Measuring ROI in the Government: Fact, Fad, or Fantasy

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

Resources

Objectives

After completing this session, participants should be able to:

- Identify the drivers for ROI in the government.
- Make the case for ROI.
- Explain how ROI works.
- Describe the ROI Methodology.
- Plan next steps.

Pressures Facing the Public Sector 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

CASS R. SUNSTEIN

+ THE COST-
BENEFIT
REVOLUTION

"The world will be a better place if the next president of the United States thinks hard about this important book."
Lawrence H. Summers

Issues—Real or Imagined?

- No profits—no ROI?
- Lack of alignment
- Absence of hard data

- Too much politics
- Programs are necessary
- Multiple ROI perspectives

ROI Use

More than 26 federal governments have adopted the ROI Methodology including:

- Australia
- Bahrain
- Brazil
- Brunei
- Canada
- Chile
- Denmark

- Egypt
- Ireland
- Italy
- Kenya
- Malaysia
- Mexico
- Netherlands

- New Zealand
- Oman
- Poland
- Portugal
- Saudi Arabia
- Singapore
- South Africa

- Spain
- Taiwan
- Turkey
- United Kingdom
- United States (12 agencies)

In the United Nations, the ROI Methodology has been adopted by:

- DPKO
- FAO
- IAEA
- ICAO
- IFAD

- IMF
- OCHA
- WFP
- WHO
- OPCW

- UNDP
- UNEP
- UNESCO
- UNFPA
- UNICEF

- UNICRI
- World Bank
- UN Women
- UN AIDS
- UN Security

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/Promotion
- Compliance/Risk Management

ROI is Appropriate for Many Fields

- 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

The Chain of Value is Always There

Level	Typical Measures	Issue
0 Input	Volume, Cost, and Time	How many people are involved, their time and cost?
1 Reaction	Relevance, Importance, and Necessity	How did they react to the program?
2 Learning	Skills and Knowledge Acquisition	Did participants learn how to make the program successful?
3 Application	Extent of Use of the Program Content, Frequency of Use, and Success with Use	Did participants implement the program? Was it successful?
4 Impact	Productivity, Patient Outcomes, Quality, Cost, Time, Crime Rates, Satisfaction, Image, Jobs Secured, and Stress	What was the impact, the consequence of the application?
5 ROI	Benefit Cost Ratio and ROI, Expressed as a Percent	What was the payoff for investing in this program?

The Original Value Chain

If your actions inspire others to:

1. DREAM MORE,

2. LEARN MORE,

3. DO MORE,

4. AND BECOME MORE,

    you are a leader.
    -- John Quincy Adams
    (1767– 1848)

Reaction

Learning

Application

Impact
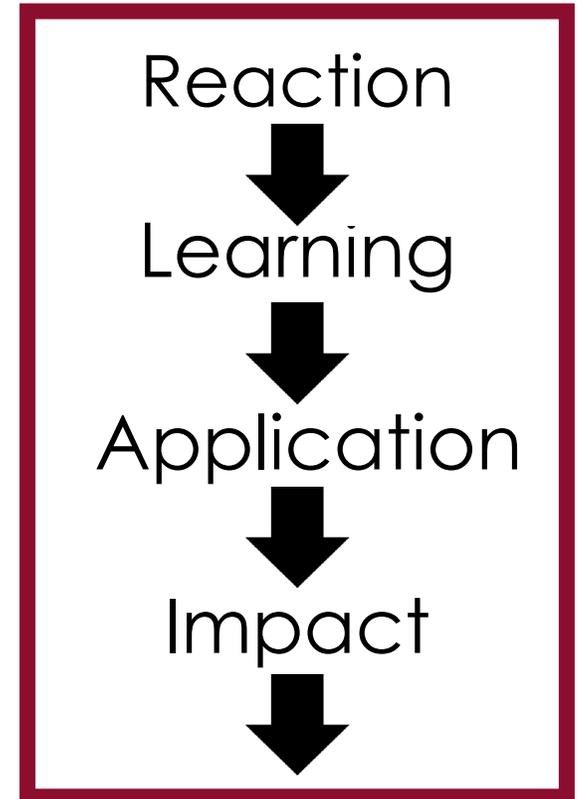
Why ROI is Important – Now

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.

