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The Joan Kravitz Story: Presenting ROI Study Results to Senior Management

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Joan Kravitz was nervous as she faced an audience of executives. She had been there before for other briefings but never with this issue. Scanning the room, Joan sees the senior executives interested in her project and, more importantly, the project's success. She was confident in knowing the material and having a clear agenda. She had practiced this briefing with her team, who gave her very candid feedback.

Joan's project is an ROI study on a very prestigious business school's executive leadership development program. It's costly and has been conducted for leaders in the company for five years. Although the program is supported by executives, pushing it to record funding levels, the top executives have offered an interesting challenge and request. They want to see the impact of this program on the organization and, if possible, the financial ROI. Fortunately, Joan had this request in enough time to implement changes into the program to keep it focused on results and have the participants committed to showing the value of their individual and team projects. She had some very interesting and intriguing data. Yes, there are some bumps along the way, but there is still a good story to tell, and she was very proud of it.

As Joan scanned the audience, she knew the perspectives of the different audience members. The Chief Executive Officer (CEO) was not there today, but all the other senior team members are present. She's disappointed because the CEO is the champion of this project. An urgent schedule change prohibited him from being there. She will have a private session with him to cover the agenda. The Chief Financial Officer (CFO) seems to support the program, but he is concerned about budgets, costs, and the value of every project, including this project. The operations executive VP sees the program as helpful but still is concerned about business value. The VP of Design and Engineering does not support the program and rarely nominates participants for the program. The VP of marketing is a solid supporter of the program. The very friendly face in the group is the Executive Vice President of HR, a powerful supporter of this program and actively involved in various parts of it. The remaining members of the group are primarily neutral about the program.

Joan knew there were two issues she needed to address. Not only must she show the results and secure approval for any changes in the program, but she must show the methodology she is using. Yes, they all think they know ROI, but not the way she is presenting it. Although this process uses the same formula that the CFO will use for a capital investment, it is how the data are collected that makes it so interesting and credible. Conservative processes are used, which should agree with this group, but she must explain it to them quickly in a total of thirty minutes. She also has a little fear that if they like this process, they may want to see this type of analysis for all projects. So, she must show them that this process should be used very selectively. All these things are racing through her mind as she opens the presentation.

The Presentation

"Good morning, colleagues," Joan began. "Thank you for coming and giving up your time for thirty minutes to see the value of a program that you have supported for several years. We all know the program, the Advanced Leadership Program, which has enjoyed a five-year history with this company and with over 200 individuals participating. We have some results to show you from the group that participated last year. While these results are very intriguing and impressive, they do point to some important changes we need to make, and I want to secure your approval for these changes."

Joan began to relax and get comfortable with her presentation, and she sees an engaged audience. There are no grumpy expressions or frowns at this point. Joan quickly describes the program and reveals the methods that are used to show the value.

"Our method of choice to evaluate this program is the ROI Methodology adopted by 5,000 organizations. It is the most used evaluation system in the world, and it is ideal for measuring this type of program because it captures:

- Reaction to the program
- Learning about the program content
- Application of the content
- Business impact
- ROI, and
- Intangibles

It operates with a system of logical processes that you see in front of you. It uses some very conservative standards that I know you will find to be very credible and convincing. Here are two standards as applied to this study. First, all the program's costs were used in the calculation, including the executive's time away from work. Second, on the benefit side, for individual projects, we claimed only one year of monetary value. We all know that if an executive changes behavior and implements changes for the team, there will be multiple years of benefits. For the team projects that are being implemented throughout the organization, a three-year payoff was used, which is very conservative. These time frames were endorsed by finance and accounting. These two standards, which are number nine and ten on the list in front of you, are only two of the twelve standards we followed in conducting this study."

Joan notices quickly that the executives begin to glance at the standards while trying at the same time to pay attention to her. This is what Joan wanted. She captured their interest with those two assumptions, and they began to look at some of the others. She felt she could only allocate about two minutes for this issue because she had much more to present.

Reaction and Learning

"As I present the results, please feel free to ask questions at any time. We will keep this very interactive, and I promise you we will keep it within thirty minutes. The first two levels of results—reaction and learning—are presented first. While these may not be of much interest to you, we know that the project could go astray if the participants don't see value in it. Also, if they didn't really learn anything about themselves, their team, or their own competencies, then there won't be any subsequent actions, behavior change, and impact. Fortunately, we have a very positive reaction and learning results."

Joan takes two minutes to address Level 1 (reaction) and Level 2 (learning) and quickly moves into Level 3 (application).

