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Keeping the Accountants Happy: A Fresh Look at Measuring ROI in Learning and Development

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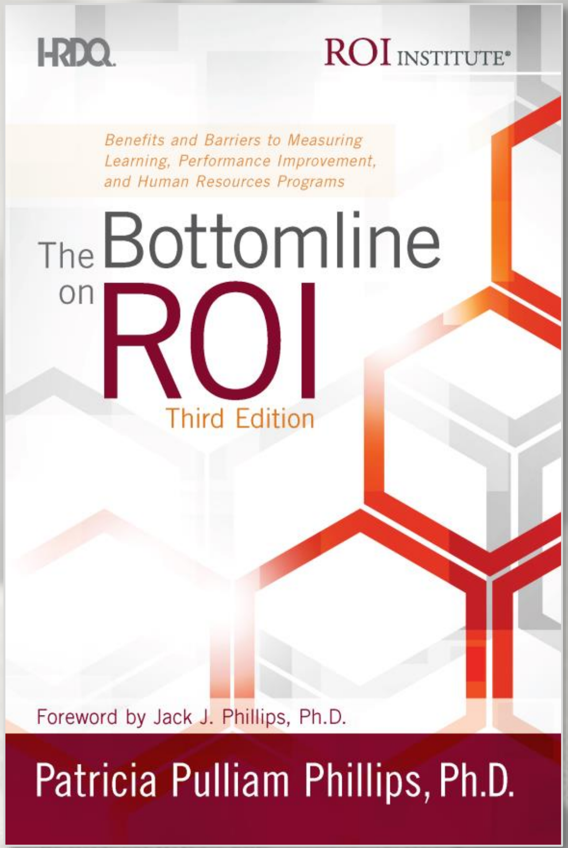
Resources



APPLICATION GUIDE

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:

- 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

The ROI Methodology® is a balanced approach to measurement 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 effects of the project, program, or solution.

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Serious Performance Challenges

True or False?

1. Most learning and development is wasted (not used).
2. The learning outcomes desired by executives is rarely measured.
3. Most learning providers do not have data showing 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 more valuable than soft skills.

What CEOS Want

Demonstration of Value

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

ROI History

Formula	$$\frac{\text{Benefits} - \text{Costs}}{\text{Costs}} \times 100$$
Origination	Over 200 years ago in Finance and Accounting Field (Business)
Dominate Method	Used to measure capital investments (1925) Used to measure non-capital investments (2020)
Caution	Never should be used alone to make a decision

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The ROI Methodology®

- Most used evaluation system in the world
- Endorsed by United Nations
- Endorsed by 26 federal governments
- Used by over 300 health care systems
- Used by over 150 colleges and universities
- Used by three-fourths of Fortune 500 organizations
- Used by major foundations such as the Gates Foundation

ROI Implementation

- ROI has been implemented in more than 70 countries.
- Over 8,000 organizations have implemented the ROI Methodology.
- Over 50,000 professionals have participated in a one- or two-day ROI workshop.
- More than 16,000 participants have participated in ROI Certification.
- More than 6,000 CRP designations awarded.
- Over 75 books published; 70 books translated from English.

