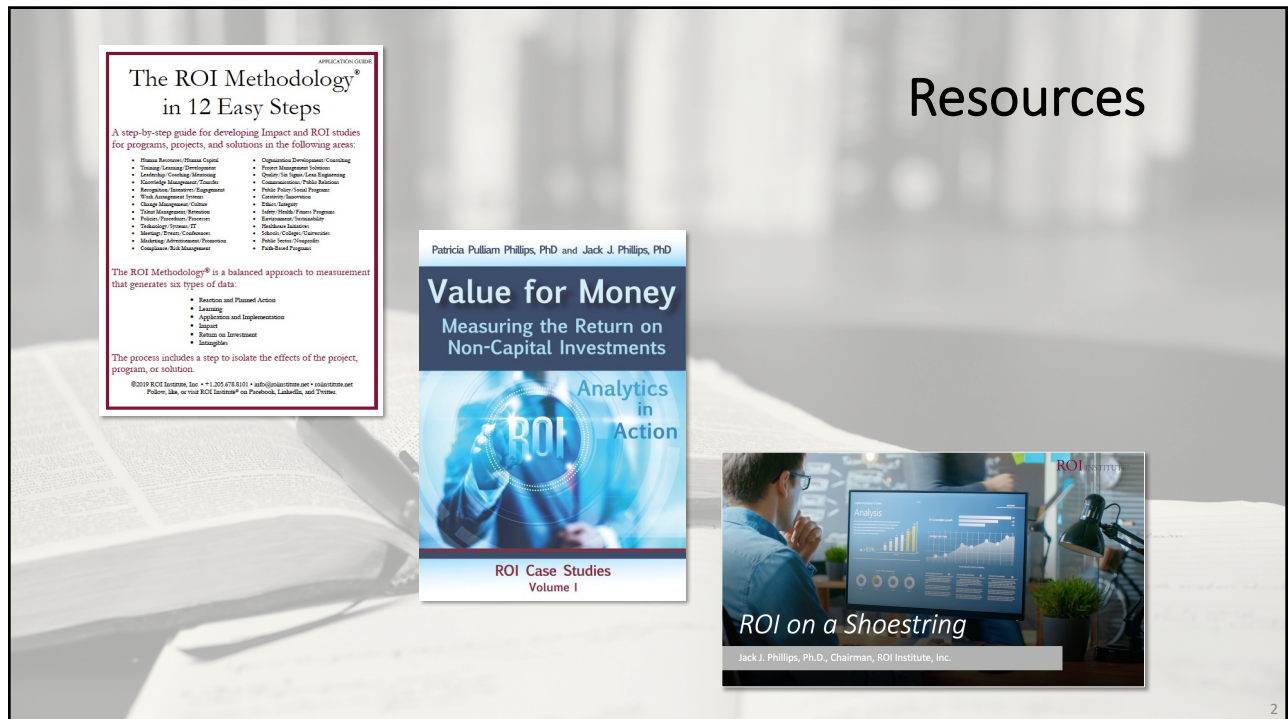




1



2

Objectives

In this session, participants will learn how to:

- Select an appropriate program to evaluate at the ROI level.
- Plan an evaluation study using job aids and simple tools.
- Execute an evaluation study using shortcuts and cost-savings tips.



3

Serious Performance Challenges

**True
or
False?**

1. Most of learning and development is wasted (not used).
2. The learning outcome desired by executives in client organizations is rarely measured.
3. Most learning providers do not have data showing that they make a difference in the organization.
4. Most executives see learning as a cost and not an investment.
5. Most executives view hard skills as more valuable than soft skills.

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The Executive View of Metrics*

Measure	We currently measure this	We should measure this in the future	My ranking of this measure's importance
1. Inputs: "Last year, 78,000 employees received formal learning."	94%	85%	6
2. Efficiency: "Formal learning costs \$2.15 per hour of learning consumed."	78%	82%	7
3. Reaction: "Employees rated our training very high, averaging 4.2 out of 5."	53%	22%	8
4. Learning: "92% of participants increased knowledge and skills"	32%	28%	5
5. Application: "At least 78% of employees are using the skills on the job."	11%	61%	4
6. Impact: "Our programs are driving our top 5 business measures in the organizations."	8%	96%	1
7. ROI: "Five ROI studies were conducted on major programs yielding an average of 68% ROI."	4%	74%	2
8. Awards: "Our learning and development program won an award from <i>Training Magazine</i> ."	40%	44%	3

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What is Value?

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The Value Chain is Always There!

