# Measuring the Impact and ROI of HR Projects and Programs

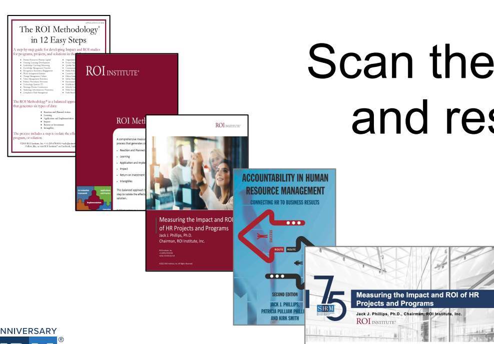
Jack J. Phillips, Ph.D., Chairman, ROI Institute, Inc.

SHRM
BETTER WORKPLACES
BETTER WORLD™





1


Scan the QR code to access materials and resources for today's session.

75TH ANNIVERSARY
SHRM
BETTER WORKPLACES
BETTER WORLD™





2

# Module 1: Introduction and Readiness to Learn

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 3

3

# Reaction Objectives

After participating in this workshop, you should:

- Perceive it to be relevant to your work.
- Find it important to your success on the job.
- Immediately apply it in your work.
- Find the content to be new information.

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 4

4

## Learning Objectives

After participating in this workshop, you should be able to:

- Identify the drivers for ROI accountability.
- Link program objectives to business results.
- Identify at least three ways to collect data.
- Describe at least three ways to isolate the effects of a program.
- Describe at least three ways to convert data to monetary values.
- Identify all costs of a program.
- Calculate ROI, given benefits and costs.
- Identify intangible measures.
- Describe the 12 steps in the ROI Methodology®.

75TH ANNIVERSARY SHRM® BETTER WORKPLACES BETTER WORLD™

 5

5

## Application Objectives

After participating in this workshop, you should:

- Develop an evaluation plan for a specific program within two weeks.
- Select appropriate data collection methods when conducting impact studies.
- Use appropriate methods to isolate the effects of programs.
- Use appropriate methods to convert data to monetary values.
- Capture fully loaded costs, when conducting an ROI study.
- Calculate the return-on-investment for a simple ROI study.

75TH ANNIVERSARY SHRM® BETTER WORKPLACES BETTER WORLD™

 6

6

## Impact Objectives

After participating in this workshop, you should:

- Improve the effectiveness of programs.
- Improve satisfaction of your stakeholders.
- Improve relationships with key managers and clients.

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 7

7

## Exercise: Apex, Inc.

1. What range of possibilities exists for John?
2. What specific types of measures would you suggest for an overall measurement scheme?
3. How can John win the support from the senior team?

 8

8

## Comparison of Approaches to Measure the HR Contribution

1. Which approaches are you using now?
2. Which approaches are you planning to use in the future?
3. Which approaches are you planning to discontinue?

9

9

## Defining BCR and ROI

$$\textit{Benefit-Cost Ratio} = \frac{\textbf{Program Benefits}}{\textbf{Program Costs}}$$

$$\textit{ROI} = \frac{\textbf{Net Program Benefits}}{\textbf{Program Costs}} \times 100$$

***ROI Calculation – Example***

*Program Benefits from Participants (1st year)* **$230,000**

*Costs per Program (25 participants)* **$88,000**

10

10

## Defining BCR and ROI

***ROI Calculation – Example***

*Program Benefits from Participants (1st year)* **$230,000**

*Costs per Program (25 participants)* **$88,000**

$$\text{BCR} = \frac{\$230{,}000}{\$88{,}000} = 2.61$$

$$\text{ROI} = \frac{\$230{,}000 - \$88{,}000}{\$88{,}000} \times 100 =$$

11

11

## Defining BCR and ROI

***ROI Calculation – Example***

*Program Benefits from Participants (1st year)* **$230,000**

*Costs per Program (25 participants)* **$88,000**

$$\text{BCR} = \frac{\$230{,}000}{\$88{,}000} = 2.61$$

$$\text{ROI} = \frac{\$230{,}000 - \$88{,}000}{\$88{,}000} \times 100 = 161\%$$

12

12

# ROI Target Options

- Set the value as with other investments: e.g., 15%
- Set slightly above other investments: e.g., 25%
- Set at breakeven: 0%
- Set at client expectations

What value would be appropriate?
What is an acceptable ROI in your organization?

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 13

13

## Module 2: ROI Process Review

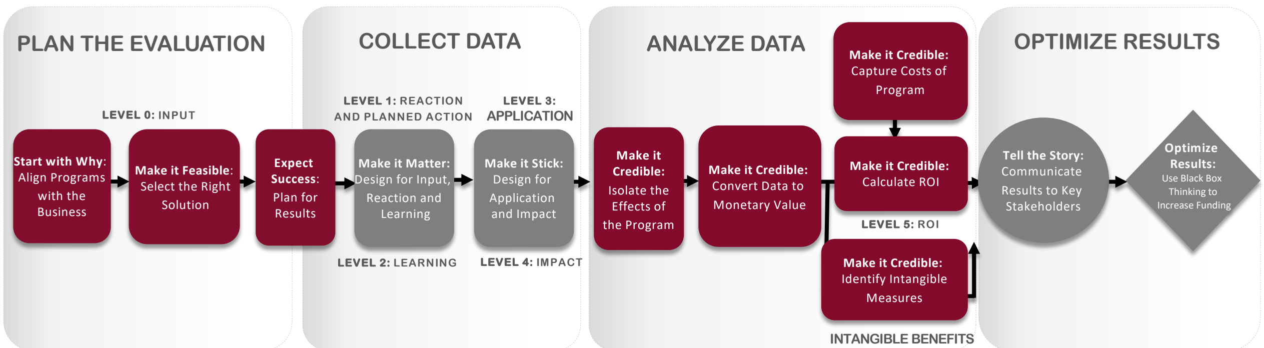
75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 14

