Demonstrating the Impact and ROI of Learning and Talent Development

atd CORE4

Demonstrating the Impact and ROI of Learning & Talent Development

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Objectives

After attending this session, participants should be able to:

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

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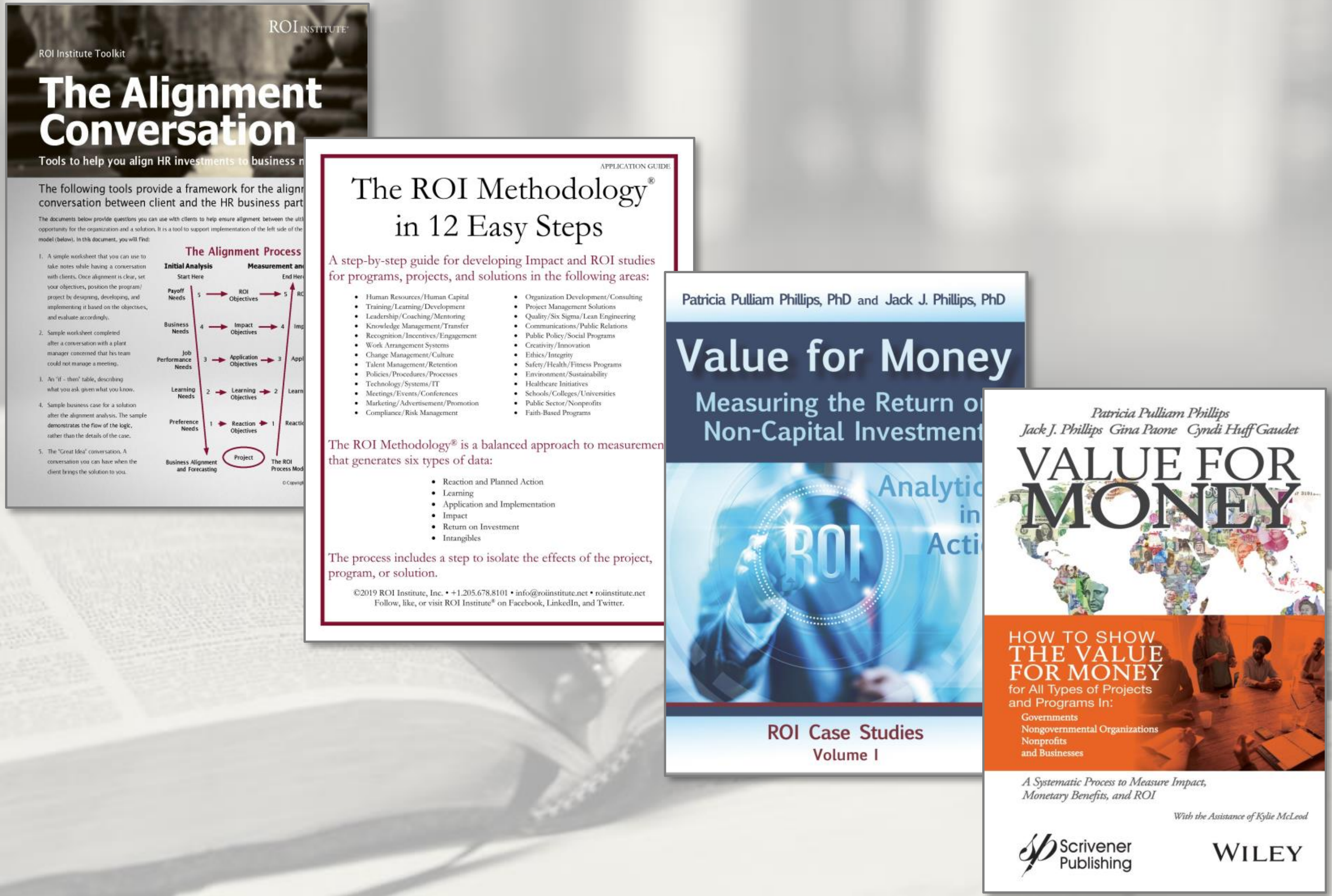
Resources



SCAN ME

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.

