROI work.
- F. I'm still lost.

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

<https://roiinstitute.net/hrdq-u-roi-at-work/>



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ROI CERTIFICATION®

SCHEDULED EVENTS

May 2-9, 2022 — Live Virtual (Delivered in Spanish) 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
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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

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