- Human Resources/Human Capital
- Training/Learning/Development
- Leadership/Coaching/Mentoring
- Knowledge Management/Transfer
- Recognition/Incentives/Engagement
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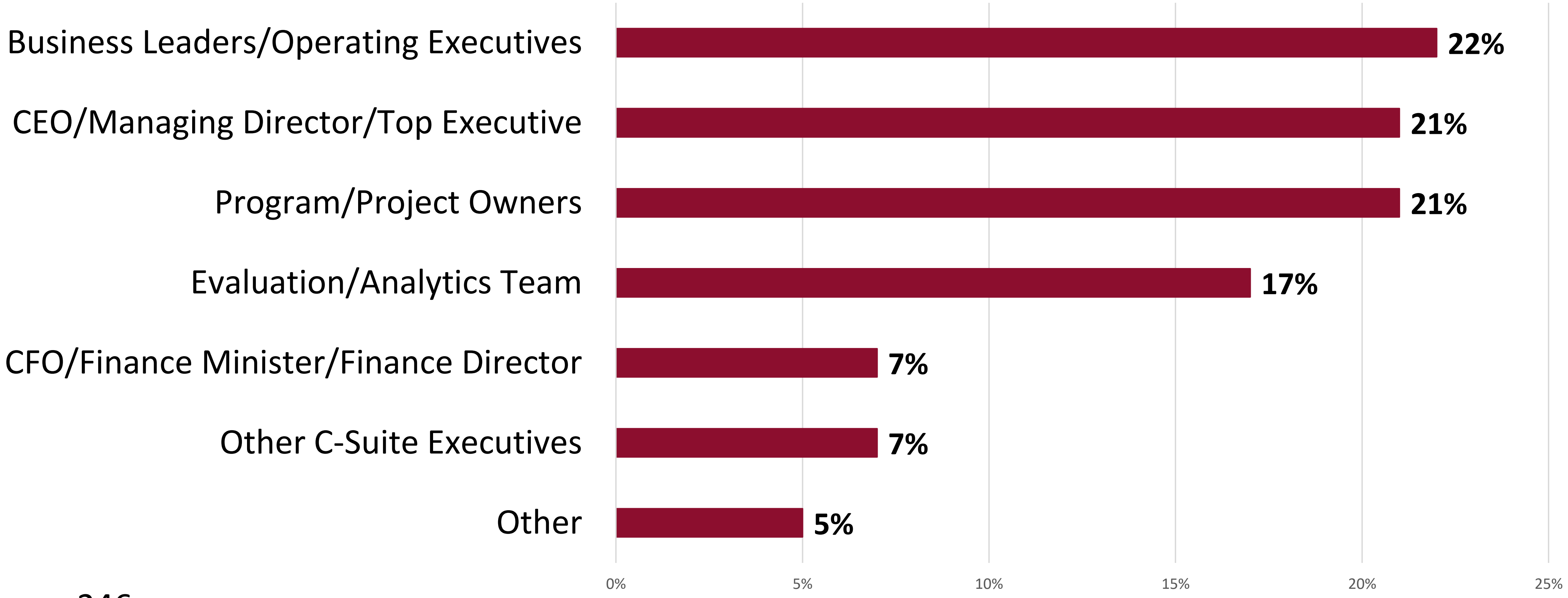
- Faith-Based Programs
- Compliance/Risk Management

ROI is Appropriate For Many Fields

Who drives ROI in organizations?



n = 246

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The ROI Methodology is Designed For:

- Functional managers who design and implement projects.
- Clients and senior management who request and approve projects.
- Researchers and evaluators who validate or teach evaluation approaches.

ROI Methodology Levels of Evaluation

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

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?

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

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

Measurement Targets

How are users evaluating?

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

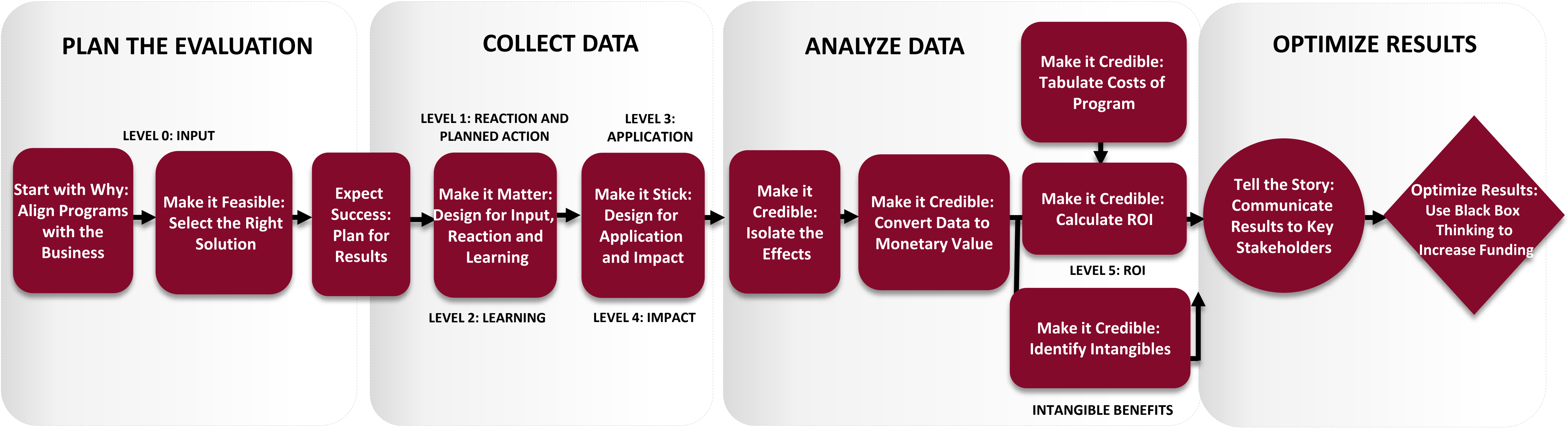
What is your status?

