



How to Measure, Prove, and Improve the Value of Culture Change

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1

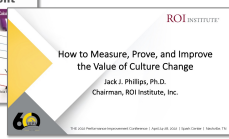
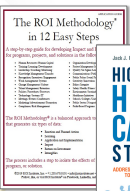
Objectives

After attending this session, participants should be able to:

1. Identify the five levels of outcomes from any culture change activity.
2. Explain the need to deliver impact and ROI of culture change.
3. Design culture change activities that deliver application, impact, and ROI, using design thinking principles.
4. Plan next steps to ensure culture change delivers business value.



2



Resources

3

Why are you pursuing ROI now?

- A. Top executives require impact and ROI. I must pursue this.
- B. I have pressure to justify my budget. I need to pursue this.
- C. I know I will need to demonstrate more value in the future.
- D. I want to show increased accountability for our expenditures.
- E. I want to explore new techniques to measure program success.

4

Rationale for Pursuing ROI

30%	☐ Top executives are requiring ROI. I must pursue this!	Reactive ↓ Proactive
30%	☐ I have pressure to justify my budget. I need this!	
25%	☐ I know I will need to demonstrate more value in the future.	
10%	☐ I want to show increased accountability for our expenditures.	
5%	☐ I want to explore new techniques to measure program success.	

5

Why do programs fail to deliver impact and ROI?



Wait too late to start evaluation process



Fail to align to the business



Do not expect success



Fail to design for application and impact



Do not isolate the effects of the program

6

Culture Defined

- The social behavior and norms found in human societies, as well as the knowledge, beliefs, arts, laws, customs, capabilities, and habits of the individuals in these groups.¹
- The customs, arts, social institutions, and achievements of a particular nation, people, or other social group.²

¹ Tyler, Edward. (1972). Primitive Culture. Vol 1. New York: J.P. Putnam's Son
² Definitions from Oxford Languages

7

Culture Change

Source: Thomas, H., Smith, R., and Dies, F. Human Capital and Global Business Strategy. Cambridge University Press, United Kingdom, 2013.

8

The Value Chain is Always There!

	LEVEL	USE	MEASURES	TARGETS*
Can predict	0	Inputs	Volume, Hours, Convenience, Cost	100%
	1	Reaction	*Relevance, Engaging, *Important, Useful, *New Content, *Intent to Use, *Recommend to Others	100%
	2	Learning	Concepts, Trends, Facts, Contacts, Skills, Competencies	90%
Can influence	3	Application	Use of content, Frequency of Use, Success with Use, Barriers, Enablers	30%
	4	Impact	*Must take a step to isolate the effects Productivity, Time, Quality, Costs, Image, Reputation, Engagement, Compliance	10%
	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.

9

ROI is Appropriate for Many Fields

- Human Resources/Human Capital
- Training/Learning/Development
- Leadership/Coaching/Mentoring
- Knowledge Management/Transfer
- Recognition/Incentives/Engagement
- Work Arrangement/Systems
- **Change Management/Culture**
- Talent Management/Retention
- Policies/Procedures/Processes
- Technology/Systems/IT
- Meetings/Events/Conferences
- Marketing/Advertisement/Promotion
- Compliance/Risk Management
- Organization Development/Consulting
- Project Management Solutions
- Quality/Six Sigma/Lean Engineering
- Communications/Public Relations
- Public Policy/Social Programs
- Creativity/Innovation
- Ethics/Integrity
- Safety/Health/Fitness Programs
- Environment/Sustainability

10

The ROI Methodology*

- Most used evaluation system in the world
- Endorsed by 26 federal governments
- Used by over 300 health care systems
- Used by over 150 colleges and universities
- Used by three-fourths of Fortune 500 organizations
- Used by major foundations such as the Gates Foundation

11

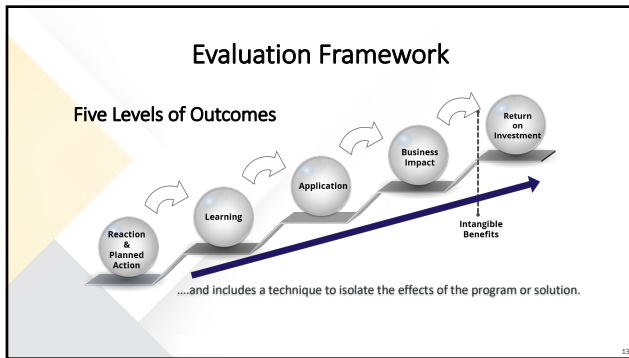
What is Design Thinking?

