

The logo for atd CORE, featuring the lowercase letters 'atd' in a sans-serif font followed by 'CORE' in a larger, bold, uppercase sans-serif font. To the right of 'CORE' is a stylized icon consisting of four small squares arranged in a 2x2 grid, with the top-right square missing, resembling a partial square or a specific architectural element.

atd CORE

NASHVILLE, TN

NOV 15-16, 2021

SESSION: M302
Demonstrating the Impact
and ROI of Learning and
Talent Development

SPEAKER: Patti P. Phillips, Ph.D., CPTD



Demonstrating the Impact and ROI of Learning and Talent Development

Patti P. Phillip, Ph.D.
CEO, ROI Institute, Inc.

Objectives

After attending this session, participants should be able to:

1. Describe the framework used to demonstrate the value that matters, including ROI.
2. Use the alignment model to position programs for success.
3. Identify methods and techniques that make ROI work.



Resources

The ROI Methodology[®] in 12 Easy Steps

APPLICATION GUIDE

A step-by-step guide for developing Impact and ROI studies for programs, projects, and solutions in the

- 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
- Organization
- Project Management
- Quality/Six Sigma
- Communications
- Public Policy
- Creativity/Innovation
- Ethics/Integrity
- Safety/Health
- Environment
- Healthcare
- Schools/Colleges
- Public Sector
- Faith-Based Programs

The ROI Methodology[®] is a balanced approach that generates six types of data:

- Reaction and Planned Action
- Learning
- Application and Implementation
- Impact
- Return on Investment
- Intangibles

The process includes a step to isolate the effective program, or solution.

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ROI Institute Toolkit

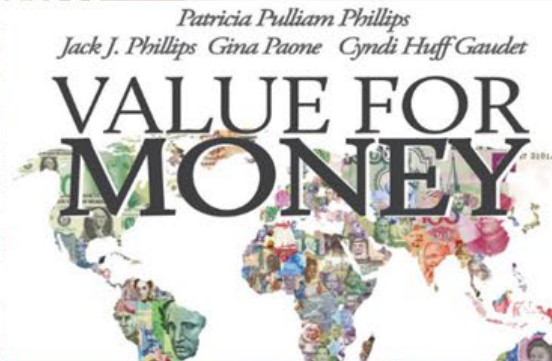
The Alignment Conversation

Tools to help you align HR investments to business objectives

The following tools provide a framework for conversation between client and the HR business partner.

The documents below provide questions you can use with clients to help ensure alignment of HR investments with business objectives. It is a tool to support implementation of the ROI model (below). In this document, you will find:

1. A simple worksheet that you can use to take notes while having a conversation with clients. Once alignment is clear, set your objectives, position the program/project by designing, developing, and implementing it based on the objectives, and evaluate accordingly.
2. Sample worksheet completed after a conversation with a plant manager concerned that his team could not manage a meeting.
3. An "if-then" table, describing what you ask gives what you know.
4. Sample business case for a solution after the alignment analysis. The sample demonstrates the flow of the logic, rather than the details of the case.
5. The "Great kind" conversation. A conversation you can have when the client brings the solution to you.



A Systematic Process to Measure Impact, Monetary Benefits, and ROI

With the Assistance of



WILEY

ROI INSTITUTE[®]



Demonstrating the Impact and ROI of Learning and Talent Development

Patti P. Phillip, Ph.D.
CEO, ROI Institute, Inc.

ROI Institute[®] Academy

The ROI Institute Academy is your portal to a wealth of exclusive resources. Membership is split into 6 levels. Each level grants increasing access to training materials, handouts, worksheets, online books, case studies, training programs, and much more. Start with your free Level 0 membership.

[Level 0 Membership Registration](#)



For more resources at no cost including materials, tools, and case studies join the ROI Institute Academy (Free Tools)

<https://www.roiinstituteacademy.com>

Scotland Yard

The Program

- Leadership Development
- Classic blend of soft skill tools
- 50,000 hours of one-to-one coaching
- Five days of workshops per person
- 360-degree feedback processes
- 4D personality profile (blue, red, green, yellow personality)

The Feedback

“Everyone who attended was angry as they felt it was a waste of money and it took us out of the borough at a time when we have so much work to do.”

--- Participant

“We are on our knees. Crime is going up, and that is serious crime going up as well, the public are concerned, and we haven’t got the resources that we need.”

--Metropolitan Police Federation Chairman

The Defense

“As London’s single biggest employer, we absolutely must support our leaders by giving them the skills they need to do their jobs. Well-led and well-trained people deliver better, and ultimately that means Londoners get a great service.”

--Spokesperson for the Met

¹H. Dixon. “Scotland Yard ‘wasting’ £10M on leadership training.” *The Sunday Telegraph*. June 3, 2018. 1-2.

²J. Ungeod-Thomas, K. Shveda, S. Joiner, and D. Collins. “Under 5% of all burglaries and robberies solved.” *Sunday Times*. June 17, 2018. 1.

Metropolitan Police Service



◆ PREMIUM

Met police accused of 'wasting' £10m on leadership training programme as crime soars

Discussion Question

- What is going on here?
- Is this unusual?
- Who owns the problem?

