

**ROI CASE STUDIES SERIES**

# **Proving the Value of HR**

## **ROI Case Studies Second Edition**

**Measuring Return on Investment In Human Resources,  
Learning and Development, and Performance Improvement**

**by**

**Patricia Pulliam Phillips, Ph.D.  
and Jack J. Phillips, Ph.D.**

# CHAPTER 1

## Sexual Harassment Prevention

### Healthcare Inc.

---

*Most organizations have sexual harassment prevention programs, but few are subjected to accountability up to and including a return-on-investment (ROI) analysis. In the setting in this case, a large healthcare chain conducted a sexual harassment prevention workshop involving first-level managers and supervisors. Workshops were followed by meetings with all employees, conducted by the same managers and supervisors. In all, seventeen workshops were presented, and the monetary impact was developed. Several unique issues are involved in this case, including the techniques to isolate the effects of training and convert data to monetary values. The analysis used a traditional ROI model and yielded significant and impressive results that surprised the evaluation team and senior managers.*

---

### Background

Healthcare Inc. (HI) is a regional provider of a variety of health-care services through a chain of hospitals, HMOs, and clinics. HI has grown steadily in the last few years and has earned a reputation as an aggressive and financially sound company. HI is publicly owned, with an aggressive management team poised for additional growth.

The healthcare industry in the USA continues to operate in a state of tremendous transformation and transition. The concern about healthcare costs, the threat of additional government regulation, and the implementation of new technology and healthcare

*This case was prepared to serve as a basis for discussion rather than an illustration of either effective or ineffective administrative and management practices. All names, dates, places, and organizations have been disguised at the request of the author or organization.*

delivery systems are radically transforming the healthcare field. HI is attempting to take advantage of these challenges and carve out a significant market share in its regional area of operation.

### **Events Leading to Program**

In the USA, sexual harassment continues to grow as an important and significant employee relations issue. Sexual harassment claims throughout the USA and in the healthcare industry continue to grow, sparked in part by increased public awareness of the issue and the willingness of the victims to report harassment complaints. HI has experienced an increasing number of sexual harassment complaints, with a significant number of them converting to charges and lawsuits. The company record was considered excessive by executives and represented a persistent and irritating problem. In addition, HI was experiencing an unusually high level of turnover, which may have been linked to sexual harassment.

Senior management, concerned about the stigma of continued sexual harassment complaints and the increasing cost of defending the company against claims, instructed the HR vice president to take corrective and preventive action to significantly reduce complaints and ultimately rid the workplace of any signs of harassment. The HR vice president instructed the HRD staff to develop a workshop for employees or managers or both, but only if a lack of understanding and knowledge of the issue existed.

In response to the request, the HRD staff conducted interviews with the entire EEO and affirmative action staff in which the magnitude of the problem and the potential causes were explored. Most of the staff indicated that there seemed to be a significant lack of understanding of the company's policy on sexual harassment and what actually constituted inappropriate or illegal behavior. In addition, the complaints for the last year were examined for issues and patterns. Exit interviews of terminating employees for the last year were reviewed to see if there was a linkage to sexual harassment. Approximately 11 percent of terminating employees identified sexual harassment as a factor in their decision to leave HI. Because of the request to proceed with this program, the HRD staff members did not conduct a full-scale needs assessment. Instead, they augmented the input from the EEO/AA staff with the exit interviews conducted with ten randomly selected first-level supervisors to explore the level

of understanding of the policy, inappropriate and illegal behavior, and the perceived causes of the increased complaint activity.

From an analysis of complaints, the typical person accused of sexual harassment was a supervisor and male. The typical victim of harassment was non-supervisory and female. The analysis also revealed that the type of sexual harassment typically experienced at HI was in the category, defined by the EEOC as “an individual making unwelcome sexual advances or other verbal or physical conduct of a sexual nature with the purpose of, or that creates the effect of, unreasonably interfering with an individual’s work performance or creating an intimidating, hostile, or offensive working environment.” This type of harassment should be minimized by developing a clear understanding of HI’s policy regarding harassment and by teaching managers to identify illegal and inappropriate activity. As part of HI’s policy, supervisors and managers were required to conduct a limited investigation of informal complaints and to discuss issues as they surfaced.