		<u>LEVEL</u>	<u>ISSUE</u>	<u>MEASURES</u>	<u>TARGETS</u> [†]
	<u>This is easy</u> Always measured	0	Inputs	Volume, Hours, Convenience, Cost	100%
			↓		
	<u>This is easy</u> Almost always measured	1	Reaction	*Relevance, Engaging, *Important, Useful, *New Content, *Intent to Use, *Recommend to Others	100%
			↓		
*Can predict	<u>Not difficult</u> Usually measured	2	Learning	Concepts, Trends, Facts, Contacts, Skills, Competencies	90%
			↓		
	<u>Possible</u> Often measured	3	Application	Use of content, Frequency of Use, Success with Use, Barriers, Enablers	30%
			↓		
	<u>Not so difficult to connect</u> Sometimes measured	4	Impact	Productivity, Time, Quality, Costs, Image, Reputation, Engagement, Compliance	10%
			↓		
Executives prefer	<u>Possible for many programs</u> Rarely measured	5	ROI	Benefit Cost Ratio or Return on Investment, Expressed as a Percent	5%

[†] Best Practice: Percent of Programs Evaluated at this level each year.

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ROI Calculation

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

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



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ROI Calculation

$$\text{BCR} = \frac{\$756,000}{\$339,400} =$$

$$\text{ROI} = \frac{\$756,000 - \$339,400}{\$339,400} \times 100 =$$



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ROI Calculation

$$\text{BCR} = \frac{\$756,000}{\$339,400} = 2.23:1$$

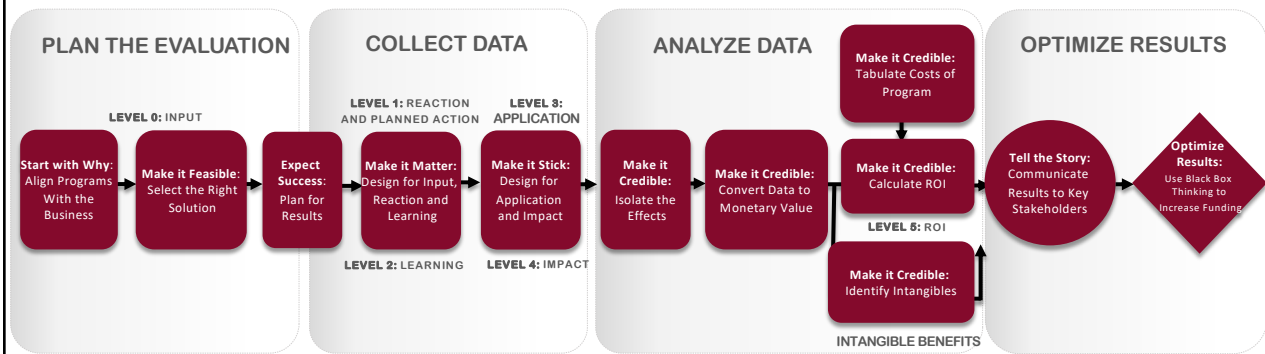
$$\text{ROI} = \frac{\$756,000 - \$339,400}{\$339,400} \times 100 = 123\%$$

10

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The ROI Methodology Process Model

Designing for the Delivery of Business Results



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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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Actions to Take: Save Time and Resources

1. Be selective for ROI evaluation.
2. Develop objectives for each level.
3. Share the joy.
4. Collect executive-friendly feedback.
5. Connect to the business early and often.
6. Building in data collection and analysis.
7. Use shortcuts.
8. Use estimates.
9. Use simple statistics.
10. Use available tools, templates, and technology.

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What percentage of your programs do you measure at impact (level 4)?

- ☐ 0
- ☐ 1% - 3%
- ☐ 4% - 9%
- ☐ 10% - 20%
- ☐ 21% or higher

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Action 1: Be Selective for ROI Evaluation



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 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

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Action 2: Develop Objectives For Each Level

Levels of Objectives	Focus of Objectives
Level 1, Reaction	Defines specific measures of expected reaction to the program as it is revealed and communicated to the stakeholders
Level 2, Learning	Defines specific measures of improvement in knowledge, information, contacts, and skills as the participants and other stakeholders learn how to make the program successful
Level 3, Application	Defines specific measures of actions taken that define success with application and implementation of the program
Level 4, Impact	Defines the specific impact measures that will change or improve as a consequence of the program's implementation
Level 5, ROI	Defines the minimum return on investment from the program, comparing program costs with monetary benefits from the program

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Matching Evaluation Levels with Objectives

After completing this program, participants should:

1. Decrease customer complaints by 20% in one year.	4
2. Be able to manage a remote team.	2
3. Perceive the performance management system as appropriate.	1
4. Decrease the amount of time required to move to the next job level.	4
5. Achieve a 20% ROI one year after implementation of flexible work system.	5
6. Perceive diversity to be important to the success of the organization.	1
7. Conduct a proper investigation using the seven-step process in 95% of complaint situations.	3
8. Decrease security breaches by 25% in six months.	4
9. Score an average of 75 or better on new strategy quiz.	2
10. Complete a disclosure form each year as part of the new ethics policy.	3