Characteristics of Programs Suitable for Impact and ROI

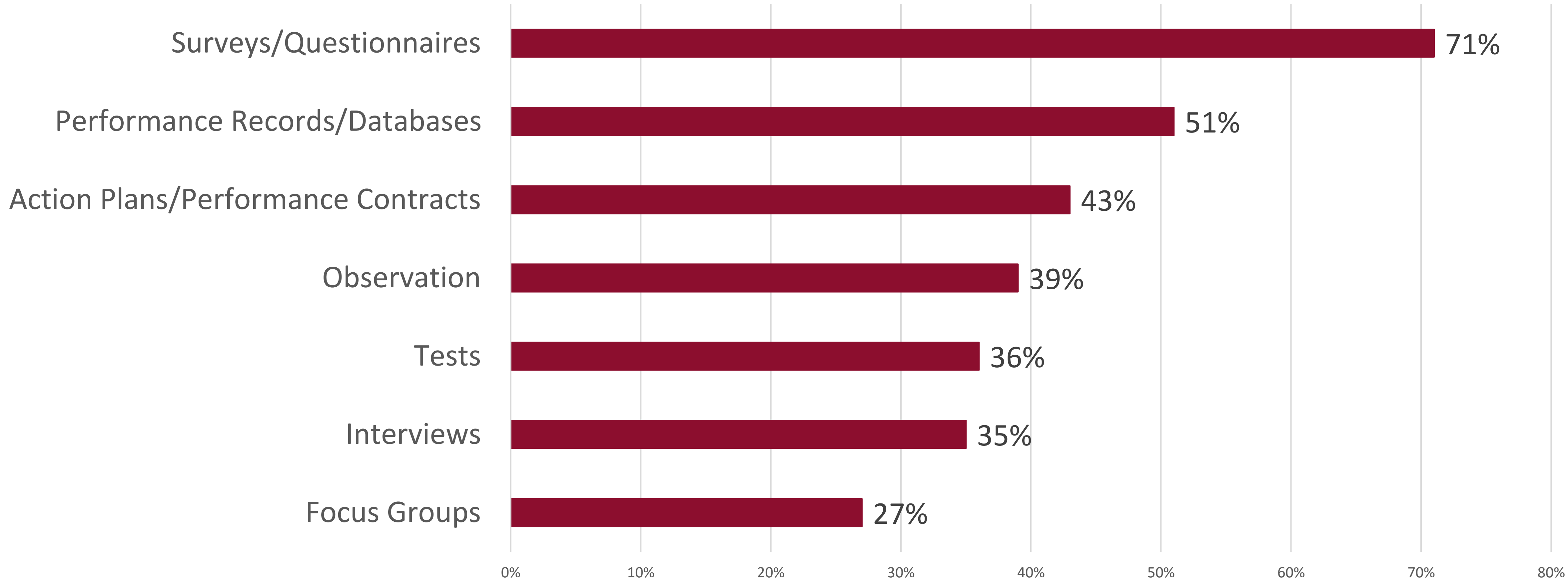
- Cost of the program
- Linkage of program to operational goals and issues
- Importance of program to strategic objectives
- Top executive interest in the evaluation
- Visibility of the program
- Size of target audience
- Investment of time required

