1

Objectives

After attending this session, participants should be able to:

- Describe the framework used to demonstrate the value that matters, including ROI.
- Use the alignment model to position programs for success.
- Identify methods and techniques that make ROI work.

2

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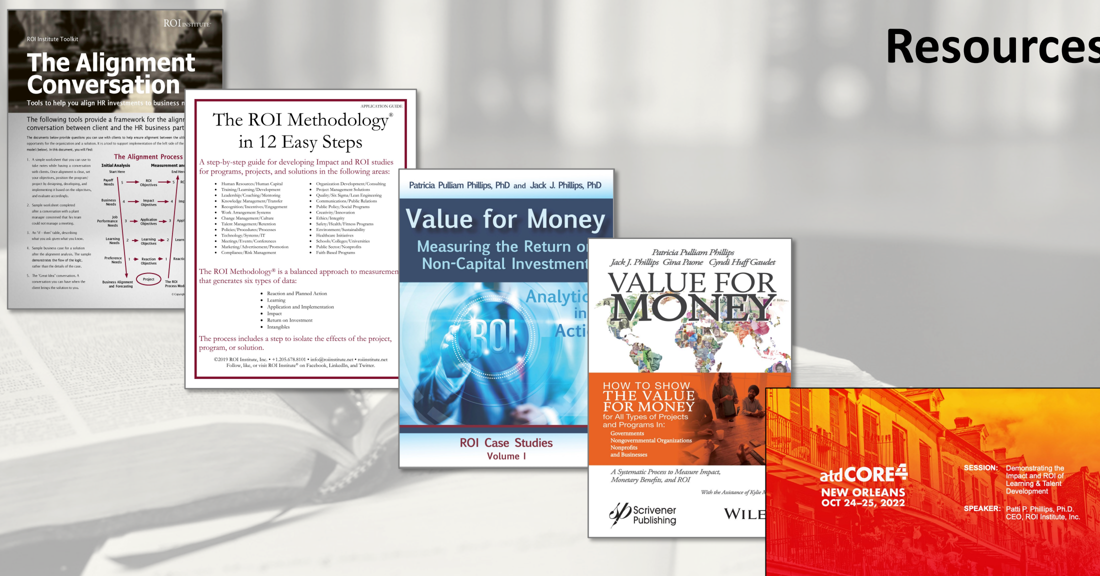
Resources



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What is ROI?

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

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

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Levels of Evaluation	Measurement Focus	Typical Measures
0. Inputs	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 act, Net Promoter Score
2. Learning	Measures changes in knowledge, skills, and attitudes	Skills, Knowledge, Capacity, Competencies, Confidence, Mindset, Contacts
3. Application & Implementation	Measures changes in behavior or actions	Extent of use, Task completion, Frequency of use, Actions completed, Behavior change, Success with use, Barriers to use, Enablers to use, Utility, Scrap
4. Impact	Measures changes in impact variables	Productivity, Revenue, Quality, Time, Efficiency, Customer Satisfaction, Patient Satisfaction, Employee Engagement, Talent Mobility, Innovation
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 added economic theory and operationalized the framework by adding process and standards and applying it in practice in not only learning, but the broader HR community and beyond.

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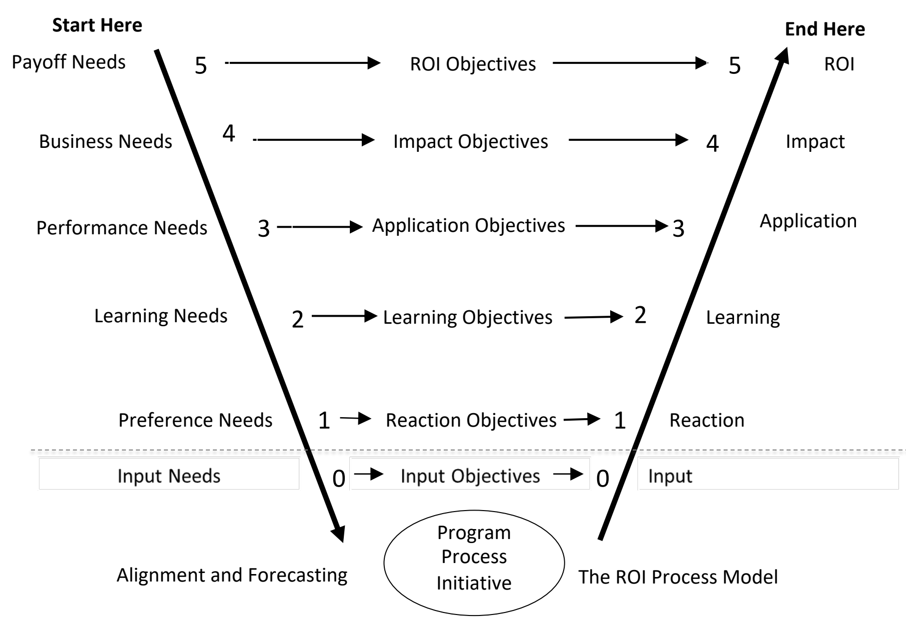
Alignment Model