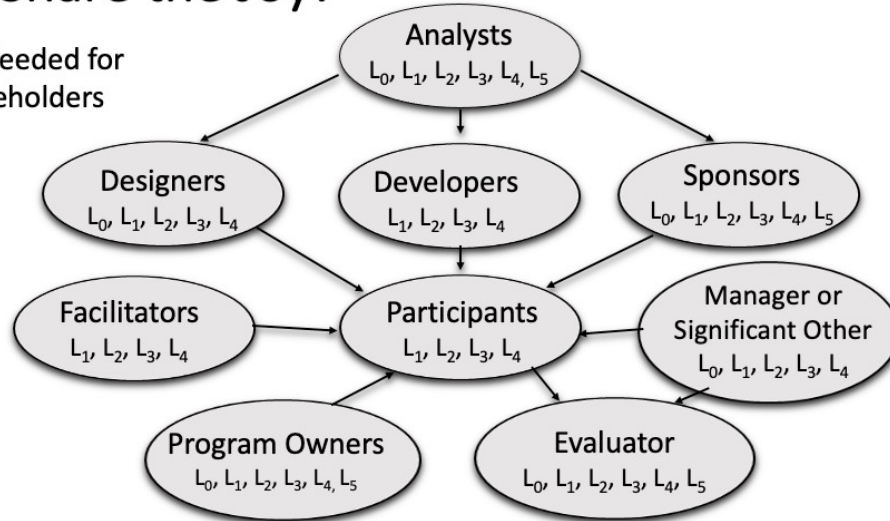
1 = Reaction 2 = Learning 3 = Application 4 = Impact 5 = ROI

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Action 3: Share the Joy!

The Objectives Needed for Important Stakeholders



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Action 4: Collect Executive-friendly Feedback

Very Executive-Friendly



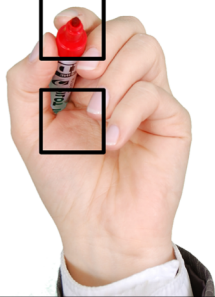
- This program was relevant to me.
- This program is important to my success.
- I will use the concepts in my work.
- I will recommend this to others.
- This will help our organization.



Not Executive-Friendly



- I'm happy with this program.
- I'm satisfied, overall.
- The facilitator was great.
- The classroom setup was great.
- This was easy.
- This was difficult.
- I love the food.
- Great delivery.



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Action 5: Connect to the Business Early and Often

To what extent* will/did this program improve:

- Productivity
- Quality
- Time savings
- Cost control
- Profitability
- Customer satisfaction
- My engagement

*Five-Point Scale:

- No influence
- Some influence
- Moderate influence
- Significant influence
- Very significant influence

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There are many methods to collect application and impact data



- Surveys
- Questionnaires
- Observation
- Interviews
- Focus groups
- Action planning
- Performance contracting
- Performance monitoring

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Action 6: Build in Data Collection and Analysis

Name: *John Matthews*

Objective: *Reduce Weekly Absenteeism Rate for Team*

Improvement Measure: *Absenteeism Rate*

Instructor Signature: _____

Evaluation Period: *March* to *September*

Current Performance *8%*

Follow-Up Date *1 September*

Target Performance *5%*

Action Steps		Analysis
1. Meet with team to discuss reasons for absenteeism – using problem solving skills 2. Review absenteeism records for each employee – look for trends and patterns 3. Counsel with problem employees to correct habits and explore opportunities for improvement 4. Conduct a brief performance discussion with an employee returning to work after an unplanned absence 5. Provide recognition to employees who have perfect attendance 6. Follow up with each discussion and discuss improvement or lack of improvement and plan other action 7. Monitor improvement and provide recognition when appropriate.	10 March	A. What is the unit of measure? <u>One absence</u> B. What is the value (cost) of one unit? <u>\$41.00</u> C. How did you arrive at this value? <u>Standard value</u> D. How much did the measure change during the evaluation period? (monthly value) <u>2.5%</u> E. What percent of this change was caused by this program? <u>65%</u> F. What level of confidence do you place on the above information? (100% = Certainty and 0% = No Confidence) <u>80%</u>
	20 March	
	31 March	
Intangible Benefits: Less stress; greater job satisfaction Comments: Great program – it kept me on track with this problem.		