**Value is measured in
different ways.**

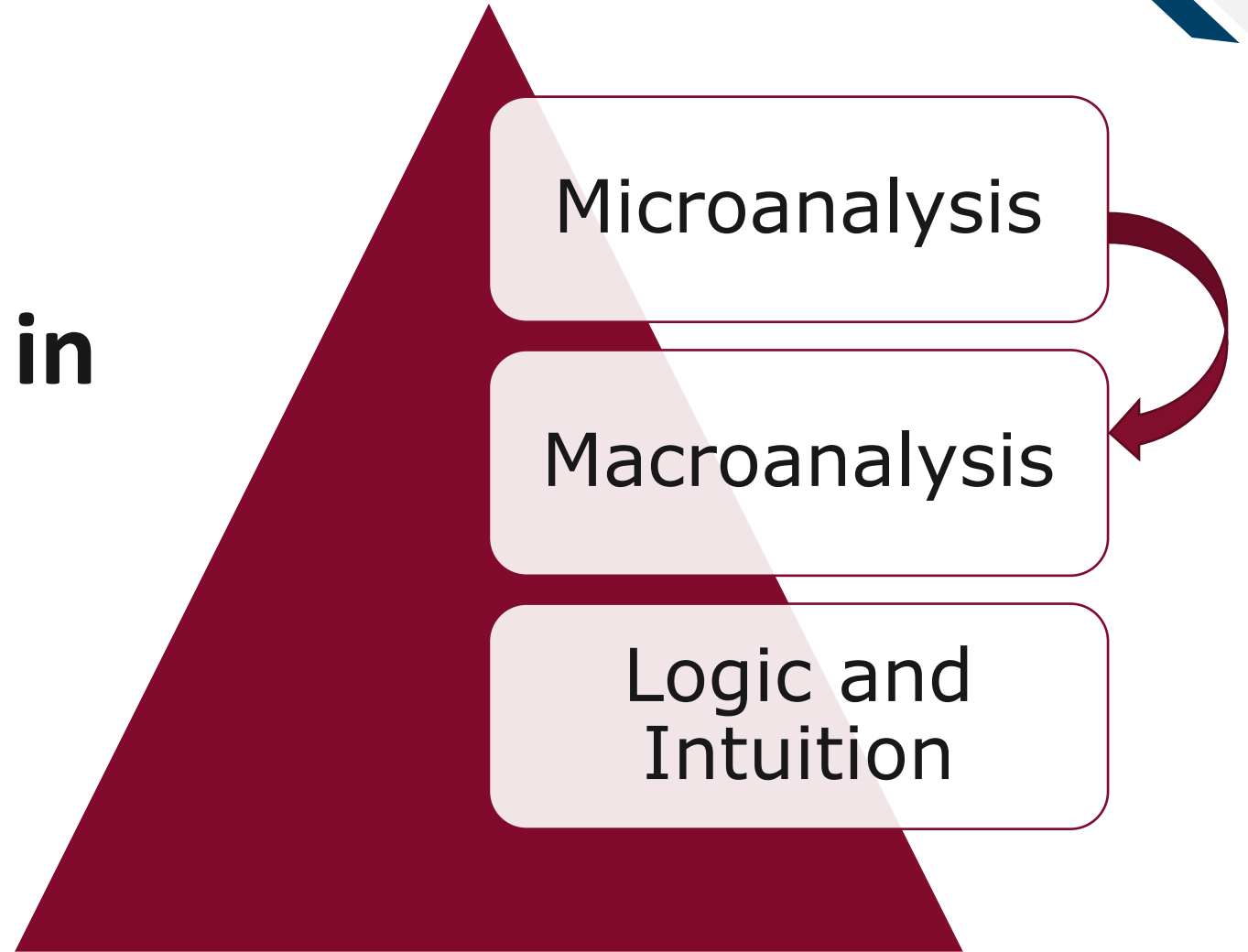


Microanalysis

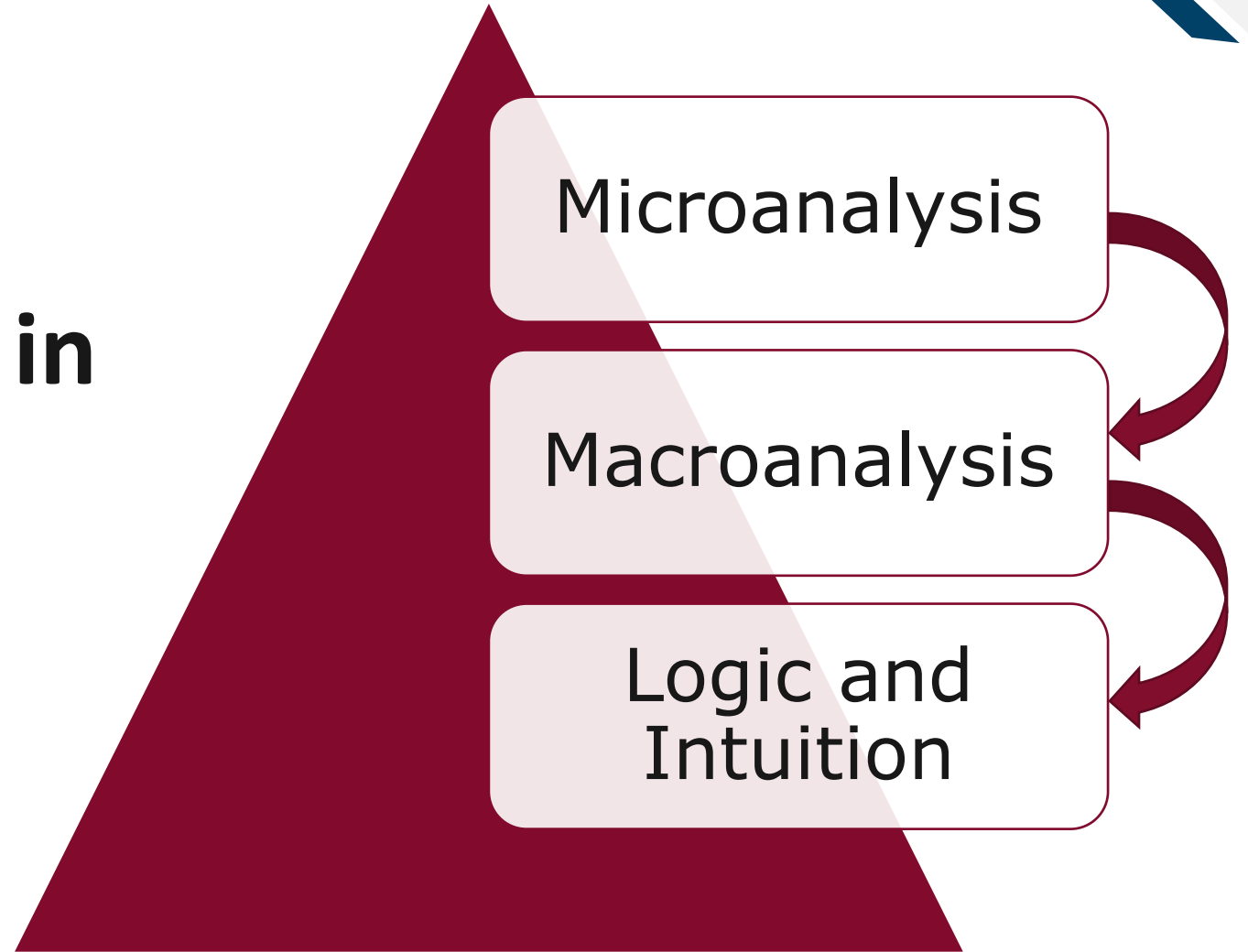
Macroanalysis

Logic and
Intuition

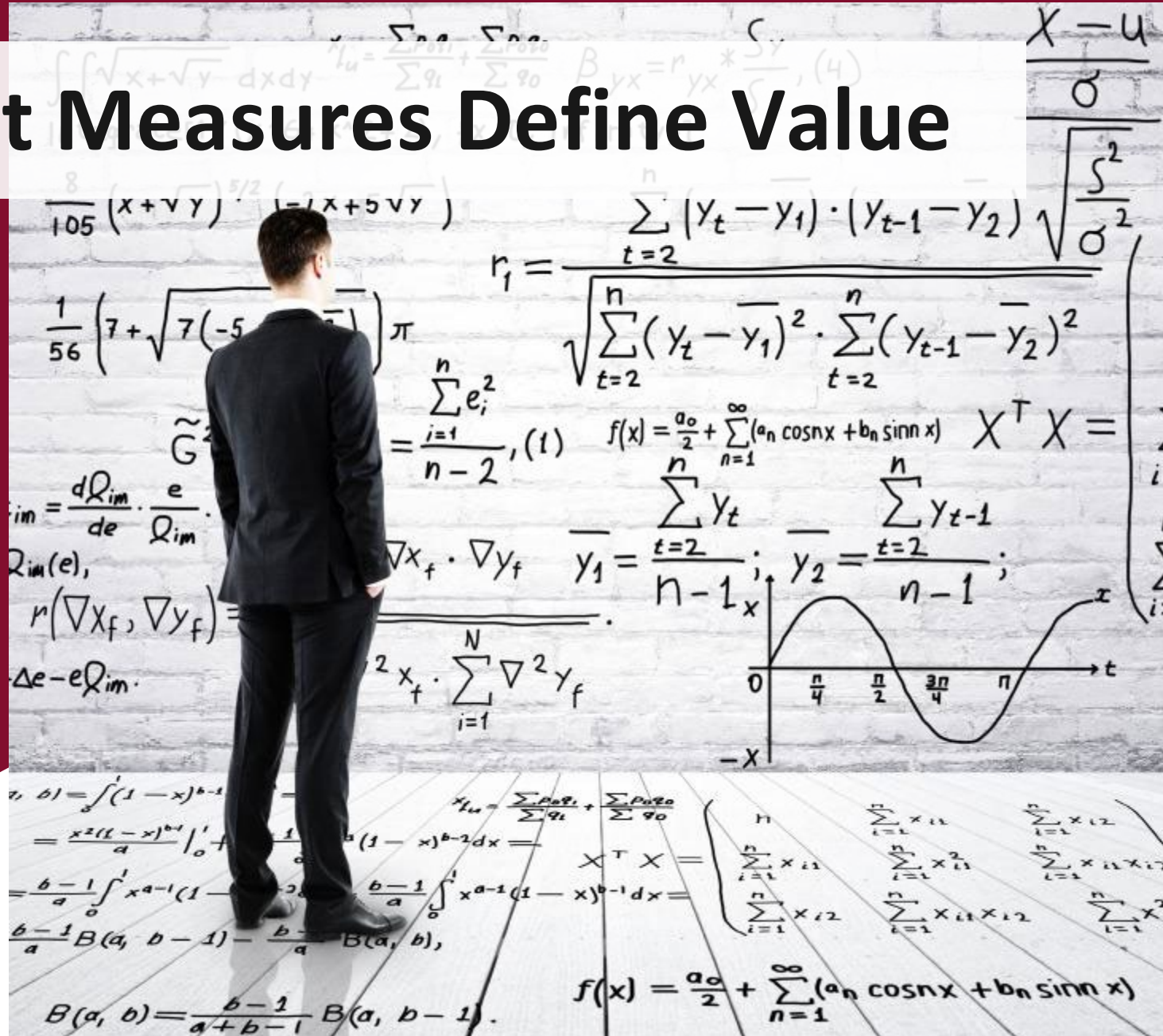
**Value is measured in
different ways.**



