ROI INSTITUTE®

Make it Credible:

How to Connect Your Programs to Tangible Results

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

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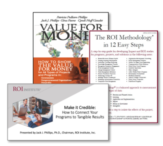
All participants will receive:

- ***Chapter 10—Make It Credible: Isolate the Effects of the Program*** from our book, *Value for Money…*
- *An e-copy of the* ***ROI Methodology Application Guide***
- *PDF of* ***Presentation slides***



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Objectives

After completing this session, participants should be able to:

1. Describe the importance of isolating the effects of a program.
2. Apply at least three techniques to isolate the effects of your program.
3. Determine when to use each of the techniques covered in this session.

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What is your experience isolating the effects of your programs? (Select all that apply.)

- ❑ Never thought about it.
- ❑ Never tried it.
- ❑ Tried it but was unsuccessful.
- ❑ I have used one method successfully.
- ❑ I have used multiple methods successfully.
- ❑ I don't want to be isolated.

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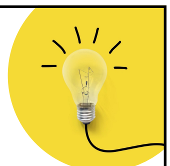
What Caused It?



Consumer loan volume increased; the CEO wants to know **"What caused it?"**
Executive team members respond as follows:

- The executive responsible for the consumer lending started the discussion by pointing out that his **loan officers were more aggressive**.
- The marketing executive added that she thought the increase was related to a **new promotional program** and an increase in advertising during the period.
- The Chief Financial Officer thought it was the result of **declining interest rates**.
- The executive responsible for mergers and acquisitions felt that the change was due to a **reduction in competition**.
- The human resources Vice President spoke up and said that the consumer loan **referral incentive plan** had been slightly altered with an increase in the referral bonus to all employees who refer legitimate customers for consumer loans.
- The human resource development Vice President said the **Consumer Lending Seminar** caused the improvement.

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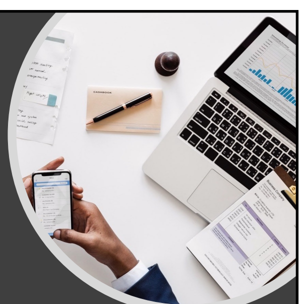
Case Study: First Bank

Think about the following questions:

1. Is this typical?
2. Is the CEO's question unfair?
3. How would the conversation have gone, had consumer loan volume gone down?



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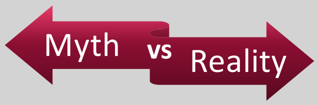
Key Issues for Isolation/Attribution

Reality:

- Other influences are almost always present; multiple factors generate business impact.
- If the program effects are not isolated, no business link can be established.
- The other factors and influences have their own protective owners.
- Isolating the effects of the program on impact data is an achievable task.



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Key Issues for Isolation/Attribution

Myths:

- Our program is complementary to other processes; therefore, we should not attempt to isolate the effects of the program.
- Other program leaders do not address this issue.
- If we cannot use a research-based control group design or mathematical modeling, we should not attempt this procedure.
- The stakeholders will understand the link to business impact measures; therefore, we do not need to attempt to isolate the effects of the program.
- Estimates of improvement provide no value.
- Ignore the issue; maybe the others won't think about it.

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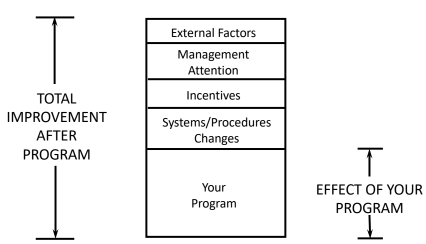
Multiple Factors Contribute to Changes in Performance