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Action 7: Use Shortcuts

Twelve Guiding Principles

1. When conducting a higher-level evaluation, collect data at lower levels.
2. When planning a higher-level evaluation, the previous level of evaluation is not required to be comprehensive.
3. When collecting and analyzing data, use only the most credible sources.
4. When analyzing data, select the most conservative alternative for calculations.
5. Use at least one method to isolate the effects of a project.
6. If no improvement data are available for a population or from a specific source, assume that little or no improvement has occurred.
7. Adjust estimates of improvement for potential errors of estimation.
8. Avoid use of extreme data items and unsupported claims when calculating ROI.
9. Use only the first year of annual benefits in ROI analysis of short-term solutions.
10. Fully load all costs of a solution, project, or program when analyzing ROI.
11. Intangible measures are defined as measures that are purposely not converted to monetary values.
12. Communicate the results of ROI Methodology to all key stakeholders.

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Action 8: Use Estimates

Use Estimates For:

- Isolation
- Data Conversion to Money
- Indirect Costs

Rules:

- Use most credible source
- Collect data in a non-threatening, unbiased way
- Adjust for the error in the estimate
- Be prepared to defend the data
- Use as a last resort

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Action 9: Use Simple Statistics

Embrace:

- Ratios
- Averages
- Standard deviation
- Correlation analysis (maybe)
- Hypothesis testing (maybe)

Be cautious:

- Multiple variable regression analysis
- Factor analysis
- Analysis of variance
- Probability analysis
- Structural equation modeling

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Action 10: Use Available Tools, Templates, and Technology

- Request Case Studies from ROI Institute
- Request Application Guide from ROI Institute
- Survey Monkey
- ROI Institute Academy Level 0
- Request Benchmarking data from ROI Institute

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When Properly
Implemented,
High ROI Values*
are Achievable in
Programs Involving:

*100% to 700% ROI
is not uncommon

-  Leadership Development
-  Performance Management
-  Management Development
-  Supervisor Training
-  Talent Retention
-  Flexible Work Systems
-  Reward Systems
-  Skill-Based Pay
-  Business Coaching

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The Payoff

- Justify/defend budgets.
- Align projects to business needs.
- Show contributions of selected projects.
- Earn respect of senior management/administrators.
- Build staff morale.
- Improve support for projects.
- Enhance design and implementation processes.
- Identify inefficient projects that need to be redesigned or eliminated.
- Identify successful projects that can be implemented in other areas.
- Earn a “seat at the table”.

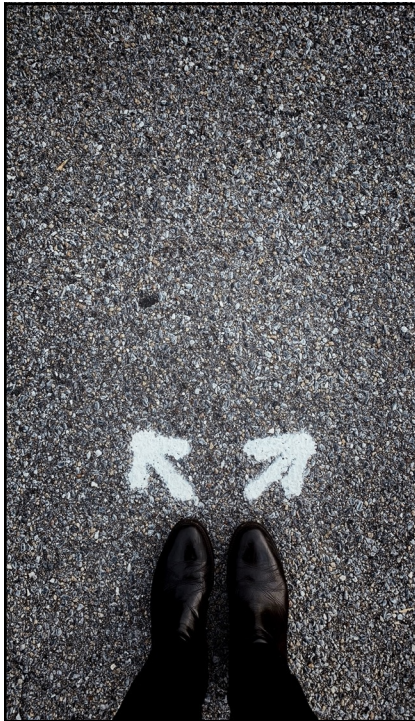


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Be Proactive

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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Scan the QR code or visit the link below to receive resources from today's session.

<https://roiinstitute.net/tmn-roi-on-a-shoestring/>

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ROI Learning Center

Hosted by Training Magazine Network

Created by ROI Institute, Inc.

Four realities occur in today's learning and development environment, globally.

1. Most top executives want learning and development to be aligned with the business.
2. The concept of ROI is familiar to most people.
3. Connecting learning and development to the business is not that difficult.
4. Thousands of L&D professionals are routinely doing this.

The ROI Learning Center provides tools, templates, and case studies to help prepare you for success in today's environment. Our goal is to take the mystery out of the ROI process.

Start at Level 1 and explore each level at your own pace. Each of the five levels will bring you closer to calculating the ROI of your program or project. There is also a calculator to help you calculate ROI when you have the appropriate data.

<https://www.trainingmagnetwork.com/roilearningcenter>



Level 1 Reaction

Level 2 Learning

Level 3 Application

Level 4 Impact

Level 5 ROI

ROI Calculator




Patti Phillips, Ph.D.
Chief Executive
Officer
ROI Institute

Jack Phillips, Ph.D.
Chairman
ROI Institute

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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 19-30, 2022 — Live Virtual

October 3-7, 2022 — Birmingham, AL

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





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Visit us online:

www.roiinstitute.net

Email:

Jack@roiinstitute.net

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