14

# The ROI Methodology Process Model

Designing for the Delivery of Business Results




ROI INSTITUTE®



15

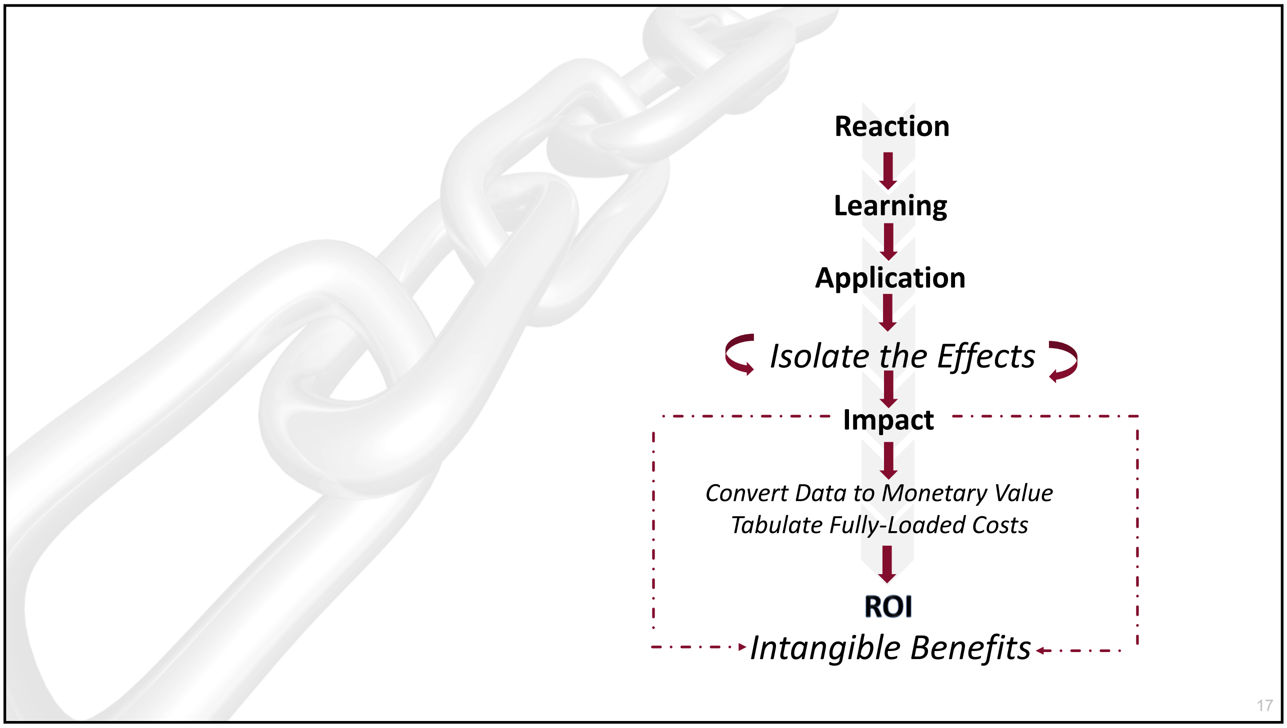
15

# Levels of Evaluation for Performance Solutions

| Levels of Evaluation | Measurement Focus | Typical Measures |
|---|---|---|
| 0. Input | The input into the process | Participants, Hours, Costs, Timing |
| 1. Reaction & Planned Action | Measures participant perception of the program or project | Relevance, Importance, Usefulness, Intent to use, Appropriateness, Motivation to take action |
| 2. Learning | Measures the extent to which principles, facts, processes, procedures, techniques, and skills are learned during the program | Skills, Knowledge, Capacity, Competencies, Confidence, Contacts |
| 3. Application | Measures on-the-job behavior change | 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 |
| Intangibles | Intangible data are the impact data not converted to monetary value | If a data item cannot be converted to money, credibly, and with minimum resources, it is left as an intangible. |

16

16




17

## Measurement in Learning and Performance Improvement

| Level | Measurement Category | Current Status* Coverage Now (%) | Best Practice Coverage Goal (%) | Comments About Status |
|---|---|---|---|---|
| 0 | **Inputs/Indicators:** Measures the number of programs, attendees, audience, costs, and efficiencies. | 100% | 100% | This is being accomplished now |
| 1 | **Reaction and Planned Action:** Measures reaction to, and satisfaction with, the experience, ambiance, contents, and value of program. | 100% | 100% | Need more focus on content and perceived value |
| 2 | **Learning:** Measures what participants learned in the program – information, knowledge, skills, and contacts (takeaways from the program). | 30 – 40% | 80 – 90% | Must use simple learning measures |
| 3 | **Application:** Measures progress after the program – the use of information, knowledge, skills, and contacts. | 10% | 30% | Need more follow-up |
| 4 | **Business Impact:** Measures changes in business variables such as output, quality, time, and cost linked to the program. | 5% | 10% | This is the connection to business impact |
| 5 | **ROI:** Compares the monetary benefits of the business impact measures to the costs of the program. | 1% | 5% | The ultimate level of evaluation |

18

18

## Criteria for Selecting Programs for Level 4 and Level 5 Evaluations

- The expected life cycle of the program
- The importance of the program to meet the organization's goals
- The connection of the program to strategic objectives
- The cost of the program
- The visibility of the program
- The size of the target audience
- The extent of management's interest in the program's accountability.

***What percent of your programs meet these criteria?***

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 19

19

# What Can You do with the ROI Process?

**Payoff of the ROI Methodology:**

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

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 20

20

# Module 3: Evaluation Planning Overview

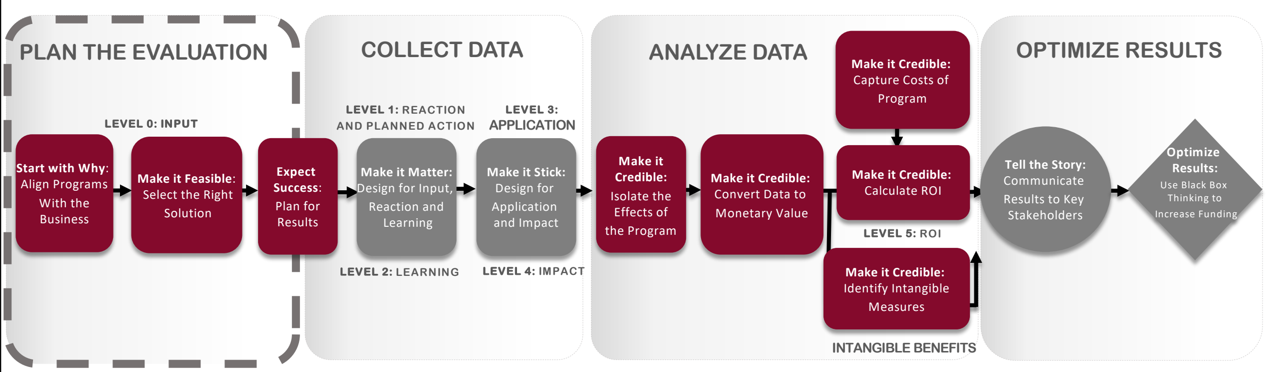
75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 21