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Evaluation Framework

Levels of Evaluation	Measurement Focus	Typical Measures
0. Inputs & Indicators	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 take action
2. Learning	Measures changes in knowledge, skills, and attitudes	Skills, Knowledge, Capacity, Competencies, Confidence, Contacts
3. Application & Implementation	Measures changes in behavior or actions	Extent of use, Task completion, Frequency of use, Actions completed, Success with use, Barriers to use, Enablers to use
4. Impact	Measures changes in business impact variables	Productivity, Revenue, Quality, Time, Efficiency, Customer Satisfaction, Employee Engagement
5. Return on Investment	Compares project benefits to the costs	Benefit-Cost Ratio (BCR), ROI%, Payback Period

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ROI Calculation

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

Cost of project $230,000

Benefits of project (1st year) $430,000

ROI = ________________ x 100 =

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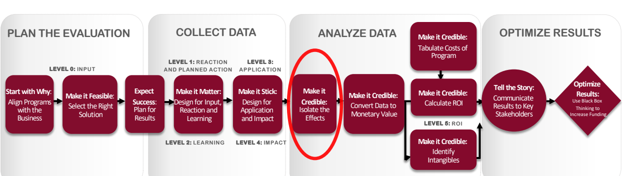
ROI INSTITUTE®

The ROI Methodology®



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Twelve Guiding Principles

1. When conducting a higher-level evaluation, collect data at lower levels.
2. When planning a higher-level evaluation, the previous level of evaluation is not required to be comprehensive.
3. When collecting and analyzing data, use only the most credible sources.
4. When analyzing data, select the most conservative alternatives for calculations.
5. Use at least one method to isolate the effects of the program or project.
6. If no improvement data are available for a population or from a specific source, assume that no improvement has occurred.
7. Adjust estimates of improvements for the potential error of the estimates.
8. Avoid use of extreme data items and unsupported claims when calculating ROI.
9. Use only the first year of annual benefits in the ROI analysis of short-term solutions.
10. Fully load all costs of the solution, project, or program when analyzing ROI.
11. Intangible measures are defined as measures that are purposely not converted to monetary values.
12. Communicate the results of the ROI Methodology to all key stakeholders.

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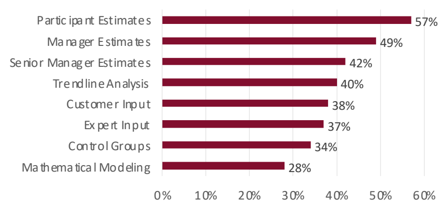
Techniques to Isolate the Effects



*Survey of Users, N = 246

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Control Group

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Classic Control Group Design

What is the Difference in the Change in Performance?

Experimental Group

Pre-Measure → Program → Post-Measure

Control Group

Pre-Measure → Post-Measure

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Classic Control Group Design

What is the Difference in the Change in Performance?

Experimental Group

Pre-Measure → Program → Post-Measure

80 stops 105 stops

Control Group

Pre-Measure → Post-Measure

83 stops 97 stops

What is the difference in the change in performance?

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Trend Line Analysis

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Trend line analysis is an effective tool when four conditions are met.

1. Data are available.
2. Data are stable.
3. Trend will likely continue.
4. No other factors occur during the evaluation period that influence the measure.

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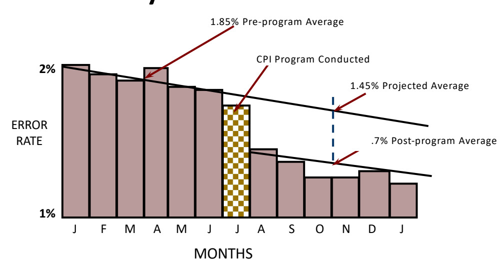
Trend Line Analysis



What is the change in performance due to the program?