### **The Program: Design, Development, and Implementation**

Armed with input from ten interviews and with detailed input from the EEO/AA staff, the major causes of the problem were identified. There was an apparent lack of understanding of (1) the company’s sexual harassment policy and (2) what constituted inappropriate and illegal behavior. In addition, there was an apparent insensitivity to the issue. As a result, a one-day sexual harassment prevention workshop was designed for all first- and second-level supervisors and managers. The program had the following objectives. After attending this program, participants should be able to:

- Understand and administer the company’s policy on sexual harassment
- Identify inappropriate and illegal behavior related to sexual harassment
- Investigate and discuss sexual harassment issues
- Conduct a meeting with all direct reports to discuss policy and expected behavior
- Ensure that the workplace is free from sexual harassment
- Reduce the number of sexual harassment complaints

Because of the implications of this issue, it was important for the information to be discussed with all employees so that there would not be any misunderstanding about the policy or inappropriate behavior. Each supervisor was asked to conduct a meeting with his or her direct employees to discuss this topic.

The program design was typical of HI programs, using a combination of purchased and internally-developed materials. The one-day program was implemented and conducted during a 45-day period, with 17 sessions involving 655 managers. HR managers and coordinators served as program facilitators.

### **Why ROI?**

HR/HRD programs usually targeted for an ROI calculation are those perceived to be adding significant value to the company, closely linked to the organizational goals and strategic objectives. Then, the ROI calculation is pursued to confirm the added value, and based on the results of the ROI analysis, these programs may be enhanced, redesigned, or eliminated altogether if the ROI is negative. The sexual harassment prevention program is different. If the ROI analysis yields a negative value, the program would not be discontinued. It might be altered for future sessions but only if the behavior changes were not occurring at Level 3.

At HI, this program was chosen for an ROI calculation for two reasons. First, the HR and HRD departments were interested in the accountability of all programs, including sexual harassment programs. Second, a positive ROI would clearly show management that these types of programs, which are preventive in nature, can significantly impact the bottom line when implemented throughout the organization and supported by management.

### **Data Collection**

Exhibit 1 shows the completed data collection plan for the sexual harassment training program. A pre/post-test was administered to measure knowledge of HI's sexual harassment policy and of inappropriate and illegal behavior. The 20-item questionnaire was evenly split on policy and behavior issues.

**Exhibit 1**

**Program:** Preventing Sexual Harassment      **Responsibility:** \_\_\_\_\_      **Date:** \_\_\_\_\_

**Evaluation Plan: Data Collection**

<b>Level</b>	<b>Program Objective(s)</b>	<b>Evaluation Method</b>	<b>Timing</b>	<b>Responsibilities</b>
I. Reaction, Satisfaction and Planned Actions	<ul style="list-style-type: none"> <li>Obtain a positive reaction to program and materials</li> <li>Obtain input for suggestions for improving program</li> <li>Identify planned actions</li> </ul>	<ul style="list-style-type: none"> <li>Reaction questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>End of session</li> </ul>	<ul style="list-style-type: none"> <li>Facilitator</li> </ul>
II. Learning	<ul style="list-style-type: none"> <li>Knowledge of policy on sexual harassment</li> <li>Knowledge of inappropriate and illegal behavior</li> <li>Skills to investigate and discuss sexual harassment</li> </ul>	<ul style="list-style-type: none"> <li>Pre/post-test</li> <li>Skill practices</li> </ul>	<ul style="list-style-type: none"> <li>Beginning of session</li> <li>End of session</li> <li>During session</li> </ul>	<ul style="list-style-type: none"> <li>Facilitator</li> </ul>
III. Job Application	<ul style="list-style-type: none"> <li>Administer policy</li> <li>Conduct meeting with employees</li> <li>Ensure that workplace is free of sexual harassment</li> </ul>	<ul style="list-style-type: none"> <li>Self-assessment questionnaire</li> <li>Complete and submit meeting record</li> <li>Employee Survey (25% sample)</li> </ul>	<ul style="list-style-type: none"> <li>6 months after program</li> <li>1 month after program</li> <li>6 months after program</li> </ul>	<ul style="list-style-type: none"> <li>Program evaluator</li> <li>HRIS staff</li> <li>Employee communication</li> </ul>
IV. Business Results	<ul style="list-style-type: none"> <li>Reduce internal complaints</li> <li>Reduce external complaints</li> <li>Reduce employee turnover</li> </ul>	<ul style="list-style-type: none"> <li>Performance monitoring</li> <li>Self-assessment questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>Monthly for 1 year before and after program</li> <li>6 months after program</li> </ul>	<ul style="list-style-type: none"> <li>Program evaluator</li> </ul>

To measure the success of program application, three data collection methods were used. First, a meeting record was required of each supervisor and manager to document the actual meeting with employees, recording the time, duration, topics, and participants. Although, this form did not address the quality of the meeting, it provided evidence that the meeting was conducted.

