



Demonstrate the Value of Employee Engagement

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

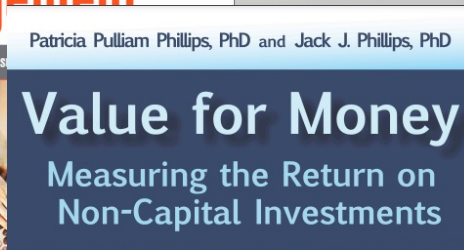
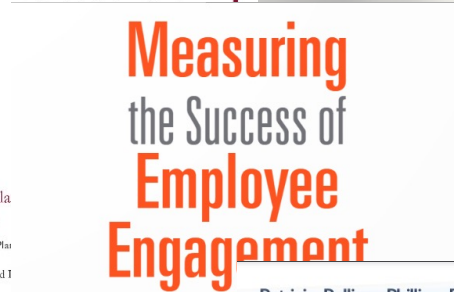
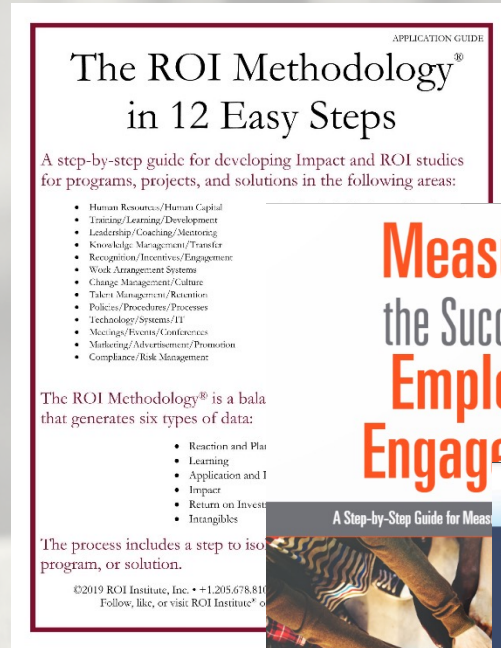
Jack J. Phillips, Ph.D., Chairman, ROI Institute, Inc.

Objectives

After attending this program, participants should be able to :

- Define engagement and explain its importance.
- Trace the different ways in which engagement has been justified in organizations.
- Identify five levels of outcomes from engagement initiatives.
- Show the monetary value of engagement.





Resources



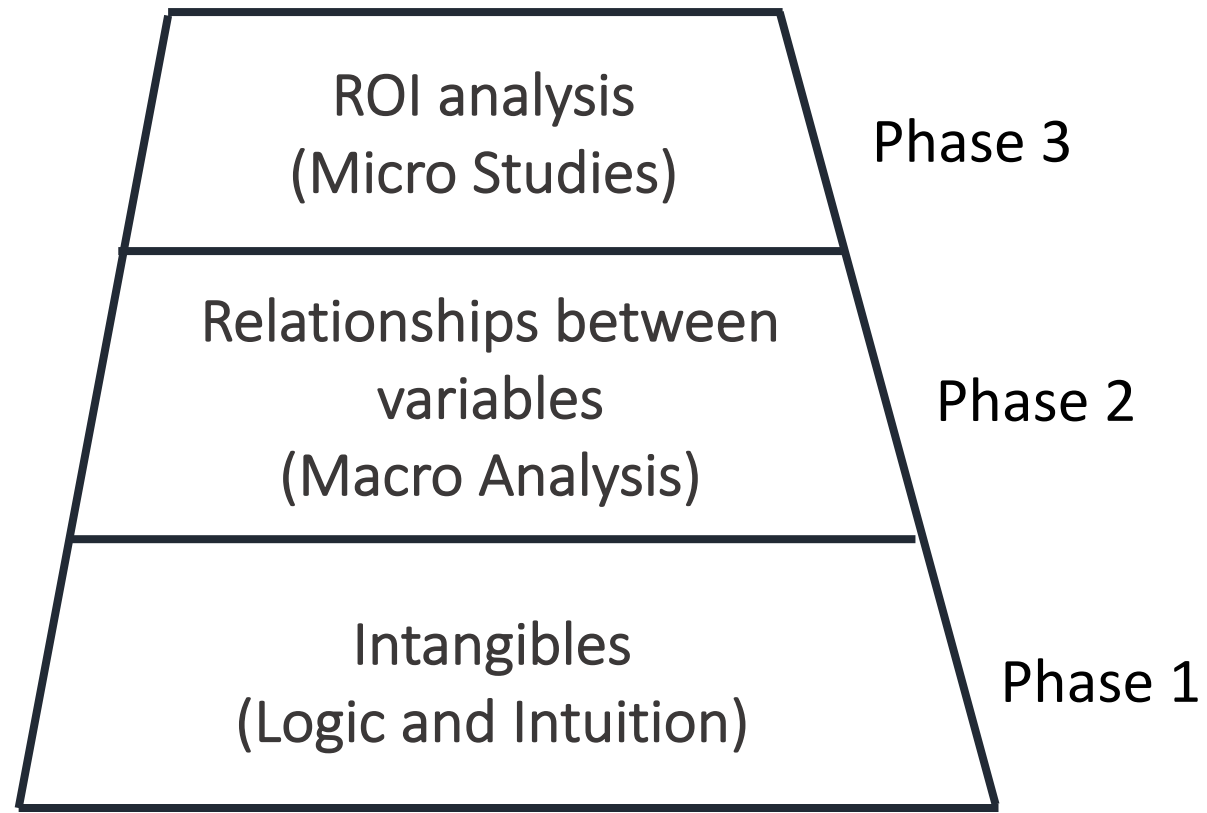
<https://roiinstitute.net/roi-demonstrate-the-value-of-employee-engagement-3/>



Rapid Fire Chat

Why do executives invest in employee engagement?

Why do executives invest in employee engagement?



Phases of Accountability of Engagement

Phase 1

Define it and measure it, using a scale.

"Our surveys show that our employees are engaged."

