ROI INSTITUTE®

How to Deliver a High ROI on Your Next Project

Presented by Jack J. Phillips, Ph.D., Chairman, ROI Institute, Inc.

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Resources

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Objectives

After attending this session, participants should be able to:

1. Identify the five levels of outcome from any project.
2. Know the three most important steps to drive value from any project.
3. Ensure that a project delivers ROI in the beginning.
4. Plan next steps to ensure that your next projects deliver ROI.

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Pressures Facing the Workforce Today

- Budget constraints
- Need to do more with less
- Need process improvements (effectiveness and efficiency)
- Need to show value of programs
- Need for public accountability and transparency

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What is ROI?

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

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

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Traditional: Value of Capital Investments

- Buildings
- Equipment
- Tools
- Vehicles
- Companies
- Some technology

15% of expenditures. ROI is used here.

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"Show Me" Shift: Value of Non-Capital Investments

- Marketing
- Human resources
- Quality
- Services
- Some technology
- Staff support
- Processes
- Procedures

About 85% of expenditures. ROI is ***now*** *used here.*

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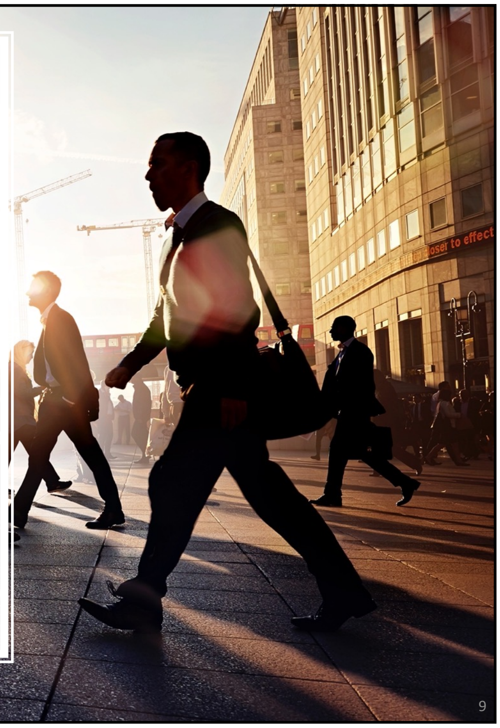
ROI is Appropriate for Many Fields

- 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
- 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
- Healthcare Initiatives
- Schools/Colleges/Universities
- Public Sector/Nonprofits
- Faith-Based Programs
- Compliance/Risk Management



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What is your experience with measuring ROI for non-capital investments?

- ❑ Never tried it.
- ❑ Tried it but was not successful.
- ❑ We have conducted one ROI study.
- ❑ We have conducted several ROI studies.
- ❑ We do this routinely.
- ❑ I wish ROI would go away.

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This Process Is Documented In Many of Our Publications

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Why ROI is Important – Now

It is the ultimate business case.

Shows the efficient use of funds.

Validates that the expenditure is an investment—not a cost.

It's a way to keep score.

Helps to set priorities.

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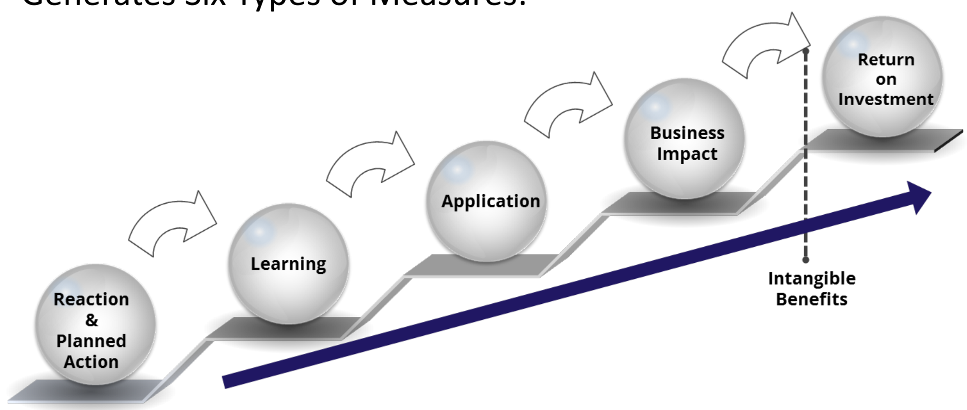
The ROI Methodology®

Generates Six Types of Measures:



....and includes a technique to isolate the effects of the program or solution.