21

# The ROI Methodology Process Model

Designing for the Delivery of Business Results

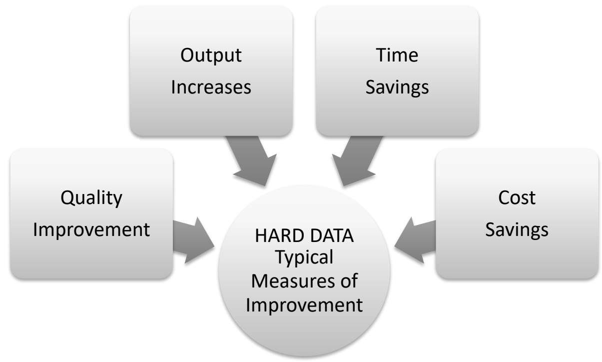





ROI INSTITUTE® 22

22

# Overview of Hard Data

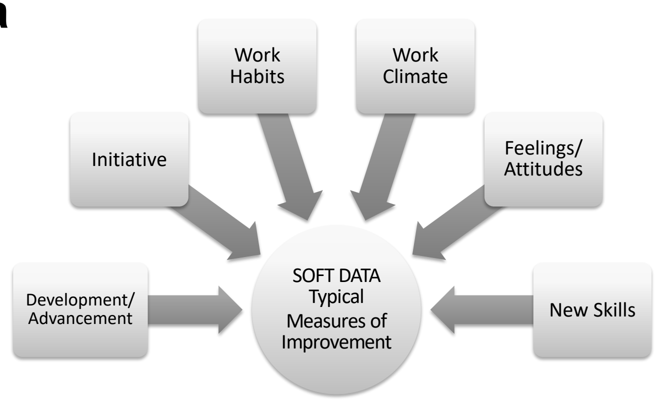



Hard data are:

- Easy to measure and quantify.
- Relatively easy to assign monetary values.
- Objectively based.
- A common measure of organizational performance.
- Very credible in the eyes of management.




# Overview of Soft Data




Soft data are:

- Difficult to measure and quantify.
- Difficult to assign dollar values.
- Subjectively based in many cases.
- Less credible as a performance measure.
- Typically behavior-oriented.

# Selecting the Right Solution

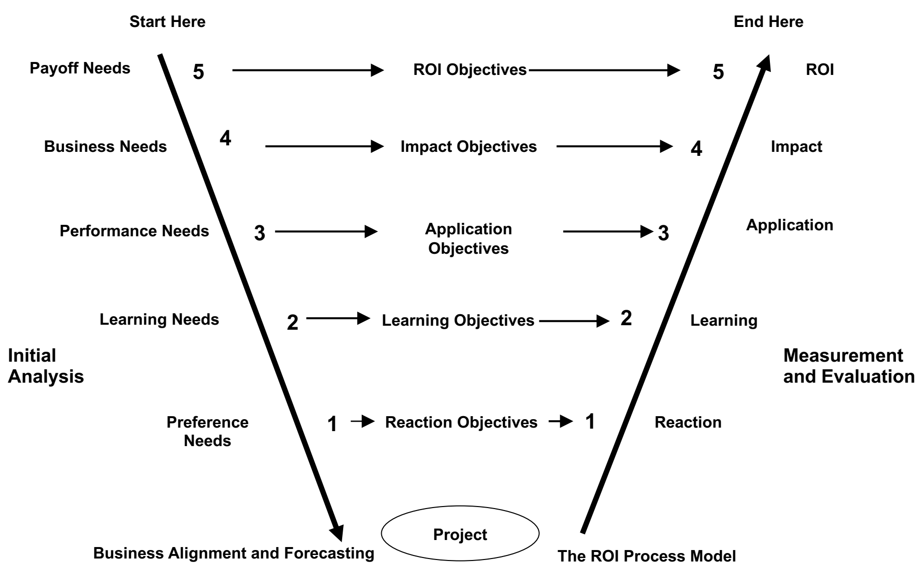
1. Examine the data and records.
2. Initiate the discussion.
3. Reference a case study.
4. Use benchmarking from similar solutions.
5. Use evaluation as the hook.
6. Involve others in the discussion.
7. Discuss disasters in other places.