Phase 2

Develop relationships and causation between engagement and other outcome variables.

"Engagement drives productivity."

Phase 3

Show the impact and ROI of engagement projects.

"Our new engagement project realized 89% ROI."

The thought of
disengaged employees
is disturbing!

Let's invest in
engagement programs
and projects.



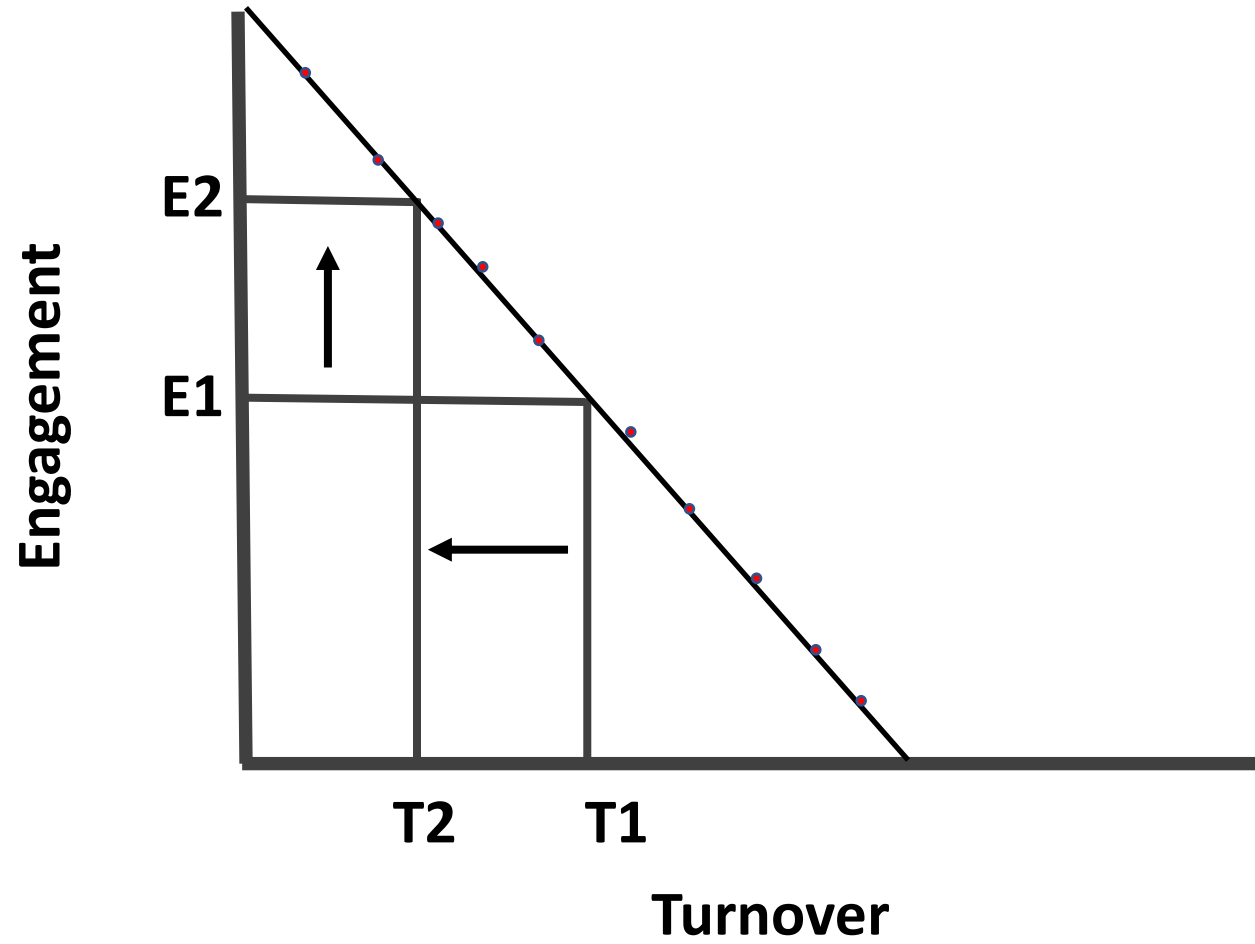
The Power of Engagement

Engagement links with:

- Retention
- Productivity
- Quality
- Sales
- Customer satisfaction
- Innovation
- Safety...



Engagement vs Turnover





Our engagement initiative costs \$600,000.

What's the ROI?

Our stakeholders need to know if it's worth is?

Six Categories of Data

Level	Measurement Focus	Typical Measures
0 – Inputs and Indicators	Inputs into the employee engagement programs and processes including indicators representing scope, volumes, times, costs, and efficiencies	• Types of topics, content • Number of programs • Number of people • Hours of involvement • Costs
1 – Reaction and Planned Action	Reaction to the engagement programs and processes including their perceived value	• Relevance • Importance • Usefulness • Appropriateness • Intent to use • Motivational • Recommended to others