Application

"Application describes the extent to which these executives are changing the way they work, changing their behavior from a leadership perspective. I'm sure that you are more interested in this." Joan spends three minutes describing the table with application data. "At this point, it is appropriate to examine the barriers and enablers, the important issues that inhibit or enhance application. Here are the barriers for these executives to use this program. As you can see, they are not very strong, but it is good to know what they are. If this program had significant barriers, we would want to work on them quickly."

At this point, Joan has taken a total of ten minutes. Now she knows the rest of the time will be focused on impact and ROI. Up to this point, there have been no questions, much to Joan's surprise. She thought that this group would always be engaged, but she knew the next section would get them involved.

Business Impact

"In terms of business impact, we examined three sets of data," Joan explained. "The first was individual projects that the participants took on, centered on an important business measure in their particular business unit. Using action plans, they made improvements with these measures. Your report will have a copy of the action plan and sample copies of completed ones. This chart shows a sampling of individual projects, highlighting the specific measures selected and the amount of money the improvements represent as participants converted the improvements to money. These improvements, which were monitored six months after their action plans were initiated, were impressive. The chart also shows the basis for this conversion, and they also address another important issue, isolating the effects of this program." This is where Joan began to have some anxieties because she was concerned about the executive reaction to this issue.

"As you know, when any improvement is made, there are multiple factors that can drive it. These executives selected measures that are often influenced by various factors, and sometimes we implement programs aimed at those improvements. So, we must sort out the impact of this program from other influences. Our best method for accomplishing this is experimental vs. control group, where one group of executives is involved in this program, and another is not. As you can imagine, this won't work here because they all have different measures from different business units. And there are some other analytical techniques that, unfortunately, won't work. So, we must rely on the executives to provide this information. But the good news is that they are very credible. These are the individuals who have achieved the results, and we don't think there is any reason why they would give more results to this program than some other influence."

"This information was collected in a very non-threatening, unbiased way, having them list the other factors that have improved the results and then provide the percent of improvement that should be attributed to this program. Because this is an estimate - and we don't like estimates - we asked them

another question that serves as an error adjustment. We asked them, "What is your confidence in your allocation that you have just provided on a scale of 0-100%?" This is an adjustment. For example, if someone was 80% confident on an allocation to the program, that reflects a 20% error. So, we would take out the 20%. This is achieved by multiplying by the 80%. Let me take you through an example."
Joan described one participant and followed the data through the chart to show the value. In the example, an executive had reported an improvement with three other factors causing it. He (or she) allocated 25% to the leadership program and was 70% confident with that. In that case, 17.5% (25% x 70%) was allocated to the program.

As expected, this table attracted a lot of interest and many questions. Joan spent some time responding to those in a very confident manner.

The CFO opened up, "if I want to see this particular measure, pointing to a particular individual, I could go to that business unit and find the measure and track what has changed." Joan responded, "Yes, you can see the actual unit value of that measure, and we can provide you the business unit if you would like to. We did not use specific names on the chart because we did not want this to appear to be a performance evaluation for the executive. This should be process improvement; if this program doesn't work, we need to fix it and not go after the participant, necessarily. So, we can provide you the business units if you want to do that kind of audit." The CFO added, "There is no need to do that. I was just curious."

Joan continued, "Please remember that the groups took on a team project, and this particular group of people had four projects. Three of those projects have been implemented, and the other has not been implemented, at least at this point. So, we don't count any value for the fourth project. For the three projects implemented, we used a three-year payoff for the project. These projects represented needed changes in the organization. Let me quickly describe the three projects."

Joan methodically described these projects, showing the monetary value for the projects, the assumptions that were made, and the isolation issue. This took about 5 minutes but attracted interest as the executives asked a few questions about them.

Joan presented a summary of the money from individual projects and team projects to show the money saved or generated because of this leadership program. She reminded the audience the amount claimed is connected to the leadership program, isolated from other influences.

Next, Joan presented the cost. She had previously reviewed the cost categories with finance and accounting, and they agreed with Joan. Joan invited her finance and accounting representative to the meeting, and she was there. After showing the detailed cost table, she noted that all cost is included with a quick cost summary discussion. Joan turned to Brenda, her finance and accounting representative, and asked for her assessment of the categories of cost that were included. She confirmed that all costs seemed to be covered, and some items were included that may not be necessary. For example, the time away from work probably should not be included because these executives get their jobs done anyway. Joan added, "We wanted to be consistent and credible, so we have included all of the cost." Joan quickly looked at the CFO and could see he was intrigued and pleased with this brief part of the presentation.