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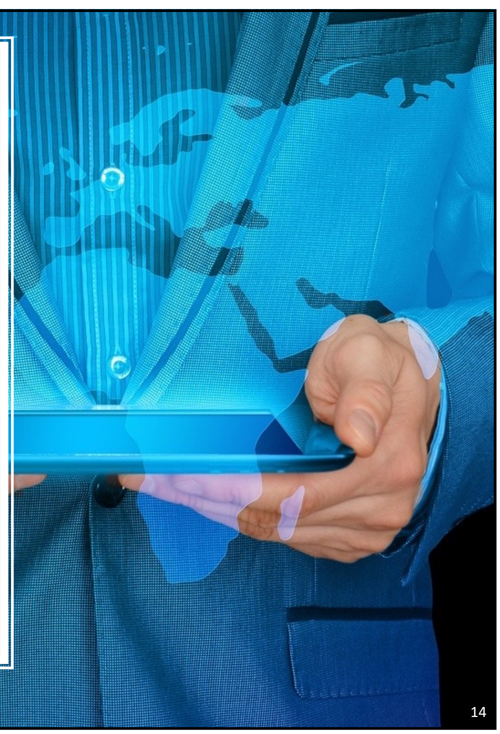
Most Used Evaluation System Globally

- Implemented in more than 70 countries
- Over 26 federal governments have adopted the ROI Methodology
- Over 6,000 organizations have implemented the ROI Methodology
- More than 16,000 participants have attended ROI Certification; more than 6,000 Certified ROI Professional designations awarded
- Over 75 books published; 70 books translated from English
- Endorsed by United Nations with a UN General Assembly resolution
- Applied in more than 22 professional field and industries
- Used by over 300 healthcare systems and 150 colleges and universities
- Used by three-fourths of Fortune 500 organizations
- Used by major foundations such as the Gates Foundation



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A Variety of Applications

- The Singapore Defence Science and Technology Agency (DSTA) measures the ROI on team effectiveness.
- The Danish Postal Service calculated the ROI for a project to improve employee engagement.
- Wells Fargo Bank calculated the ROI for sponsoring a major sports event.
- The World Food Programme (Rome, Italy) calculated the ROI for a leadership development program for county directors.
- The National Security Agency calculated the ROI for a master's degree offered to high potential employees inside the agency.
- UPS calculated the ROI for the replacement of keys with a fob in courier vehicles.
- Laboratory Systems, a small 13-person company in Ireland, calculated the ROI for a new product development.

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A Variety of Applications

- Innova Energy calculated the ROI for a stress reduction program.
- Canadian Imperial Bank of Commerce (CIBC) calculated the ROI for networking among its senior leaders.
- Accenture calculated the ROI for a social media system designed to manage the knowledge of their 200,000 consultants.
- The US Air Force calculated the ROI for implementing new procedures to prevent an intrusion into a database.
- Sprint/Nextel calculated the ROI for a diversity program.
- SAP calculated the ROI for a virtual business development conference for the sales team.

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Status of Measurement

Level	Measurement Category	Current Status*	Recommended*	Comments About Status
0	**Inputs/Indicators**—Measures input into projects and development including the number of projects, participants, costs, and efficiencies	100%	100%	This is being accomplished now 100%†
1	**Reaction and Planned Action**—Measure reaction to, and satisfaction with, the experience, contents, and value of projects	100%	100%	Need more focus on content and perceived value 80%†
2	**Learning**—Measures what participants learned during the project- information, knowledge, skills, and contacts (takeaways from the project)	30-40%	80-90%	Must use simple learning measures 70%†
3	**Application**—Measures progress after the project is launched– the use of information, knowledge, skills, and contacts	10%	30%	Need more follow-up 49%†
4	**Business Impact**—Measures changes in business impact variables such as output, quality, time, and cost-linked to the project	5%	10%	This is the connection to business impact 37%†
5	**ROI**—Compares the monetary benefits of the business impact measures to the costs of the project	1%	5%	The ultimate level of evaluation 18%†

