What’s it Worth? Demonstrating the Impact and ROI of Training and Development

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

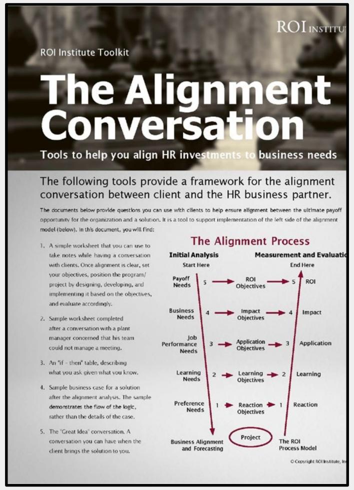
Session Objectives

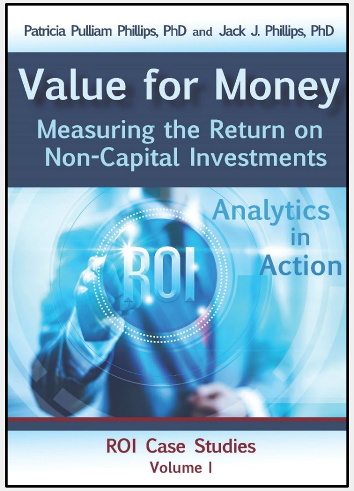
Define five levels of outcomes

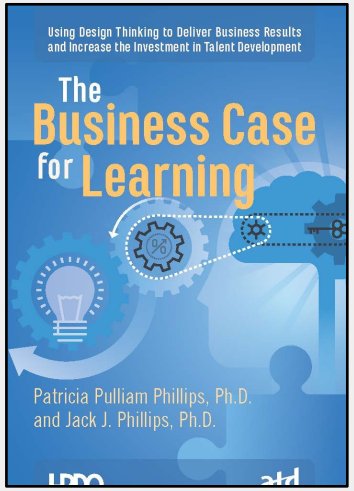
Calculate the ROI

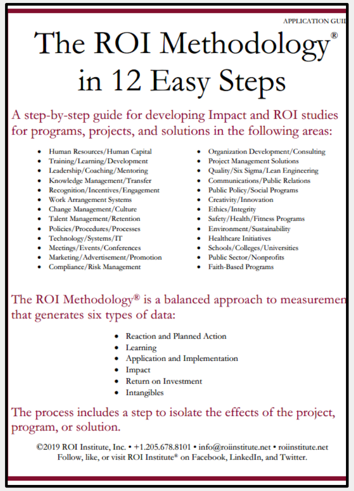
Determine next steps to demonstrate the impact and ROI of your programs

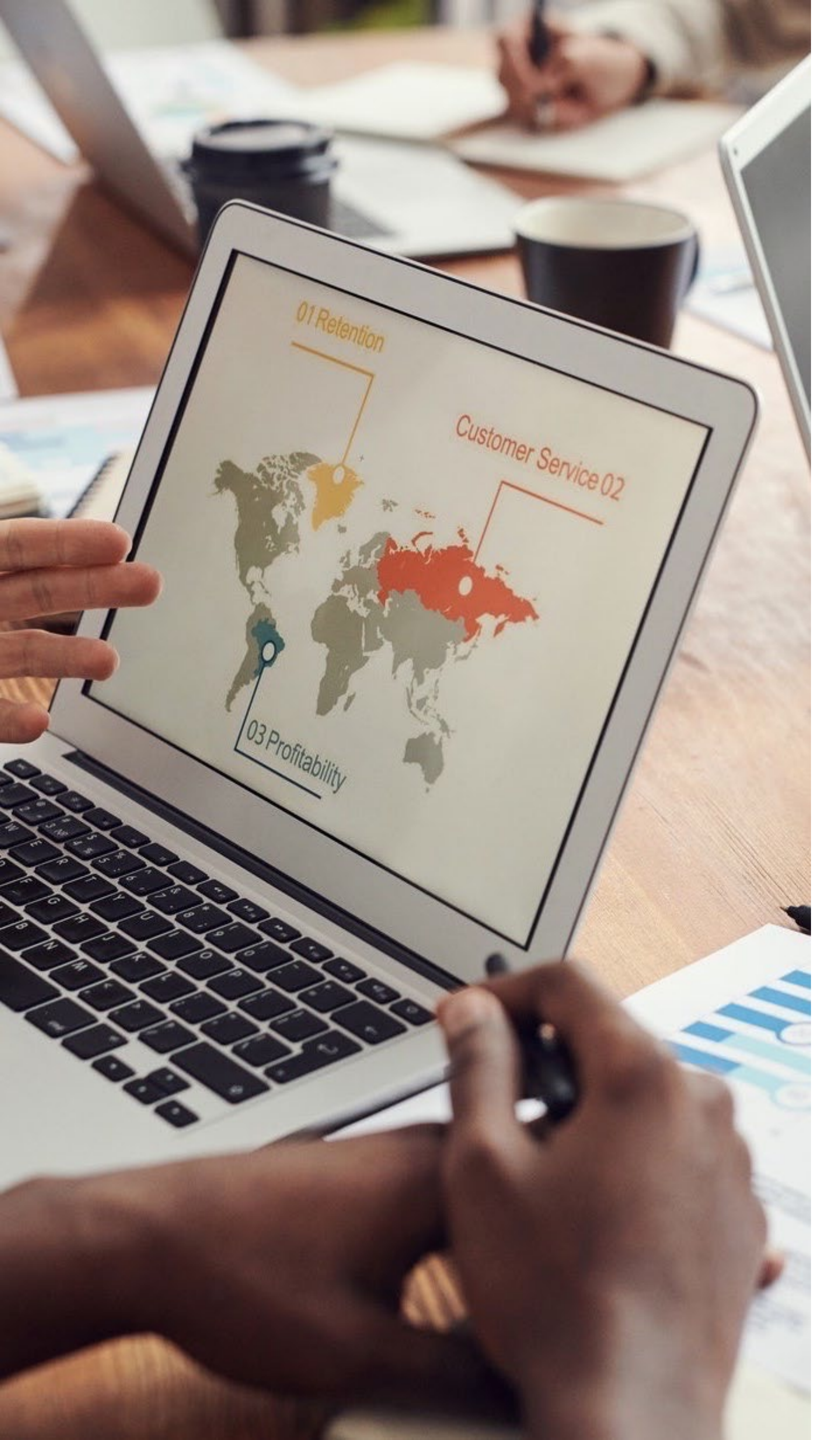
Resources


ROI Institute Toolkit
The Alignment Conversation
Tools to help you align HR investments to business needs
The following tools provide a framework for the alignment conversation between client and the HR business partner.
The Alignment Process


Patricia Pulliam Phillips, PhD and Jack J. Phillips, PhD
Value for Money
Measuring the Return on Non-Capital Investments
Analytics in Action
ROI
ROI Case Studies
Volume I


Using Design Thinking to Deliver Business Results and Increase the Investment in Talent Development
The Business Case for Learning
Patricia Pulliam Phillips, Ph.D. and Jack J. Phillips, Ph.D.