The ROI Methodology® Process Model

Designing for the Delivery of Business Results

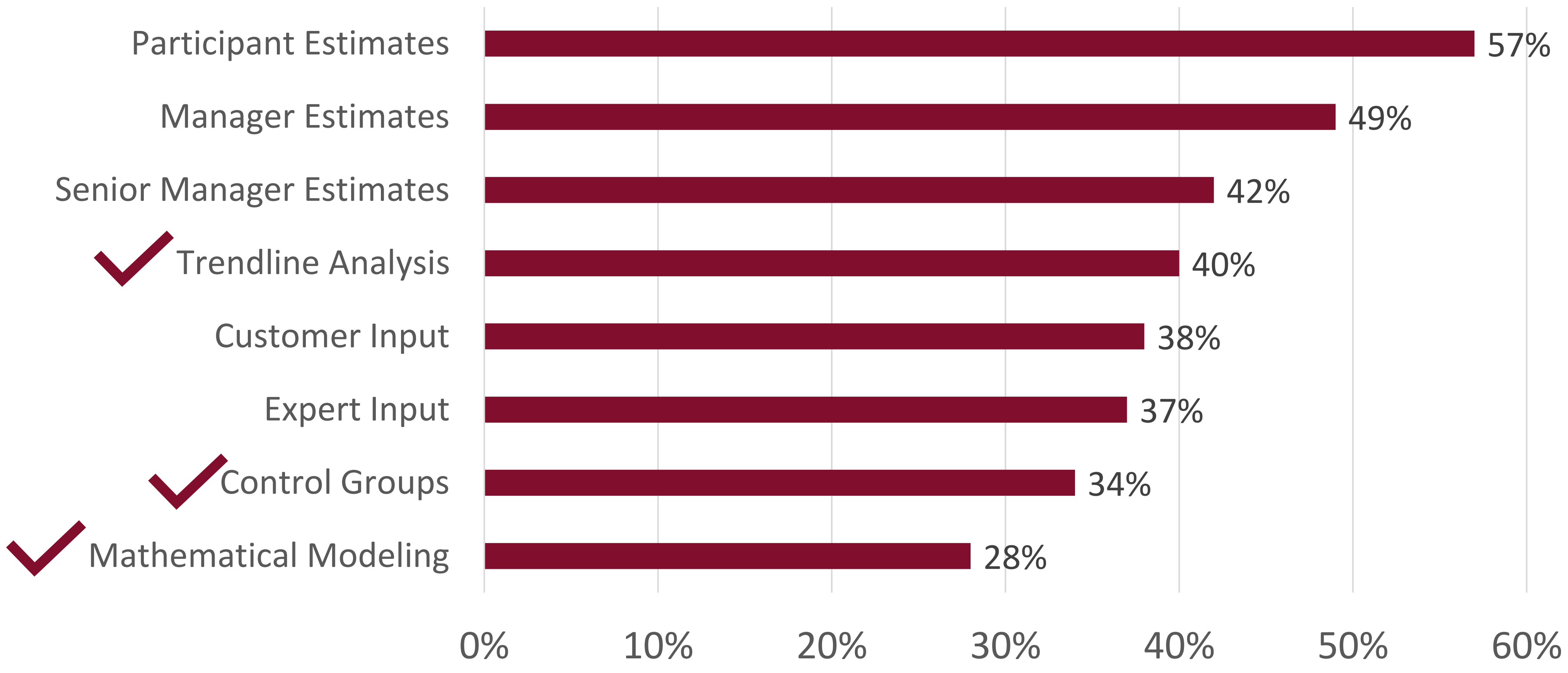


Challenge 1: Data Collection



*Survey of Users, N = 246

Challenge 2: Isolation