The second data collection method was a survey of the non-supervisory employees, the typical target group for harassment activity. Although the entire team could have been surveyed, it was felt that it was more important to examine behavior change from the perspective of those who were more likely to be victims of harassment. The survey was planned for administration six months after the program was completed. It provided post-program data only and therefore each questionnaire had to be worded to capture change since the training was conducted. The 15-item survey examined specific behavior changes and environmental changes related to harassment activity, including actions that might be considered inappropriate or offensive. Table 1 shows some typical questions.

**Table 1. Sample of Questions.**

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Strongly Agree</b>
I have noticed less offensive language at work.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am certain that the company will take swift action against those who are found guilty of sexual harassment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The third data collection method was a self-assessment questionnaire completed by supervisors and managers. This questionnaire captured actions, behavior change, and results linked to the program. Although there were a variety of other data collection possibilities, including focus groups, interviews, and third party observation,

it was felt that, given the time and cost considerations, these three methods provided sufficient data to capture behavior change and show that the program had succeeded.

Business results measures included several items. Initially, it was planned that internal complaints, lodged formally with the HR division, would be monitored along with external charges filed with various agencies (primarily the EEOC). Because of the lag time between changes in behavior and a reduction in complaints, data would be collected for one year after the program and compared with data from one year before the program to determine specific improvements. Also, as alternative information, litigated complaints would be tracked along with the direct costs, including legal fees, settlements, and losses. In addition, because of the perceived link between a hostile work environment and turnover, annual employee turnover would be examined for the same time period.

## **ROI Analysis**

To develop the ROI calculation, several other issues needed to be addressed to plan for the Level 5 evaluation. The specific method(s) to isolate the effects of the program from other influences would have to be selected and implemented. The various ways in which data are converted to monetary values would need to be pinpointed. Each specific program cost element would have to be identified along with other issues that might influence the reduction in complaints and litigation expenses. Finally, intangible benefits expected from the program needed to be itemized and the communication targets established.

## **ROI Analysis Plan**

Exhibit 2 shows the completed document for the ROI analysis plan. Because of the relatively short timeframe required to implement the program and the desire from top management to implement it throughout the organization quickly, a control group arrangement was not feasible. However, because historical data are available for all complaint measures, a trend-line analysis was initially planned. Complaint activity would be projected based on 12 months of data prior to the program. Actual performance would be compared with the projected value, and the difference would reflect the actual impact of the program on that measure. In addition to

**Exhibit 2**

**Program:** Preventing Sexual Harassment      **Responsibility:** \_\_\_\_\_      **Date:** \_\_\_\_\_

**Evaluation Strategy: ROI Analysis**

Data Items	Methods of Isolating the Effects of the Program	Methods of Converting Data	Cost Categories	Intangible Benefits	Other Influences/Issues	Communication Targets
Formal internal complaints of sexual harassment	<ul style="list-style-type: none"> <li>• Trendline Analysis</li> <li>• Participant Estimation</li> </ul>	<ul style="list-style-type: none"> <li>• Historical costs with estimation from EEO/AA staff</li> </ul>	<ul style="list-style-type: none"> <li>• Needs assessment</li> <li>• Program development/acquisition</li> <li>• Coordination/Facilitation time</li> </ul>	<ul style="list-style-type: none"> <li>• Job satisfaction</li> <li>• Absenteeism</li> <li>• Stress reduction</li> <li>• Image of HI</li> <li>• Recruiting</li> </ul>	<ul style="list-style-type: none"> <li>• Several initiatives to reduce turnover were implemented during this time period</li> <li>• Must not duplicate benefits from both internal and external complaints</li> </ul>	<ul style="list-style-type: none"> <li>• All employees (condensed info.)</li> <li>• Senior executives (summary of report with detailed backup)</li> <li>• All supervisors and manager (brief report)</li> <li>• All HR/RD staff (full report)</li> </ul>
External complaints of sexual harassment	<ul style="list-style-type: none"> <li>• Trendline analysis</li> <li>• Participant estimation</li> </ul>	<ul style="list-style-type: none"> <li>• Historical costs with estimation from EEO/AA staff</li> </ul>	<ul style="list-style-type: none"> <li>• Program materials</li> <li>• Food/refreshments</li> <li>• Facilities</li> <li>• Participant salaries and benefits</li> <li>• Evaluation</li> </ul>			
Employee turnover	<ul style="list-style-type: none"> <li>• Forecasting using percent of turnover related to sexual harassment</li> </ul>	<ul style="list-style-type: none"> <li>• External studies within industry</li> </ul>				