The ROI Methodology®
in 12 Easy Steps
A step-by-step guide for developing Impact and ROI studies for programs, projects, and solutions in the following areas:
The process includes a step to isolate the effects of the project, program, or solution.



Why are you interested in ROI?
(Select all that apply.)

A. Top executives are requiring ROI. I must pursue this.
B. I have pressure to justify my budget. I need to pursue this.
C. I know I will need to demonstrate more value in the future.
D. I want to show increased accountability for our expenditures.
E. I want to experiment with and explore new techniques to measure program success.

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*


The Telegraph
HOME | NEWS
Metropolitan Police Service

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

What's going on here?

[1]H. Dixon. "Scotland Yard 'wasting' £10M on leadership training." *The Sunday Telegraph*. June 3, 2018. 1-2.
[2]J. Ungoed-Thomas, K. Shveda, S. Joiner, and D. Collins. "Under 5% of all burglaries and robberies solved." *Sunday Times.* June 17, 2018. 1.

Framework: Five Levels of Outcomes

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, Revenue, Quality, Time, Efficiency, Customer Satisfaction, Employee Engagement
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 improved the measures, added economic theory (Level 5). More importantly, Phillips operationalized the framework by adding process and standards and applying them in practice.

ROI Defined

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

$$\textbf{ROI} = \frac{\text{Net Program Benefits}}{\text{Program Costs}} \text{ X } 100 =$$

ROI Defined

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

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

ROI Defined

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

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

Sometimes you will see this:

$$\text{BCR} = \frac{750{,}0\ldots}{\ldots 25{,}000}\ 1.76 \times 100 = \mathbf{176\%}$$

ROI Defined

$$\textbf{BCR} = \frac{\$750{,}000}{\$425{,}000} = \textbf{1.76}$$

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

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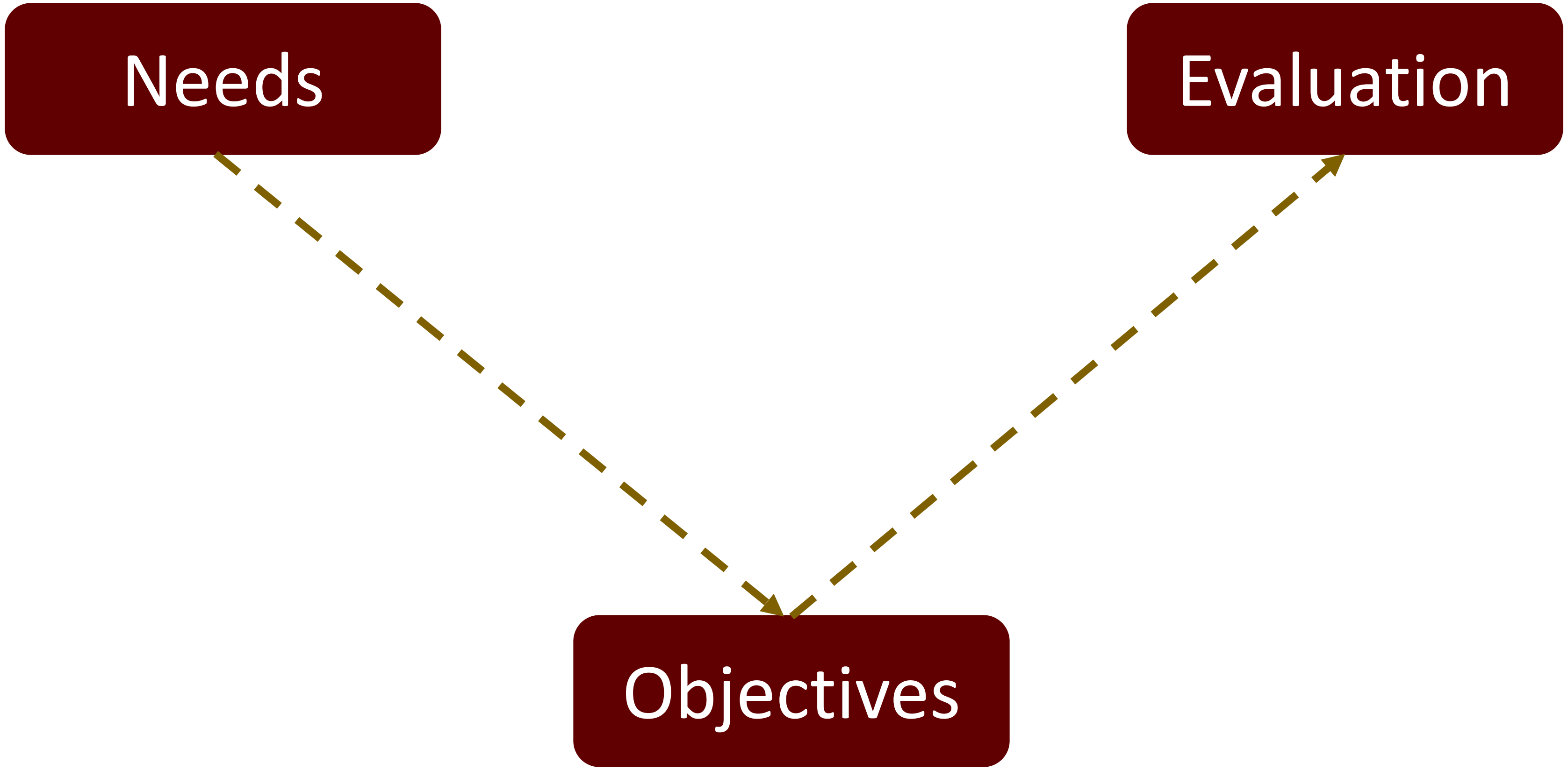
Use the evaluation framework three ways.