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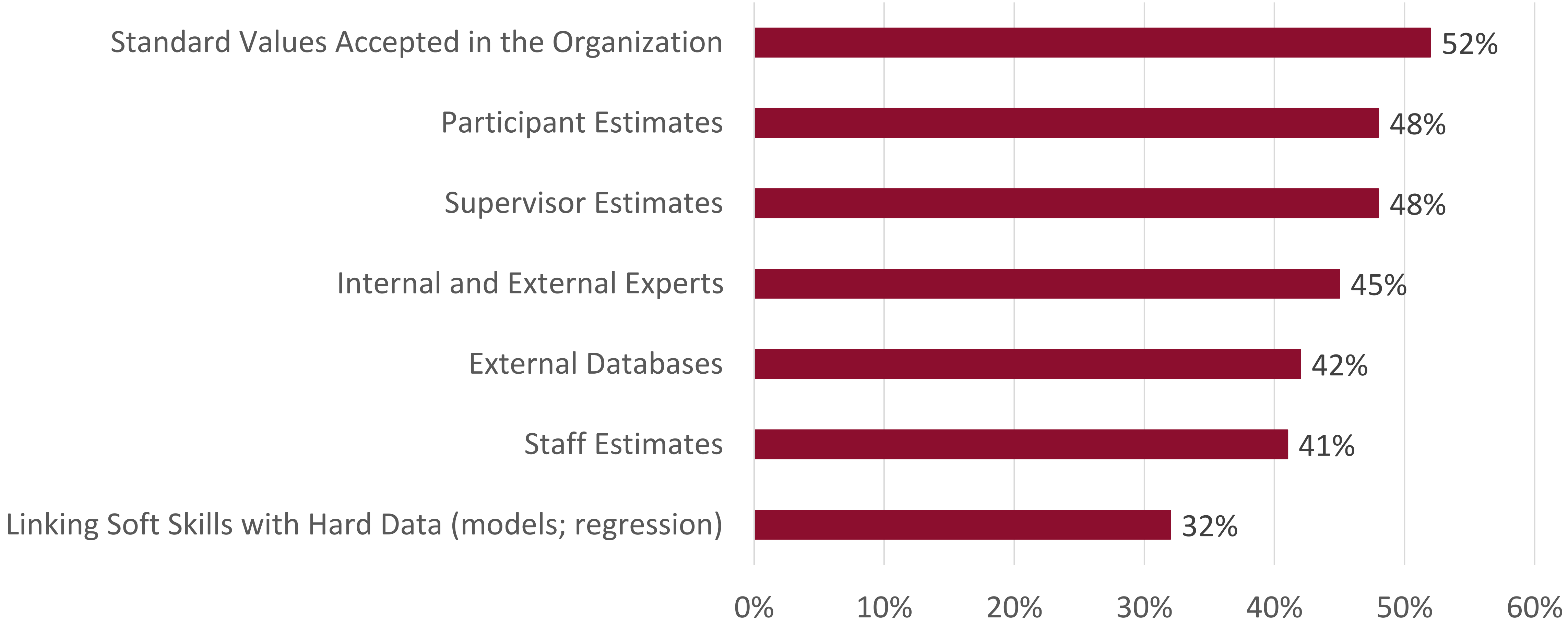
Challenge 3: Data Conversion



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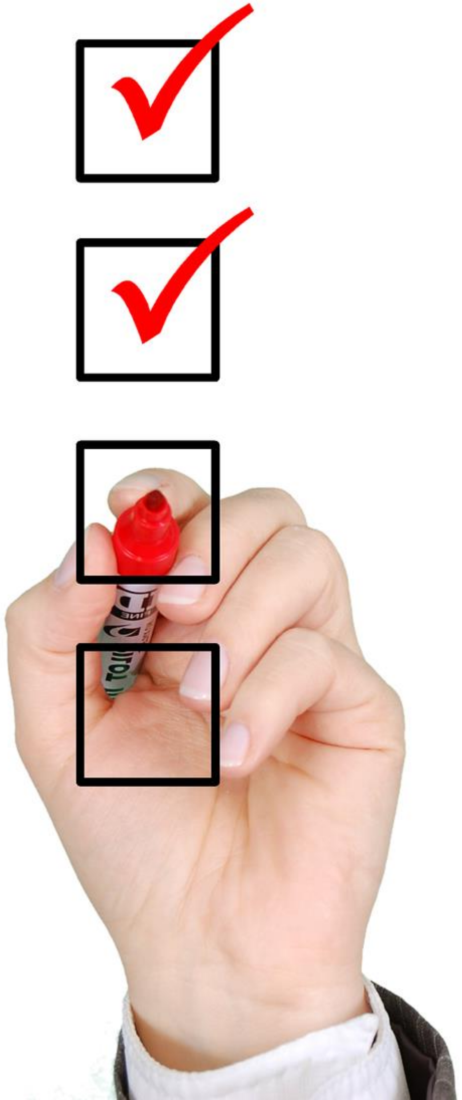
Guiding Principles