Six Categories of Data

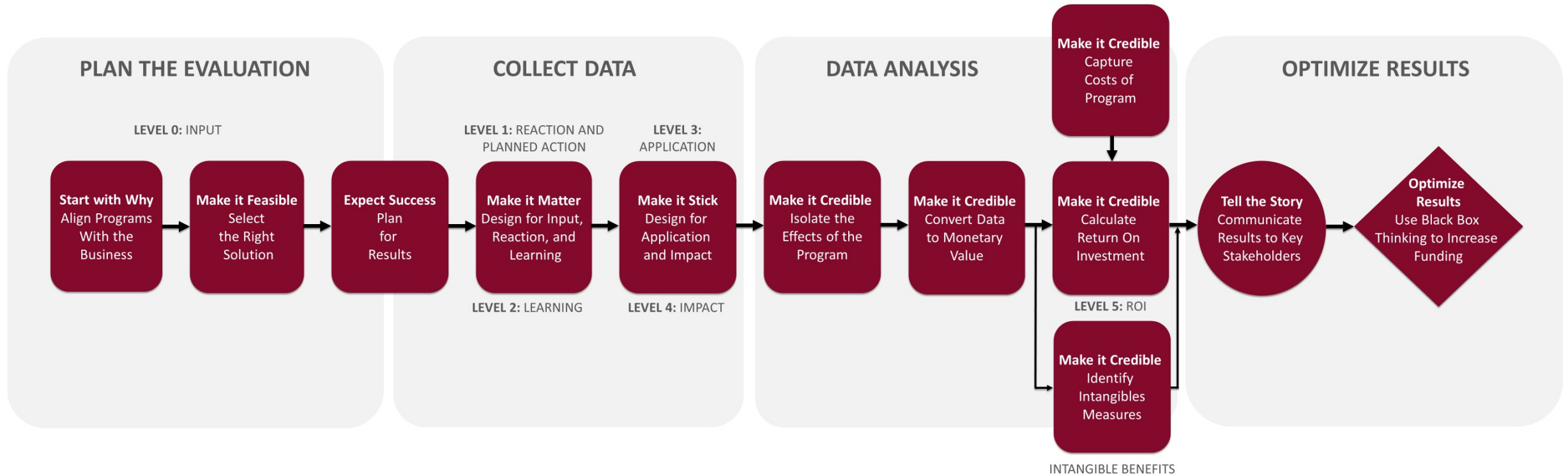
Level	Measurement Focus	Typical Measures
2 – Learning	Knowledge gained, learning how to develop concepts and how to become engaged at work	• Skills • Learning • Knowledge • Capacity • Competencies • Confidences • Contacts
3 – Implementation	Application and use of engagement concepts in the work environment, including progress with implementation	• Behavior change • Engagement actions • Extent of use • Task completion • Frequency of use • Actions completed • Success with use • Barriers to use • Enablers to use

Six Categories of Data

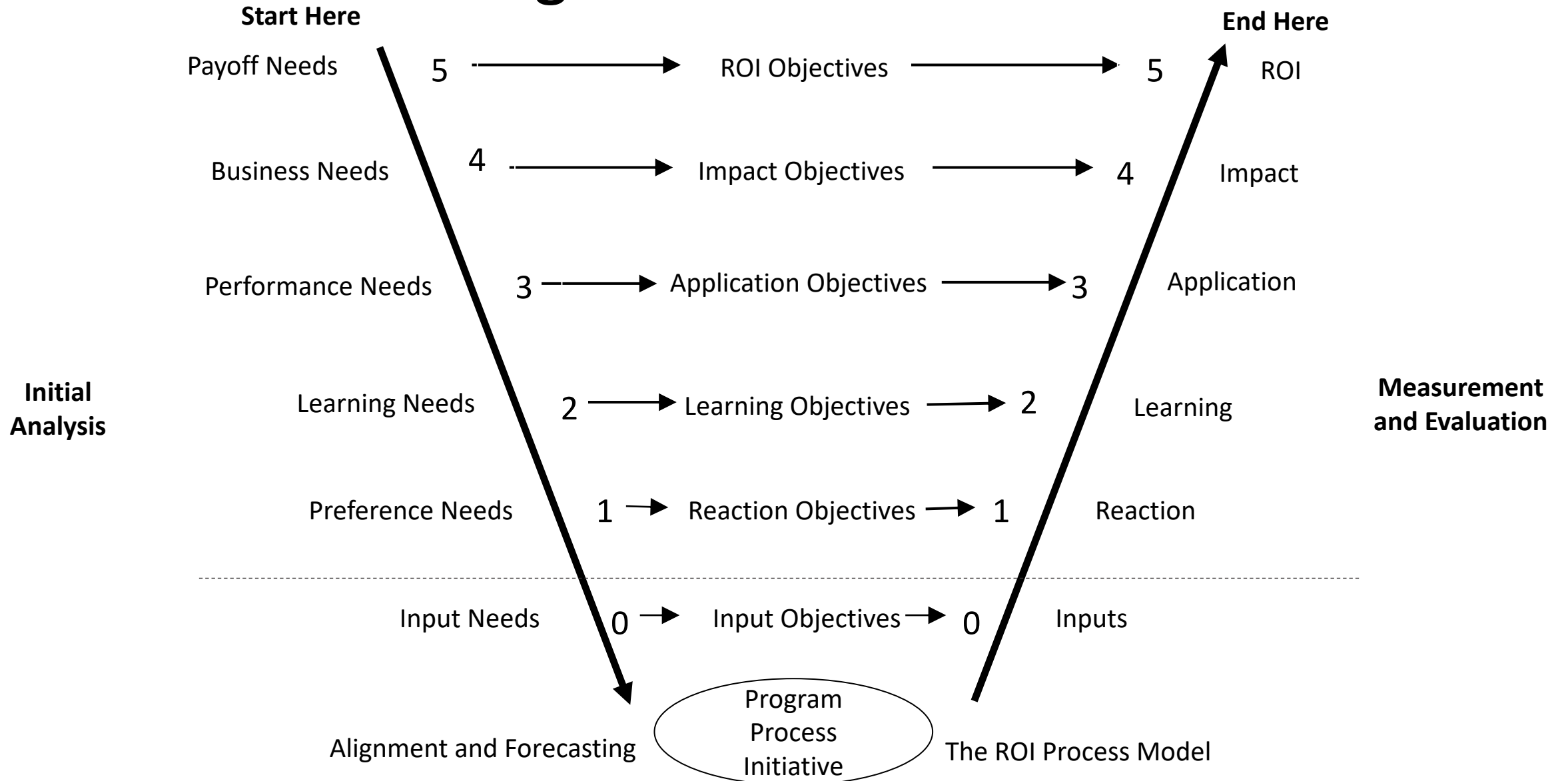
Level	Measurement Focus	Typical Measures
4 – Impact	The impact of the engagement expressed as business impact and effectiveness measures	• Productivity • Revenue • Quality • Time • Efficiency • Accidents, incidents • Customer satisfaction • Retention
5 – ROI	Comparison of monetary benefits from the program with program costs	• Benefit Cost Ratio (BCR) • ROI (%) • Payback period