Challenges with ROI

Fear of
results

Time to
do it

Complexity

Lack of
preparation

No one is
asking for it

The ROI Methodology®

Generates Six Types of Measures:
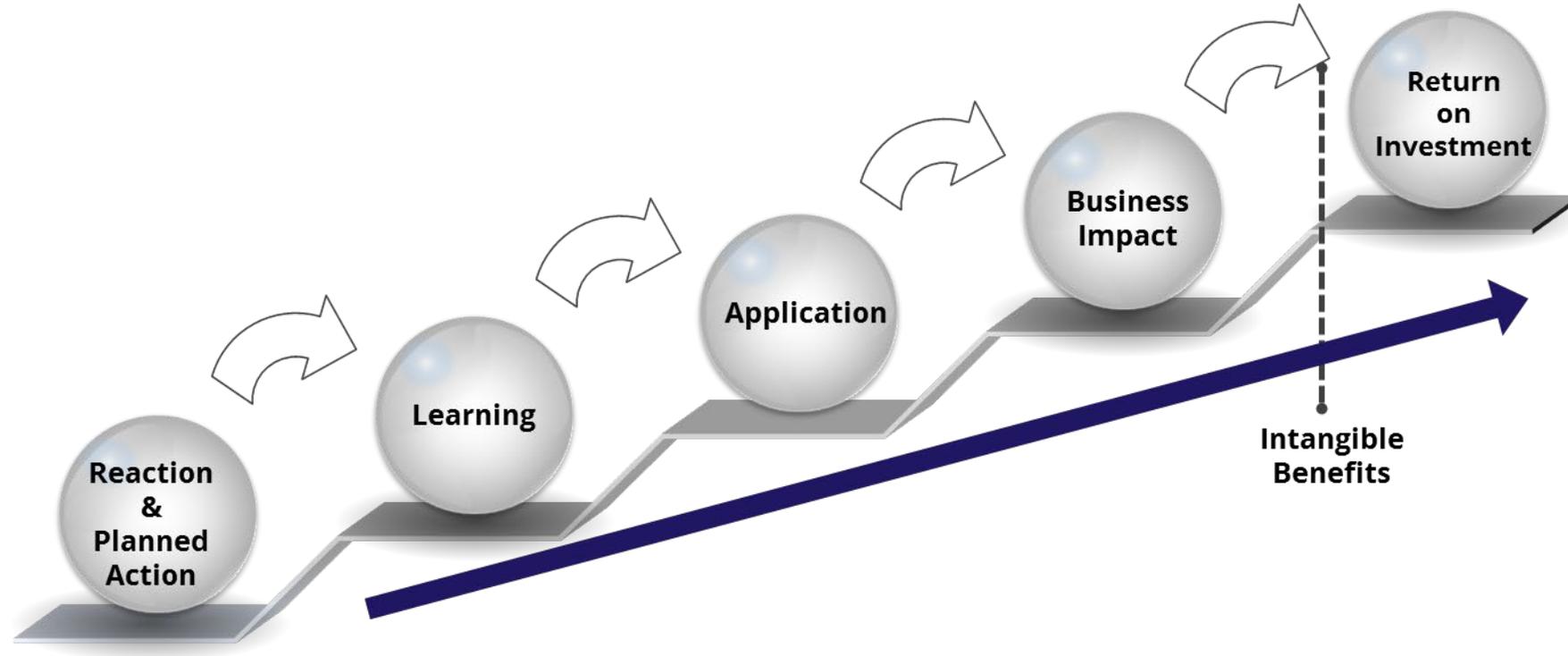
....and includes a technique to isolate the effects of the program or solution.

Grounded in Research and Application
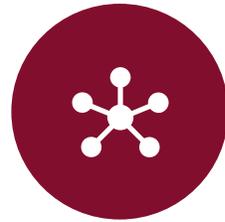
- More than 5,000 impact studies conducted each year.

- An estimated 30,000 individuals have participated in a one-day or two-day ROI workshop.

- More than 6,000 individuals are certified to implement the ROI Methodology.

- The ROI Methodology has been adopted by hundreds of organizations in more than 70 countries.

- The process has been refined over a 30-year period.

- More than 75 books have been developed to support the process.

- ROI Network has more than 6,000 members.

- ROI Network conferences are conducted annually.

- Ongoing research on the ROI Methodology is conducted by ROI Institute to support practitioners.

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.

A Variety of Applications

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.

