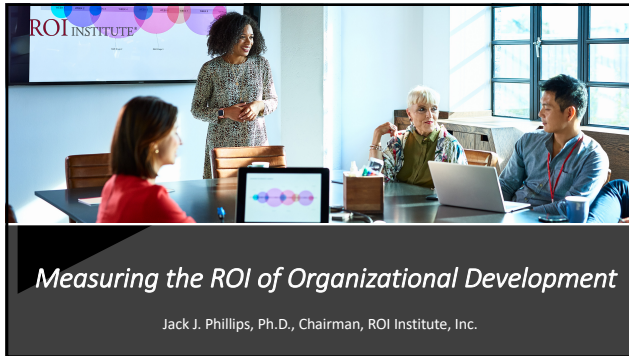




1

Objectives

After attending this session, participants should be able to:

- Identify the types of data executives need from OD projects.
- Align OD projects to the business.
- Follow the steps to calculate the ROI.
- Use the results from OD projects to influence the OD budget.



2

Resources



3

Serious Performance Challenges

**True
or
False?**

1. Most of OD is wasted (outcome not implemented or skills not used).
2. The OD outcome desired by executives in client organizations is rarely measured.
3. Most OD consultants do not have data showing that they make a difference in the organization.
4. Most executives see OD as a cost and not an investment.

4

The "New" Definition of Value

Value Must:

- Be balanced, with qualitative and quantitative data.
- Contain financial and non-financial perspectives.
- Reflect strategic and tactical issues.
- Satisfy all key stakeholders.
- Be consistent in collection and analysis.
- Be grounded in conservative standards.
- Come from credible sources.

What would you add to the list?

5

What CEOs Want

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

6

ROI has been Implemented in 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
- **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

7

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.

8

What is Design Thinking?

Basic Principles*

A problem-solving approach to handle problems on a systems level

A mind-set for curiosity and inquiry

A framework to balance needs and feasibility

A way to take on design challenges by applying empathy

A culture that fosters exploration and experimentation

A fixed process and a tool kit

A storytelling process to inspire Senior Executives

A new competitive logic of business strategy

A means to solve complex or wicked problems

A means to reduce risks

*Mootee, Idris. (2013). *Design Thinking for Strategic Innovation*. Hoboken, NJ: Wiley.

9

What is ROI?

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

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

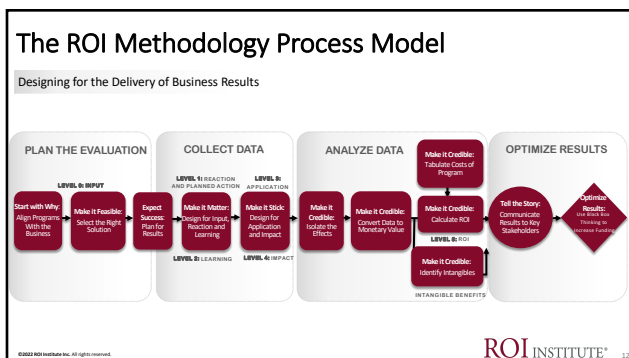
10



What is your experience with ROI? (Select all that apply.)

- ☐ No experience with it.
- ☐ It's been suggested, but no action has been taken.
- ☐ I have attempted it.
- ☐ I have conducted an ROI study.
- ☐ I wish ROI would go away.

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Measurement
Targets

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%

*Percentage of programs evaluated at each level each year
**Benchmarking 2020

What is your status?

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Characteristics of Projects Suitable for Impact & ROI

- Cost of the project
- Linkage of project to operational goals and issues
- Importance of project to strategic objectives
- Top executive interest in the evaluation
- Visibility of the project
- Size of target audience
- Investment of time required

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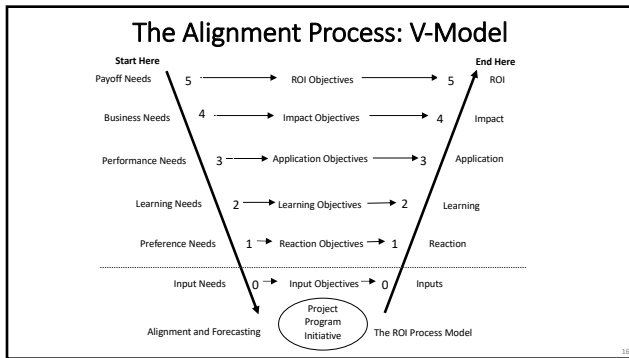
Start with Why

Align Projects with the Business

Design Thinking Principle 1
A problem-solving approach to handle problems on a systems levels

- Alignment is the key.
- Is it a problem or opportunity?
- Need specific business measures.