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 25

25

# The Alignment Process




75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 26

26

## Developing 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 |

***Do you develop objectives at multiple levels? Explain.***

27

27

## 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.

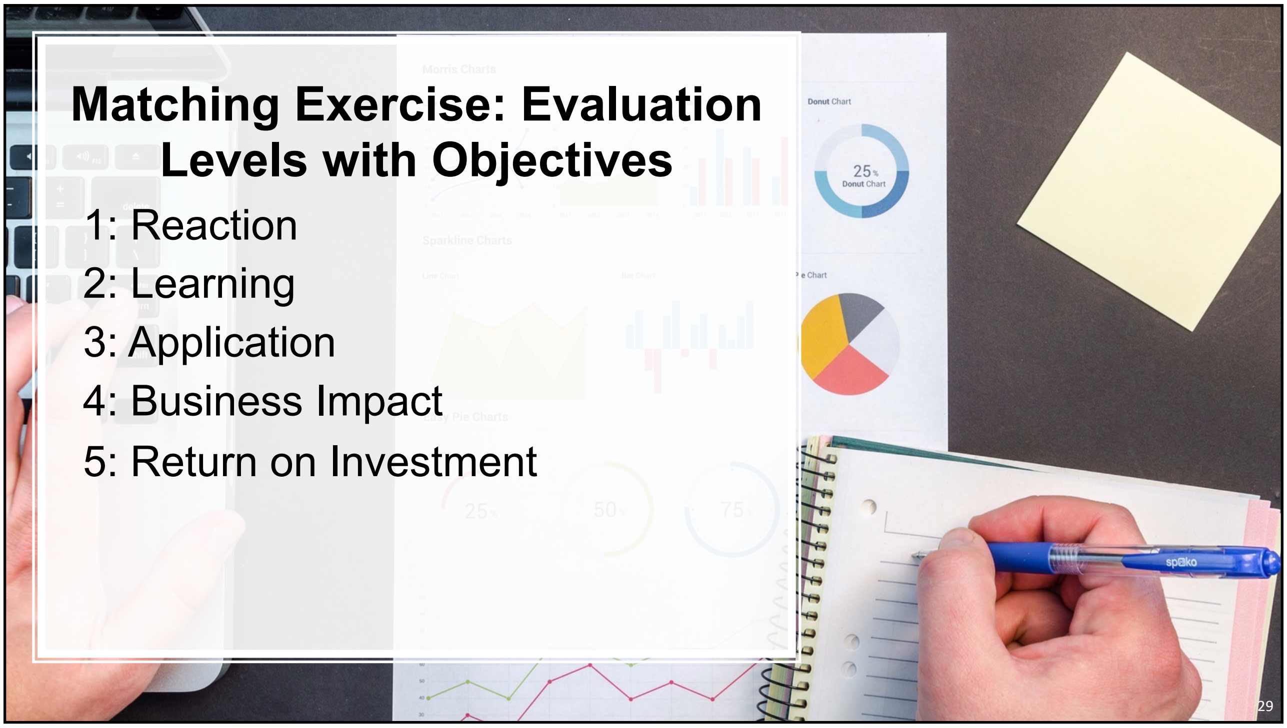
These rules are from a combination of publications:

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, Bono, and the Gates Foundation Rock the World with OKRs.* New York: Penguin. 2018.

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 28

28




29

## Matching Evaluation Levels with Objectives

After completing this program or project, participants should:

| | | |
|---|---|---|
| 1. | Improve work group productivity by 20% | 4 |
| 2. | Initiate at least three cost reduction projects in 15 days. | 3 |
| 3. | Achieve an average cost reduction of $20,000 per project. | 4 |
| 4. | Increase the use of counseling discussion skills in 90% of situations where work habits are unacceptable. | 3 |
| 5. | Achieve a 21% ROI one year after the new gain-sharing program is implemented. | 5 |
| 6. | Be able to identify the five elements of the employee assistance program. | 2 |
| 7. | Increase the external customer satisfaction index by 25% in 3 months. | 4 |
| 8. | Address customer complaints with a 5-step process in 95% of complaint situations. | 3 |
| 9. | Perceive the absenteeism control policy to be fair. | 1 |
| 10. | Achieve a leadership simulation score average of 75 out of a possible 100. | 4 |
| 11. | Conduct a performance review meeting with direct reports to establish performance improvement goals. | 3 |
| 12. | Provide a 4 out of 5 rating on appropriateness of new ethics policy. | 1 |

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

30

30

# Data Collection Plan

**Data Collection Plan**
Evaluation Purpose: ____________________

**Program:** ____________________ **Responsibility:** ____________________ **Date:** __________

| Level | Broad Program Objective(s) | Measures | Data Collection Method/Instruments | Data Sources | Timing | Responsibilities |
|---|---|---|---|---|---|---|
| 1 | REACTION AND PLANNED ACTION | | | | | |
| 2 | LEARNING AND CONFIDENCE | | | | | |
| 3 | APPLICATION AND IMPLEMENTATION | | | | | |
| 4 | BUSINESS IMPACT | | | | | |
| 5 | ROI | Baseline Data: | | | | |
| | | Comments: | | | | |

31

31

# ROI Analysis Plan

**ROI Analysis Plan**

**Program:** ____________________ **Responsibility:** ____________________ **Date:** __________

| Data Items (Usually Level 4) | Methods for Isolating the Effects of the Program/ Process | Methods of Converting Data to Monetary Values | Cost Categories | Intangible Benefits | Communication Targets for Final Report | Other Influences/ Issues During Application | Comments |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

32

32

## 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 alternatives for calculations.
5. At least one method must be used to isolate the effects of the solution.
6. If no improvement data are available for a user/participant, it is assumed that little or no improvement has occurred.
7. Estimates of improvements should be adjusted for the potential error of the estimate.
8. Avoid use of extreme data items and unsupported claims when calculating ROI.
9. Only the first year of benefits (annual) should be used in the ROI analysis of short-term solutions.
10. Costs of a solution, project, or program should be fully loaded for ROI analysis.
11. Intangible measures are defined as measures that are purposely not converted to monetary values.
12. The results from the ROI Methodology must be communicated to all stakeholders.

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 33

33

## Module 4: Data Collection Overview

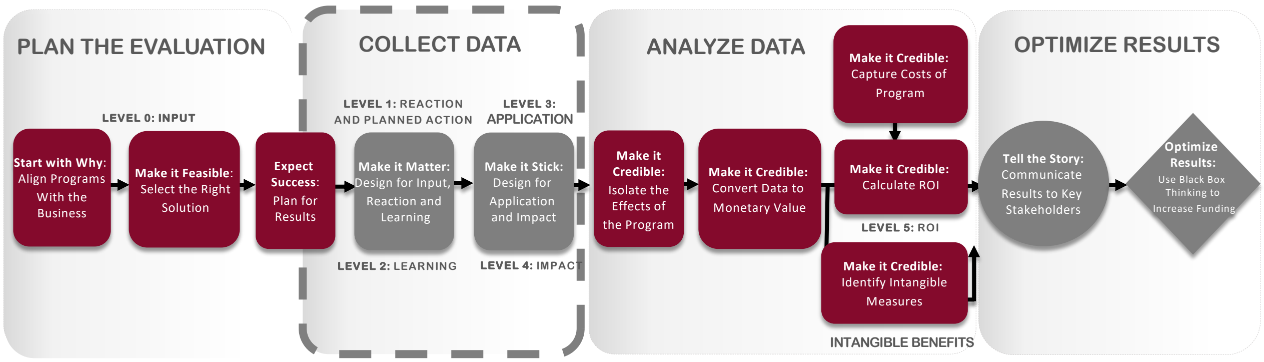
75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 34