The ROI Methodology Process Model

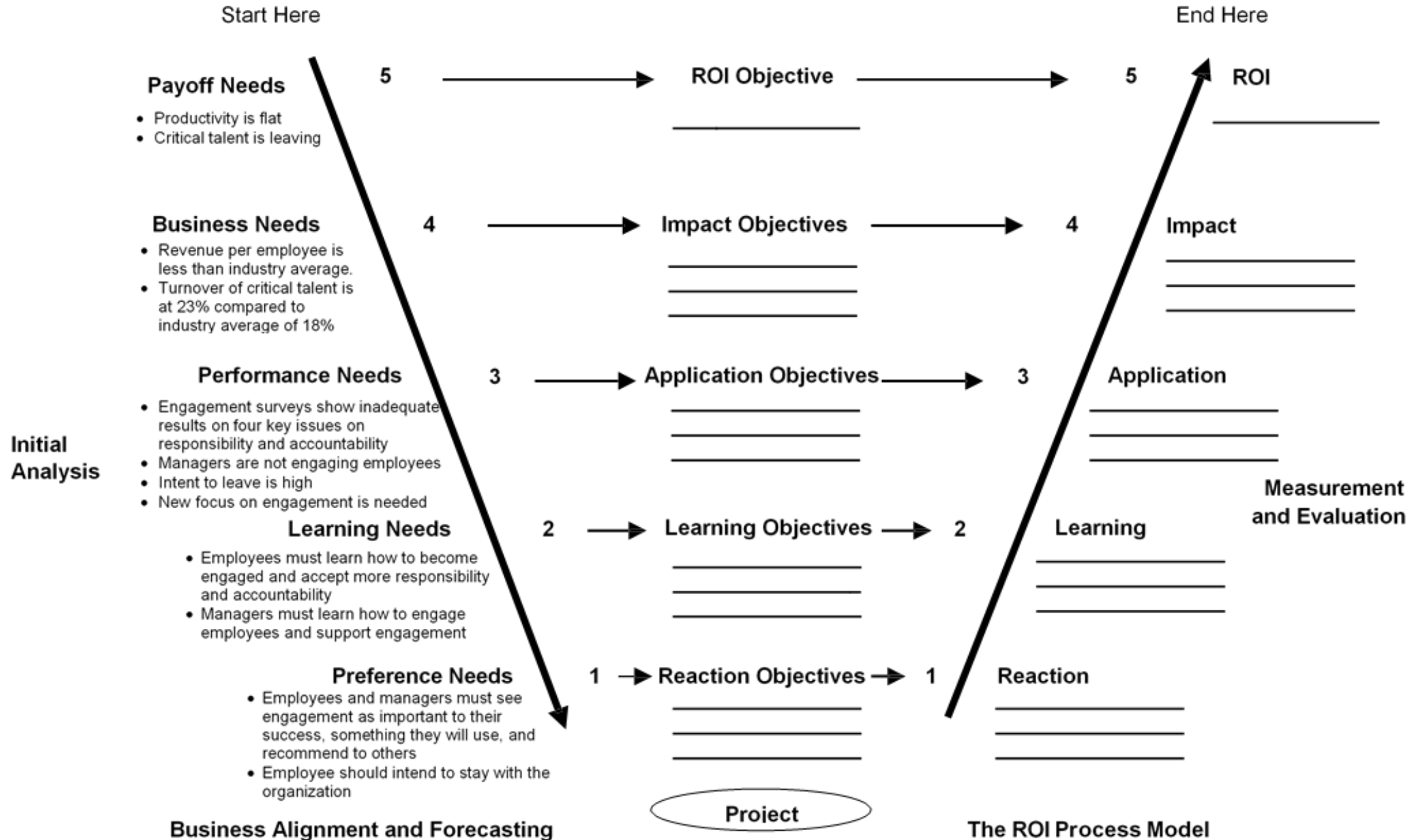
Designing for the Delivery of Business Results