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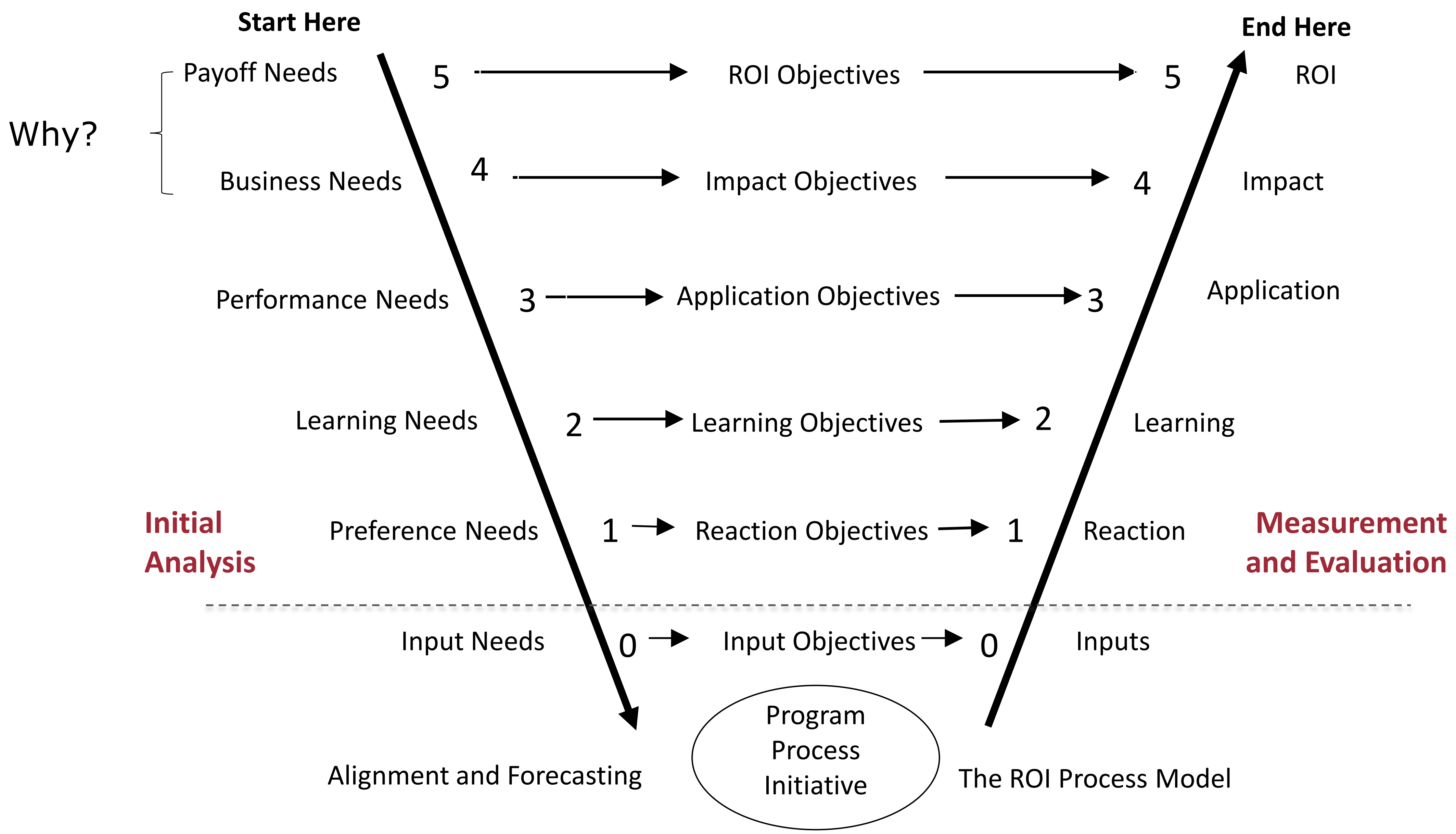
Alignment Model



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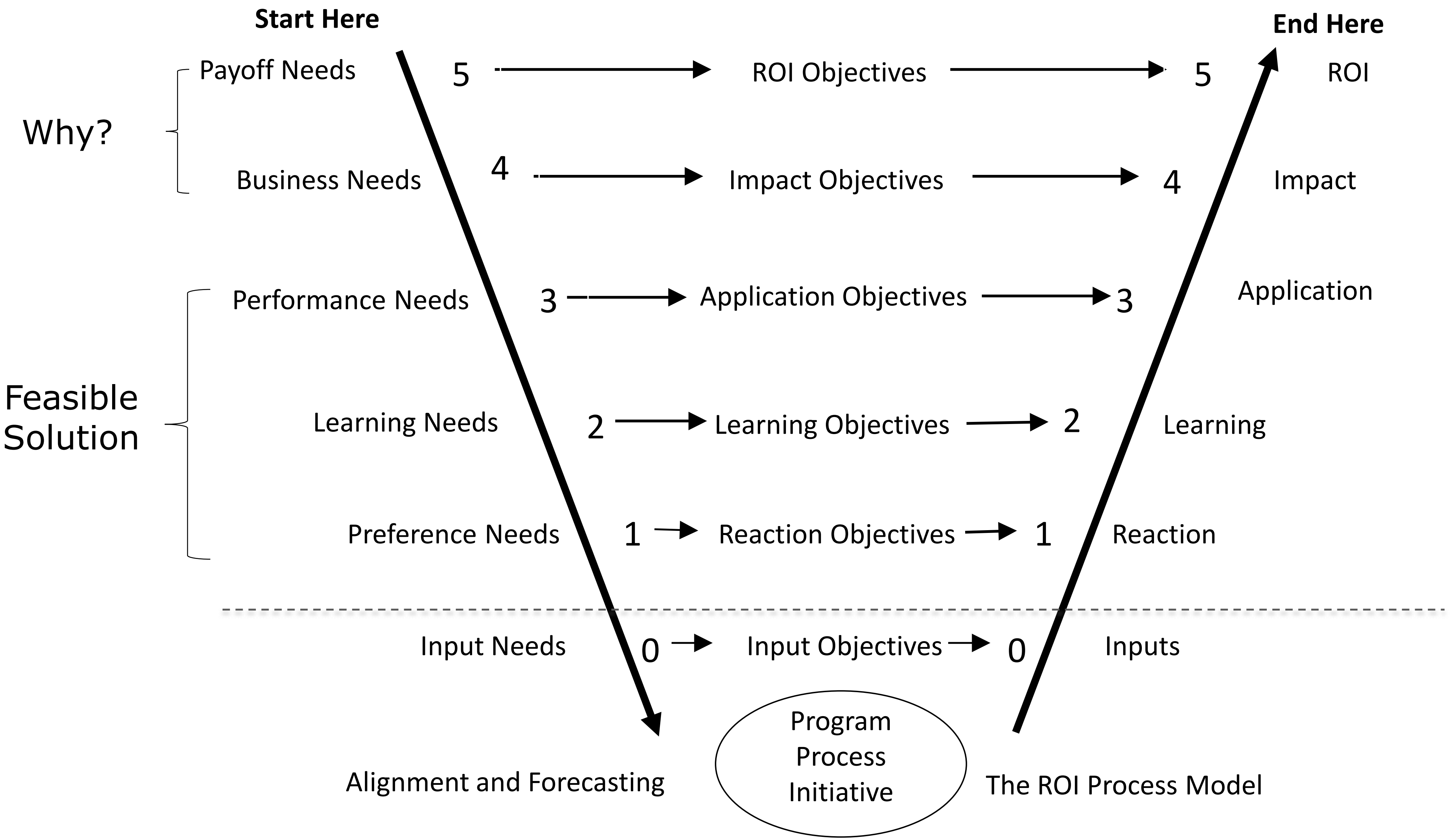


SECOR Bank: The Why

Payoff Need	• 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	• 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?	