34

# The ROI Methodology Process Model

Designing for the Delivery of Business Results






ROI INSTITUTE®

35

35

# Exercise: Applications of Data Collection Instruments

A. Survey
B. Test
C. Questionnaire
D. Interview
E. Focus Groups
F. Observation
G. Performance Records

36

## Methods of Collecting Follow-up Data

| | Level 3 | Level 4 |
|---|---|---|
| Follow-up surveys | X | |
| Follow-up questionnaires | X | X |
| Observation on the job | X | |
| Follow-up interviews | X | |
| Follow-up focus groups | X | |
| Program assignments | X | X |
| Action planning | X | X |
| Performance contracting | X | X |
| Program follow-up session | X | X |
| Performance records | | X |

***What methods will work best in your organization?***

37

**37**

## Follow-Up Questionnaire Content Issues Checklist

1. Progress with Objectives
2. Action Plan Implementation
3. Relevance of Program
4. Use of Materials
5. Knowledge/Skill Enhancement
6. Skills Used
7. Changes with Work
8. Improvements/Accomplishments
9. Monetary Impact
10. Improvement Linked with Program
11. Confidence Level
12. Investment Value
13. Linkage with Output Measures
14. Other Benefits
15. Barriers
16. Enablers
17. Management Support
18. Other Solutions
19. Recommendations for Target Audience
20. Suggestions for Improvement
21. Other Comments

Level 4-5

38

**38**

## Chain of Impact Questions

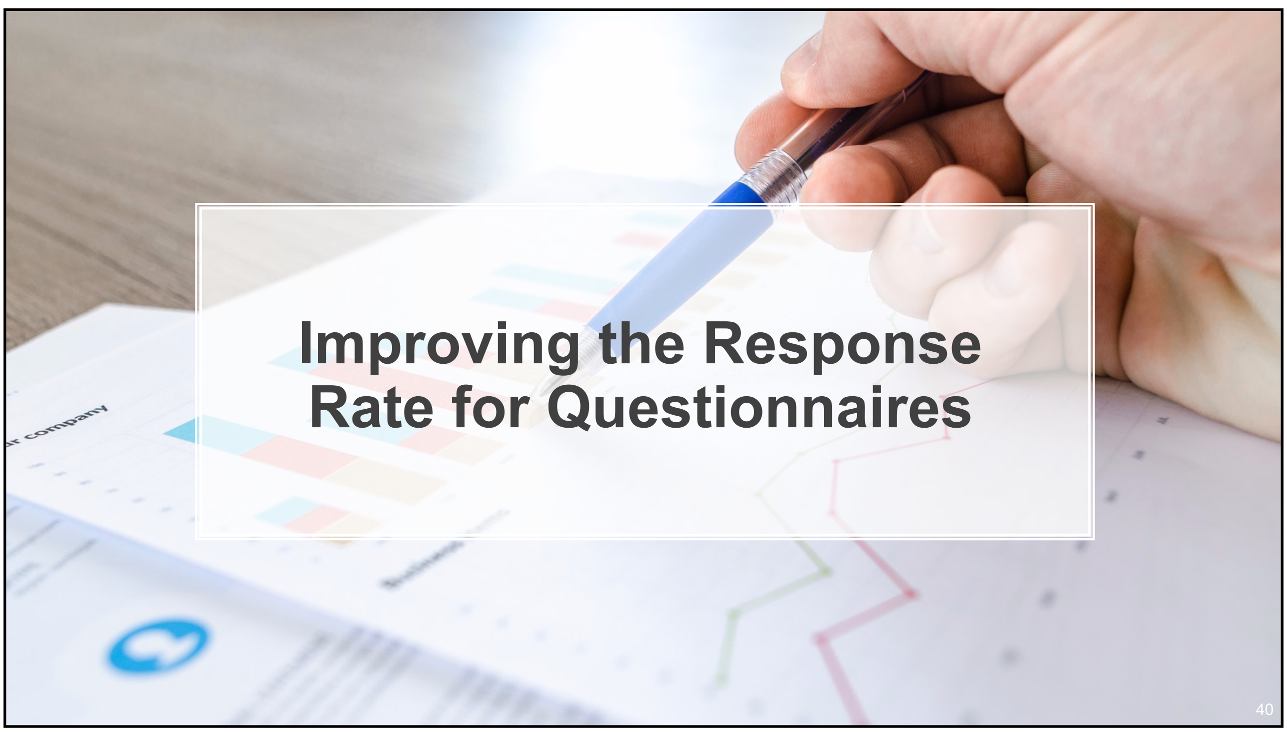
Option 1: When You Do Not Have a Clue

Option 2: When the Measure Is in a Defined Set

Option 3: When the Measure is Known

39

39




40


41

## Action Plan

Name: *John Mathews* Instructor Signature: ____________ Follow-Up Date *1 September*

Objective: *Reduce Weekly Absenteeism Rate for Team* Evaluation Period: *March to September*

Improvement Measure: *Absenteeism Rate* Current Performance *8%* Target Performance *5%*