**Value is measured in
different ways.**



Different Measures Define Value



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

Katzell developed four steps of training evaluation; Kirkpatrick wrote about four steps of training evaluation; Phillips added economic theory and operationalized the framework by adding process and standards and applying it in practice in not only learning, but the broader HR community and beyond.

What is ROI?

$$\text{BCR} = \frac{\text{Program Benefits}}{\text{Program Costs}}$$

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

What is ROI?

$$\text{BCR} = \frac{\$750,000}{\$425,000}$$

$$\text{ROI} = \frac{\$750,000 - \$425,000}{\$425,000} \times 100$$

What is ROI?

$$\text{BCR} = \frac{\$750,000}{\$425,000} = 1.76:1$$

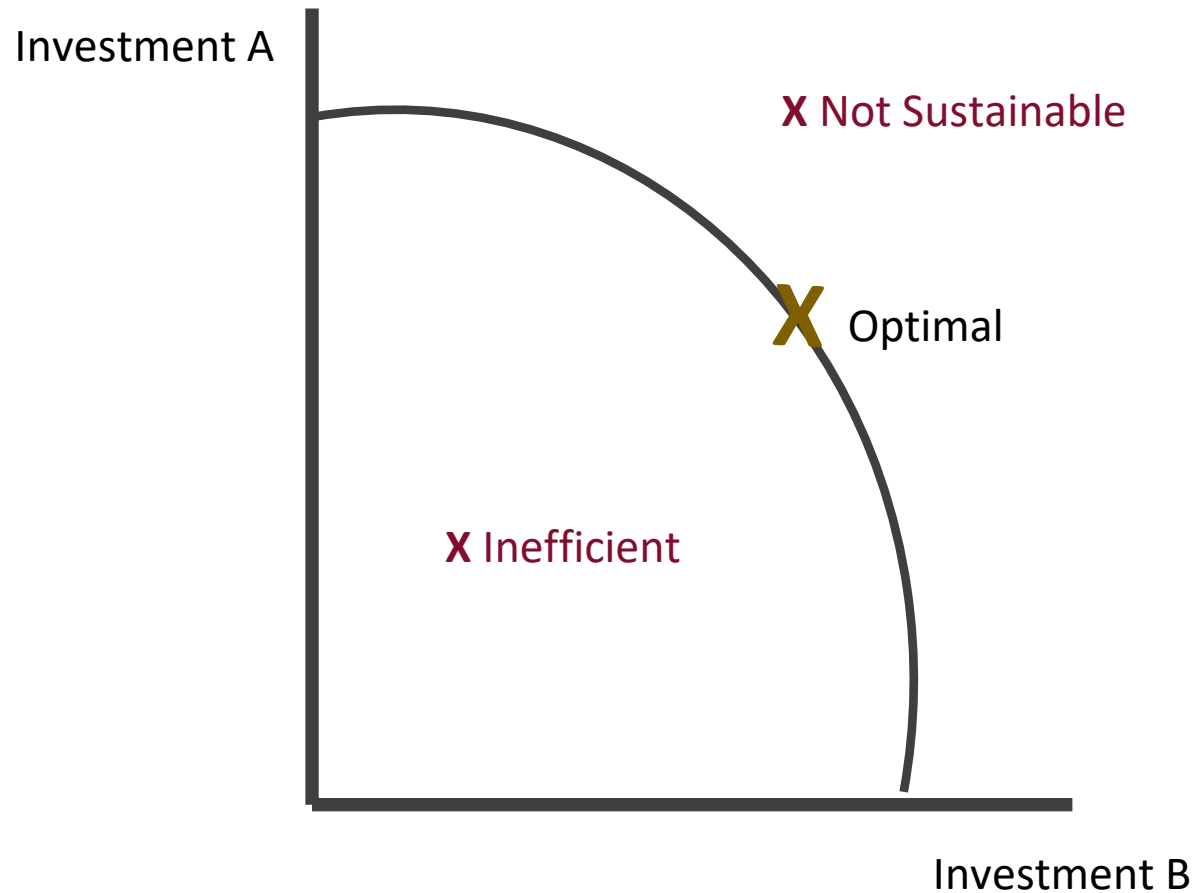
$$\text{ROI} = \frac{\$750,000 - \$425,000}{\$425,000} \times 100 = 76\%$$

ROI Institute and ATD research show that the data CEOs receive are not demonstrating what they want out of their talent investment. (N=96)

| Measures | Currently Measure | Should Measure | Importance |
|-----------------------|-------------------|----------------|------------|
| Inputs and Indicators | 94% | 86% | 6 |
| Efficiency | 78% | 82% | 7 |
| Reaction | 53% | 22% | 8 |
| Learning | 32% | 28% | 5 |
| Application | 11% | 61% | 4 |
| Impact | 8% | 96% | 1 |
| ROI | 4% | 74% | 2 |
| Awards | 40% | 44% | 3 |

CEOs want value.