ROI

Finally, Joan shows the ROI calculation, she presented it two ways. The first ROI was based on individual projects alone and this generated an ROI of 48%. Joan added, “We have a standard that if someone doesn’t provide your data, then you assume it had no value. Of the thirty people in this session, six did not provide us data, perhaps for good reason. Because it was not there, we included zero for them. This is guiding principle number six,” Joan added. “When the team projects are included, the number is staggering, with 831% ROI. Please remember, the data on these projects have been approved by the executives involved in the program. Only a portion of the project that is connected directly to this program is used in the calculation, recognizing that other factors could have influenced these data sets. So, this is a huge value add from the program.”

Intangibles

Joan moved on to the intangibles. She had asked the participants to the extent in which this program is influencing certain measures that are largely intangibles; a chart in the report listed the key intangibles. This attracted some interest from the executives as Joan described how the table was constructed. The CFO asked about connecting these measures to monetary values. “They have not been converted to money in our organization,” Joan replied, “but some organizations have, and we recommend that we pursue more of those types of conversions. The trend these days,” added Joan, “is to convert more of the classic intangibles to money. This would be a good time to focus on this task.” The CFO agreed.

Conclusion and Recommendations

Joan quickly concluded with a summary and some recommendations that she wanted to make, based on the comments from participants. The team project seems to be a bit cumbersome. It generated a lot of frustration with the participants. Maybe, the individual project should be enough, they suggested. Also, since this program has been operating for some time, many of the challenging and necessary projects have already been addressed. Although new ones are generated, this could be an optional part of the process. So, Joan’s recommended change was to make the team project optional.

After some discussion among the group, the executives concluded that the projects should be a part of the process with administrative support to help these executives with the projects’ work. Joan added that some support had been provided, and it was accounted for in the cost for the project but having more support available would undoubtedly be helpful.

So, the change that Joan recommended to be approved wasn’t approved. However, the decision did underscore the support for this program and the results that she had presented. But she cautioned that this level of evaluation takes resources for our team to conduct the study, plus the cost of having it reviewed by an external expert. Executives discussed the topic and identified two other projects that they wanted to see at this level. Joan concluded the conversation by asking if there are any other significant programs that we should evaluate at this level.

The Chief Financial Officer indicated this was a good presentation and that he certainly appreciated the effort. Joan was pleased when the executives left the room. The HR executive was elated. “This was exactly what we need to be doing, Joan,” she said, “You have done an amazing job.”

Reflection

After the presentation, Joan was relieved and felt good about her presentation and the support she received from executives. The presentation was challenging. However, she successfully explained the results of a significant “soft” program credibly by methodically following these guidelines:
Purpose of the Meeting

- Create awareness and understanding of ROI.
- Build support for the ROI methodology.
- Communicate the results of the study.
- Drive improvement from results.
- Cultivate effective use of the ROI Methodology.

Follow These Ground Rules

- Do not distribute the impact study until the end of the meeting.
- Be precise and to the point.
- Avoid jargon and unfamiliar terms.
- Spend less time on the lower levels of evaluation data.
- Present the data with a strategy in mind.

Follow This Presentation Sequence

1. Describe the program and explain why it is being evaluated.
2. Present the methodology process.
3. Present the reaction and learning data.
4. Present the application data.
5. List the barriers and enablers to success.
6. Address the business impact.
7. Show the costs.
8. Present the ROI.
9. Show the intangibles.
10. Review the credibility of the data.
11. Summarize the conclusions.
12. Present the recommendations.

About ROI Institute, Inc.®

ROI Institute, Inc., founded in 1992 as a service-driven organization, assists professionals in improving programs and processes using the ROI Methodology® developed by Dr. Jack J. Phillips and Dr. Patti P. Phillips. This Methodology is the global leader in measurement and evaluation including the use of return on investment (ROI) in non-traditional applications. ROI Institute regularly offers workshops, provides consulting services, publishes books and case studies, and conducts research on the use of measurement and ROI. This makes ROI Institute the leading source of content, tools, and services in measurement, evaluation, and analytics. Working with more than one hundred ROI consultants, ROI Institute applies the ROI Methodology in 20 fields in over 70 countries. ROI Institute authors have written or edited over 100 books, translated into 38 languages. Organizations build internal capability with the help of ROI Institute and its ROI Certification process. By successfully completing this process, individuals are awarded the Certified ROI Professional® (CRP) designation, which is respected by executives in organizations worldwide.