trend-line analysis, participants' estimation was planned to compare with trend-line data. In this type of situation, supervisors and managers (participants) are asked to indicate the extent to which the program influenced the changes in the number of complaints.

For turnover, trend-line analysis could not be used because of the other initiatives implemented to reduce turnover. Therefore, a type of forecasting was used in which the percentage of turnover related to sexual harassment is developed for the 12-month

period prior to the program. The same percentage is developed for the post-program period.

With regard to converting the data to monetary values, the cost of complaints would be derived both from historical data, when available, and from estimates for other factors, such as the actual time used for harassment complaints. The estimates would be developed with input from the EEO/AA staff. For turnover, industry data would be used because HI had not calculated the actual cost of turnover for any employee groups. The specific cost items, intangible benefits, other influences, and communication targets were all identified and are presented in Exhibit 2.

## **Reaction and Learning Data**

A typical end-of-program questionnaire was used to capture reaction data. Overall, the participants reacted positively to the program and perceived it to be timely and useful. A composite rating of 4.11 out of a possible 5 was achieved. The vast majority of the participants (93 percent) provided a list of action items planned as a result of the program.

For a Level 2 evaluation, the pre-program test scores averaged 51 and the post-program scores averaged 84, representing a dramatic increase of 65 percent. These results were significant and exceeded the expectations of the program developers. Two important points were underscored with the Level 2 measures. First, the low scores on pre-program testing provided evidence that the program was necessary. The participants did not understand the organization's policy, nor did they recognize what constituted inappropriate and illegal behavior. Second, the dramatic improvement in scores provided assurance that the content of the program was appropriate for both key issues, as the participants learned much about policy and behavior. As part of the Level 2 evaluation, participants were involved in skill practices for issues involving administering policy.

## **On-the-Job Application**

One of the initial actions required of participants was to conduct a meeting with his/her employees to discuss sexual harassment issues, review HI's policy on sexual harassment, and discuss what constitutes inappropriate and illegal behavior. Handouts and visual aids were provided to each supervisor and manager to assist with the meeting. A meeting record form had to be completed and submitted to the HR department as evidence that the meeting was conducted. The time of the meeting, the duration, the participants by name, and the specific topics covered were noted on the form. Within one month of the program, 82 percent of the participants had completed the meeting record.

Ultimately, 96 percent completed it. Some managers did not conduct meetings because they did not have direct reports.

Six months after the program was conducted, an anonymous survey was conducted with a 25 percent sample of non-supervisory employees. A total of 1,720 surveys were distributed, and 1,100 were returned for a response rate of 64 percent. The survey yielded an average score of 4.1 on a scale of 1 to 5. The rating represents the extent to which the behavior had changed in the six months since the program was conducted. Overall, the survey results indicated that significant behavior change had occurred and the work environment was largely free of harassment.

A follow-up questionnaire was administered directly to all participants six months after the program was conducted. A total of 571 questionnaires were returned, representing a response rate of 87 percent. The questionnaire probed the extent to which program materials were used and specific behavior changes had been realized. In addition, participants estimated the amount of improvement in sexual harassment complaints that was directly attributable to this program. Although the input from participants (managers and supervisors) may be biased, significant changes were reported. With regard to actions completed, 92 percent reported that some actions were completed, while 68 percent reported that all actions were completed.