Fundamentals of Resource Management



Vilfredo Pareto 1848 – 1923

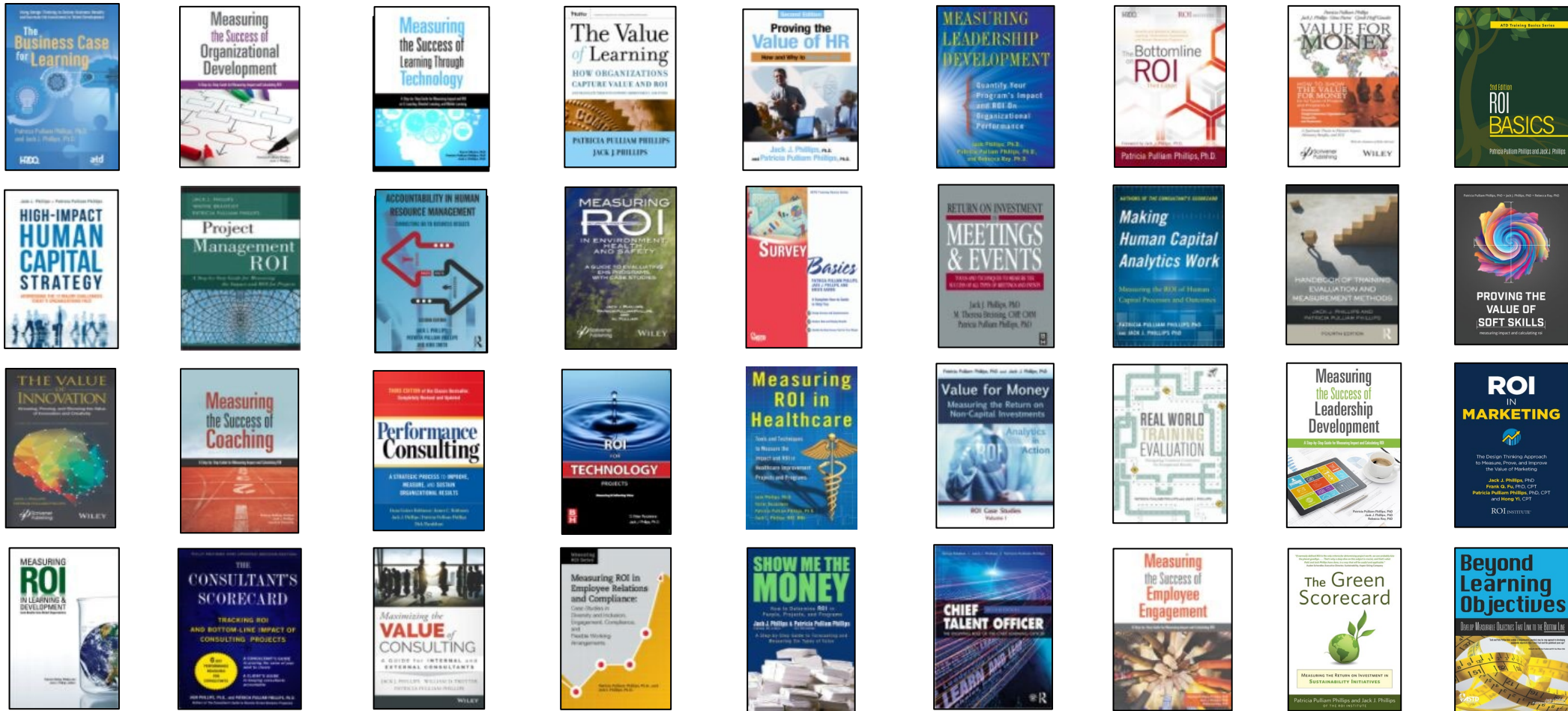
Italian engineer, sociologist, economist

80-20 Rule

Pareto Optimality (aka Pareto efficiency)

“When it is useful to them, men can believe a theory of which they know nothing more than its name.”

The need to demonstrate impact and ROI goes beyond L&D.



There are more than 75 publications to support the ROI Methodology.

Characteristics of Investments Suitable for Impact & ROI

Life cycle of the program

Linkage of program to operational goals and issues

Importance of program to strategic objectives

Top administrator interest in the evaluation

Cost of the program

Visibility of the program

Size of target audience

Investment of time required

*Benchmarking Percentages

| | Level | Recommended % of Programs | **Benchmarking % |
|---|-------------|---------------------------|------------------|
| 0 | Input | 100% | 100% |
| 1 | Reaction | 100% | 80% |
| 2 | Learning | 80-90% | 70% |
| 3 | Application | 30% | 49% |
| 4 | Impact | 10% | 37% |
| 5 | ROI | 5% | 18% |

Measurement
Targets

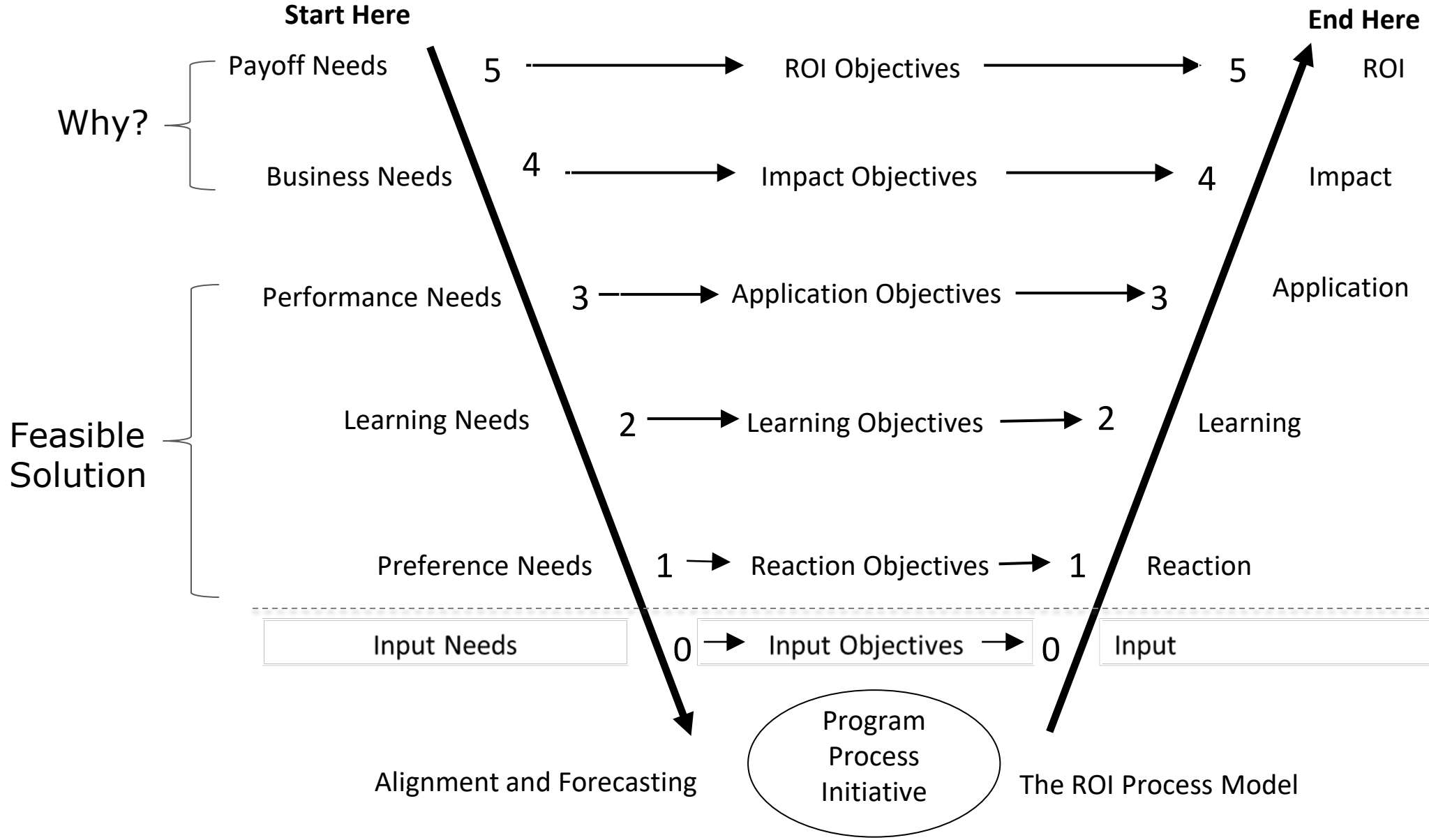
*Percentage of programs evaluated at each level per year

**Benchmarking 2020

| Levels of Evaluation | Measurement Focus | Typical Measures |
|---------------------------------|--|--|
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Alignment Model