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Matching Evaluation Levels with Objectives

After completing this program, participants should:

1.	Decrease citizen complaints by 20% in one year.	
2.	Use problem-solving skills to uncover product defect causes.	
3.	Be able to demonstrate the five steps to calm an upset customer.	
4.	Rate the facilitator 4 out of 5 on presentation skills.	
5.	Decrease the amount of time required to develop a proposal.	
6.	Achieve a 20% ROI one year after implementation of sales incentive system.	
7.	Perceive the content to be relevant their situation (4.5 out of 5).	
8.	Decrease security breaches by 25% in six months.	
9.	Conduct a proper investigation using the seven-step process in 95% of complaint situations.	
10.	Score an average of 75 or better on new strategy quiz.	
11.	Complete a disclosure form each year as part of the new ethics policy.	
12.	Use all 10 negotiation skills in at least 50% of negotiation situations.	

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

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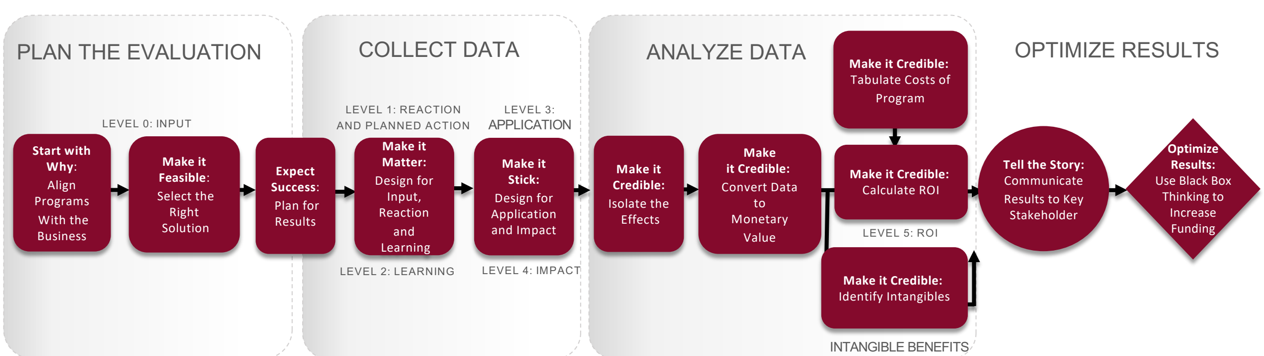
The ROI Methodology®

Designing for the Delivery of Business Results



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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.

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Chain of Impact

Inputs
↓
Reaction
↓
Learning
↓
Application
↓
Isolate the Effects of the Program
↓
Impact
↓
ROI

Intangible Benefits

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Characteristics of Investments Suitable for Impact & ROI

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

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Measurement Targets

*Benchmarking Percentages

	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 per year

**Benchmarking 2020

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Healthcare, Inc.

Data Collection Techniques

- (L1) Questionnaire – end of program
- (L2) Knowledge Assessment; Skill Practice – during program
- (L3) Self Assessment Questionnaire – 6 months after program
- (L3) Employee Survey (25% Sample) – 6 months after program
- (L4) Complaint and Turnover Records – 12 months after program

Isolation Techniques

- Complaints – Trend Line Analysis
- Turnover – Forecasting

Data Conversion Techniques

- Complaints – Historical costs and input from experts (internal EEO/AA staff)
- Turnover – External studies within industry

Program Costs

- Fully loaded including needs assessment, development, coordination, salaries and benefits of initial meeting, and evaluation
- Total Costs: $277,987

Benefits (Isolated)

- **Complaints**
  - Value of one complaint: $24,343
  - Prevented over one year: 14.8
- **Turnover**
  - Value of one turnover statistic: $20,887
  - Prevented over one year: 136

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Remember, when it comes to maximizing the value of consulting:

- 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 to receive resources from today's session.

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FEEDBACK COUNTS

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Questions?

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