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.
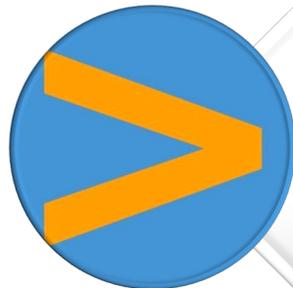
Accenture calculated the ROI for a social media system designed to manage the knowledge of their 200,000 consultants.

A Variety of Applications

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.

Evaluation System

An Evaluation Framework

Applications and Practice

Implementation

A Process Model

Operating Standards and Philosophy

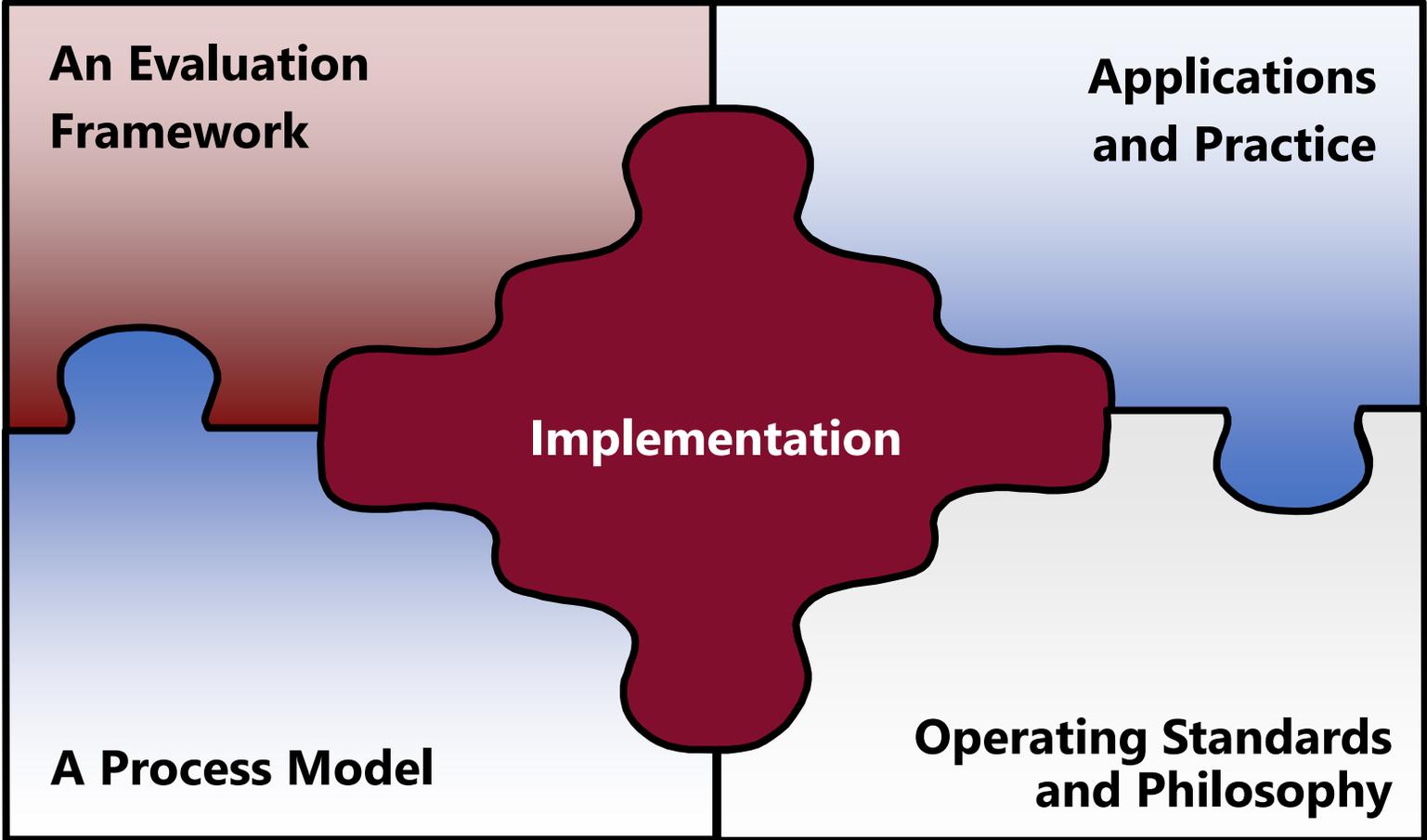# Status of Measurement

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% †

* Percent of Projects Evaluated at this Level
† Best Practice Benchmarking
» Add your numbers in each box