SECOR Bank: The Why

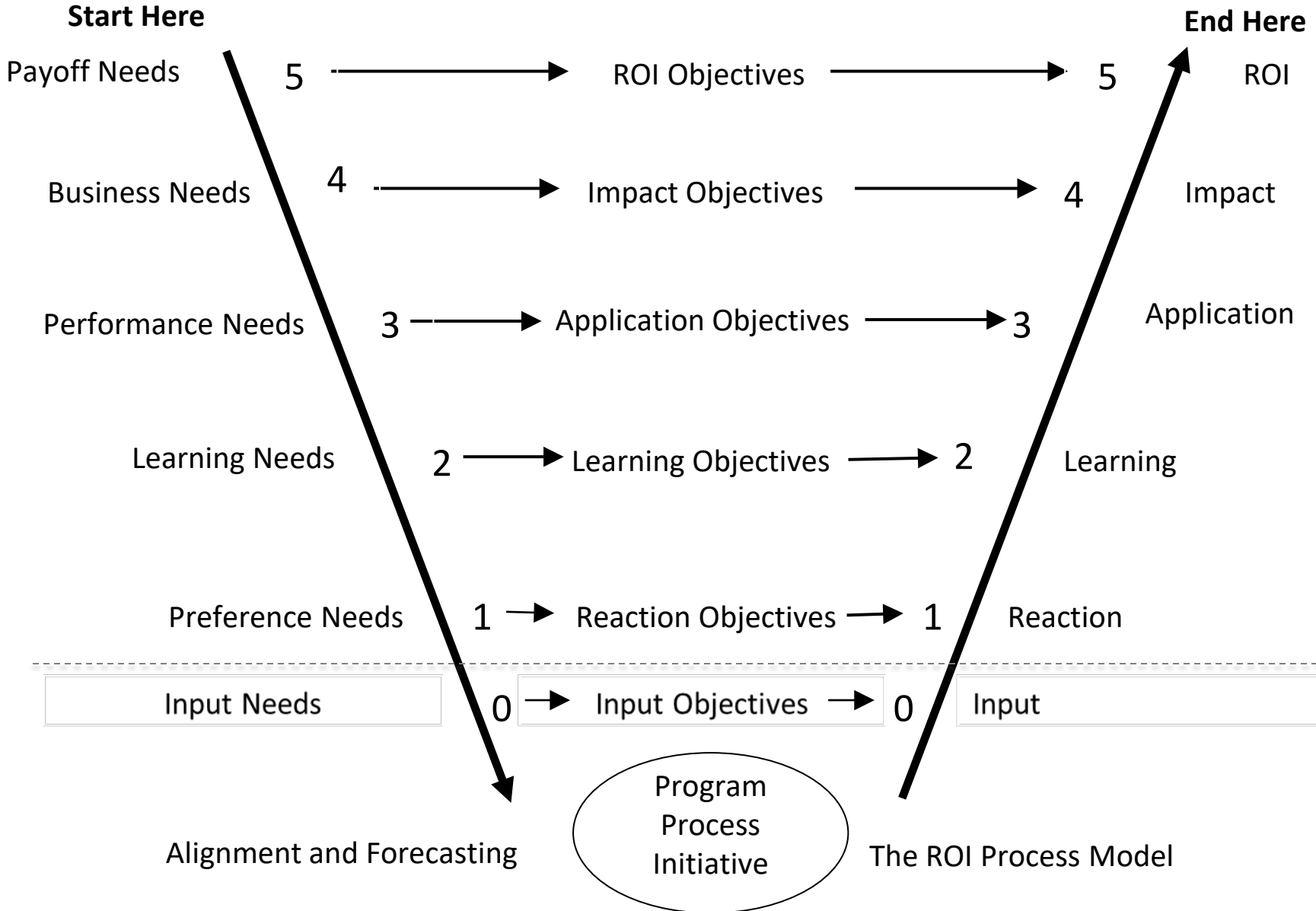
| | |
|----------------------|---|
| Payoff Need | <ul style="list-style-type: none">• Mergers and acquisitions taking out the competition.• Financial institution facing operational issues.• Customer service scores at an all time low.• Overall turnover 57% compared to 26% for the industry.• Cost of turnover ranges from 110% to 125% of salary. |
| Business Need | <ul style="list-style-type: none">• Voluntary turnover in branches is the biggest problem.• Turnover is 71% or 336 employees voluntarily leaving each year.• This contributes to the customer service problem.• Cost of turnover per job is \$16,650 per person. |

What would be your approach to determine the cause of turnover?

SECOR Bank: The Solution

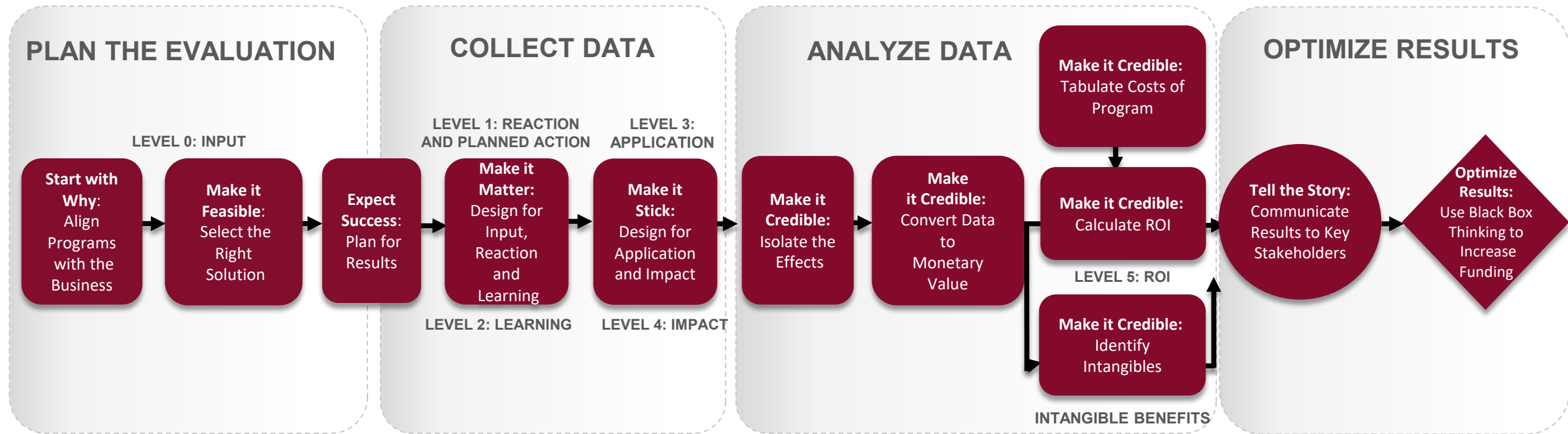
| | |
|---------------------------------|---|
| <p>Performance Needs</p> | <ul style="list-style-type: none"> • Exist interviews offered limited perspective. • Nominal group technique used to discover cause of turnover. • Results indicated the top five reasons for departure were <ol style="list-style-type: none"> 1. Lack of opportunity for advancement 2. Lack of opportunity to learn new skills and new product knowledge 3. Pay level not adequate 4. Not enough responsibility and autonomy 5. Lack of recognition and appreciate • Solution: Skill-based Pay Program |
| <p>Learning Needs</p> | <ul style="list-style-type: none"> • Why the initiative is underway • Role of branch employees • How the process works • Target staff acquire certain knowledge and skills • Managers learn how to coach to process |
| <p>Preference Needs</p> | <ul style="list-style-type: none"> • Launch within each of the branches • Ensure those who do not participate are not penalized |
| <p>Investment</p> | <ul style="list-style-type: none"> • Estimate the program will prevent 60 turnovers in the first year, leading to a cost avoidance of \$999,000 • Initial investment of \$800,000 • Target ROI for year one is 25% |