*** Percent of projects evaluated at this level**
† Best practice benchmarking

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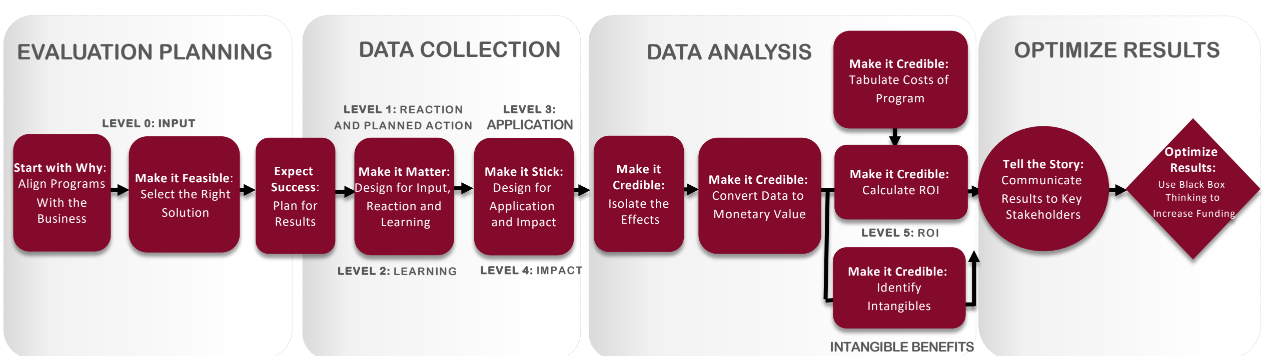
The ROI Methodology Process Model