Basic Principles*

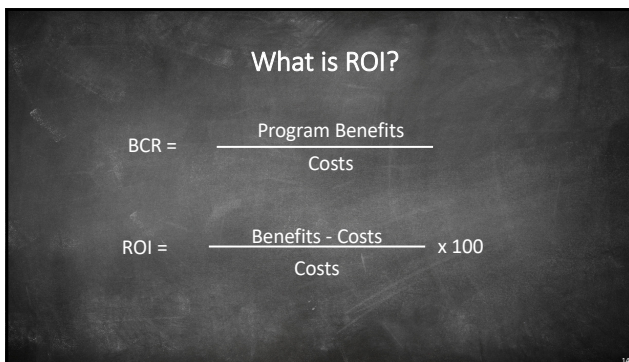
- A problem-solving approach to handle problems on a systems level
- A mind-set for curiosity and inquiry
- A framework to balance needs and feasibility
- A way to take on design challenges by applying empathy
- A culture that fosters exploration and experimentation
- A fixed process and a tool kit
- A storytelling process to inspire Senior Executives
- A new competitive logic of business strategy
- A means to solve complex or wicked problems
- A means to reduce risks

*Mootee, Idris. (2013). *Design Thinking for Strategic Innovation*. Hoboken, NJ: Wiley.

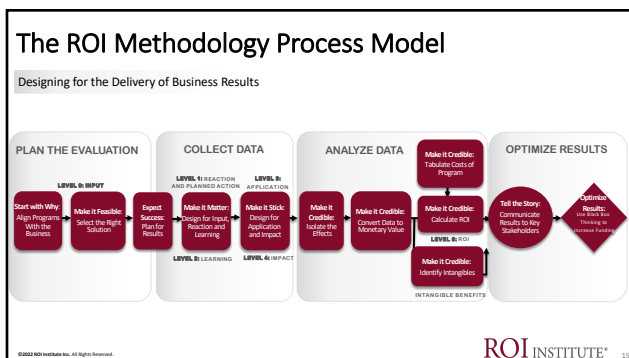
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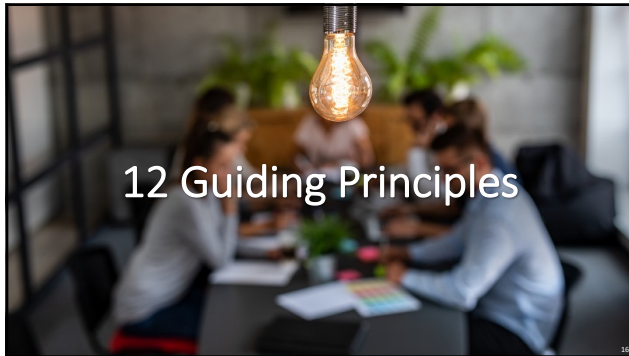
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14



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16

Measurement
Targets

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

*Percentage of programs evaluated at each level each year
**Benchmarking 2020

What is your status?

17

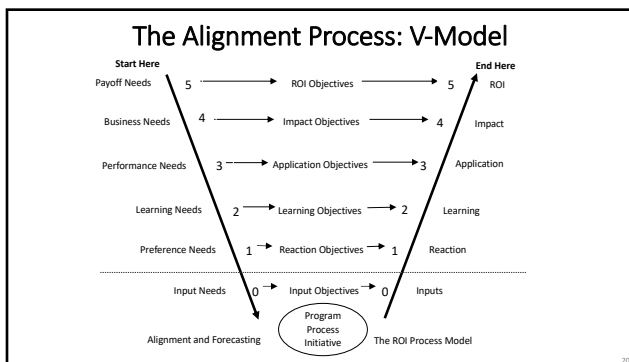
**Characteristics
of Programs
Suitable for
Impact & ROI**

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

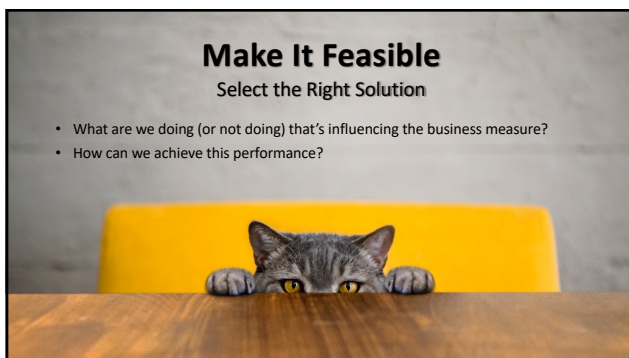
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19



20



21

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.