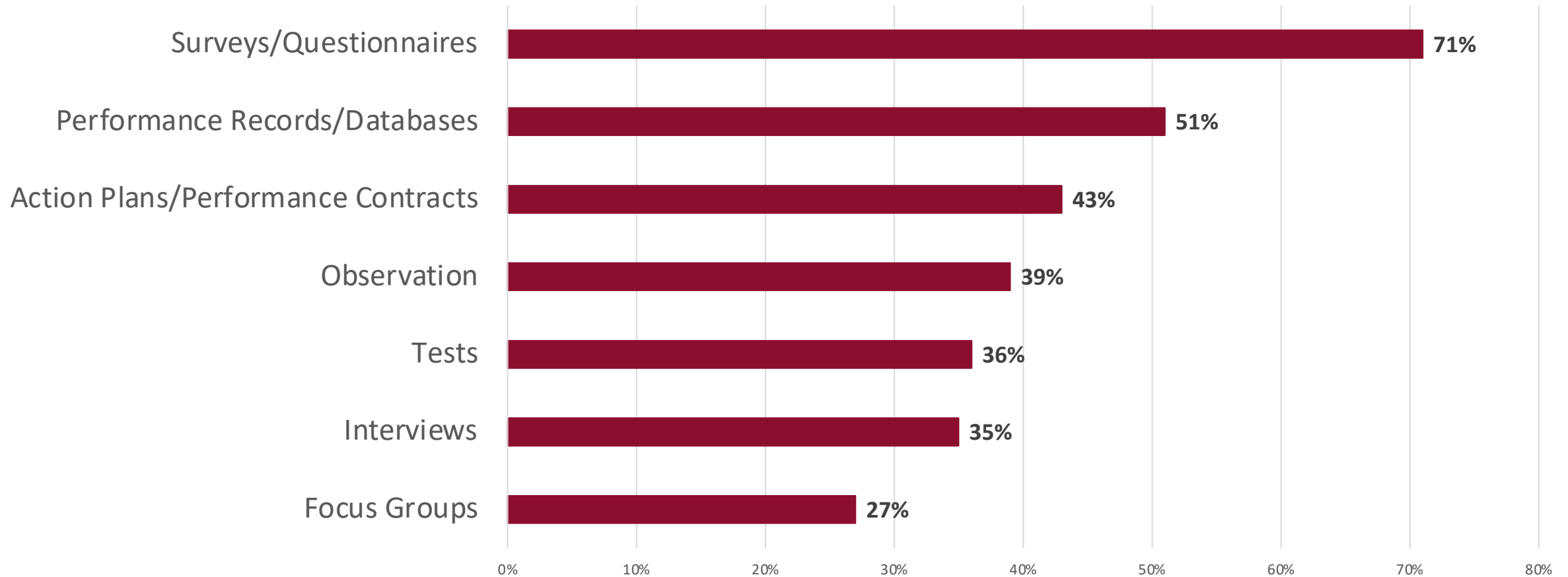
The Alignment Process: V-Model



Program Alignment

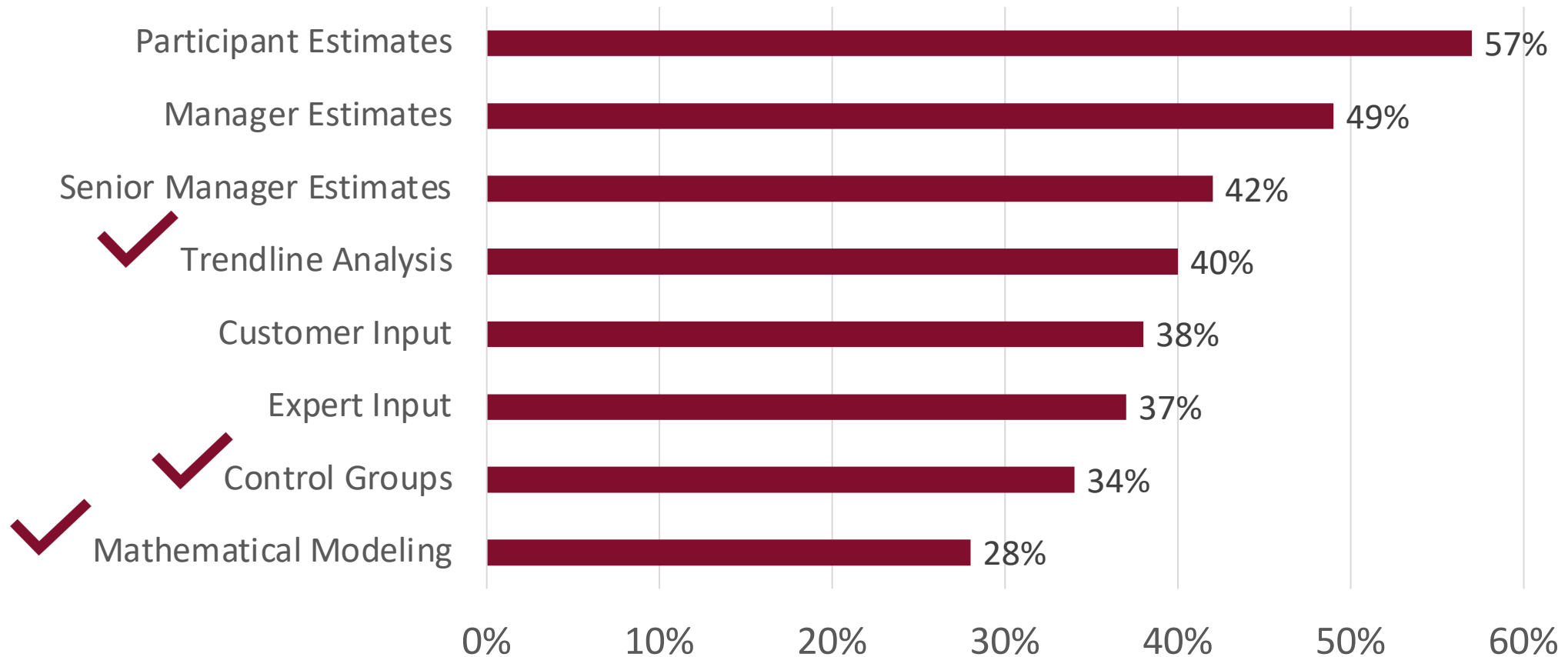


Data Collection Methods



*Survey of Users, N = 246

Isolation Methods

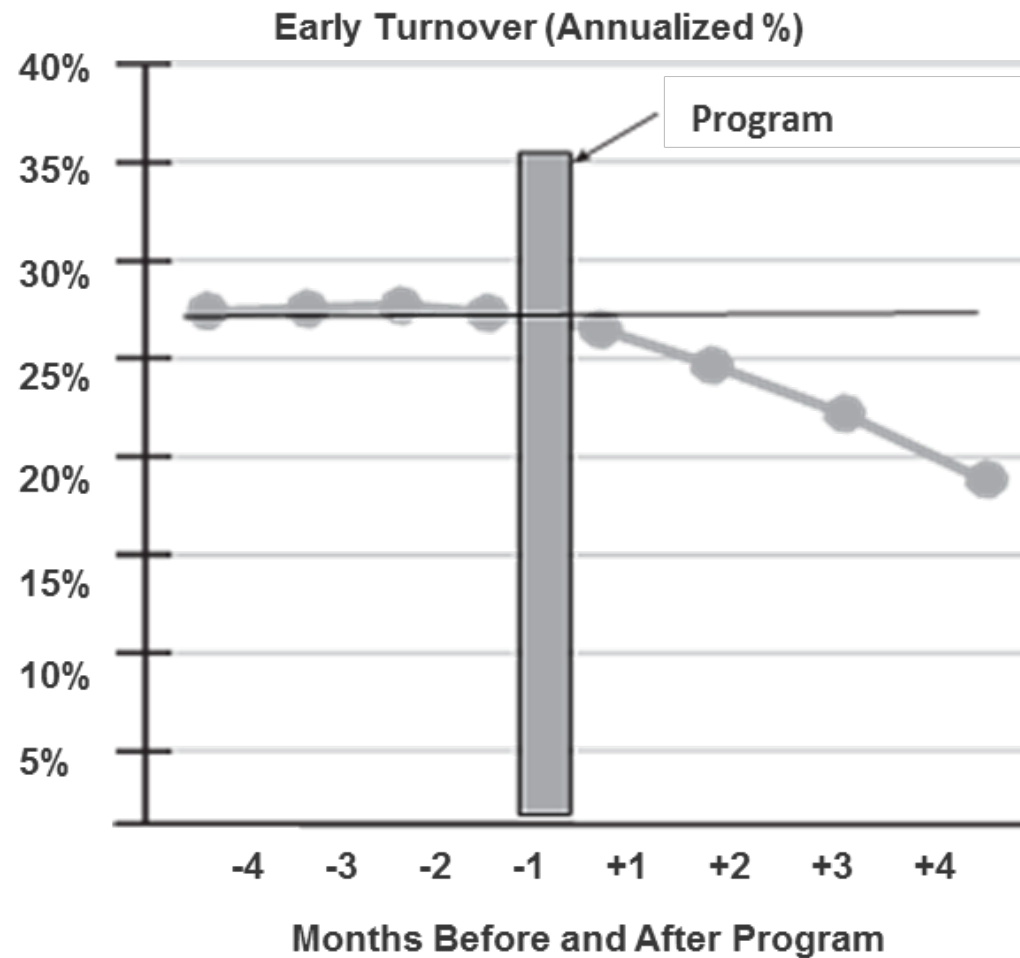


*Survey of Users, N = 246

Control Group Arrangement

	Total Employees		Annual Production (Millions)		Variable Cost per Ton		Voluntary Turnover		Unplanned Absenteeism	
	Before	After	Before	After	Before	After	Before	After	Before	After
Plants with New System	126	125	8.5	8.6	\$3.19	\$2.88	18%	12%	7.4%	4.2%