What is ROI?

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

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

What is ROI?

BCR = ________________________ =

ROI = ________________________ x 100 =

Reduce Safety Incidents (1st year) = $750,000
Program Cost (25 participants) = $425,000

Sometimes we see this.

$$\text{BCR} = \frac{\$2{,}750{,}000}{\$425{,}000} = 6.47:1$$

$$\text{ROI} = \frac{\$2{,}750{,}000 - \$425{,}000}{\$425{,}000} \times 100 = 547\%$$

Increase Store Sales (1st year) = $2,750,000
Gross profit on sales is 20%
Program Cost (25 participants) = $425,000

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Don't do it!

BCR = ——— 25,000 ——— = 6.47:1

ROI = 50,000 ... 5,00 / $425,000 x 100 = 547%

Increase Store Sales (1st year) = $2,750,000
Gross profit on sales is 20%
Program Cost (25 participants) = $425,000

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When sales is the benefit, convert sales to profit.

$$\text{BCR} = \frac{(\$2{,}750{,}000 \times .20)}{\$425{,}000} = 1.29{:}1$$

$$\text{ROI} = \frac{(\$2{,}750{,}000 \times .20) - \$425{,}000}{\$425{,}000} \times 100 = 29\%$$

Increase Store Sales (1st year) = $2,750,000
Gross profit on sales is 20%
Program Cost (25 participants) = $425,000