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Is it the Right Solution?

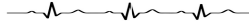
1. Examine the data and records.
2. Initiate the discussion.
3. Reference a case study.
4. Use benchmarking from similar solutions.
5. Use evaluation as the hook.
6. Involve others in the discussion.
7. Discuss disasters in other places.

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Have a Discussion and Use Diagnostic Tools

Feasible solutions evolve through the understanding of context, empathizing with the target audience, and identifying performance gaps. The next step is to identify learning needs and how best to deliver relevant information. Forecasting outcomes based on inputs is sometimes helpful.

- Statistical process control
- Brainstorming
- Problem analysis
- Cause-and-effect diagram
- Force-field analysis
- Mind mapping
- Affinity diagrams
- Simulations
- Diagnostic instruments
- Focus groups
- Probing interviews
- Job satisfaction surveys
- Engagement surveys
- Exit interviews
- Exit surveys
- Nominal group technique



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Expect Success

Design for Results

Design Thinking Principle 3

A framework to balance needs and feasibility



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Rules for Objectives

1. Must be measurable and represent minimum acceptable performance.
2. Fewer objectives are better than many objectives.
3. Involve subject-matter experts and key stakeholders.
4. Keep them relevant to the situation, program, and key stakeholders.
5. Create stretch objectives, but make sure they are achievable.
6. Allow for the flexibility to change as conditions change.
7. Failure is OK; process improvement is the key.
8. Objectives are tools for progress, not weapons for performance review.
9. Most objectives should be time-bound.
10. Objectives provide the focus for design, development, implementation, and evaluation.

These rules are from a combination of publications:

J. J. Phillips and P. P. Phillips, *Beyond Learning Objectives: Develop Measurable Objectives that Link to the Bottom Line*, Alexandria, VA: ASTD Press, 2008.
P. P. Phillips and J. J. Phillips, *10 Steps to Successful Business Alignment*, Alexandria, VA: ASTD Press, 2012.
J. Doerr, *Measure What Matters: How Google, Amazon, and the Gates Foundation Rock the World with OKRs*, New York: Penguin, 2018.

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Matching Evaluation Levels with Objectives

After completing this program, participants should:

1.	Decrease employee complaints by 20% in one year.	4
2.	Use problem-solving skills to uncover conflict causes.	3
3.	Be able to demonstrate the five steps to calm an upset colleague.	2
4.	Rate the facilitator 4 out of 5 on presentation skills.	1
5.	Decrease the amount of turnover by 30% in six months.	4
6.	Achieve a 20% ROI one year after implementation of conflict resolution program.	5
7.	Perceive the content to be relevant their situation (4.5 out of 5).	1
8.	Decrease transfers by 25% in six months.	4
9.	Conduct a proper investigation using the seven-step process in 95% of complaint situations.	3
10.	Score an average of 20 or better on a conflict resolution quiz.	2
11.	Improve productivity by 10% in six months.	4
12.	Use all 10 negotiation skills in at least 50% of negotiation situations.	3

1 = Reaction 2 = Learning 3 = Application 4 = Impact 5 = ROI

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Make it Matter

Design for Input, Reaction,
and Learning

Design Thinking Principle 4

A way to take on design challenges
by applying empathy

- Focus on the objectives
- Think about the definition of success
- Make it relevant
- Make it important
- Make it action-oriented

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Make it Stick

Design for Application and Impact

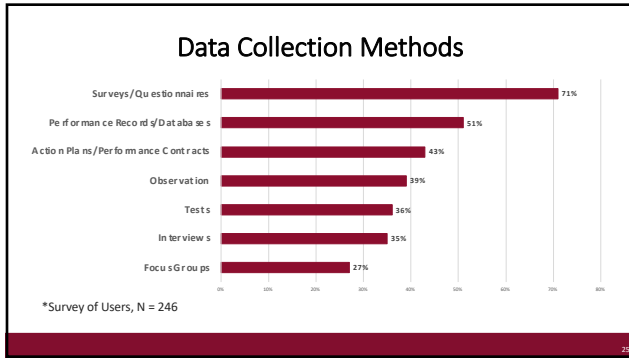
Design Thinking Principle 5

A culture that fosters exploration
and experimentation

- Collect data
- Focus on objectives
- Ensure transfer to the workplace
- Design for application



