ROI INSTITUTE®

Maximizing the Value of Consulting

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Objectives

After completing this session, participants should be able to:

- Identify the five levels of outcomes from consulting projects.
- Forecast the ROI for a project before it begins.
- Conduct a follow-up ROI evaluation.
- Plan the next steps to evaluate your next consulting project.

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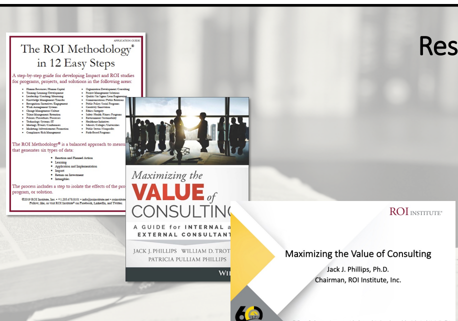
Resources



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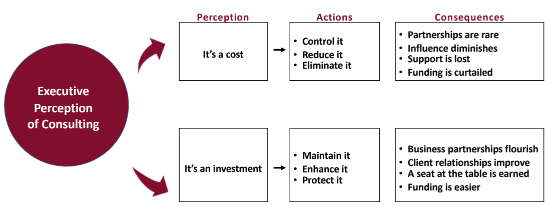
Do leaders/clients view your consulting as a cost or investment?



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Why are you pursuing ROI? (select all that apply)

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.

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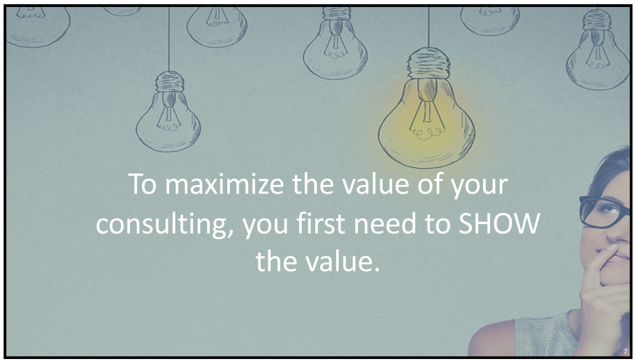

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Why show value?

1. **Stand out**
2.
3.
4.

- Consulting continues to grow (externally & internally).
- Long live consulting!

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Why show value?

1. Stand out
2. **Have proof**
3.
4.

Executives and CFOs want to see business value.

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Why show value?

1. Stand out
2. Have proof
3. **Opportunity**
4.

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Why show value?

1. Stand out
2. Have proof
3. Opportunity
4. **Win a seat at the table**

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Evaluation Framework

Levels of Evaluation	Measurement Focus	Typical Measures
0. Inputs	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, Net Promoter Score
2. Learning	Measures changes in knowledge, skills, and attitudes	Skills, Knowledge, Capacity, Competencies, Confidence, Mindset, Contacts
3. Application & Implementation	Measures changes in behavior or actions	Extent of use, Task completion, Frequency of use, Actions completed, Behavior change, Success with use, Barriers to use, Enablers to use, Utility, Scrap
4. Impact	Measures changes in impact variables	Productivity, Revenue, Quality, Time, Efficiency, Customer Satisfaction, Patient Satisfaction, Employee Engagement, Talent Mobility, Innovation
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.

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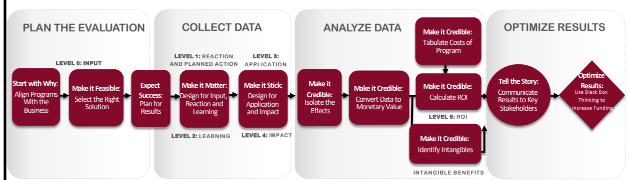
The ROI Methodology Process Model

Designing for the Delivery of Business Results



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What is ROI?

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

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

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ROI Calculation

$$\text{BCR} = \frac{\$750{,}000}{\$425{,}000} =$$

$$\text{ROI} = \frac{\$750{,}000 - \$425{,}000}{\$425{,}000} \times 100 =$$

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ROI Calculation

$$BCR = \frac{\$750{,}000}{\$425{,}000} = 1.76{:}1$$

$$ROI = \frac{\$750{,}000 - \$425{,}000}{\$425{,}000} \times 100 = 76\%$$

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What is your experience with ROI?

A. No experience with it.
B. It's been suggested, but no action has been taken.
C. I have attempted it.
D. I have conducted an ROI study.
E. I wish ROI would go away.