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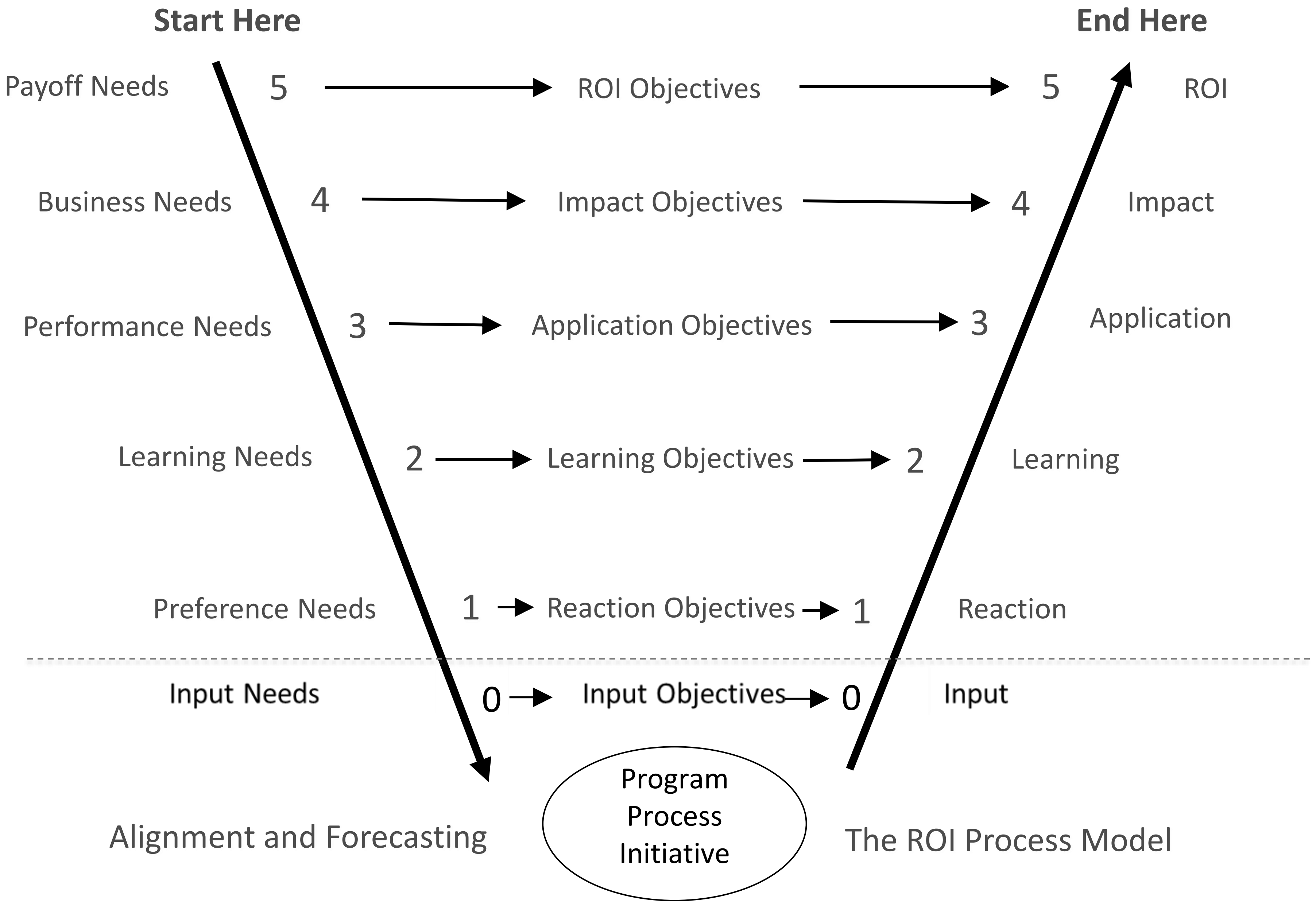
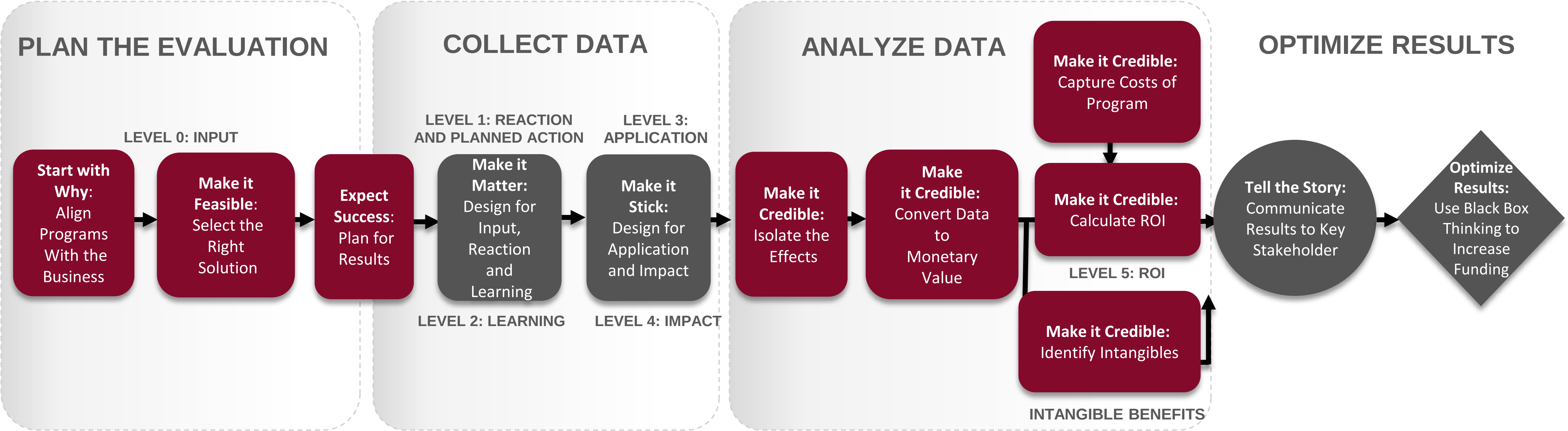
Alignment Model