## **Business Impact**

Exhibit 3 shows the complaint and turnover data for one year prior to the program and one year after the program. In the six-

month follow-up questionnaire, participants were provided the six-month averages from before and after the program and were asked to estimate the percent of improvement actually caused by this program. The average percentages from all participants are included in the right column. The results also show the turnover rate for the non-supervisory employees for the 12 months preceding the program and for the 12 months after the program.

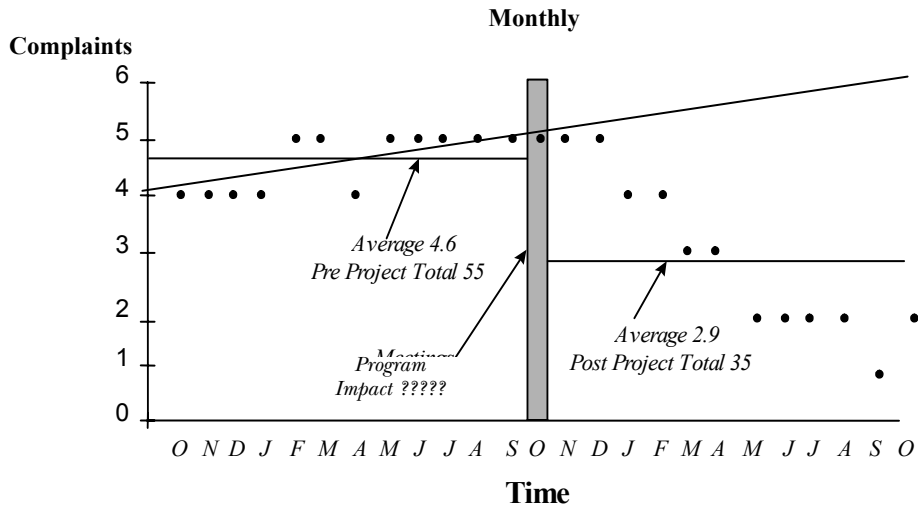
**Exhibit 3**

<b>Business Performance Measure</b>	<b>One Year Prior to Program</b>	<b>One Year after Program</b>	<b>Factor for Isolating the Effects of the Program</b>
Internal Complaints	55	35	74%
External Charges	24	14	62%
Litigated Complaints	10	6	51%
Legal Fees and Expenses	\$632,000	\$481,000	
Settlement/Losses	\$450,000	\$125,000	
Total Cost of Sexual Harassment Prevention, Investigation, and Defense*	\$1,655,000	\$852,000	
Turnover (Non-Supervisory) Annualized	\$24.2%	19.9%	

\* Includes legal fees, settlement/losses, portion of EEO/AA staff assigned to sexual harassment, management time for this activity, printed materials, and miscellaneous expenses.

Exhibit 4 shows a plot of the formal internal complaints of sexual harassment 12 months prior to the program and 12 months after the program. Prior to the program, there was an upward trend of complaints and senior managers felt this would continue if they took no action to improve the situation. Also, no other initiatives were undertaken to focus attention on sexual harassment. The magnitude of the program, involving 17 training sessions with 655 managers and meetings with all employees, focused significant attention on the issue. Therefore, it was felt that the trend-line analysis might be an effective tool for isolating the effects of the program.

## Exhibit 4. Formal Internal Complaints of Sexual Harassment



The turnover rate showed a dramatic improvement during this same timeframe. However, because of the serious problem with turnover, other initiatives were undertaken to help reduce the departure rate of employees. Recruiting processes were enhanced, entry-level salaries were increased, and more effective selection techniques were employed during the same time period. All these actions were initiated to develop a better match between the employees and the culture at HI. Therefore, the trend-line forecast for the turnover rate would be accurate because of the influence of these factors on the turnover rate.

To estimate the percent of turnover reduction directly related to this program, a special version of the forecasting process was considered. During the needs assessment, the exit interview files were reviewed for evidence of sexual harassment as a factor in the decision to leave. In these cases, 11 percent of the actual turnovers had mentioned sexual harassment. Employees are often reluctant to indicate the presence of sexual harassment, although this issue may be the reason for their departure. Therefore, it was felt that this 11 percent figure was a conservative estimate of the number of terminations related to a hostile work environment. A 12-month review of exit interviews, on a post-program basis, revealed that only 3 percent

of the interviewees mentioned sexual harassment or a hostile work environment as a reason for their departure. The percent of employees leaving because of sexual harassment dropped from 11 to 3 percent of terminations. The target group for the turnover reduction was non-supervisory employees, which represented an average of 6,844 on a post-program basis and 6,651 on a pre-program basis. For the 12-month period after the program, the employment levels at HI averaged 7,540, including 655 for the target group for training and 41 senior managers who did not participate directly in the training program. The average non-supervisory salary for the post-program period was \$27,850, and for the pre-program period, it was \$26,541. Several industry studies on the cost of turnover were briefly discussed, which showed ranges from 110 percent to 150 percent of annual salaries. The evaluation team felt that 75 percent of annual salaries would be a conservative estimate.