Use Diagnostic Tools

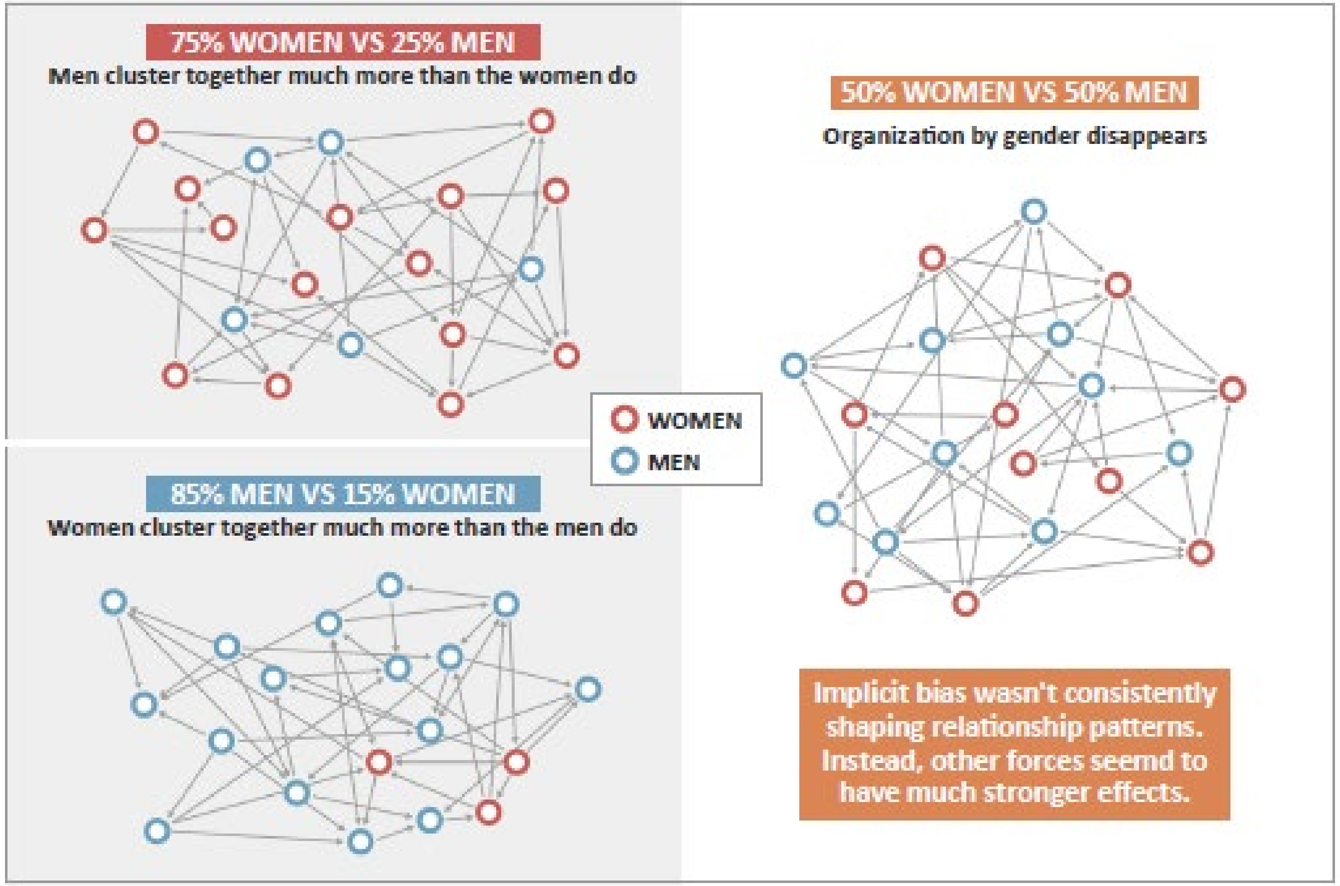
Feasible solutions evolve through the understanding of context, empathizing with the target audience, and identifying performance gaps. The next step is to identify learning needs and how best to deliver relevant information. Forecasting outcomes based on inputs is sometimes helpful.

- 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

Organization Network Analysis (ONA)

Also referred to as Collaborative Analytics

Clustering of relationships with different percentages of men and women



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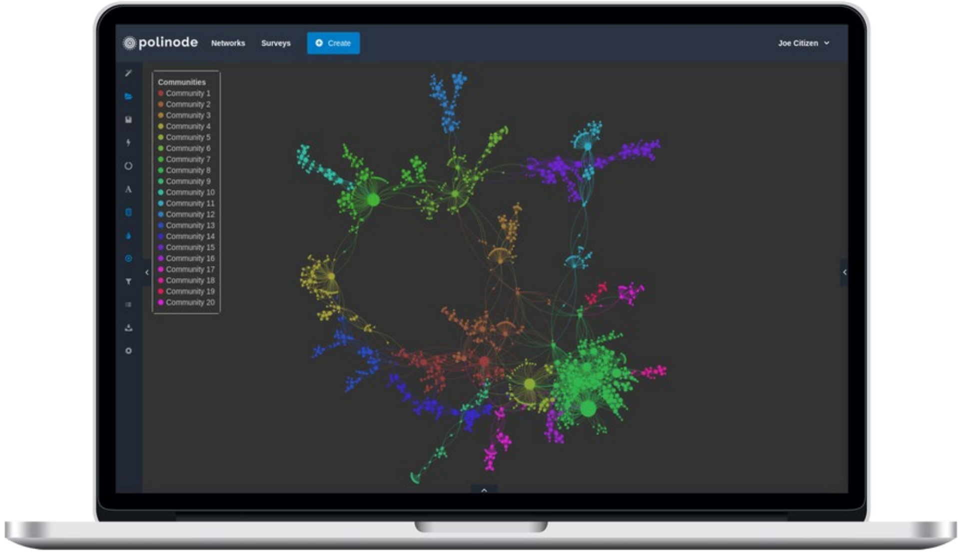


Source: Carboni, I., Cross, R., Page, A., Parker, A. (2019) *Invisible Network Drivers of Women's Success: How People Manage Collaborative Overaload*. Connect Commons, p. 3.

Overall, people seeking ties with colleagues and stakeholders early on tended to stimulate larger networks where they were sought out for their knowledge and expertise. Being sought out over time was strongly associated with faster promotion and longer tenure.