Plants Without New System	132	130	8.9	8.9	\$3.22	\$3.17	19%	18%	7.8%	7.7%

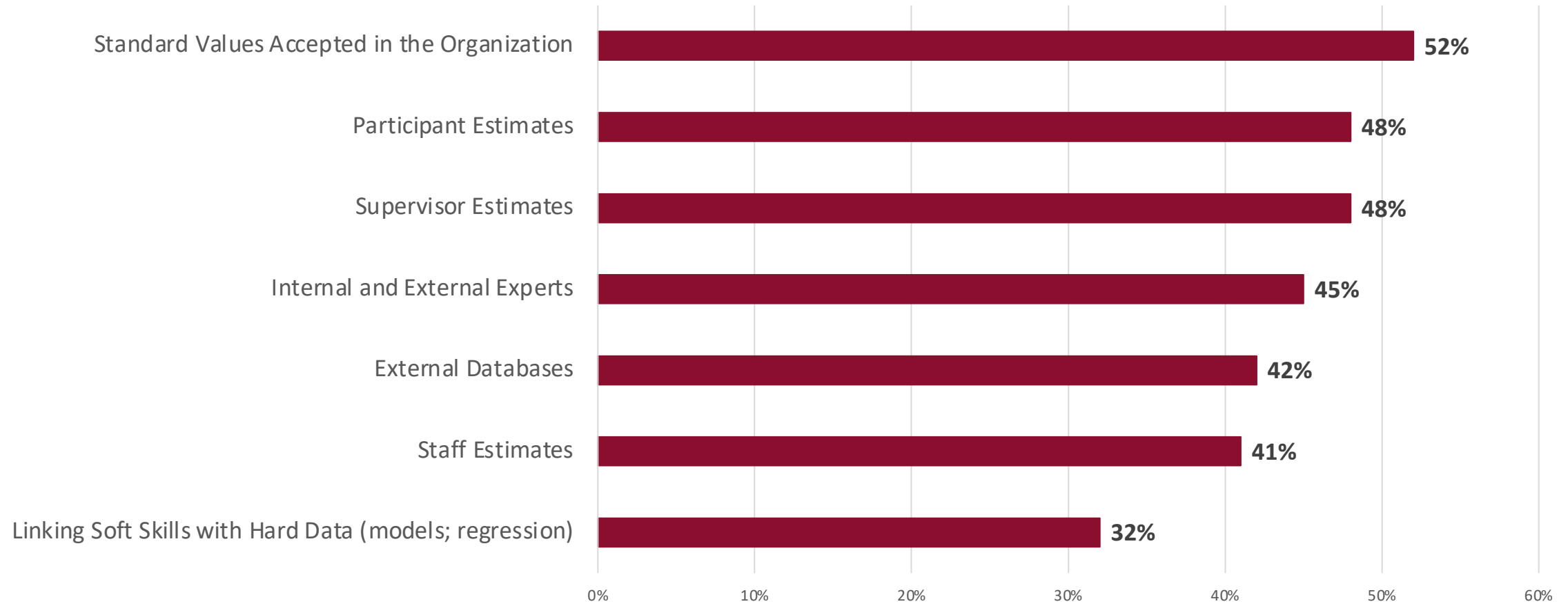
Trend Line Analysis



Isolation by Estimates

	Preceding Year	One Year After	Actual Difference	Contribution Factor	Confidence Estimate	Adjusted Amount	Unit Amount	First-Year Benefits	Two-Year Benefits
Turnover	271 (57%)	162 (35%)	109	84%	82%	75	\$21,150	\$1,586,250	\$3,172,500
Staffing Levels	480 (average)	463 (end of year)	17	100%	100%	17	\$28,200	\$479,400	\$ 958,800