22

A Recent Example

- A large global organization is implementing a **Culture Change program** that aims to build a meaningful life for team members and improve the business.
- The culture change program framework, developed by the CEO, comprises **three principles, five values, and ten golden rules** that apply equally to every activity. **Your consulting company** has been asked to **develop training** on the framework and to **measure the ROI** of the program.

QUESTIONS

- 1) What's your approach to align these programs to the business?
- 2) How would you ensure it's the right solution?

23

Expect Success

Design for Results

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

24

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 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

25

Rules for Objectives

1. Must be measurable and represent minimum acceptable performance.
2. Fewer objectives are better than many objectives.
3. Involve subject-matter experts and key stakeholders.
4. Keep them relevant to the situation, program, and key stakeholders.
5. Create stretch objectives, but make sure they are achievable.
6. Allow for the flexibility to change as conditions change.
7. Failure is OK; process improvement is the key.
8. Objectives are tools for progress, not weapons for performance review.
9. Most objectives should be time-bound.
10. Objectives provide the focus for design, development, implementation, and evaluation.

These rules are from a combination of publications:

J. I. Phillips and P. P. Phillips, *Beyond Learning Objectives: Develop Measurable Objectives that Link to the Bottom Line*, Alexandria, VA: ASTD Press, 2008.
P. P. Phillips and J. I. Phillips, *10 Steps to Successful Business Alignment*, Alexandria, VA: ASTD Press, 2012.
J. Dean, *Measure What Matters: How Google, Bono, and the Gates Foundation Rock the World with OKRs*, New York: Penguin, 2018.

26

Matching Evaluation Levels with Objectives

After completing this program, participants should:

1. Decrease customer complaints by 20% in one year.	4
2. Use problem-solving skills to uncover product defect causes.	3
3. Be able to demonstrate the five steps to calm an upset customer.	2
4. Rate the facilitator 4 out of 5 on presentation skills.	1
5. Decrease the amount of time required to complete a project.	4
6. Achieve a 20% ROI one year after implementation of culture framework.	5
7. Perceive the content to be relevant their situation (4.5 out of 5).	1
8. Decrease security breaches by 25% in six months.	4

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

27

Make it Matter

Design for Input, Reaction, and Learning

- Focus on the objectives
- Think about the definition of success
- Make it relevant
- Make it important
- Make it action-oriented



28

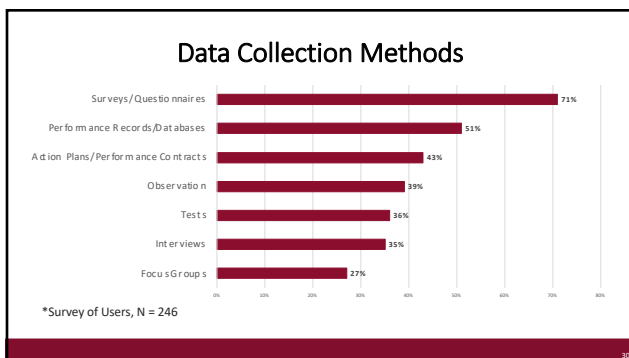
Make it Stick

Design for Application and Impact

- Collect data
- Focus on objectives
- Ensure transfer to the workplace
- Design for application