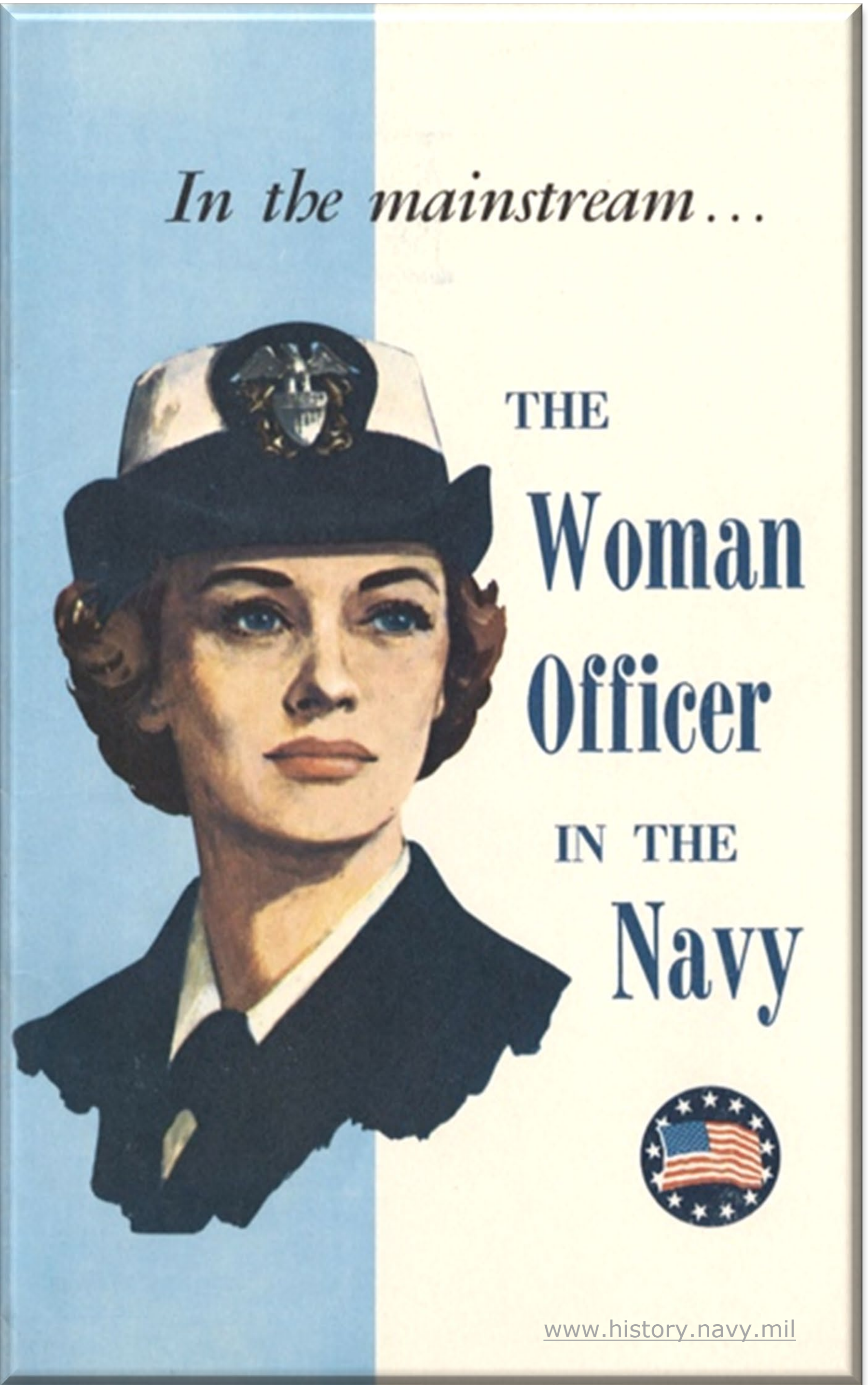
MITSloan Management Review

MAGAZINE SUMMER 2021 ISSUE

Cultivating an Inclusive Culture Through Personal Networks

Analyzing employees' network connections can show whether they have the access and relationships they need to be most effective.

Rob Cross, Kevin Oakes, and Connor Cross • June 08, 2021 READING TIME: 11 MIN



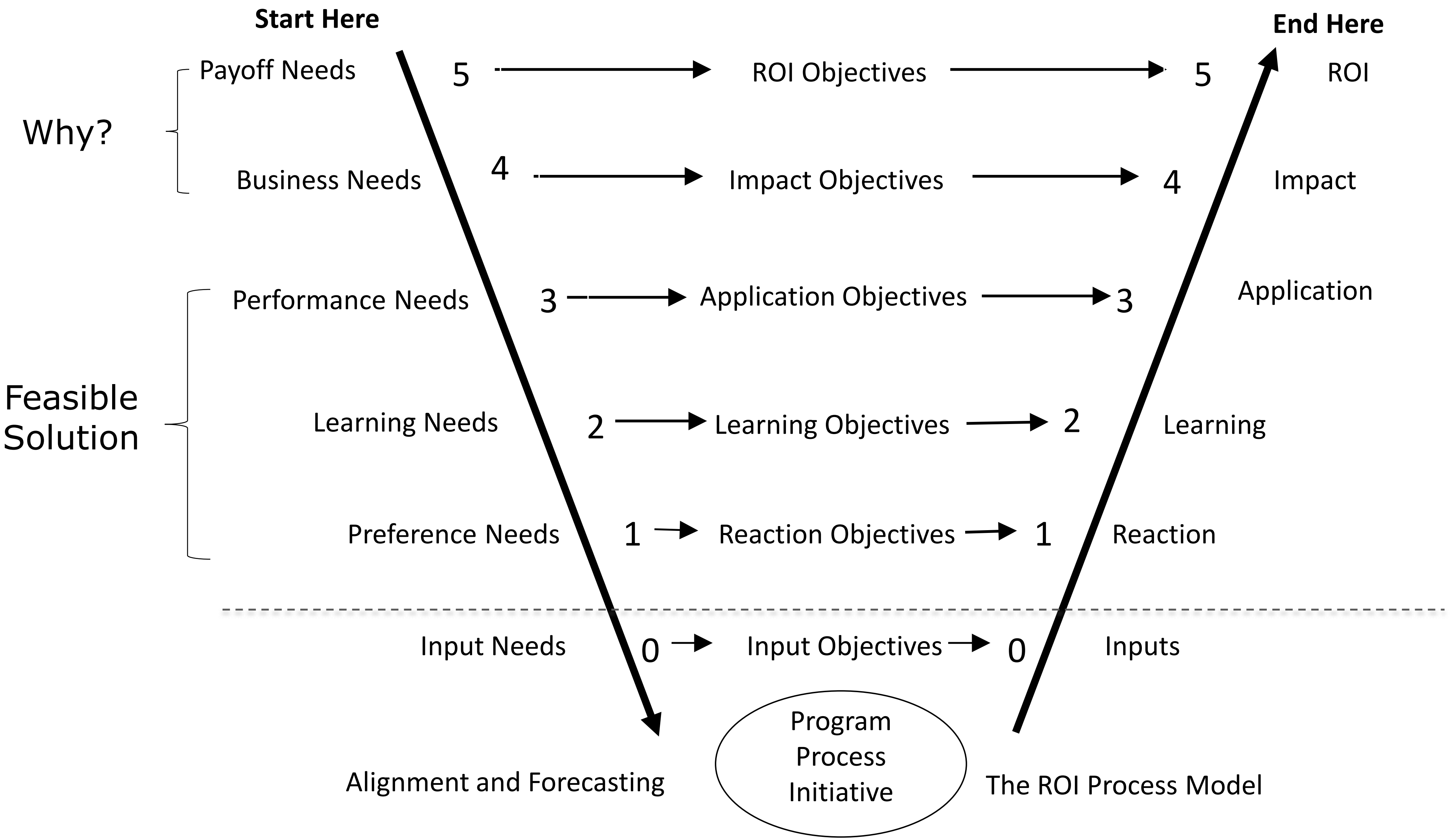
Interpretative Phenomenological Analysis

Identify effective strategies for female Navy officers, who are mothers, to embrace long-term deployment

- Face-to-face interviews lasting 45-90 minutes
- Study Criteria and Demographics Collection Form
- 11 semi-structured, open-ended questions
- Use of appreciative inquiry in formulating positive and engaging questions for positive conversation and outcomes

Walker, A. H. *Increasing Female Navy Officer Retention: Deploying Mothers' Perspectives*. The University of Southern Mississippi