Alignment Model

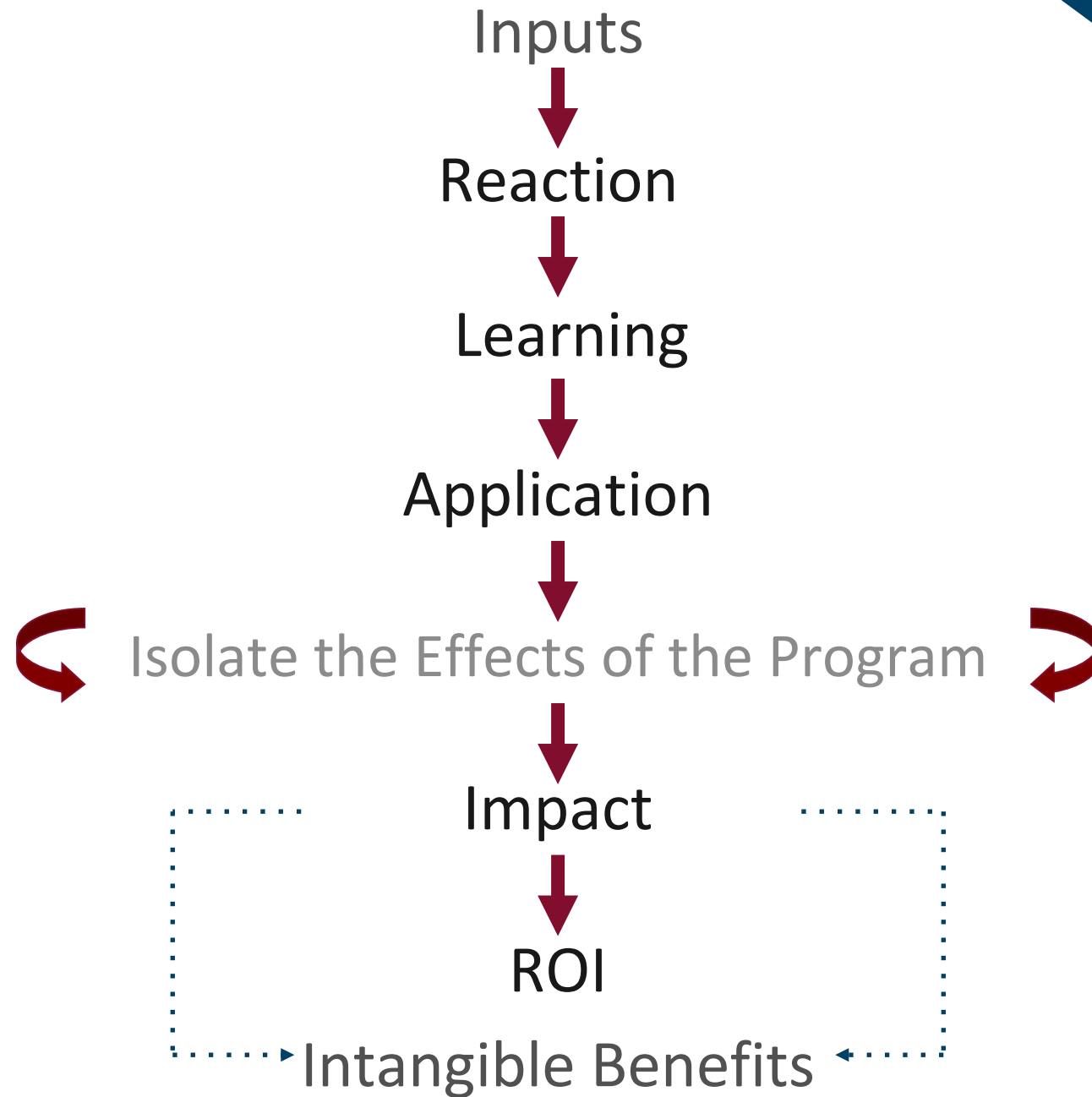


The ROI Methodology[®]

Designing for the Delivery of Business Results



Chain of Impact



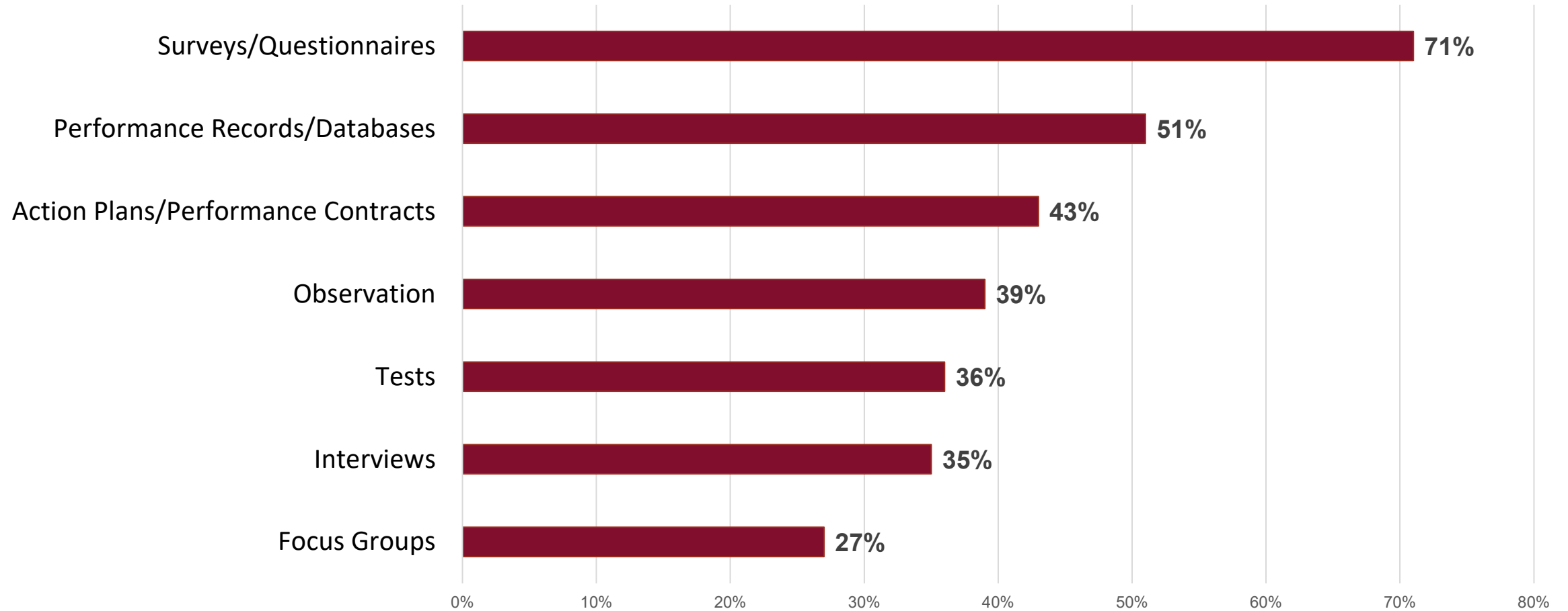
A close-up photograph of a chessboard with several dark wooden pieces standing upright and one white piece lying on its side. The background is a blurred, warm-toned light source, possibly a window or lamp, creating a bokeh effect. The text "Critical Success Factors" is overlaid in the center in a white, bold, sans-serif font.