29



30

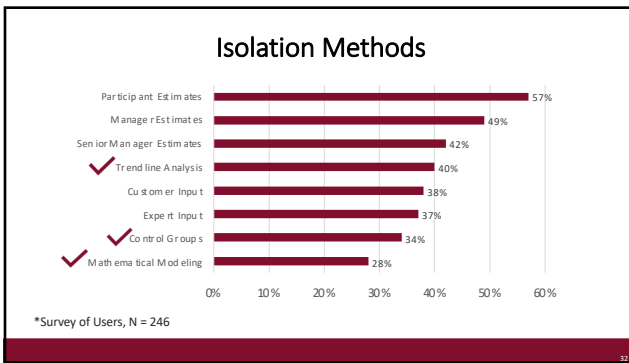
Make it Credible

Measure Results and Calculate ROI

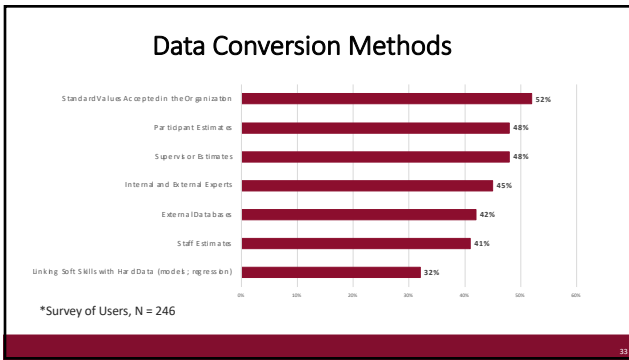
- Isolating the effects of the program
- Converting Impact data to money
- Identifying intangible benefits
- Tabulating cost of the program
- Calculating ROI



31



32



33

Intangibles

- Adaptability
- Collaboration
- Communication
- Conflict
- Corporate social responsibility
- Engagement
- Innovation
- Job satisfaction
- Leadership
- Networking
- Organizational climate
- Stress
- Talent
- Teamwork

34

Fully-Loaded Costs

"When in doubt, put it in."

The process should withstand even the closest scrutiny in terms of its credibility.

DIRECT

- ☐ Program materials
- ☐ Instructor/facilitator
- ☐ Facilities
- ☐ Travel, lodging, meals

INDIRECT

- ☐ Needs assessment (Prorated)
- ☐ Program development (Prorated)
- ☐ Participant time (salaries & benefits)
- ☐ Administrative/overhead
- ☐ Evaluation

35

Example: Culture Change Project

Presented to Managers: Designed to reduce departures of staff

1. Unit of Measure: 1 regrettable turnover of staff
2. $V = \$21,000$ (60% of annual salary)
3. $\Delta P = 3$ per month
4. $A\Delta P = 3 \times 12 = 36$
5. $A\Delta P \times V = 36 \times \$21,000 = \$756,000$

Assume anticipated blended learning program cost: \$339,400.

What is the ROI?

36

ROI Calculation

$$\text{BCR} = \frac{\$756,000}{\$339,400} = \boxed{2.2:1}$$

$$\text{ROI} = \frac{\$756,000 - \$339,400}{\$339,400} \times 100 = \boxed{122\%}$$

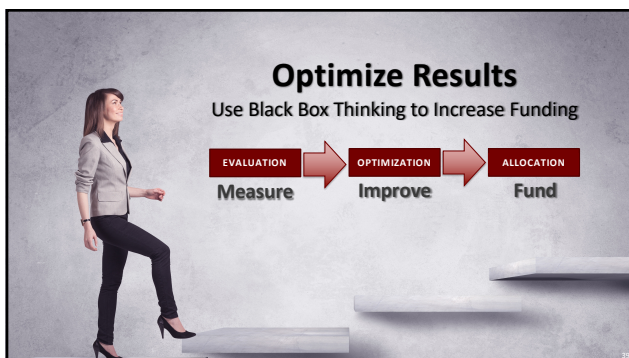
37

Tell the Story

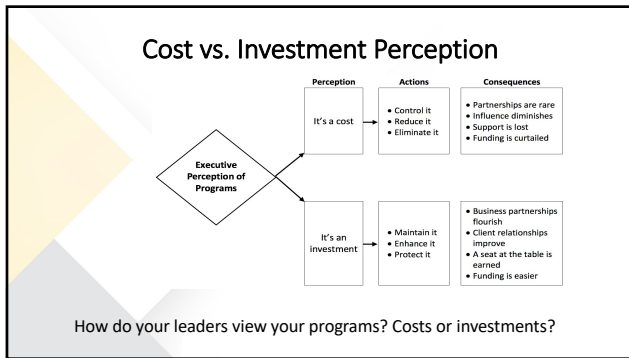
Communicate Results to Key Stakeholders

- Define audience
- Identify why they need it
- Select method
- Move quickly
- Consider one-page summary

38



39



40



41



42



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.**

43



SCAN ME

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

<https://roiinstitute.net/ispi-2022-can-you-measure-the-roi-of-culture-change/>



44

ROI CERTIFICATION®

SCHEDULED EVENTS

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



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

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45



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