Alignment Model



SECOR Bank: The Solution

Performance Needs	• Exist interviews offered limited perspective. • Nominal group technique used to discover cause of turnover. • Results indicated the top five reasons for departure were 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
Learning Needs	• 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
Preference Needs	• Launch within each of the branches • Ensure those who do not participate are not penalized
Investment	• 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%

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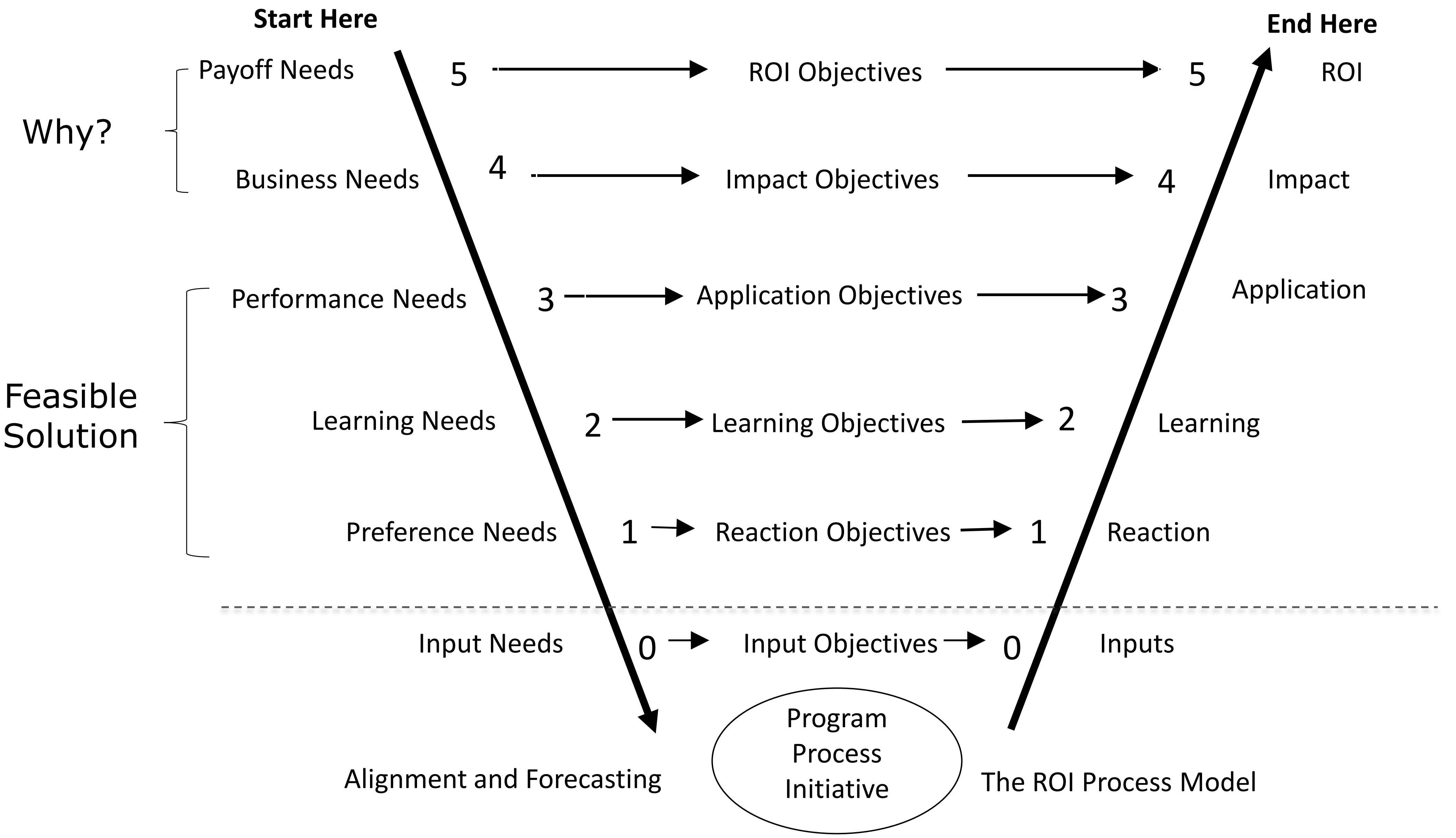
Alignment Model



Expect Success: 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 or behaviors changed 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

Alignment Model

Payoff Needs 5
Worker absenteeism is impeding productivity; cost to temporary staff is expensive. Managers estimate the cost of absenteeism is about $10,000 per month.

ROI Objectives
ROI 25%

5 **ROI**
Calculate ROI

Business Needs 4
Unexplained absenteeism is 9% and increasing; greater than benchmarking of 5%. Unplanned absenteeism of female employees (50% total) is 9.5%.

Impact Objectives
Reduce unplanned absence to 5% six months after the program. 2.5% of the reduction should represent the female employees.

4 **Impact**
Monitor unplanned absences post-program. Measure unplanned absence six months after the program (performance records)
Isolate the effects of program using combination trendline analysis and manager and employee estimates.

Performance Needs 3
Analysis shows that supervisors and senior staff criticize rather than coach employees when making mistakes. This environment is perceived as hostile, particularly by female staff.

Application Objectives
Within three months of program, employees and supervisors report that coaching sessions occur in at least 95% of the situations when performance issues arise. Employee development plans are created for each employee. When employees feel they are mistreated, they follow the guidelines and employ the techniques described in the workshop.

3 **Application**
Follow-up with survey in three months with manager and employees; Follow up with sample of managers in three months (interviews); Follow up with sample of employees in three months (focus groups)

Learning Needs 2
Supervisors and senior staff need to learn how to set clear expectations and objectives, coach and motivate for maximum performance, and document performance problems. Employees need to know what they can expect from their supervisors and their options if they believe to be mistreated in the workplace.

Learning Objectives
Program participants demonstrate ability to set expectations and objectives, coach and motivate for maximum performance, and document performance problems. They acknowledge awareness of proper procedures for reporting performance issues.

2 **Learning**
Skill practice and exercises during program.
Assessments and polling during online modules.

Preference Needs 1
Program needs to provide relevant, practical information and tools. Participants do not need to be off the production floor longer than two days. Solution is a Civil Treatment Workshop. Supervisors and employees will participate in separate workshops to ensure issues specific to their roles are addressed in detail. Virtual support will continue.

Reaction Objectives
Participants indicates positive reaction as measured by ratings of 4.5/5 on relevance, importance, and intent to apply what they learned.

1 **Reaction**
End-of-program questionnaire. Five key questions after each online module using embedded survey.

Input Needs 0
All employees, two days, with supporting online modules and materials. Ongoing virtual support.