Status of Measurement

Level	Measurement Category	Current Status*	Recommended*	Comments About Status
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% †

* Percent of Projects Evaluated at this Level
† Best Practice Benchmarking
» Add your numbers in each box

Status of Measurement

Level	Measurement Category	Current Status*	Recommended*	Comments About Status
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
» Add your numbers in each box

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 & Confidence	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. Business Impact	Measures changes in business impact variables	Productivity, Waste, Quality, Time, Efficiency, Citizen Satisfaction, Employee Engagement
5. Return on Investment	Compares project benefits to the costs	Benefit-Cost Ratio (BCR), ROI%, Payback Period

Intangibles Measures

… includes a technique to isolate the effects of the project.

The ROI Methodology Process Model

Designing for the Delivery of Business Results
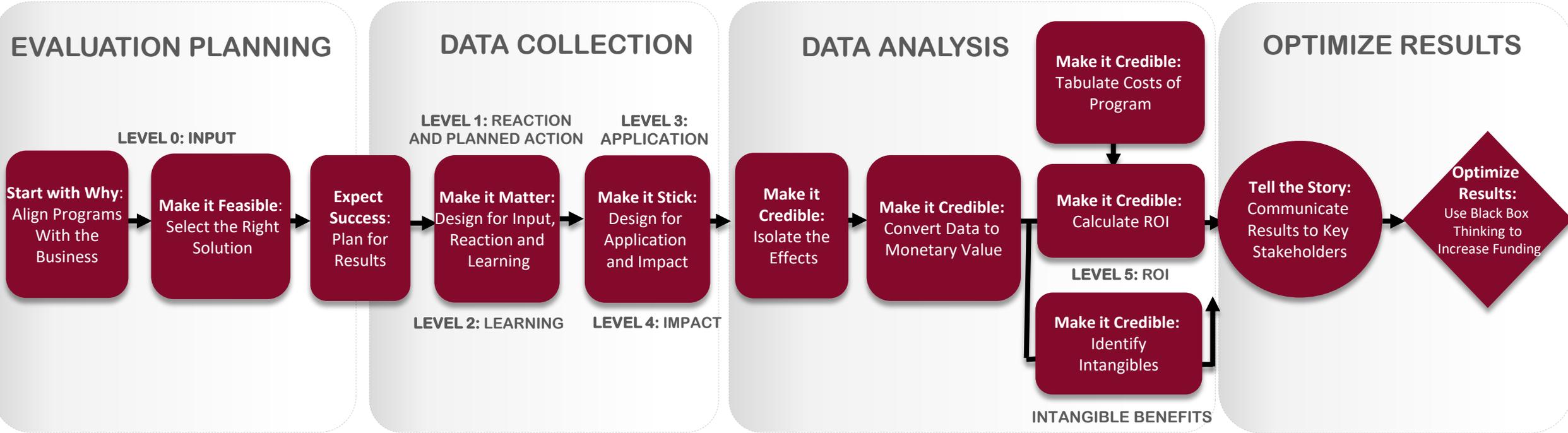
Project Alignment—V Model
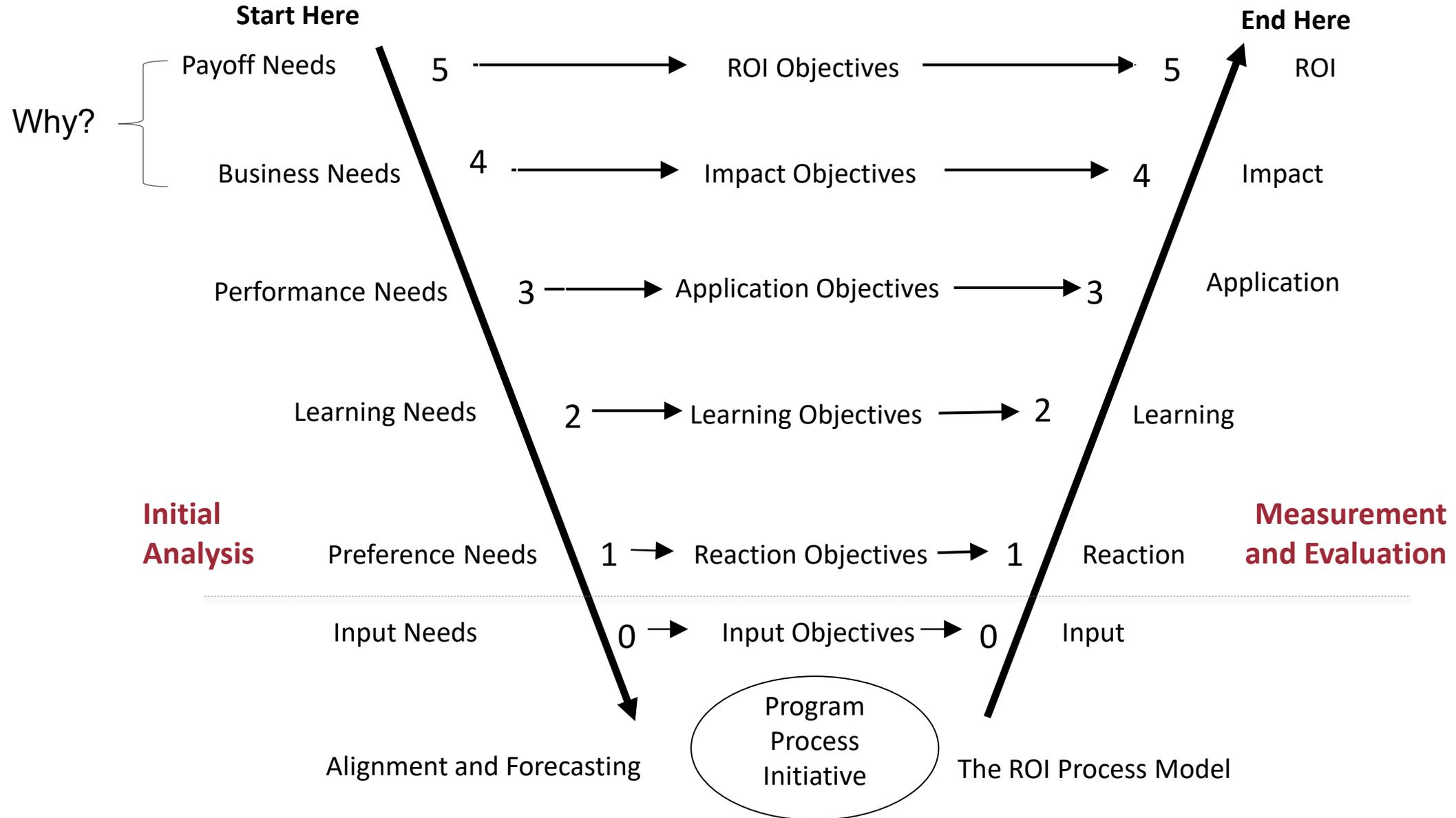
Data Collection During and After Program