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 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.

Benefits of Implementing the ROI Methodology



- 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.
- Improve projects with process improvement.
- Identify inefficient projects that need to be redesigned or eliminated.
- Identify successful projects that can be implemented in other areas.

What is the best way to learn the ROI Methodology?

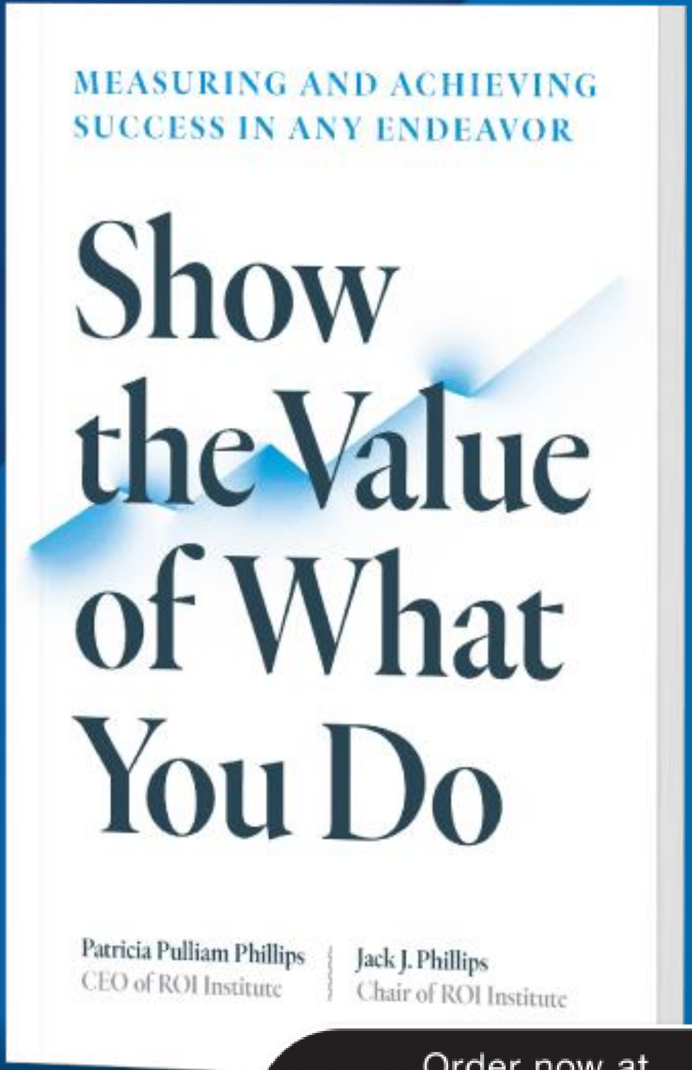
1. Briefings
2. Awareness workshops
3. ROI Certification— a process involving:
   - Prework
   - Comprehensive learning program
   - Workbook, reference books, job aids
   - Group coaching
   - Feedback and approval of evaluation study
   - Right to use materials Internally
   - Certified ROI Professional® (CRP) designation
   - Lifetime access to ROI Institute resource library
   - Membership to ROI Network

ROI INSTITUTE®

Learn how to start your project, set precise objectives, collect all types of data, convert data to money, and calculate ROI.

Order Your Copy Today!

SCAN ME



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Questions?

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Access Resources

https://roiinstitute.net/axiata-mroi-in-ld/

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