### **Program Costs**

Program costs are fully loaded and include the cost of the needs assessment (\$9,000), design and development (\$15,000), and evaluation (\$31,000). The needs assessment cost was an estimate based on the direct time and expenses involved in the process. The development costs were low because of the availability of materials for purchase. The evaluation costs include an estimate of all internal and external costs associated with the follow-up evaluation, including the ROI. Participants' salaries and benefits were included, although it was not HI's policy to include salaries and benefits as a training expense for a one-day program for supervisors and managers.

Exhibit 5 shows the salary profile of participating supervisors and managers. The time necessary for program coordination was estimated along with the time for facilitator preparation and delivery. When considering the average salaries plus benefits for these individuals, a value of \$9,600 was estimated. Travel and lodging for coordination and facilitation was a minor factor, estimated at \$1,520. Program materials cost \$12 per participant, and food and refreshments during the workshop cost \$30 per participant. The estimated value of the conference rooms used for the program was \$150 per day.

### **Exhibit 5. Salaries and Benefits of Participants**

<b>Management Level</b>	<b>Number Participating in Program</b>	<b>Salary Midpoint Value</b>
7	41	\$32,500
8	435	43,600
9	121	54,300
10	58	66,700

*Employee benefits costs as a percent of payroll = 39%.*

*Managers work an average of 47 weeks per year.*

### **Monetary Benefits from Program**

Exhibit 6 shows the calculation for the monetary benefits from the sexual harassment program. For the reduction of complaints, the value could be based on reducing internal complaints, external charges, or litigated complaints, but not all three. The value for each measure is shown in the exhibit. The values are developed by taking the total cost of sexual harassment prevention, investigation, and defense from Exhibit 3 and dividing it by each of these three measures. The total value of the reduction for each measure (indicated in Exhibit 3) was developed, leaving the decision of which measure to use. Because of the interest in tracking internal complaints, the evaluation team decided to use it as the unit of improvement in the analysis. Therefore, the value of one internal complaint was placed at \$24,343. If one complaint could be avoided, HI would save that amount. The lower value is used to be conservative. Another approach is to examine the total cost of sexual harassment, including prevention, investigation, and defense, and use a value equal to the reduction in cost. However, because there is a lag between measures of complaints and actual losses and legal expenses, the reduction illustrated in Exhibit 3 may not reflect the actual cost savings.

## Exhibit 6. Monetary Benefits from Program

<b>Complaint Reduction</b>		
	<b>Pre-Program</b>	<b>Post-Program</b>
Average Cost of Internal Complaint	\$30,090	\$24,343
Average Cost of External Complaint	\$68,958	\$60,857
Average Cost of Litigated Complaint	\$165,500	\$142,000
Unit of Improvement = One Internal Complaint Value of One Internal Complaint = \$24,343 Total Improvement: 55 – 35 = 20 Improvement Related to Program: 20 ? 74% = 14.8 Value of Improvement = 14.8 ? \$24,343 = \$360,276		
<b>Turnover Reduction</b>		
Unit of Improvement = One Turnover Statistic (Termination)		
Turnover Pre-Program = 6,651 x 24.2% = 1,610		
Turnover, Pre-Program, Related to Hostile Environment: 1,610 x 11% = 177		
Turnover, Post-Program: 6,844 x 19.9% = 1,362		
Turnover Post-Program Related to Hostile Environment: 1,362 x 3% = 41		
Improvement Related to Program: 177 – 41 = 136		
Cost of One Turnover: 75% of Annual Salary = \$27,850 x .75 = \$20,887		
Value of Improvement: 136 x \$20,887 = \$2,840,632		

Although the total improvement is 20 internal complaints, the improvement related directly to the program is 74 percent of that figure, or 14.8 complaints. The 74 percent is an estimate from the supervisors and managers taken directly from the questionnaire, as they were asked to indicate the extent to which the reduction in complaints was related directly to the program and the confidence of the estimate. The value of the improvement is \$360,276. Exhibit 6 shows these calculations.