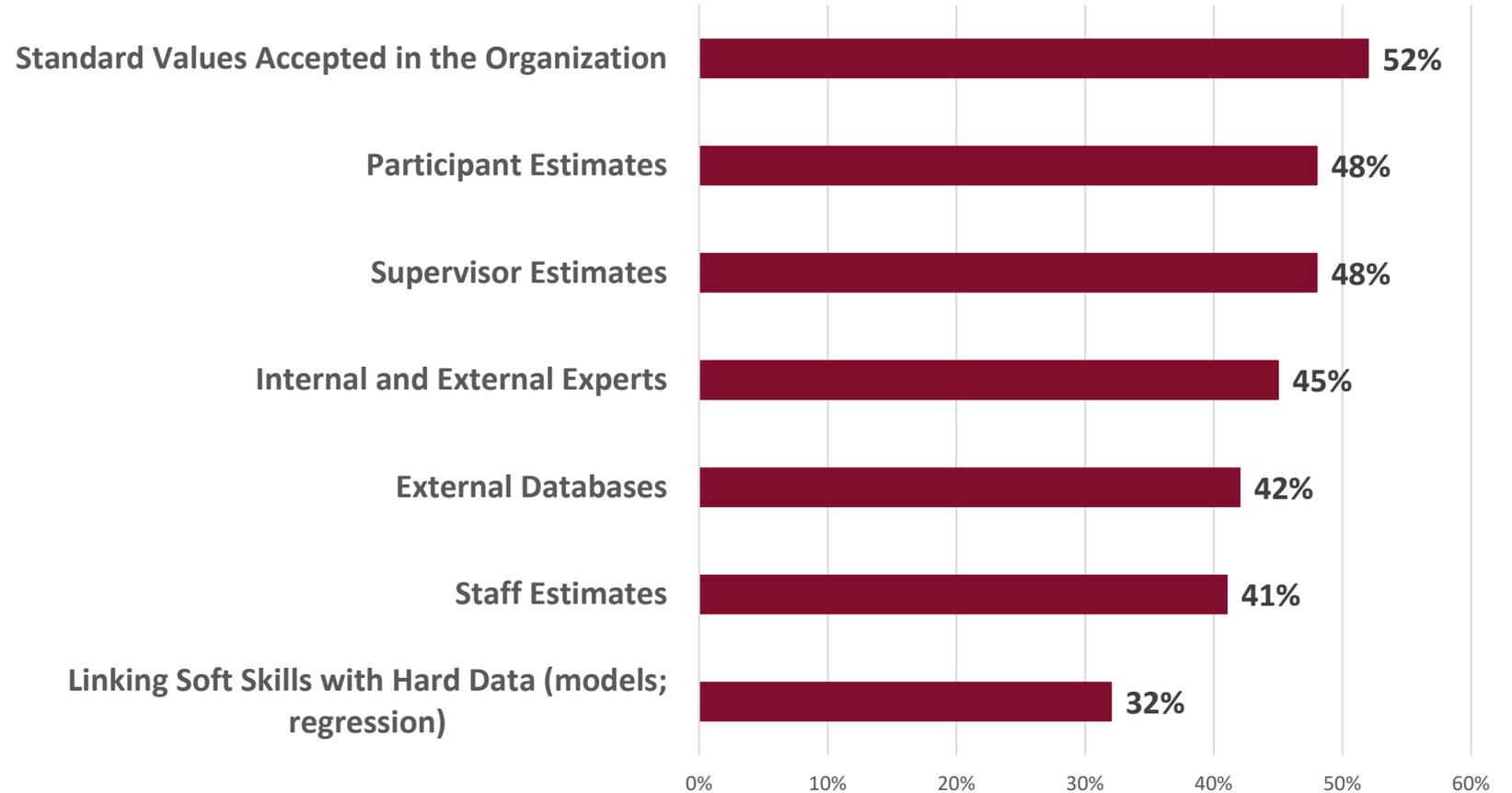| Method	Level	1	2	3	4
• Surveys		✓	✓	✓	
• Questionnaires		✓	✓	✓	✓
• Observation			✓	✓	
• Interviews		✓	✓	✓	
• Focus Groups		✓	✓	✓	
• Tests/Quizzes			✓		
• Demonstrations			✓		
• Simulations			✓		
• Action planning/improvement plans				✓	✓
• Performance contracting				✓	✓
• Performance monitoring					✓

