# ROI: Results Enhancer, Value Adder

By Jack Phillips, Ph.D., and Patti Phillips, Ph.D.

The topic of ROI has been a source of fear, misconception, and bewilderment in the meetings and events industry for some time. Yet the move to show the value of meetings and events is picking up momentum. Meeting Professionals International is leading the charge through workshops and publications. The Professional Convention Management Association is pushing the issue with associations. Case studies are being developed, demonstrating the variety of meetings moving toward increased accountability. Most organizations are looking for some return for sending employees to major meetings and events.

If you're associated with such an organization, consider the following best practices.

## Approach Meetings as Learning Opportunities

Meeting participants can acquire information, change their attitudes, meet people, and, with any luck, develop ideas that can be applied on the job. As with any learning process, a chain of impact occurs. Participants first react to it and then acquire knowledge and information, apply that in their job and, as a result, positively influence business measures. While evidence indicates that value exists in investing in participation in meetings and events, the value is not always reported. A "great" conference is perceived much like a "great" learning program--virtually meaningless unless "great" is defined by results.

## Define Meeting Results

The ROI Methodology provides a balanced "scorecard" approach to program or meeting effectiveness, based on the following five levels of results data:

- *Level 1*, reaction data (to the meeting or event). This also includes planned action that results from attending an event. For meetings and conferences, this is usually captured with content-related survey questions, such as "Was this meeting useful, necessary, motivational, challenging, and important to your success?"
- *Level 2*, learning data. What did attendees learn about new products, the direction of the company, or new strategies? Did they make new, valuable contacts? This data is very important because if we don't have learning, we will have nothing that translates into value. This is why it is so important for planners to understand a company's business goals and work with various departments in the early planning stages to make sure the meeting is optimally designed for learning.

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- *Level 3*, application data, collected after the meeting. Did attendees do anything differently as a result of attending? Did they implement something? Did they change a process? Are they using some skills or new knowledge captured at the meeting? Questionnaires work quite well at this level.
- *Level 4*, impact data and its effect on business measures. This is the consequence of the application where participants are asked, “Did your productivity go up? Did your cycle times go down? Did the quality of output improve? Did your sales go up? Did customer satisfaction improve?”
- *Level 5*, ROI. This is the financial return on investment calculated by comparing meeting costs to the benefits. Here we realize the monetary benefits of the meeting. To get to ROI we have to do two things. First, we convert the data to money. For example, if we determine that the leadership training at our annual conference reduced employee turnover by 20 percent, we can covert that to a monetary value by using a standard value inside our company regarding the costs associated with replacing an employee who leaves unexpectedly. Second, we compare cost benefits to the fully loaded costs of the meeting.

For meetings and events, we typically examine the benefits and improvements that accrue over one year. One year is a conservative measurement because a meeting or conference can create positive consequences over a much longer period. The ROI can be initially expressed as a benefit-cost ratio--if you get a 2.5 CBR, this means for every dollar you invest in the meeting you get $2.50 in return. A 2.5 ratio translates into a 150 percent ROI.

Financial ROI is defined as “earning over investment.” We can connect that ratio to a meeting or event by expressing the *net monetary benefits* from the meeting. Below are the basic equations used to calculate the benefit-cost ratio (BCR) and the ROI:

BCR = Program Benefits / Program Costs

ROI (%) = (Net Program Benefits / Program Costs) × 100

**Use ROI to Add Strategic Value**

First, routine measurement and select ROI analysis make meetings, events, and conferences better and more effective. It provides process-improvement data--what worked and what didn’t so that you can make adjustments. Second, collecting data at various levels and reporting results that improve business measures are the best way to secure and even increase budgets for meetings. People who fund meetings often want to see how their benefits align with company business goals. Third, when ROI analysis directly ties the efforts of the meeting-planning department to the overall business goals of the company, the image of that department is transformed. Event planners who champion the idea of analyzing the business impact of what they do will transform their jobs and functions--and clearly demonstrate their value to their organizations. Executives appreciate and reward the parts of the company that add value and are less likely to cut those areas when budgets are tight. In addition, if a planning department regularly demonstrates value, senior management will likely be more involved, giving planners a coveted seat at the executive table.

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## About the ROI Institute

*Founded in 2003, the ROI Institute measures and evaluates training, human resources, technology, and quality programs and initiatives. Meeting Professionals International is working with the Institute to develop tools, resources, and training opportunities to measure and document the value of meetings. Visit the ROI Institute at www.roiinstitute.net.*

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