Designing for the Delivery of Business Results



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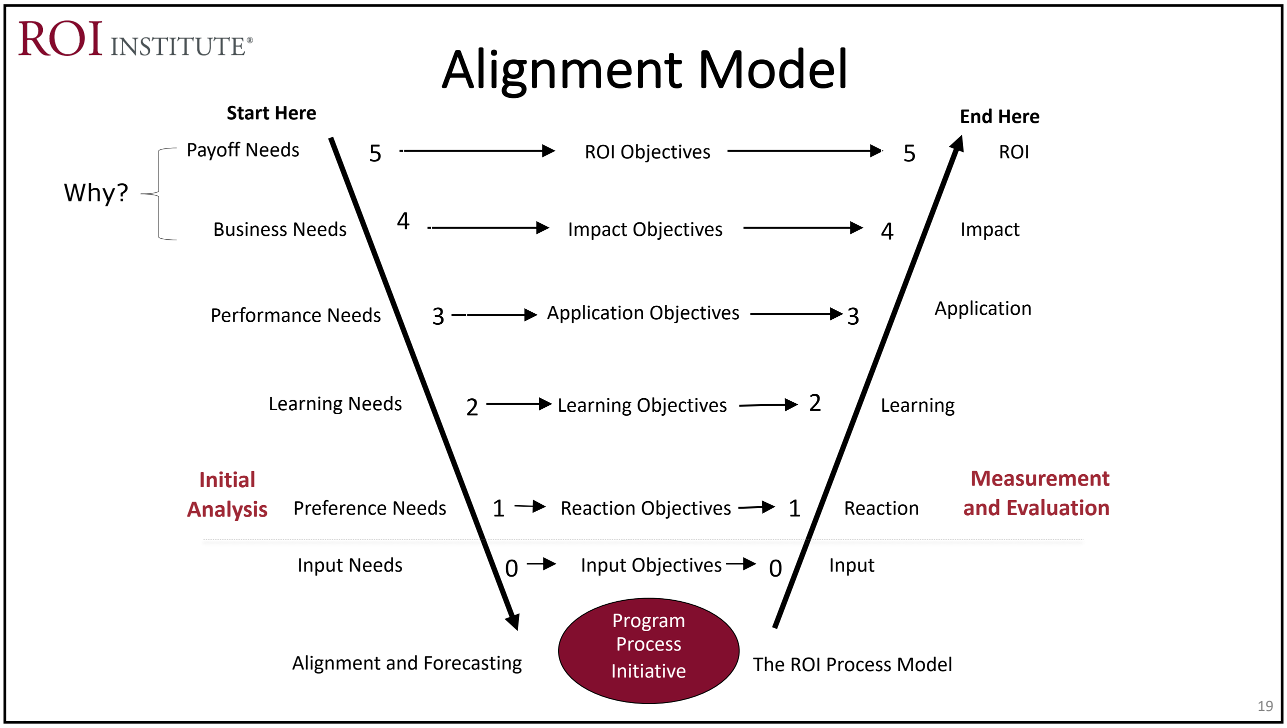
ROI INSTITUTE®
Alignment Model
Start Here
End Here
Why?
Payoff Needs
5
ROI Objectives
5
ROI
Business Needs
4
Impact Objectives
4
Impact
Performance Needs
3
Application Objectives
3
Application
Learning Needs
2
Learning Objectives
2
Learning
Initial Analysis
Preference Needs
1
Reaction Objectives
1
Reaction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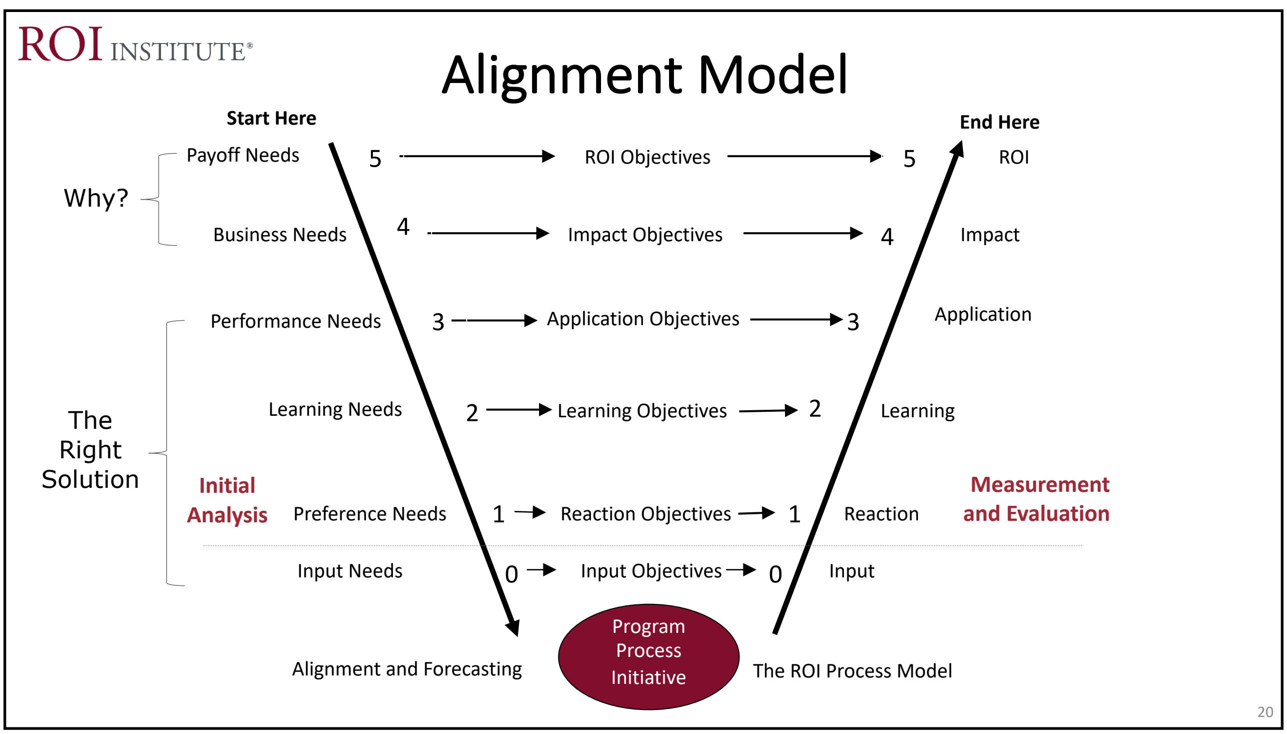
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Application
Learning Needs
2
Learning Objectives
2
Learning
Initial Analysis
Preference Needs
1
Reaction Objectives
1
Reaction
Measurement and Evaluation
Input Needs
0
Input Objectives
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Input
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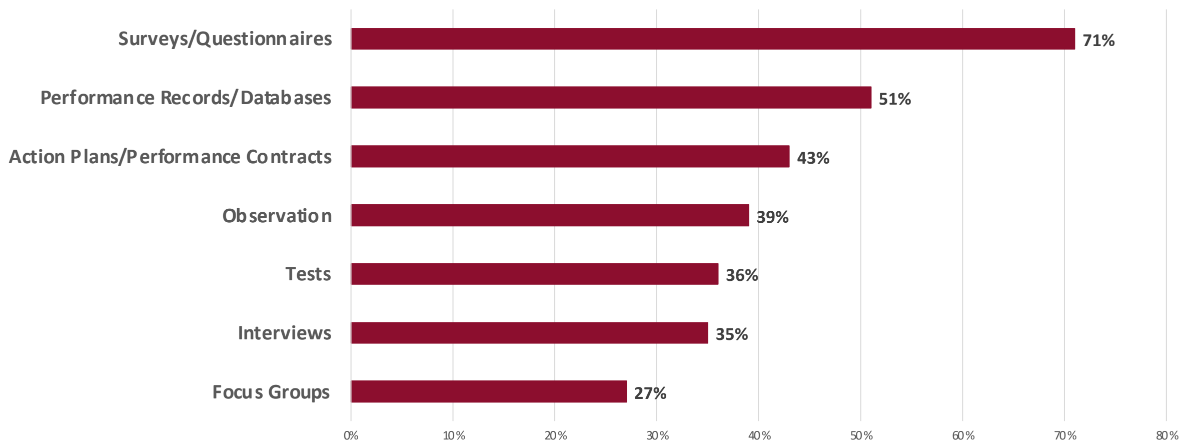