Critical Success Factors

Data Collection Methods

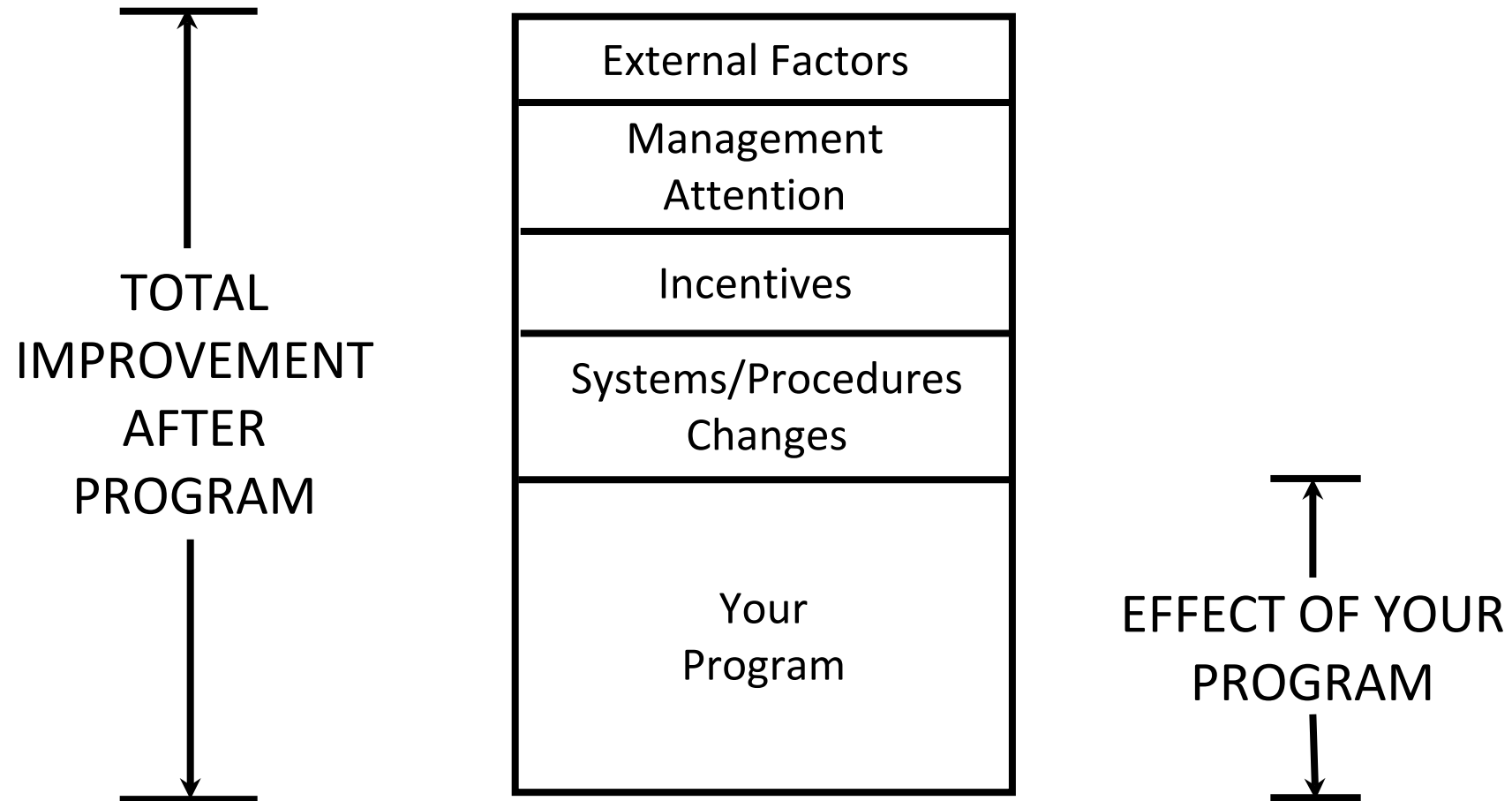
| Method | Level | | | |
|-------------------------------------|-------|---|---|---|
| | 1 | 2 | 3 | 4 |
| • Surveys | ✓ | ✓ | ✓ | |
| • Questionnaires | ✓ | ✓ | ✓ | ✓ |
| • Observation | ✓ | ✓ | ✓ | |
| • Interviews | ✓ | ✓ | ✓ | |
| • Focus Groups | ✓ | ✓ | ✓ | |
| • Tests/Quizzes | | ✓ | | |
| • Demonstrations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