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

Intangible Benefits: *Less Stress, Greater Job Satisfaction*

Comments: *Great Program – it kept me on track with this problem*

42

42

# Module 5: Data Analysis Overview

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

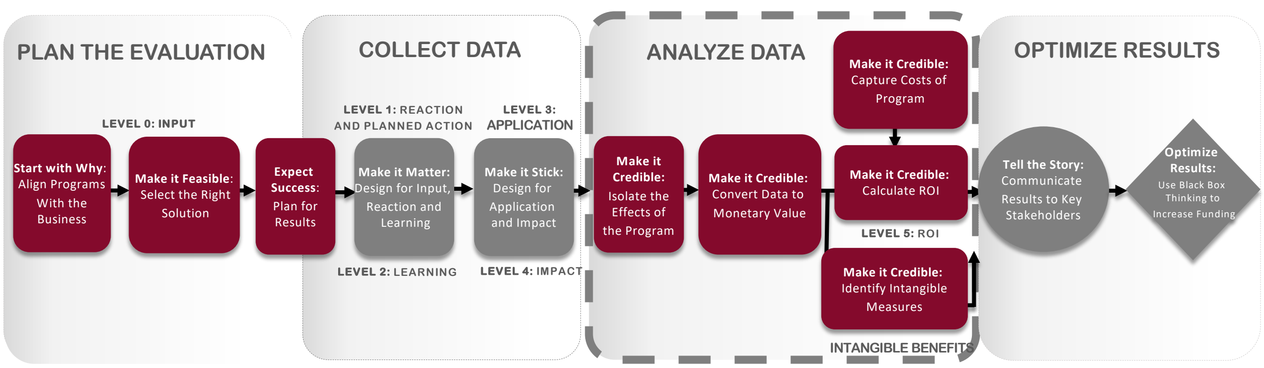




43

# The ROI Methodology Process Model

Designing for the Delivery of Business Results






ROI INSTITUTE®



44

# Exercise: Isolating the Effects of a Program

A. Control group
B. Trend line analysis
C. Forecasting
D. Participant’s estimate
E. Use of customer input
F. Expert’s estimate

45

# Techniques to Isolate the Effects

- Trend line analysis of performance data
- Use of forecasting methods of performance data
- Participant’s estimate of impact (percent)
- Supervisor’s estimate of impact (percent)
- Management’s estimate of impact (percent)
- Use of experts/previous studies
- Calculating/estimating the impact of other factors
- Use of customer input

 46

46

## Use of Control Groups Example: Sales and Customer Service Training

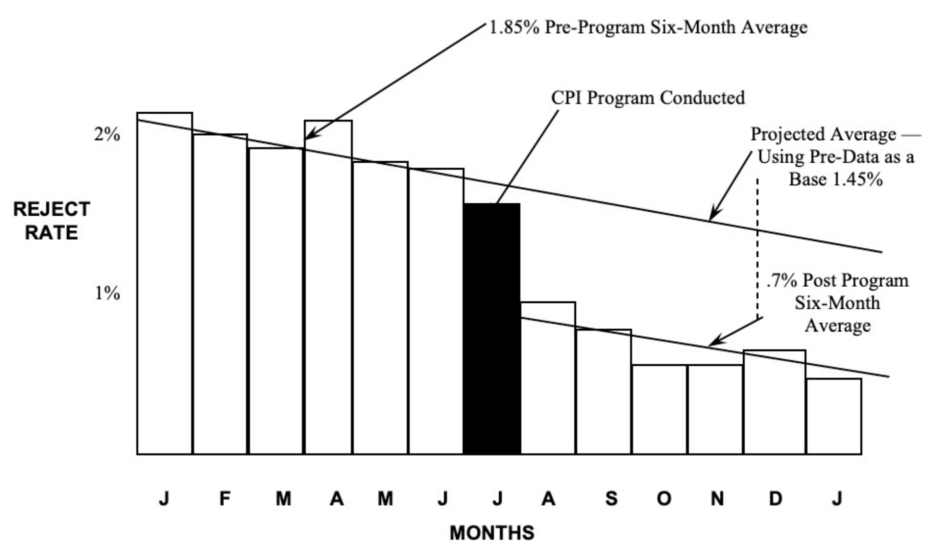
- Six sites (dealer stores) chosen for program evaluation prior to roll out to 130 stores
- Experimental group of six stores group received training (pilot), six stores in control group were not trained
- Observed performance of both groups during the same time (sales and customer satisfaction)
- Collected evaluation data for both groups at the same time
- Neither group is aware of the control group arrangement

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 47

47

## Case Application: Micro Electronics, Inc.




48

48

# The Wisdom of Crowds



49

# Matching Exercise: Converting Data To Money

A. Profit/savings from output (standard value)
B. Cost of quality (standard value)
C. Employee time as compensation (standard value)
D. Historical costs/savings from records
E. Expert input
F. External database
G. Linking with other measures
H. Participant estimation
I. Management estimation
J. Estimation from HR staff



50

## Methods of Converting Data to Monetary Values

- Converting output to contribution — standard value (profit/savings)
- Converting the cost of quality — standard value
- Converting employee’s time (using compensation)
- Using historical costs/savings
- Using internal and external experts
- Using data from external databases/studies
- Linking with other measures
- Using participants’ estimates
- Using supervisors’ and managers’ estimates
- Using staff estimates

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 51

51


52

## Approaches to Measure the Financial Payoff

- Cost Benefit Analysis
- Return on Investment

**Most Common**

- Payback Period
- Discounted Cash Flow
- Internal Rate of Return
- Utility Analysis
- Consequences of Not Providing Learning Systems

53

53

## Calculations

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

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

$$\text{Payback Period} = \frac{\text{Total Investment}}{\text{Annual Savings}} \times 12$$

54

54

## BCR and ROI Calculation Example

Net Program Benefits = $71,760
Program Costs = $32,984

$$\text{BCR} = \frac{\$71,760}{\$32,984}$$

$$\text{ROI} = \frac{\$71,760 - \$32,984}{\$32,984} \times 100$$

55

55

## Answer

Project benefits = $71,760
Project costs = $32,984

$$\text{BCR} = \frac{\$71,760}{\$32,984} = 2.18$$

$$\text{ROI} = \frac{\$71,760 - \$32,984}{\$32,984} \times 100 = 118\%$$

56

56

## Payback Period Example

Total Investment= $32,984
Annual Savings = $71,760

$$\text{Payback Period} = \frac{\$32{,}984}{\$71{,}760} \times 12$$

57

**57**

## Answer

Total Investment= $32,984
Annual Savings = $71,760

$$\text{Payback Period} = \frac{\$32{,}984}{\$71{,}760} \times 12 = 5.5 \text{ months}$$