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Challenge #1

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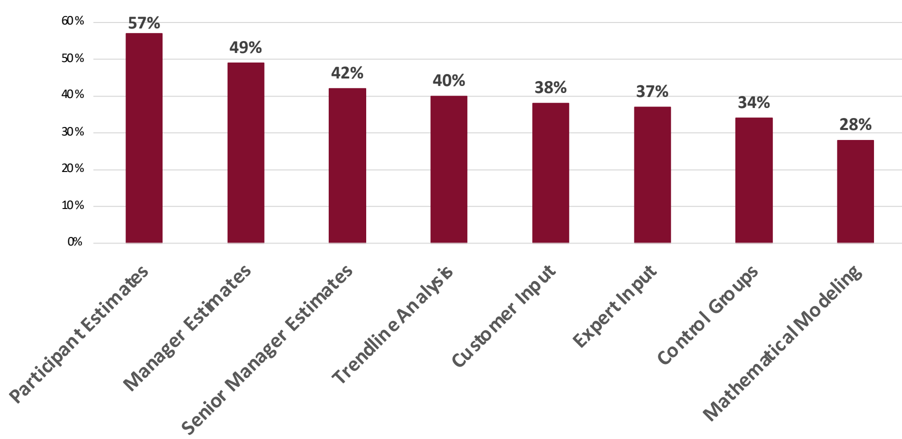

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Challenge #2

When isolating the effects of programs on improvement in key measures, what percentage of the time do you use the following techniques?

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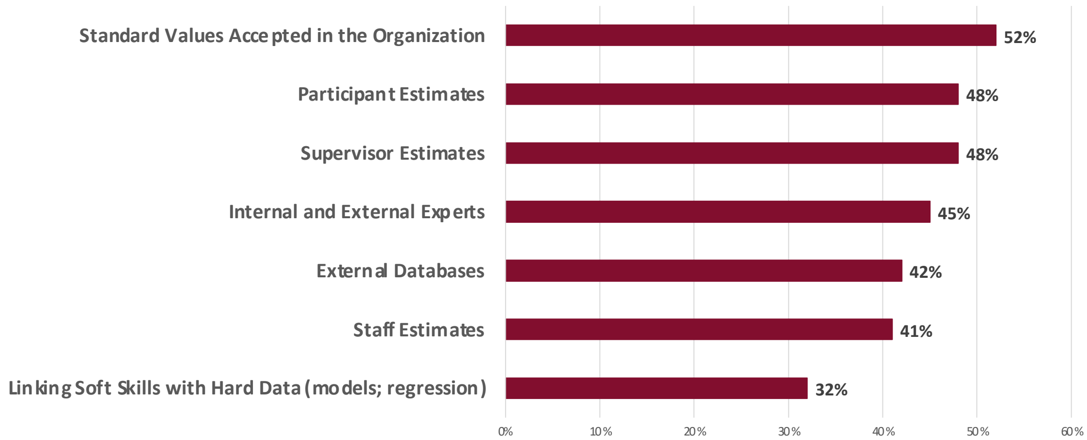

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Challenge #3

When converting data to money, what percentage of the time do you use the following techniques?