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Measurement Targets

*Benchmarking Percentages

	Level	**Benchmarking %
0	Input	100%
1	Reaction	80%
2	Learning	70%
3	Application	49%
4	Impact	37%
5	ROI	18%

*Percentage of projects evaluated at each level per year.
ROI Institute Benchmarking Report 2020

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Characteristics of Investments Suitable for Impact & ROI

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

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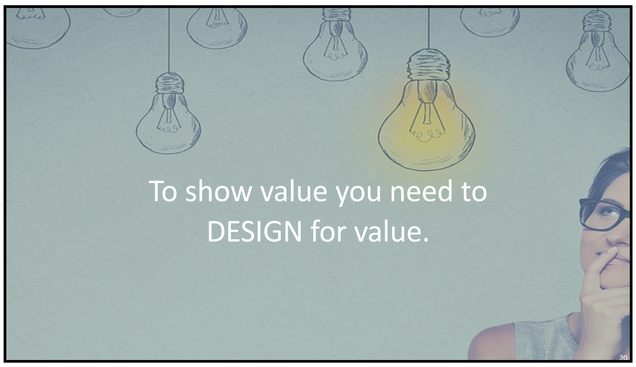

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Scotland Yard

Consultant's Solution

- Leadership Development program — classic blend of soft skill tools
- 50,000 hours of one-to-one coaching
- Five days of workshops per person
- 360-degree feedback processes
- 4D personality profile (blue, red, green, yellow personality)

The Feedback

"Everyone who attended was angry as they felt it was a waste of money and it took us out of the borough at a time when we have so much work to do."
—Participant

"We are on our knees. Crime is going up, and that is serious crime going up as well, the public are concerned, and we haven't got the resources that we need."
—Metropolitan Police Federation Chairman

The Defense

"As London's single biggest employer, we absolutely must support our leaders by giving them the skills they need to do their jobs. Well-led and well-trained people deliver better, and ultimately that means Londoners get a great service."
—Spokesperson for the Met


The Telegraph HOME NEWS

Metropolitan Police Service

PREMIUM

Met police accused of 'wasting' £10m o leadership training programme as crime soars

- Who owns the problem?
- How could it have been avoided?

[1] H. Dixon. "Scotland Yard 'wasting' £10M on leadership training." *The Sunday Telegraph*. June 3, 2018. 1-2.
[2] J. Ungoed-Thomas, K. Shveda, S. Joiner, and D. Collins. "Under 5% of all burglaries and robberies solved." *Sunday Times*. June 17, 2018. 1.

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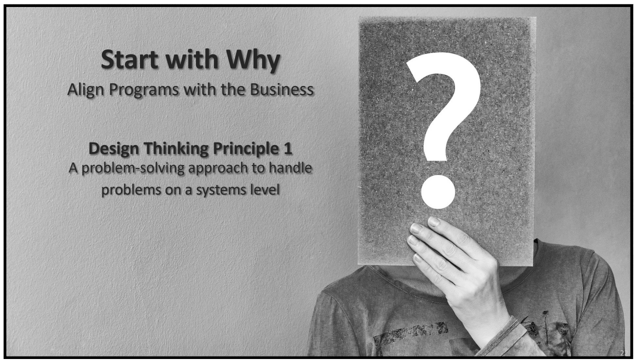
Start with Why
Align Programs with the Business
Design Thinking Principle 1
A problem-solving approach to handle problems on a systems level

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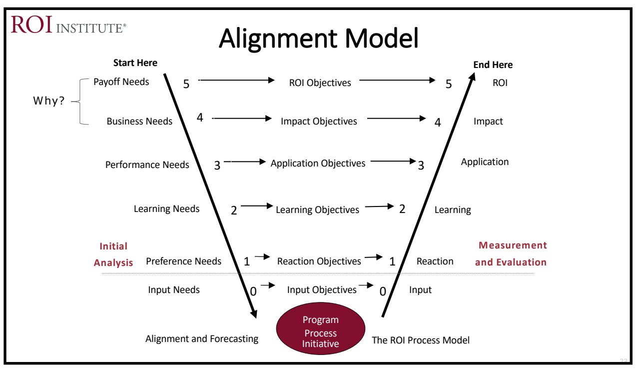
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Alignment Model
Start Here
End Here
Why?
Payoff Needs 5 ROI Objectives 5 ROI
Business Needs 4 Impact Objectives 4 Impact
Performance Needs 3 Application Objectives 3 Application
Learning Needs 2 Learning Objectives 2 Learning
Initial Analysis
Preference Needs 1 Reaction Objectives 1 Reaction
Measurement and Evaluation
Input Needs 0 Input Objectives 0 Input
Alignment and Forecasting
Program Process Initiative
The ROI Process Model