58

**58**

## Common Intangibles

- Accountability
- Alliances
- Attention
- Branding
- Caring
- Capacity
- Capability
- Citizen complaints
- Clarity
- Communication
- Cooperation
- Conflict
- Creativity
- Customer Satisfaction
- Decisiveness
- Donor loyalty
- Employee complaints
- Employee stress
- Employee engagement
- Human Life
- Image
- Innovation
- Job satisfaction
- Leadership
- Networking
- Organizational commitment
- Partnering
- Poverty
- Reputation
- Sustainability
- Teamwork
- Work climate

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD



59

59

## Sources for Intangible Benefits

- Identified during needs assessments
- Identification during early planning (with no intention to convert to monetary value)
- Clients identify intangibles
- Participants identify intangibles
- Managers identify intangibles
- Customers identify intangibles
- Intangibles are often identified when attempts at conversion are aborted

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD



60

60

# Module 6: Reporting Overview

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

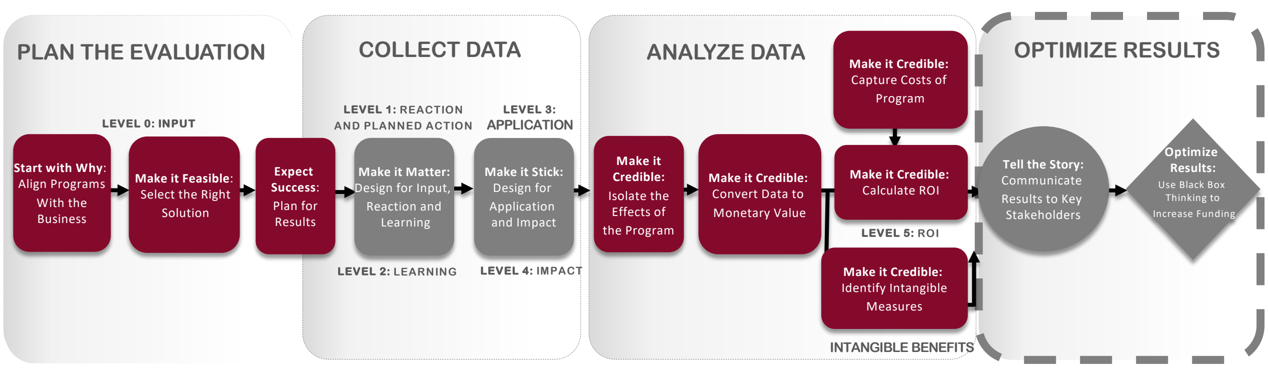






# The ROI Methodology Process Model

Designing for the Delivery of Business Results






ROI INSTITUTE®

# Common Target Audiences

| Audience | Reason for Communication |
|---|---|
| Top management* | Secure approval |
| All managers | Gain support/build credibility |
| Participants' superiors* | Obtain commitment/build credibility |
| Potential participants | Create desire |
| Current participants* | Enhance reinforcement |
| Learning and Development staff* | Show importance |
| All employees | Stimulate interest |
| Stockholders | Secure endorsement |

**Always consider providing a report for these audiences.*

63

63


64

## Impact Study Outline

I. General Information
   a. Background
   b. Study Objectives

II. Methodology for Impact Study
   A. Levels of Evaluation
   B. ROI Methodology
   C. Collecting Data
   D. Isolating the Effects of Training
   E. Converting Data to Monetary Values
   F. Costs
   G. Assumptions (Guiding Principles)

**Builds Credibility for the process**

III. Results
   A. General Information
      1. Response Profile
      2. Relevance of Materials
   B. Participant Satisfaction and Planned Actions

**The Results with six measures: Levels 1, 2, 3, 4, 5, and Intangibles**

65

65

## Impact Study Outline

C. Learning
D. Application of Skills/Knowledge
E. Business Impact
   1. General Comments
   2. Linkage with Business Measures
F. ROI Calculation
G. Intangible Benefits

**The Results with six measures: Levels 1, 2, 3, 4, 5, and Intangibles**

**IV. Barriers and Enablers**
   A. Barriers
   B. Enablers
   C. Suggestions from Participants

**What is influencing the successful (or unsuccessful) application in the work setting?**

V. Conclusions and Recommendations
   A. Conclusions
   B. Recommendations

VI. Exhibits

66

66

## Matching Exercise: Reporting Results

A. Live meeting with executives
B. One-page summary of results
C. Website summary
D. Website video
E. Executive summary
F. Panel discussion
G. Newsletter article
H. Brief case summaries
I. Case study book
J. Executive scorecard

67

67

## Process Improvement is the Key


68

68

# Module 7: Implementation Issues Overview

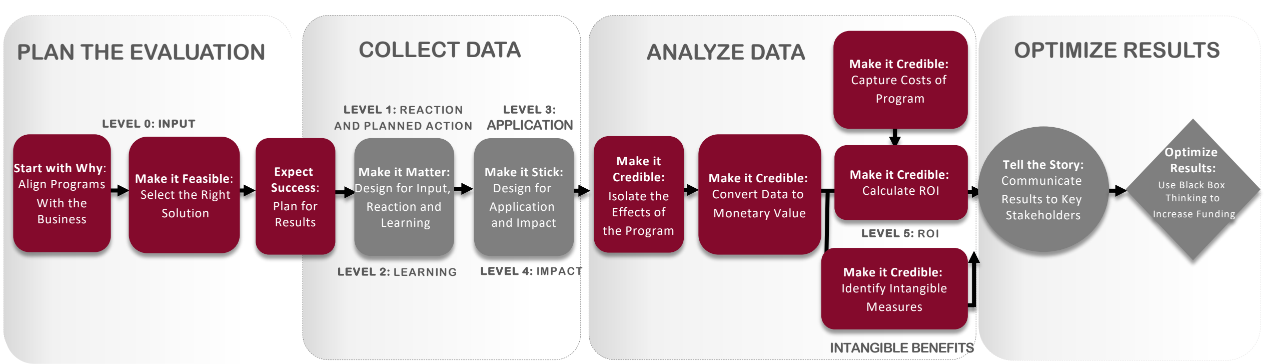
75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 69

69

# The ROI Methodology Process Model

Designing for the Delivery of Business Results






ROI INSTITUTE® 70

70

# 100% to 700% ROI is Not Uncommon

When properly implemented, high ROI values can be achieved with programs on:

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

71

71

# ROI Methodology: The Payoff

- Align projects to business needs.
- Show contributions of selected projects.
- Earn respect of senior management/administrators.
- Build staff morale.
- Justify/defend budgets.
- 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."