The value for the turnover reduction was developed in a similar manner. The unit of improvement is one turnover statistic. The 24.2 percent turnover rate represents 1,610 employees who, before the program, left voluntarily or were forced to leave because of performance. According to the exit interviews, 11 percent of those were related to sexual harassment. Therefore, 177 terminations were related to sexual harassment. On a post-program basis, the 19.9 percent turnover represents 1,362 employees. Post-program exit interviews revealed that 3 percent were related to a hostile work environment. Therefore, 41 employees left

because of sexual harassment. The improvement related directly to the program is 136 terminations, a significant number when the cost of turnover is included. Although there was sufficient evidence to use the annual salary as a cost of turnover, to be conservative the team used 75 percent of the annual salaries, representing \$20,887 as a cost of one turnover statistic. The 136 yielded a staggering \$2,840,632 as the savings generated by the reduction in turnover that was caused by sexual harassment.

Exhibit 4, presented earlier, shows the trend-line projections for the internal complaint data. The trend, established prior to the program, was projected for the evaluation period. As the projection shows, the impact of the program is even more dramatic than illustrated in the above calculations because of the upward trend of the data. Instead of a value of 14.8 (20 x 74%), a value of 32 could be used in the analysis. Because the impact is more conservative using the participants' estimates, this figure was used in the analysis. Therefore, the actual calculations represent an understatement of actual performance.

## Program Cost

Exhibit 7 shows the detail of the program cost categories. Most of the cost items were straightforward and taken from actual cost statements or from estimates given by those closely involved in the process. Participants' salaries and benefits were developed using midpoint values for the managers in each classification. The managers' midpoint salary data were converted to a daily rate by dividing by 235 (the number of days actually worked), and this was multiplied by the number of managers at that grade level attending the program. Participants' salaries and benefits greatly overshadow the other cost elements.

### Exhibit 7. Program Costs

Needs Assessment (Estimated Cost of Time)	\$ 9,000
Program Development/Acquisition	15,000
Program Coordination/Facilitation Time	9,600
Travel and Lodging for Facilitation and Coordinators	1,520
Program Materials (655 @ \$12)	7,860
Food/Refreshments (655 @ \$30)	19,650
Facilities (17 @ \$150)	2,550
Participant Salaries and Benefits (\$130,797 x 1.39)	181,807
Evaluation	31,000
	<b>\$277,987</b>

## ROI Calculation

Exhibit 8 shows the benefit/cost ratio and ROI calculations for these values. Benefits based entirely on complaint reduction and turnover reduction are used in the benefits/costs ratio to yield 11.5:1. Therefore, for each \$1 spent on the program, \$11.50 was returned. The ROI calculation, which uses net benefits, shows a return of 1,052 percent, an impressive and staggering amount.

### Exhibit 8. ROI Calculation

$$\text{BCR} = \frac{\text{Benefits}}{\text{Costs}} = \frac{\$360,276 + \$2,840,632}{\$277,987} = \frac{\$3,200,908}{\$277,987} = 11.5:1$$

$$\text{ROI} = \frac{\text{Net Benefits}}{\text{Costs}} = \frac{\$3,200,908 - \$277,987}{\$277,987} = 1,052\%$$

## Questions for Discussion

1. Was the needs assessment appropriate for this situation? Please explain.
2. Should this program be evaluated at Levels 4 and 5? If so, what specific measures should be used for Level 4 data?
3. What specific method(s) should be used to isolate the effects of the program?
4. What are the most appropriate ways to convert the Level 4 data to monetary values?
5. Critique the Level 2 and Level 3 results. Was the employee survey necessary? Explain.
6. Which Level 4 complaint measure is most appropriate? Why?
7. Project the trend-line for internal complaints and estimate the impact of the program on the number of complaints. Use the average of the last three months for comparison.
8. Is the ROI lower or higher than you expected? Please comment.
9. Do you consider this estimate realistic?
10. How could this process be improved?
11. How would you present these data to management? To all employees?