Data Conversion Methods



*Survey of Users, N = 246

Converting Data to Money

EXAMPLE

Data Item	Value
New account	\$650
Sales with existing customers	20% margin
Store profit margin	All is value-add profit
Staff turnover	60% of annual salary
Product returns	10% of average sale
Inventory shrinkage	All is value-add profit
Store expenses	All is value-add profit
Customer complaints	\$500 per complaint
Compliance discrepancies	\$500-1500

Credibility of Conversion Methods

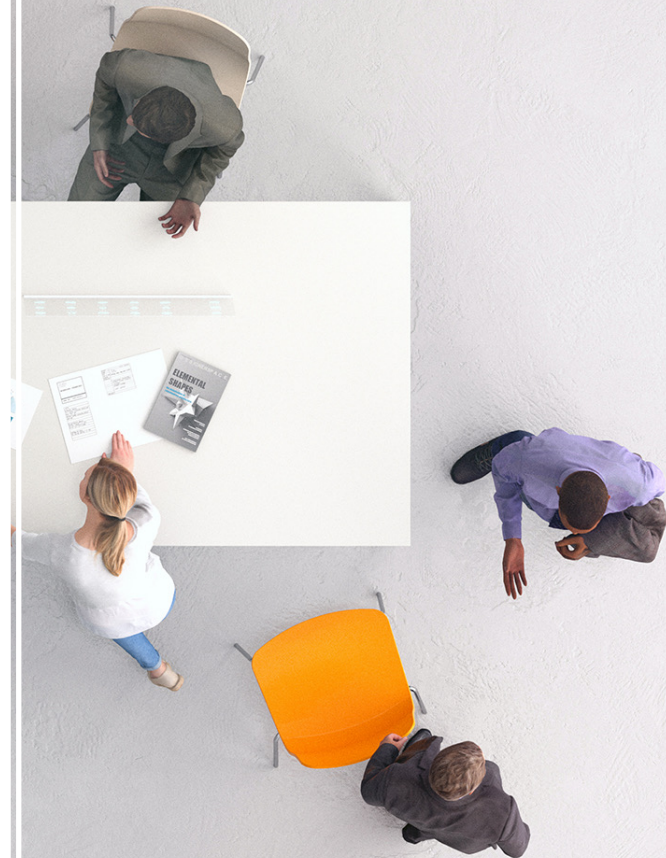
	Credibility	Resources Needed
Standard values	High	Low
Analysis of records/reports	High	High
Databases	Moderate	Moderate
Expert estimation	Moderate	Low

Cost Categories

Cost Item	Prorated	Expensed
Needs assessment	✓	
Design and Development	✓	
Acquisition/Purchase (if applicable)	✓	
Delivery/Implementation		✓
Salaries/Benefits-Facilitator time		✓
Salaries/Benefits-Coordination time		✓
Program materials and fees		✓
Travel/Lodging/Meals		✓
Facilities		✓
Salaries/Benefits-Participant time		✓
Operating expenses		✓
Ongoing operations cost (if applicable)		✓
Evaluation		✓
Overhead	✓	

Typical Intangible Benefits

- Adaptability
- Awards
- Brand awareness
- Career minded
- Caring
- Collaboration
- Communication
- 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



ROI is Reported in Two Ways

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

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

ROI Example

Benefits = \$500,000

Costs = \$400,000

What is the ROI?

ROI Calculation

$$\text{BCR} = \frac{\$500,000}{\$400,000} = \boxed{1.25}$$

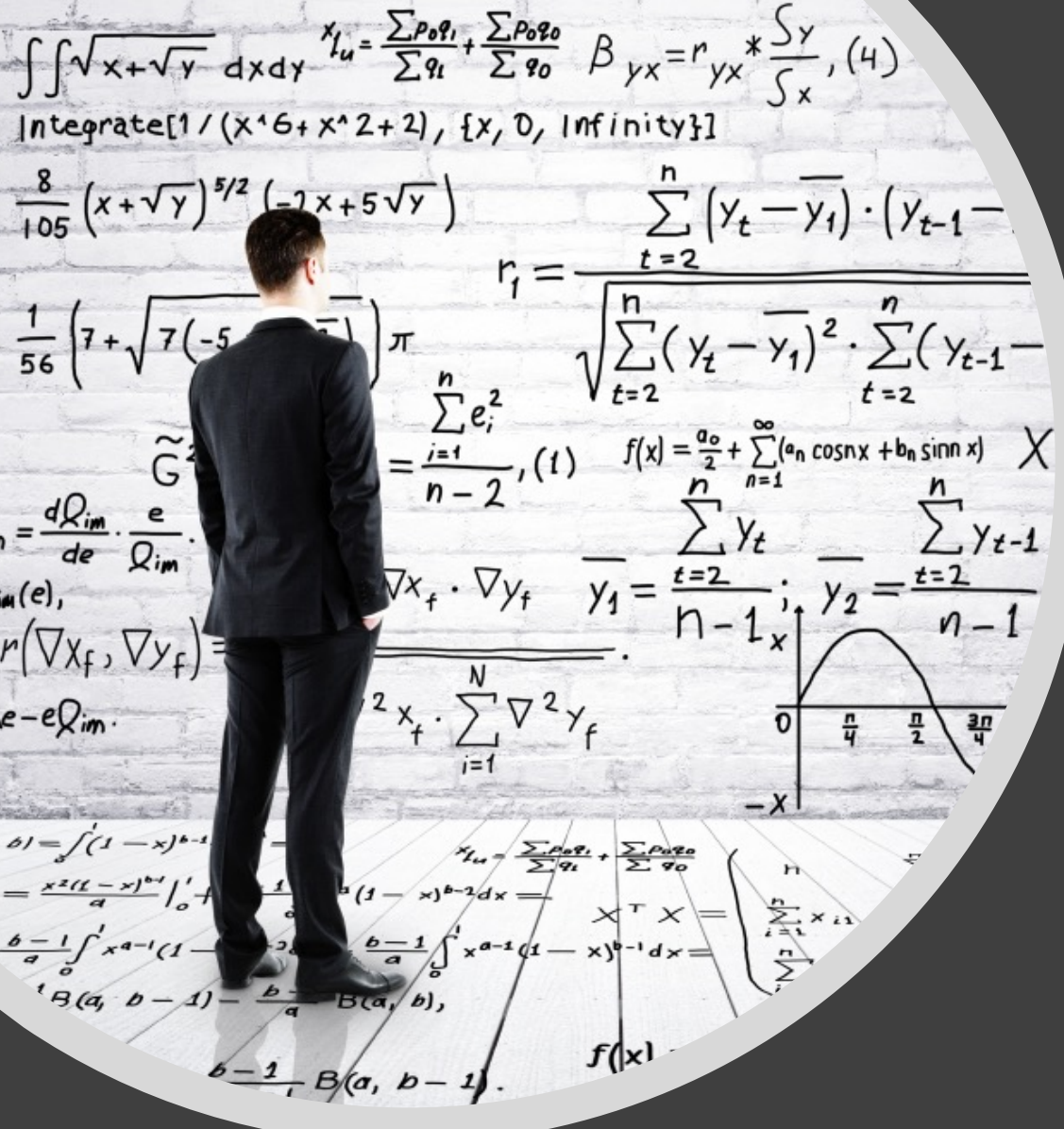
$$\text{ROI} = \frac{\$500,000 - \$400,000}{\$400,000} \times 100 = \boxed{25\%}$$