Data Collection Methods

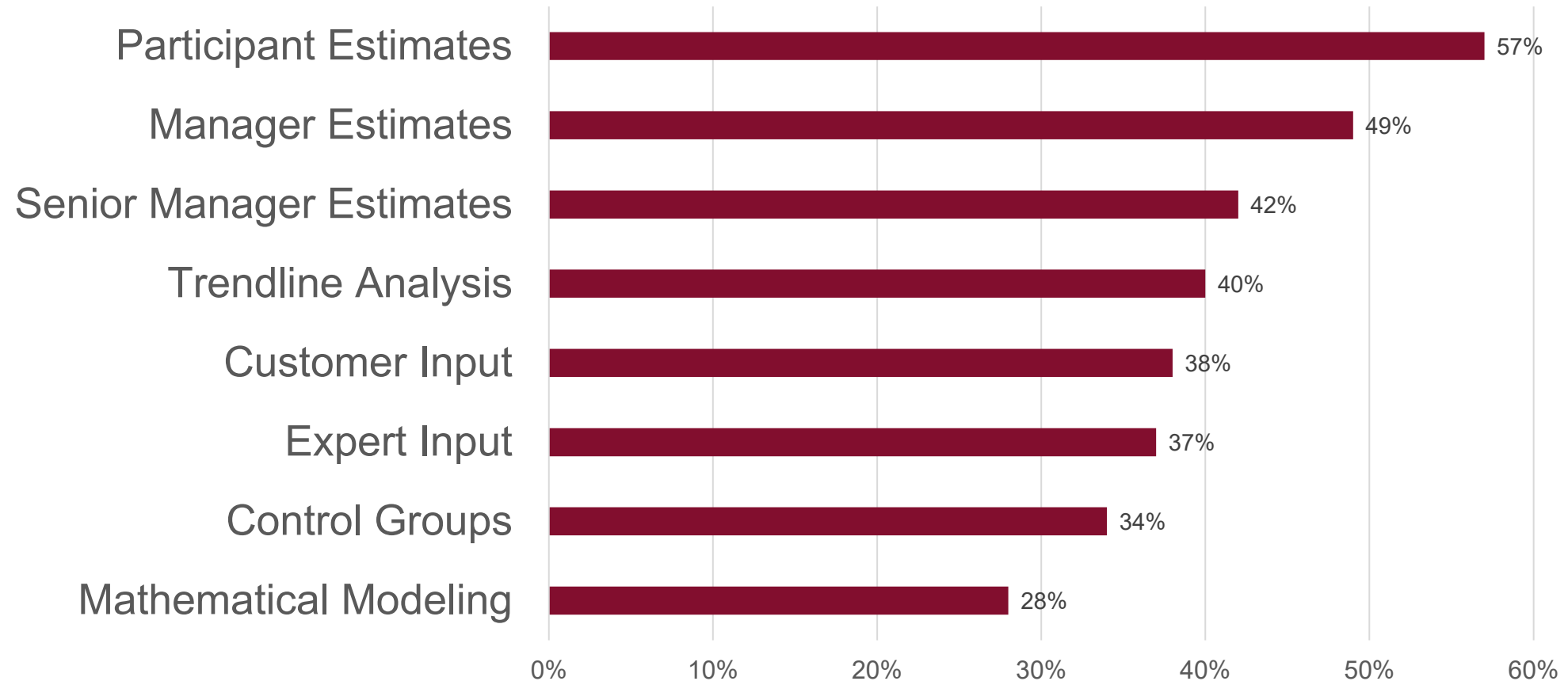


*Sample of selected users n = 246

Accounting for Other Factors



Isolation Techniques



*Sample of selected users n = 246

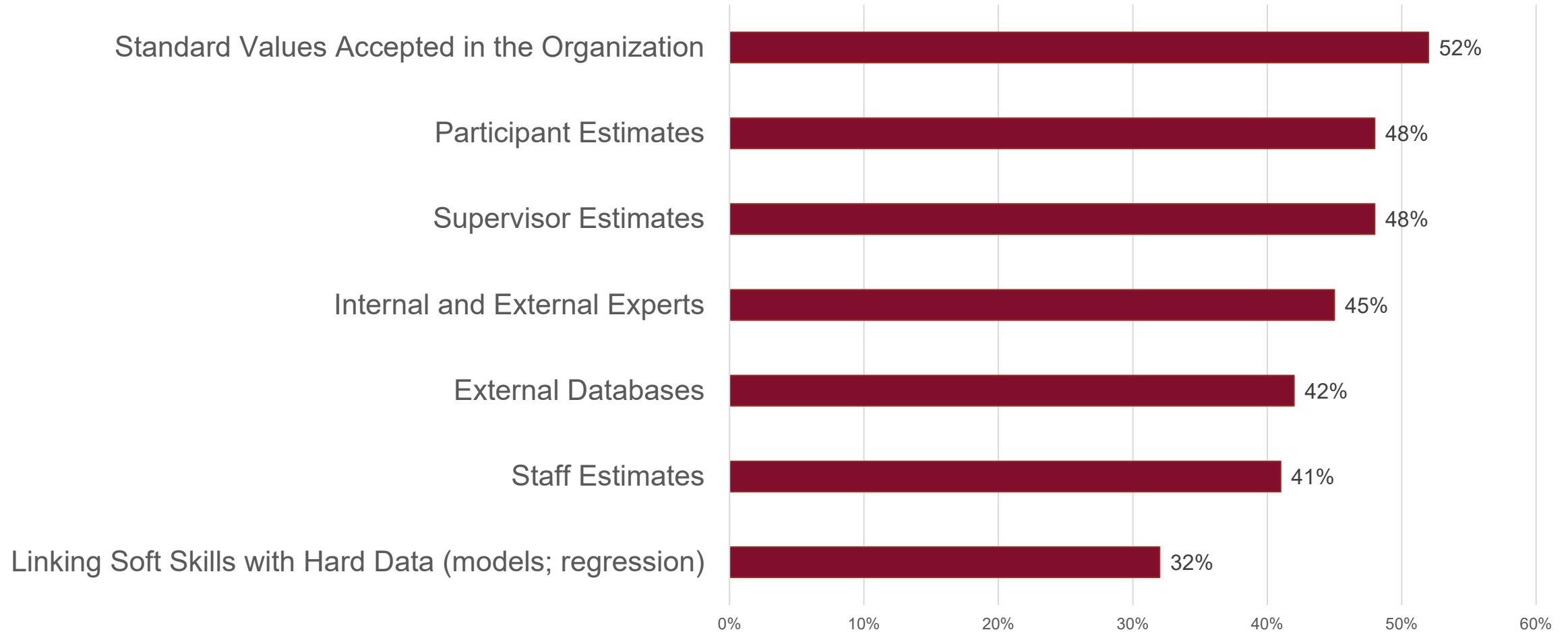
What is ROI?

$$\text{BCR} = \frac{\text{Program Benefits}}{\text{Program Costs}}$$

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



Data Conversion Methods



*Sample of selected users n = 246

Tabulating Fully-Loaded Program Costs

- Assessment Costs (Prorated)
- Development Costs (Prorated)
- Program Materials
- Instructor/Facilitator/Project Lead Costs
- Facilities Costs
- Travel/Lodging/Meals
- Participant Salaries and Benefits
- Administrative/Overhead Costs
- Evaluation Costs



Intangible Benefits



- Adaptability
- Awards
- Brand Awareness
- Career minded
- Caring
- Collaboration
- Communication
- Commitment
- Conflicts
- Cooperation
- Corporate social responsibility
- Creativity
- Culture
- Customer complaints
- Customer response time
- Customer Satisfaction
- Decisiveness
- Employee Complaints
- Engagement
- Execution
- Image
- Innovation
- Job satisfaction
- Leadership
- Networking
- Organizational climate
- Organizational commitment
- Partnering
- Reputation
- Resilience
- Stress
- Talent
- Teamwork

SECOR Bank: Final Analysis

| | Preceding Year | One Year Post | Actual Difference | Contribution Factor | Confidence Estimate | Adjusted Amount | Unit Amount | First Year Benefits |
|----------------------------|----------------|---------------|-------------------|---------------------|---------------------|-----------------|-------------|---------------------|
| Turnover | 336 (71%) | 162 (35%) | 174 | 84% | 82% | 120 | \$16,650 | \$1,998,000 |
| Staffing Levels | 480 | 463 | 17 | 100% | 100% | 17 | \$18,500 | \$314,500 |
| First Year Benefits | | | | | | | | \$2,312,500 |
| First Year Costs | | | | | | | | \$857,196 |
| ROI | | | | | | | | 170% |

ROI Boot Camp

During ROI Boot Camp, participants will learn about:

- The benefits and barriers of using ROI
- The five levels of evaluation
- The 12 steps in the ROI Methodology
- The 12 guiding principles
- Collecting data at multiple levels
- Isolating the effects of your programs
- Converting data to money
- Calculating ROI

<https://www.roiinstituteacademy.com/roi-boot-camp-1>



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.

ROI CERTIFICATION®

SCHEDULED EVENTS

November 29-December 10, 2021 – Live Virtual

January 10-14, 2022 – Focused on Healthcare

January 17-28, 2022 – Live Virtual

February 28-March 4, 2022 – Orlando, FL

April 11-15, 2022 – New Orleans, LA

May 9-13, 2022 – Orlando, FL

June 13-17, 2022 – Salt Lake City, Utah

July 11-15, 2022 – Williamsburg, VA

July 25-29, 2022 – Denver, CO

August 15-19, 2022 – San Diego, CA

September 12-16, 2022 – Boston, MA

October 10-14, 2022 – Seattle, WA

November 14-18, 2022 – Atlanta, GA

December 5-9, 2022 – Charlotte, NC

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

ROI INSTITUTE®



**FEEDBACK
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Your feedback helps ATD continue to provide top-notch educational programs that help you stay on top of a changing profession.

Evaluations forms for this session can be found by scanning the following QR code:



Patti P. Phillips, Ph.D.

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- Chair, i4cp People Analytics Board
- Chair, Center for Talent Reporting Board
- Principal Research Fellow, The Conference Board
- Member, UN Institute for Training and Research Board of Trustees
- Member, International Federation of Training and Development Board
- Fellow, ATD Certified Professional in Talent Development
- Author, Educator, Consultant, Coach

Defining the Return on Investment

Monetary Benefits
Benefits/Cost Ratio = $\frac{\text{Monetary Benefits}}{\text{Program Costs}}$

ROI = $\frac{\text{Monetary Benefits}}{\text{Costs}}$