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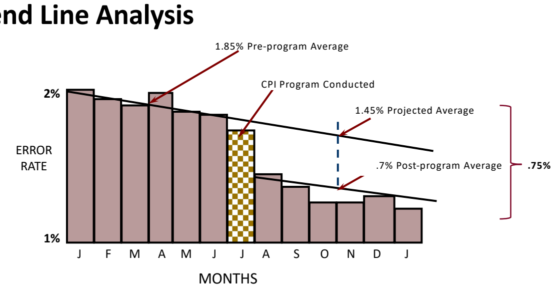
Trend Line Analysis



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Estimations

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A Conservative Approach to Estimates

- Start with the **fact** in terms of the improvement in a business measure.
- Identify the **most credible sources** of data to help us understand what caused the improvement.
- Ask the source(s) **three simple questions**:
  1. Given the improvement in the measure, what factors caused it?
  2. As a percentage, how much of the improvement is due to each factor?
  3. As a percentage, how confident are you in your estimate?

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Example of Estimation

Monthly decrease in missed pickups: 50 (fact)

Contributing Factors	Average Impact (%)	Average Confidence (%)
GPS Technology Update	32%	83%
Process Changes	41%	87%
Training	14%	62%
Incentives	11%	91%
Other _________	2%	91%
	100%	

How many missed pickups are attributable to the training program?

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Example of Estimation

Influence	Fact	% Contrib.	Est. Impact	Confidence	Adjusted Impact
Training	50	14%	7	62%	4.34

Margin of Error: +2.66

Est. Impact: 7

Uncertainty: 38% (100%-62%)

Margin of Error: -2.66

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Answers to three questions lead to credibility.

1. **What are we doing?**
   - Isolating the effects of training's contribution to the decrease in monthly missed pickups.
2. **How are we doing it?**
   - We start with the **fact** that the number of missed pickups has decreased.
   - We identify the **most credible sources** of data to help us understand what caused it.
   - We ask our sources of data **three simple questions**:
     - Given the improvement in the measure, what factors caused it?
     - As a percentage, how much of the improvement is due to each factor?
     - As a percentage, how confident are you in your estimate?
3. **Why did we do it that way?**
   - We always **isolate the effects of the program** (Guiding Principle #5) and in this case we could not use control group, trend line analysis, or forecasting models.
   - We always go to the **most credible sources** when collecting data (Guiding Principle #3).
   - When using estimates, we always **adjust for error** (Guiding Principle #7), which ensures we use the **most conservative alternative** (Guiding Principle #4).

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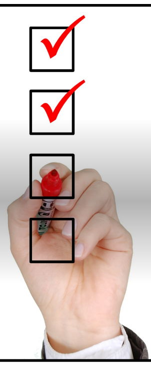

Credibility is Key

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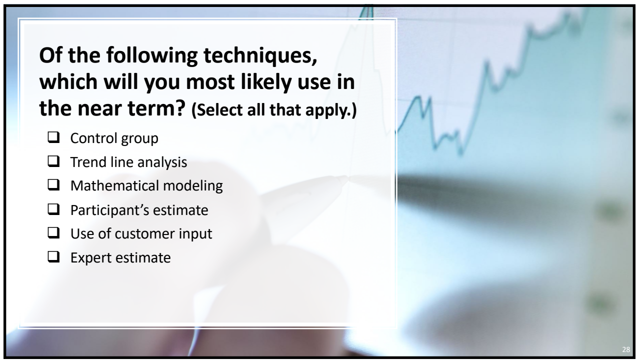
Of the following techniques, which will you most likely use in the near term? (Select all that apply.)
❑ Control group
❑ Trend line analysis
❑ Mathematical modeling
❑ Participant's estimate
❑ Use of customer input
❑ Expert estimate

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SCAN ME
Click this link or scan the QR code to access resources from today's session.
https://roiinstitute.net/roi-webinar-make-it-credible/

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Live Virtual ROI Boot Camp
October 5, 2021
ROI INSTITUTE
During ROI Boot Camp, participants will learn about:
• The benefits and barriers of using ROI
• The five levels of evaluation
• Data at multiple levels
• Isolate 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.

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ROI CERTIFICATION®

SCHEDULED EVENTS

September 13-24, 2021 – Live Virtual

November 8-12, 2021 – Milwaukee, WI

November 29-December 3, 2021 – Savannah, GA

January 10-14, 2022 – 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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