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Make it Feasible
Select the Right Solution
Design Thinking Principle 2
A mind-set for curiosity and inquiry

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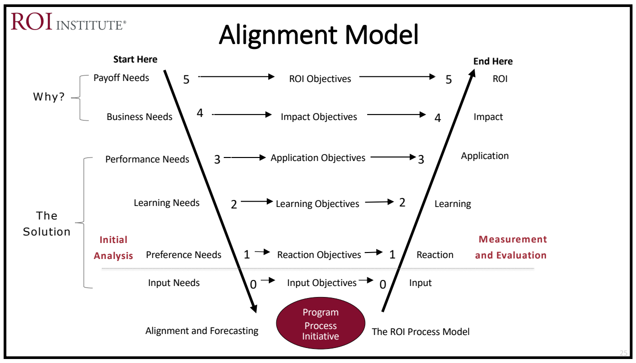

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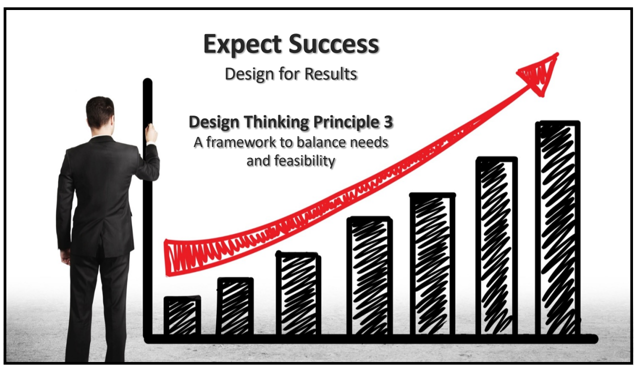

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Developing Objectives for Each Level

Levels of Objectives	Focus of Objectives
Level 1, Reaction	Defines specific measures of expected reaction to the project 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 project successful
Level 3, Application	Defines specific measures of actions taken that define success with application and implementation of the project
Level 4, Impact	Defines the specific impact measures that will change or improve as a consequence of the consulting implementation
Level 5, ROI	Defines the minimum return on investment from the project, comparing project costs with monetary benefits from the project

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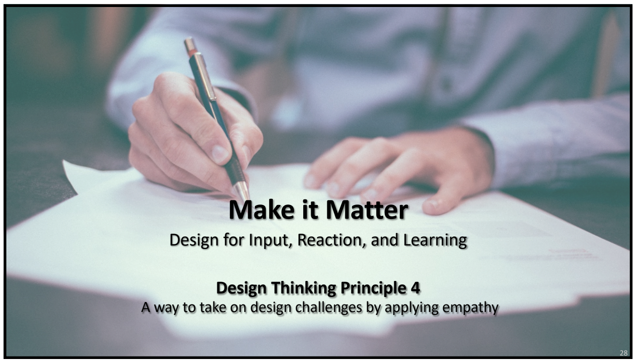
Make it Matter
Design for Input, Reaction, and Learning
Design Thinking Principle 4
A way to take on design challenges by applying empathy
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Make it Stick
Design for Application and Impact
Design Thinking Principle 5
A culture that fosters exploration and experimentation

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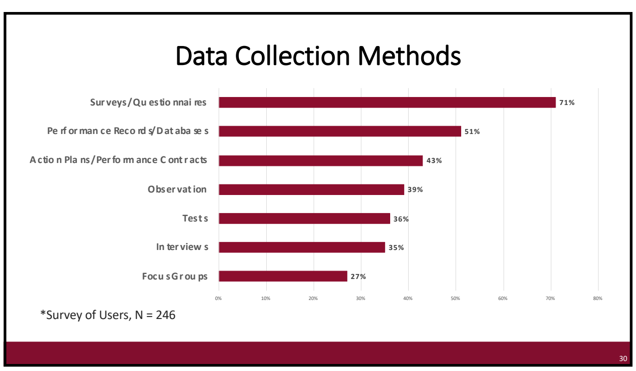
Data Collection Methods
Surveys/Questionnaires
71%
Performance Records/Databases
51%
Action Plans/Performance Contracts
43%
Observation
39%
Tests
36%
Interviews
35%
Focus Groups
27%
0%
10%
20%
30%
40%
50%
60%
70%
80%
*Survey of Users, N = 246
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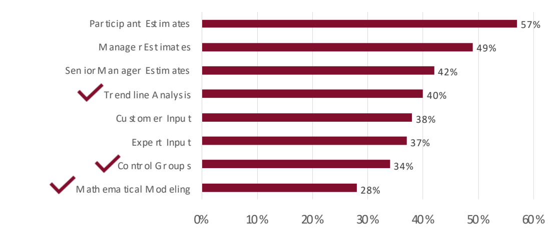
Isolation Methods