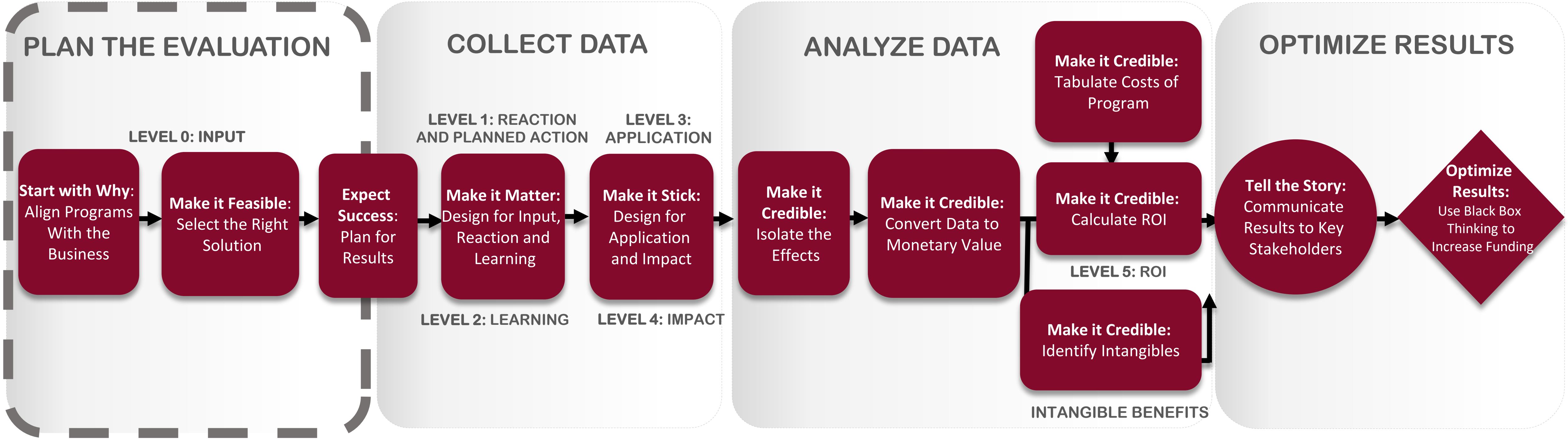
Input Objectives

0 **Input**
Account for attendance, program costs

Civil Treatment Program

The ROI Methodology Process Model

Designing for the Delivery of Business Results



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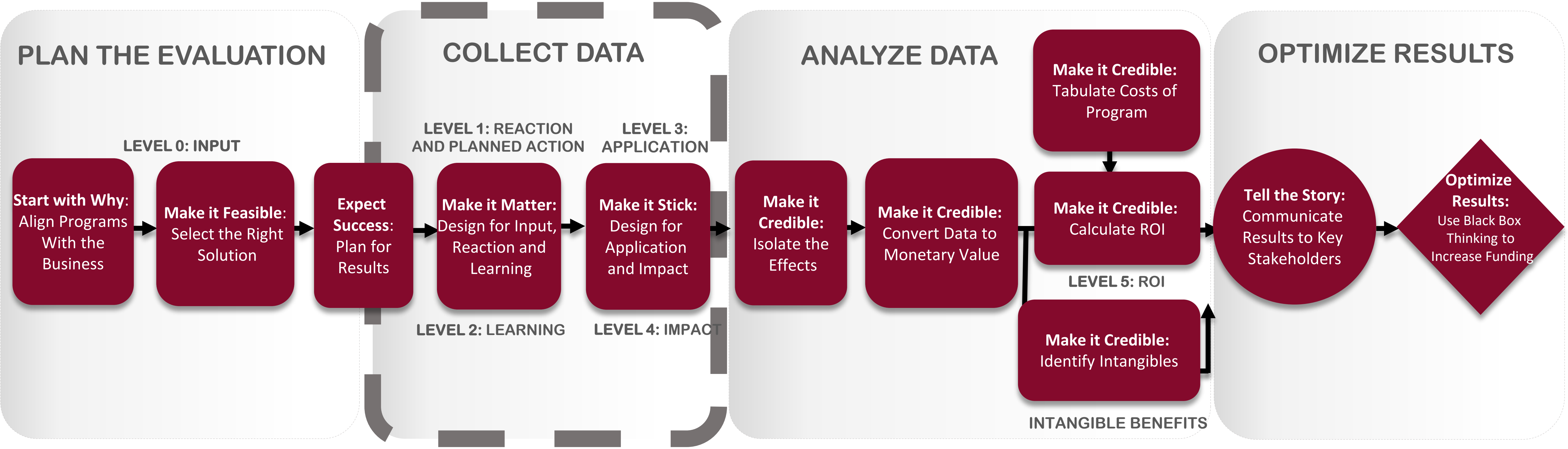

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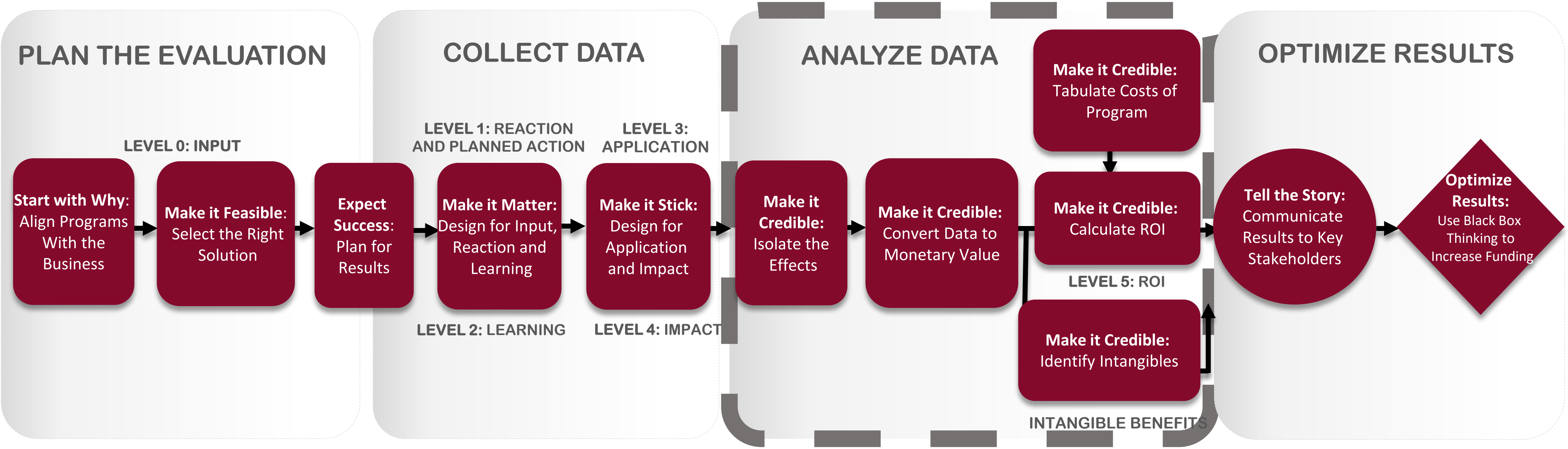