High ROI Values Are Achievable in Many Programs With Proper Implementation

- Employee engagement
- Leadership development
- Performance management
- Management development
- Supervisor training
- Talent retention
- Flexible-work systems
- Reward systems
- Skill-based pay
- Coaching

100% to 700% ROI is not uncommon





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.



What happens if we do nothing?

- Budget?
- Influence?
- Image?
- Respect?
- Support?
- Other issues?

ROI Reality

- Impact/ROI information is desired by clients/executives.
- The impact/ROI process provides a balanced, credible approach with six types of data.
- All types of organizations are routinely using impact/ROI.
- The impact/ROI process can be implemented without draining resources.
- The impact/ROI process is a long-term goal for many organizations.



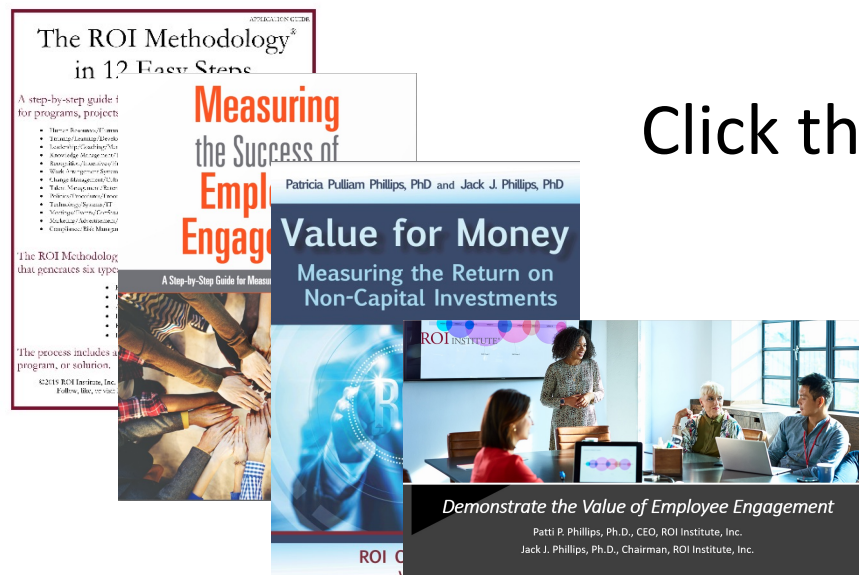
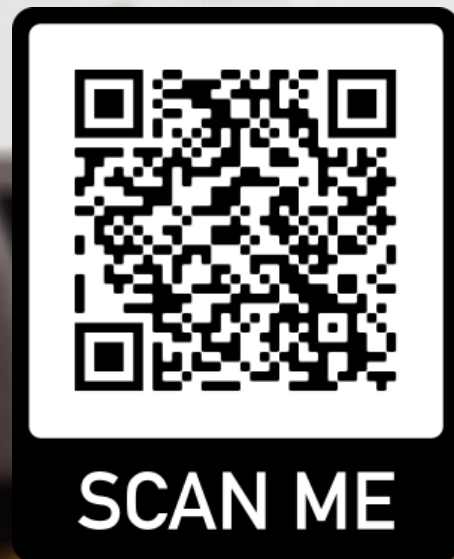
Be Proactive

Remember, when it comes to delivering results:

- Hope is not a strategy.
- Luck is not a factor.
- Doing nothing is not an option.

Change is inevitable.

Progress is optional.



Click the link below or scan the QR code to access the resources from today's session.

<https://roiinstitute.net/roi-demonstrate-the-value-of-employee-engagement-3/>

ROI CERTIFICATION®

SCHEDULED EVENTS

April 11-15, 2022 — New Orleans, LA

April 18-29, 2022 — Live Virtual

May 2-9, 2022 — Live Virtual

(Delivered in Spanish)

May 9-13, 2022 — Orlando, FL

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

June 20-July 1, 2022 — Live Virtual

July 11-15, 2022 — Williamsburg, VA

July 11-22, 2022 — Live Virtual

July 25-29, 2022 — Denver, CO

August 15-19, 2022 — San Diego, CA

August 22-September 2, 2022 — Live Virtual

September 12-16, 2022 — Boston, MA

September 19-September 30, 2022 —

Live Virtual

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



Questions?

Visit us online:

www.roiinstitute.net

Email:

Patti@roiinstitute.net

Jack@roiinstitute.net

Connect with Us