*Survey of Users, N = 246

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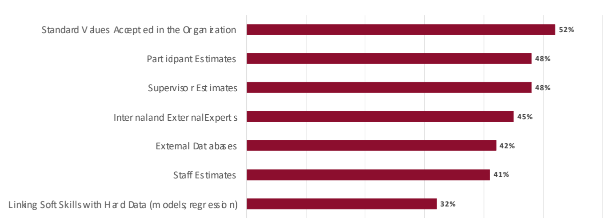
Data Conversion Methods



*Survey of Users, N = 246

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Intangibles

- Adaptability
- Awards
- Brand awareness
- Career minded
- Caring
- Collaboration
- Communication
- Conflicts
- Corporate social responsibility
- Decisiveness
- Engagement
- Image
- Innovation
- Job satisfaction
- Leadership
- Networking
- Organizational climate
- Organizational commitment
- Reputation
- Stress
- Talent
- Teamwork

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Fully-Loaded Costs

"When in doubt, put it in."

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

DIRECT

- ❑ Project materials
- ❑ Consulting fees
- ❑ Facilities
- ❑ Travel, lodging, meals

INDIRECT

- ❑ Needs assessment (prorated)
- ❑ Project development (prorated)
- ❑ Participant time (salaries & benefits)
- ❑ Administrative/overhead
- ❑ Evaluation

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Example: Coaching Program

For 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. ΔP = 3 per month
4. AΔP =
5. AΔP x V =

Assume anticipated consulting intervention cost: $339,400.

What is the ROI?

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Example: Coaching Program

For 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. ΔP = 3 per month
4. AΔP = 3 x 12 = 36
5. AΔP x V = 36 x $21,000 = $756,000

Assume anticipated consulting intervention cost: $339,400.

What is the ROI?

ROI Calculation

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

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

ROI Calculation

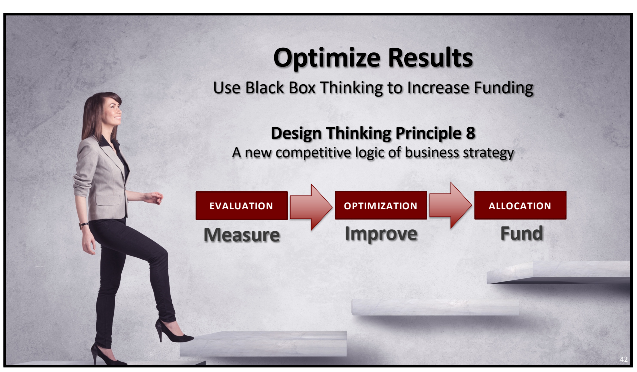
$$\text{BCR} = \frac{\$756{,}000}{\$339{,}400} =$$

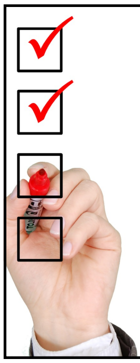
$$\text{ROI} = \frac{\$756{,}000 - \$339{,}400}{\$339{,}400} \times 100 =$$

ROI Calculation

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

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





The Payoff

- Align projects to business needs.
- Show contributions of selected projects.
- Earn respect of senior management/administrators.
- Build staff morale.
- Justify/defend budgets.
- Improve support for projects.
- Enhance design and implementation processes.
- Identify inefficient projects that need to be redesigned or eliminated.
- Identify successful projects that can be implemented in other areas.
- Earn a “seat at the table”.

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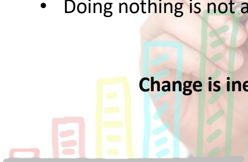
Remember, when it comes to maximizing the value of consulting:

- Hope is not a strategy.
- Luck is not a factor.
- Doing nothing is not an option.



Change is inevitable. Progress is optional.

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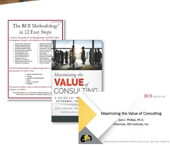

Click the link below or scan the QR code to receive access to resources from today’s session.
https://roiinstitute.net/ispi-2022-maximizing-the-value-of-consulting/

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ROI CERTIFICATION®
SCHEDULED EVENTS
ISPI attendees receive 10% off Use code ISPI10
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 Vir
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.
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PLANNING
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