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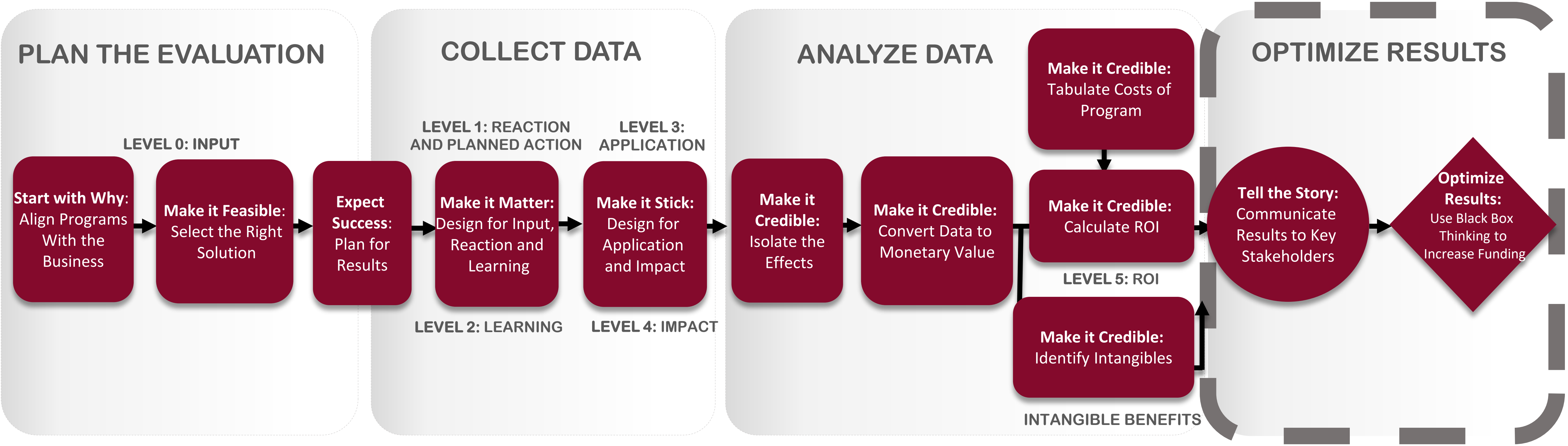

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Guiding Principles

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 alternatives for calculations.
5. Use at least one method to isolate the effects of the program or project.
6. If no improvement data are available for a population or from a specific source, assume that no improvement has occurred.
7. Adjust estimates of improvements for the potential error of the estimates.
8. Avoid use of extreme data items and unsupported claims when calculating ROI.
9. Use only the first year of annual benefits in the ROI analysis of short-term solutions.
10. Fully load all costs of the 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 the ROI Methodology to all key stakeholders.

The Complete Story

Inputs

Reaction

Learning

Application

Isolate the Effects of the Program

Impact

ROI

Intangible Benefits

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.


Let’s have a conversation.
Schedule a time that works for you.
https://calendly.com/pattiphillips/connect
patti@roiinstitute.net

Questions?

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SCAN ME

Connect with Us

ROI CERTIFICATION®

SCHEDULED EVENTS

April 11-15, 2022 – New Orleans, LA

Apri

May

(Del

May 9-13, 2022 – Orlando, FL

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

June 20-July 1, 2022 – Live Virtual

August 15-19, 2022 – San Diego, CA

August 22-September 2, 2022 – Live Virtual

September 12-16, 2022 – Boston, MA

December 5-9, 2022 – Charlotte, NC

Asia-Pacific Live Virtual Event Coming Soon!

If you are interested, contact me at patti@roiinstitute.net.

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

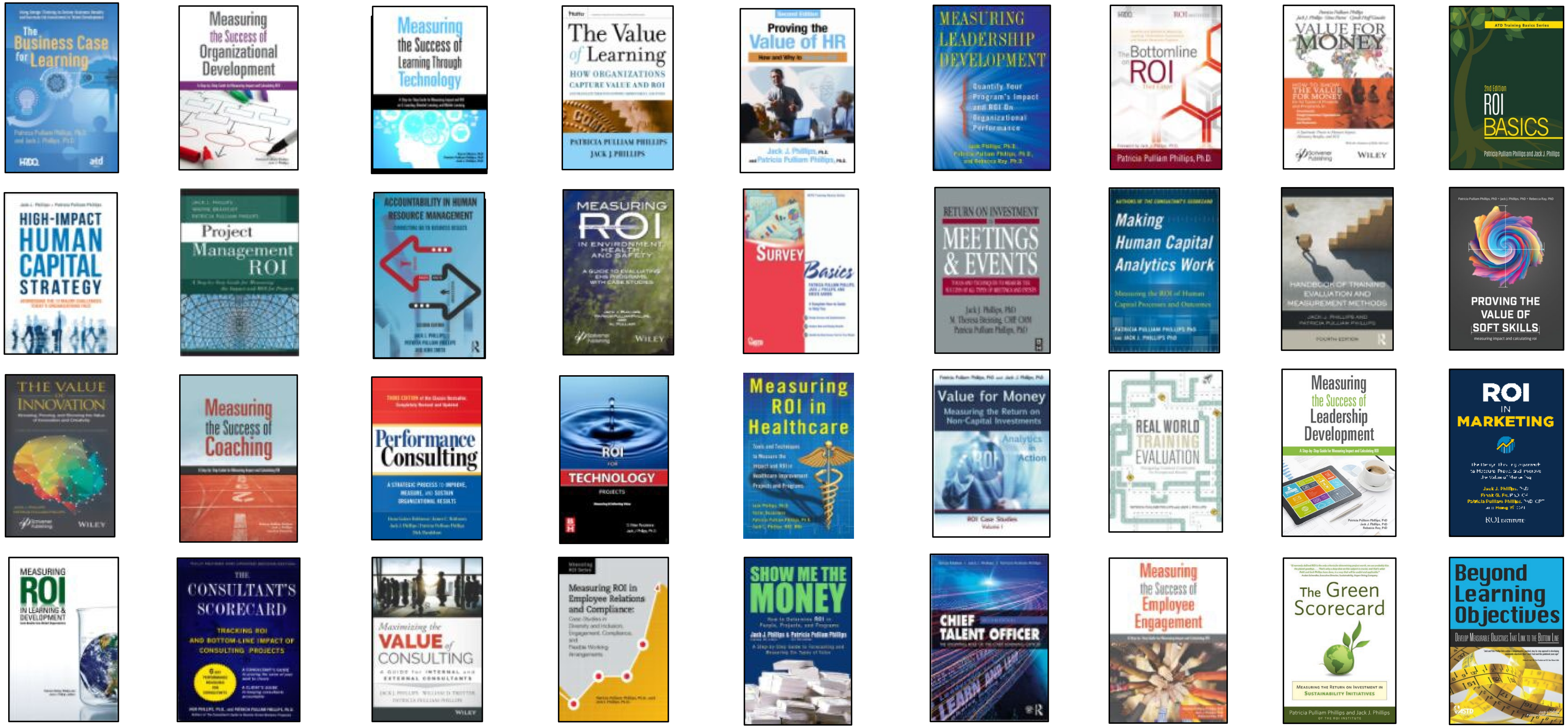
Call: +1 205.678.8101

ROI INSTITUTE®

Patti P. Phillips, Ph.D.

- CEO, ROI Institute, Inc.
- 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

Demonstrate the impact and ROI of your programs and processes.



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