Challenge #1

When isolating the effects of programs on improvement in key measures, what percentage of the time do you use the following techniques?
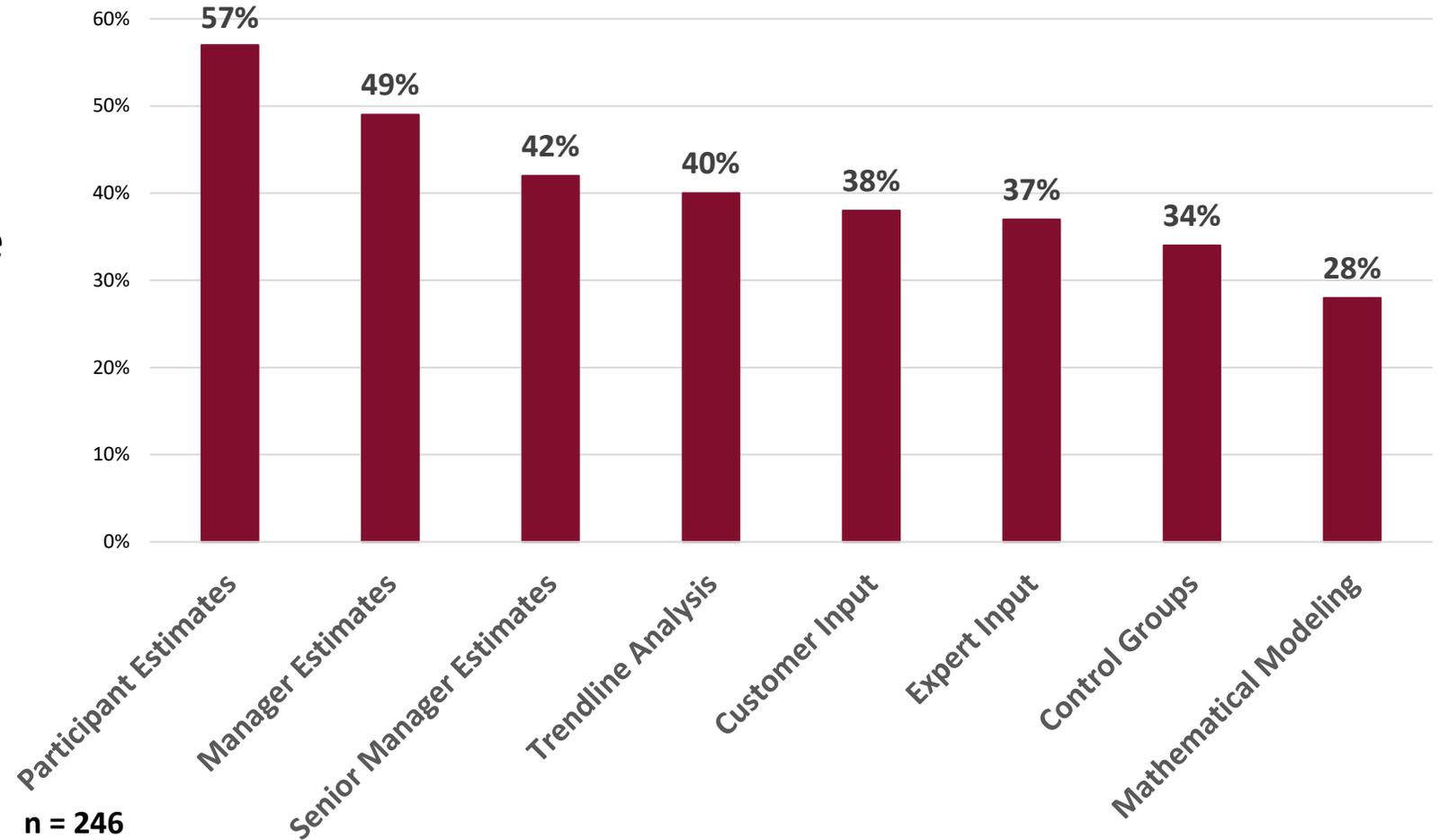
n = 246

Challenge #2

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

Technique	Percentage
Standard Values Accepted in the Organization	52%
Participant Estimates	48%
Supervisor Estimates	48%
Internal and External Experts	45%
External Databases	42%
Staff Estimates	41%
Linking Soft Skills with Hard Data (models; regression)	32%

n = 246

Challenge #3

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

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.

Click the link below to receive resources from today's session.

https://roiinstitute.net/george-mason-mroi-in-government/
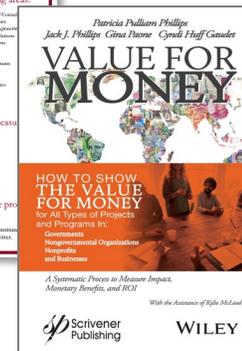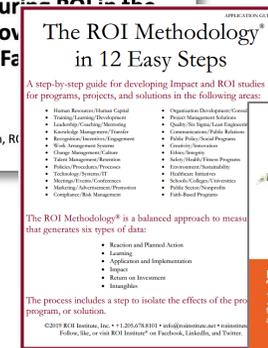
ROI CERTIFICATION®
2021 SCHEDULED EVENTS

May 3-7 — Blairsville, GA

May 21-June 4 — Live Virtual (Delivered in Arabic)

June 7-18 — Live Virtual (Focused on Healthcare)

June 14-25 — Live Virtual

August 2-6 — Columbus, Ohio

August 3-September 16 — Live Virtual (Delivered in Spanish)

August 30-September 3 — Salt Lake City, Utah

September 13-24 — Live Virtual

September 27-October 1— New Orleans, LA

October 4-8 — Atlanta, GA

October 18-22 — Boston, MA

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

This program has been approved for 36 (HR General) Recertification Credit Hours toward PHR, SPHR and GPHR recertification through the HR Certification Institute (HRCI).

This program has been pre-approved by Training Industry for 24 continuing education recertification hours toward the Certified Professional in Training Management credential.

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