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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
- ❑ Fees
- ❑ Facilities
- ❑ Travel, lodging, meals

INDIRECT

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

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Example: Culture Change Project

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. $\triangle$P = 3 per month
4. A$\triangle$P = 3 x 12 = 36
5. A$\triangle$P x V = 36 x $21,000 = $756,000

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

What is the ROI?

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ROI Calculation

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

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

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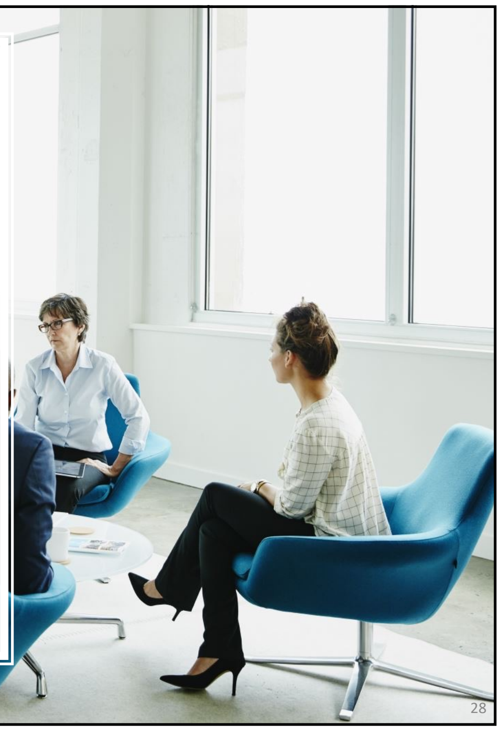
Tell the Story:

Communicate Results to Key Stakeholders

A storytelling process to inspire senior executives:

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



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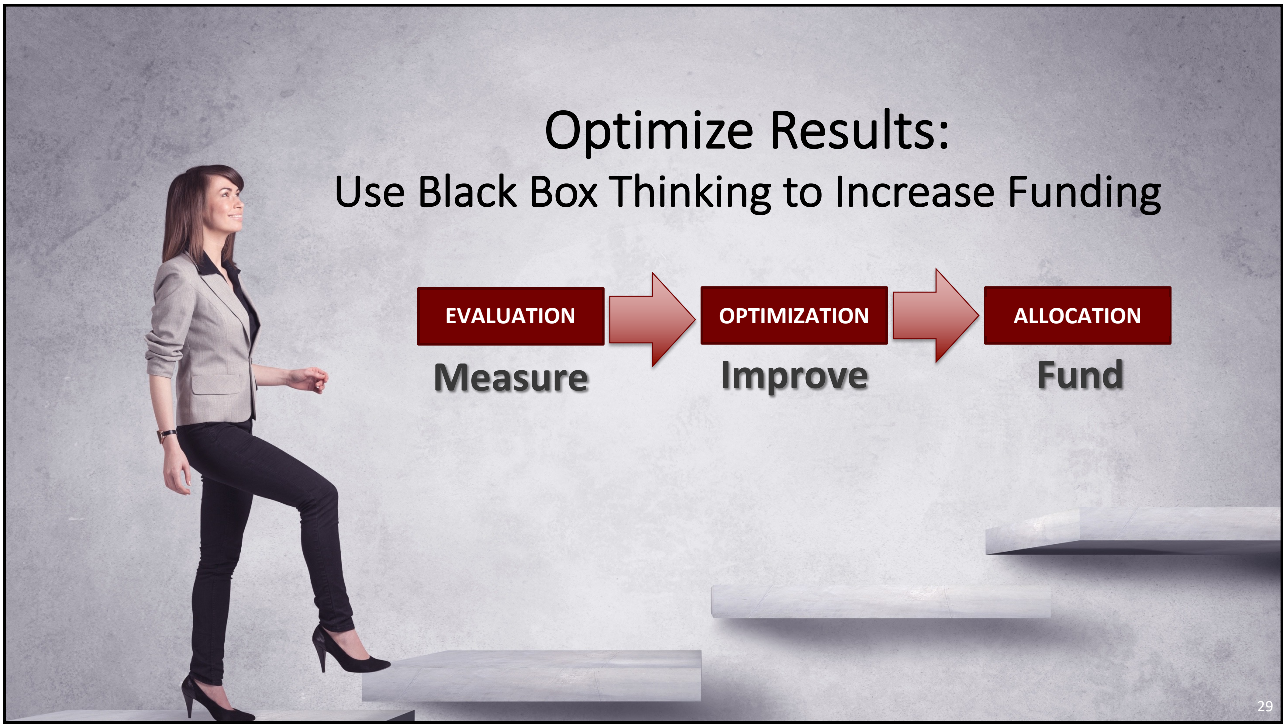
Optimize Results:
Use Black Box Thinking to Increase Funding
EVALUATION
Measure
OPTIMIZATION
Improve
ALLOCATION
Fund
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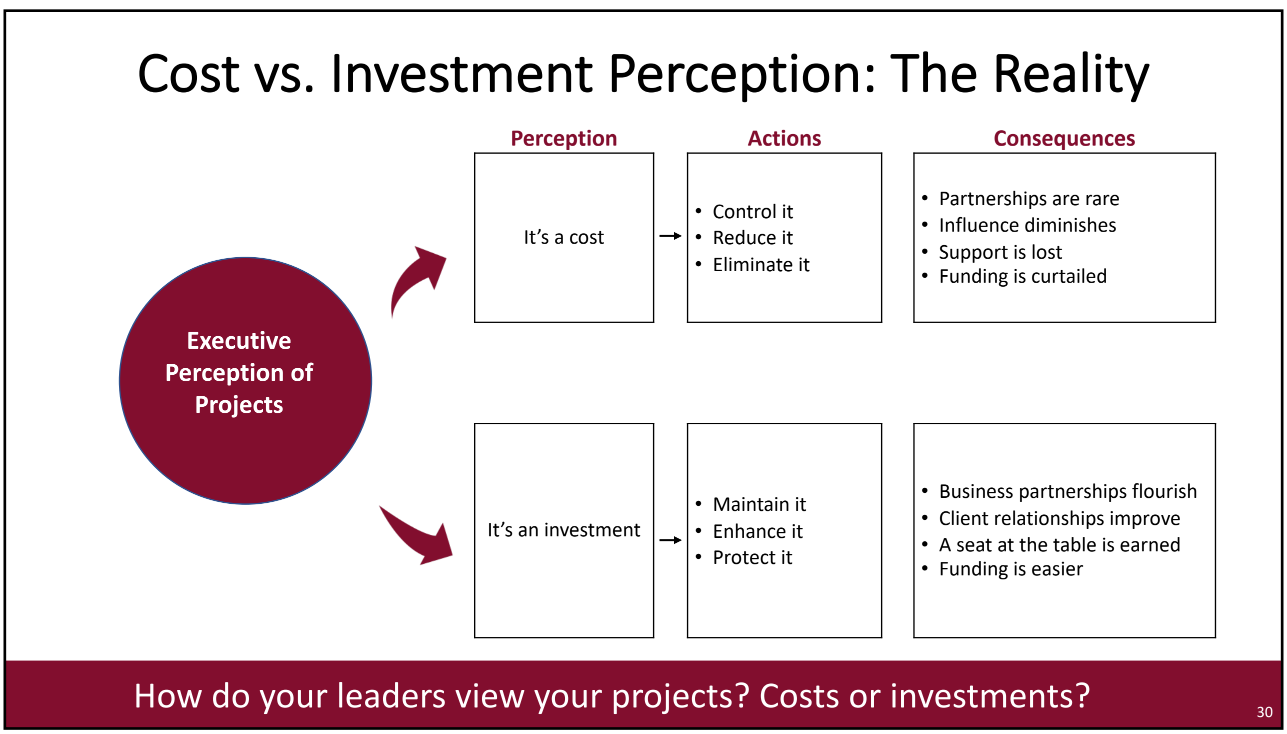
Cost vs. Investment Perception: The Reality
Perception
Actions
Consequences
Executive Perception of Projects
It's a cost
• Control it
• Reduce it
• Eliminate it
• Partnerships are rare
• Influence diminishes
• Support is lost
• Funding is curtailed
It's an investment
• Maintain it
• Enhance it
• Protect it
• Business partnerships flourish
• Client relationships improve
• A seat at the table is earned
• Funding is easier
How do your leaders view your projects? Costs or investments?
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What is the best way to learn the ROI methodology?