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Make it Credible

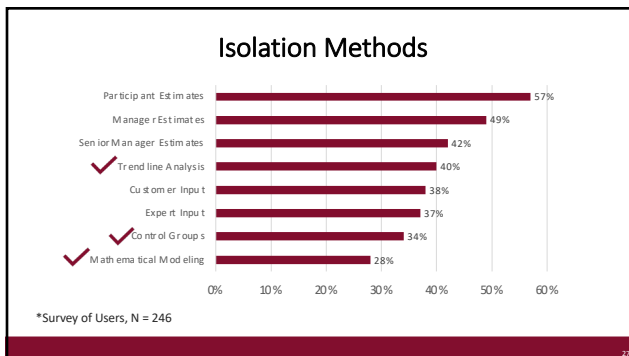
Measure Results and Calculate ROI

Design Thinking Principle 6

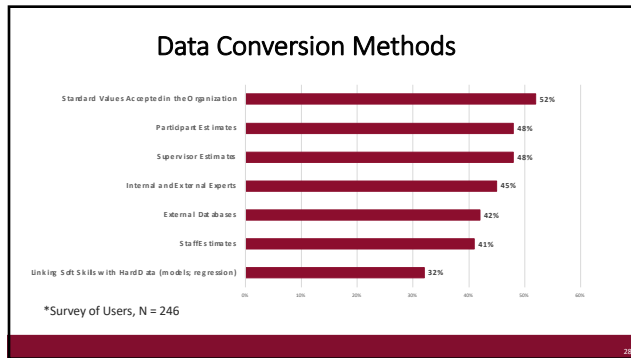
A fixed process and a tool kit

- Isolating the effects of the program
- Converting Impact data to money
- Identifying intangible benefits
- Tabulating cost of the program
- Calculating ROI

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Intangibles

- Adaptability
- Awards
- Brand awareness
- Career minded
- Caring
- Collaboration
- Communication
- Conflicts
- Corporate social responsibility
- Decisiveness
- Engagement
- Image
- Innovation
- Job satisfaction
- Leadership
- Networking
- Organizational climate
- Organizational commitment
- Reputation
- Stress
- Talent
- Teamwork

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Fully-Loaded Costs

"When in doubt, put it in."
The process should withstand even the closest scrutiny in terms of its credibility.

DIRECT	INDIRECT
☐ Project materials	☐ Needs assessment (Prorated)
☐ Instructor/facilitator (if necessary)	☐ Project development (Prorated)
☐ Facilities	☐ Participant time (salaries & benefits)
☐ Travel, lodging, meals	☐ Administrative/overhead
☐ Consulting fees/time	☐ Evaluation

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**ROI in Action:
Midwest Electric, Inc.**

Goal: Reduce and Manage Stress in Teams

Program Benefits = \$423,957
Program Costs = \$100,848

What is the ROI?

31

ROI Calculation

$$\text{BCR} = \frac{\$423,957}{\$100,848} = \boxed{4.20:1}$$

$$\text{ROI} = \frac{\$423,957 - \$100,848}{\$100,848} \times 100 = \boxed{320\%}$$

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Tell the Story
Communicate Results to Key Stakeholders

Design Thinking Principle 7
A storytelling process to inspire senior executives

- Define audience
- Identify why they need it
- Select method
- Move quickly
- Consider one-page summary

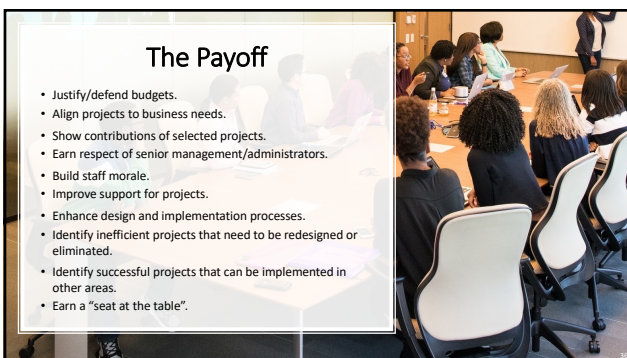
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Be Proactive

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.**

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

<https://roiinstitute.net/qiodn-measuring-the-roi-of-organizational-development-2/>

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