***What are your payoff opportunities?***

72

72

# ROI is Credible

- Common categories of data
- Systematic, step-by-step process
- Conservative standards
- Results-based approach
- High level of use
- Client focused
- Satisfies all stakeholders

***What actions will you pursue?***

73

73

# What Next?

- Assess your progress and readiness
- Develop a policy and philosophy statement on results-based approach
- Clarify roles:
  - staff
  - employees
  - supervision and management
- Establish accountability
- Develop a transition plan
- Set targets for evaluation levels
- Develop guidelines
- Build staff skills
- Establish a management support system
- Enhance management commitment and support
- Communicate results to selective audiences
- Establish a quality review process

74

74

## Setting Evaluation Targets

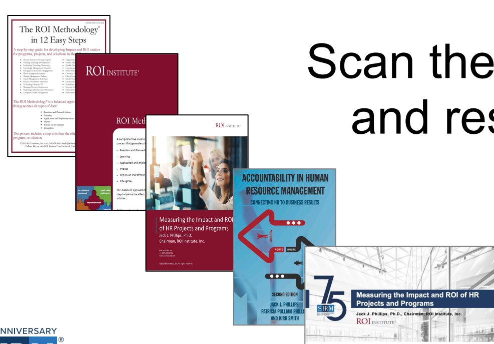
| *Example from a Large Telecommunications Company* | |
|---|---|
| **LEVEL** | **TARGET** |
| Level 1: Reaction | 100% |
| Level 2: Learning | 80% |
| Level 3: Application | 30% |
| Level 4: Business Impact | 6% |
| Level 5: ROI | 5% |

***How would you set similar targets for evaluation in your organization?***

75

75


Scan the QR code to access materials and resources for today's session.




75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD

 76

76

ROI INSTITUTE®

Need an ROI study on an important program or project?

## ROI Certification is the Solution!

**By attending ROI Certification, you will:**

- Build serious measurement and evaluation capability.
- Maximize learning through weekly group coaching with ROI Institute leaders.
- Complete an ROI evaluation study on an important program.
- Earn the Certified ROI Professional® (CRP) designation and digital badge.
- Join the ROI Network with more than 6,000 ROI professionals.
- Advance your professional skills and improve organization outcomes.

SCAN ME

**https://roiinstitute.net/roicertification/**

CPTM

SHRM RECERTIFICATION PROVIDER

77


# Questions?

## Visit us Online

www.roiinstitute.net

## Email Us

Jack@roiinstitute.net

## Connect with Us

78

## Tools and References

75TH ANNIVERSARY SHRM BETTER WORKPLACES BETTER WORLD



79

79

## Turnover Costs Summary

| Job Type/Category | Turnover Cost Ranges as a Percent of Annual Wage/Salary |
|---|---|
| Entry Level—Hourly, Non-Skilled (e.g., Fast Food Worker) | 30–50% |
| Service/Production Workers—Hourly (e.g., Courier) | 40–70% |
| Skilled Hourly (e.g., Machinist) | 75–100% |
| Clerical/Administrative (e.g., Scheduler) | 50–80% |
| Professional (e.g., Nurse, Accountant) | 75–125% |
| Technical (e.g., Computer Technician) | 100–150% |
| Engineers (e.g., Chemical Engineer) | 200–300% |
| Specialists (e.g., Computer Software Designer) | 200–400% |
| Supervisors/Team Leaders (e.g., Section Supervisor) | 100–150% |
| Middle Managers (e.g., Department Manager) | 125–200% |

80

80

**A Sample Size Table for Proportions**

| Pop. | Sam. | Pop. | Sam. | Pop. | Sam. | Pop. | Sam. | Pop. | Sam. | Pop. | Sam. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 | 9 | 90 | 73 | 230 | 144 | 480 | 213 | 1400 | 301 | 6000 | 361 |
| 15 | 14 | 95 | 76 | 240 | 147 | 500 | 217 | 1500 | 305 | 7000 | 364 |
| 20 | 19 | 100 | 79 | 250 | 151 | 550 | 226 | 1600 | 309 | 8000 | 366 |
| 25 | 23 | 110 | 85 | 260 | 155 | 600 | 234 | 1700 | 313 | 9000 | 368 |
| 30 | 27 | 120 | 91 | 270 | 158 | 650 | 241 | 1800 | 316 | 10000 | 369 |
| 35 | 32 | 130 | 97 | 280 | 162 | 700 | 248 | 1900 | 319 | 15000 | 374 |
| 40 | 36 | 140 | 102 | 290 | 165 | 750 | 254 | 2000 | 322 | 20000 | 376 |
| 45 | 40 | 150 | 108 | 300 | 168 | 800 | 259 | 2200 | 327 | 30000 | 379 |
| 50 | 44 | 160 | 113 | 320 | 174 | 850 | 264 | 2400 | 331 | 40000 | 380 |
| 55 | 48 | 170 | 118 | 340 | 180 | 900 | 269 | 2600 | 334 | 50000 | 381 |
| 60 | 52 | 180 | 122 | 360 | 186 | 950 | 273 | 2800 | 337 | 60000 | 381 |
| 65 | 55 | 190 | 127 | 380 | 191 | 1000 | 277 | 3000 | 340 | 70000 | 382 |
| 70 | 59 | 200 | 131 | 400 | 196 | 1100 | 284 | 2600 | 346 | 120000 | 382 |
| 75 | 62 | 210 | 136 | 420 | 200 | 1200 | 291 | 4000 | 350 | 160000 | 383 |
| 80 | 66 | 220 | 140 | 440 | 205 | 1300 | 296 | 4500 | 354 | 1000000 | 383 |
| 85 | 69 | | | 460 | 209 | | | 5000 | 356 | | |

81

**81**