1. Briefings
2. Awareness workshops
3. ROI Certification— a comprehensive process involving:
   - Prework
   - Intensive learning program to complete ROI study
   - Workbook, reference books, job aids
   - Weekly live coaching sessions
   - Feedback and approval of study
   - Right to use materials Internally
   - Certified ROI Professional® (CRP) designation
   - Access to ROI Institute resource library of tools

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What are your concerns about the ROI Methodology?

- ❑ No concerns.
- ❑ It’s too complicated.
- ❑ It takes too long.
- ❑ It’s too expensive.
- ❑ No one is asking for this.

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It’s That Easy

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The Payoff

- Justify/defend budgets.
- Align projects to business needs.
- Show contributions of selected projects.
- Earn respect of senior management/administrators.
- Build staff morale.
- 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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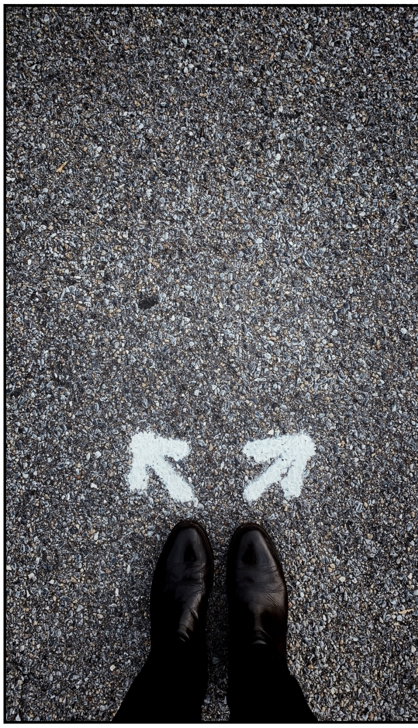

Be Proactive

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.

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Implementation Strategies

- Brief, train, educate
- Involve the staff – early and often
- Emphasize process improvement
- Explain why – routinely
- Build it into projects – not add it on
- Provide resources
- Use the results appropriately
- Recognize and celebrate

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ROI Myths

- ROI is too complex for most users.
- ROI is too expensive, consuming too many critical resources.
- If senior management does not require ROI, there is no need to pursue it.
- ROI is a passing fad.
- ROI is too subjective.
- ROI is for post-analysis only.

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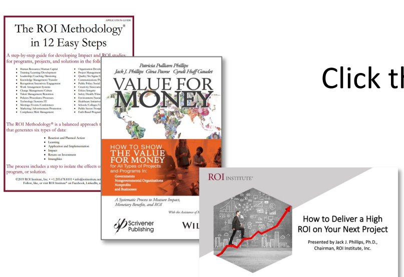

Click the link below or scan the QR code to receive access to resources from today's session.

https://bit.ly/3aHEvyZ

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ROI CERTIFICATION®

SCHEDULED EVENTS

November 8-12, 2021 — Milwaukee, WI
November 8-19, 2021 — Live Virtual
November 29-December 10, 2021 — Live Virtual
January 10-14, 2022 — Focused on Healthcare
January 17-28, 2022 — Live Virtual
February 28-March 4, 2022 — Orlando, FL
April 11-15, 2022 — New Orleans, LA
May 9-13, 2022 — Orlando, FL

June 13-17, 2022 — Salt Lake City, Utah
July 11-15, 2022 — Williamsburg, VA
July 25-29, 2022 — Denver, CO
August 15-19, 2022 — San Diego, CA
September 12-16, 2022 — Boston, MA
October 10-14, 2022 — Seattle, WA
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.

Email: info@roiinstitute.net Enroll: http://bit.ly/ROICertification Call: +1 205.678.8101

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Questions?

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www.roiinstitute.net

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jack@roiinstitute.net

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