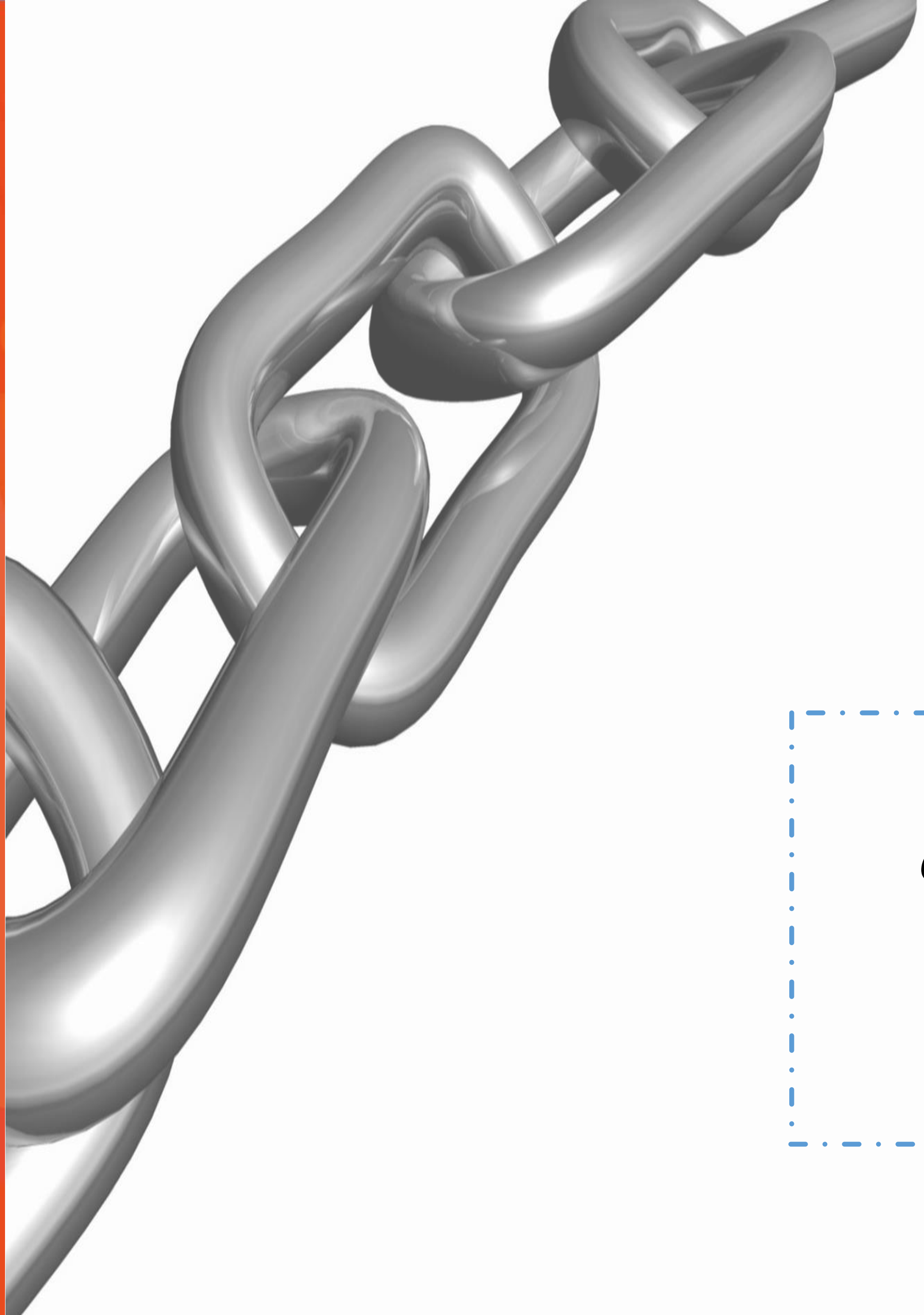
The ROI Methodology Process Model

Designing for the Delivery of Business Results



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.



Reaction

↓

Learning

↓

Application

↓

Isolate the Effects

↓

Impact

↓

Convert Data to Monetary Value

Tabulate Fully Loaded Costs

↓

ROI

Intangible Benefits

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

Characteristics of Investments Suitable for Impact

- 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

Measurement Targets

*Benchmarking Percentages

Level		Recommended % of Programs	**Benchmarking %
0	Input	100%	100%
1	Reaction	100%	80%
2	Learning	60%	70%
3	Application	30%	49%
4	Impact	10%	37%
5	ROI	5%	18%

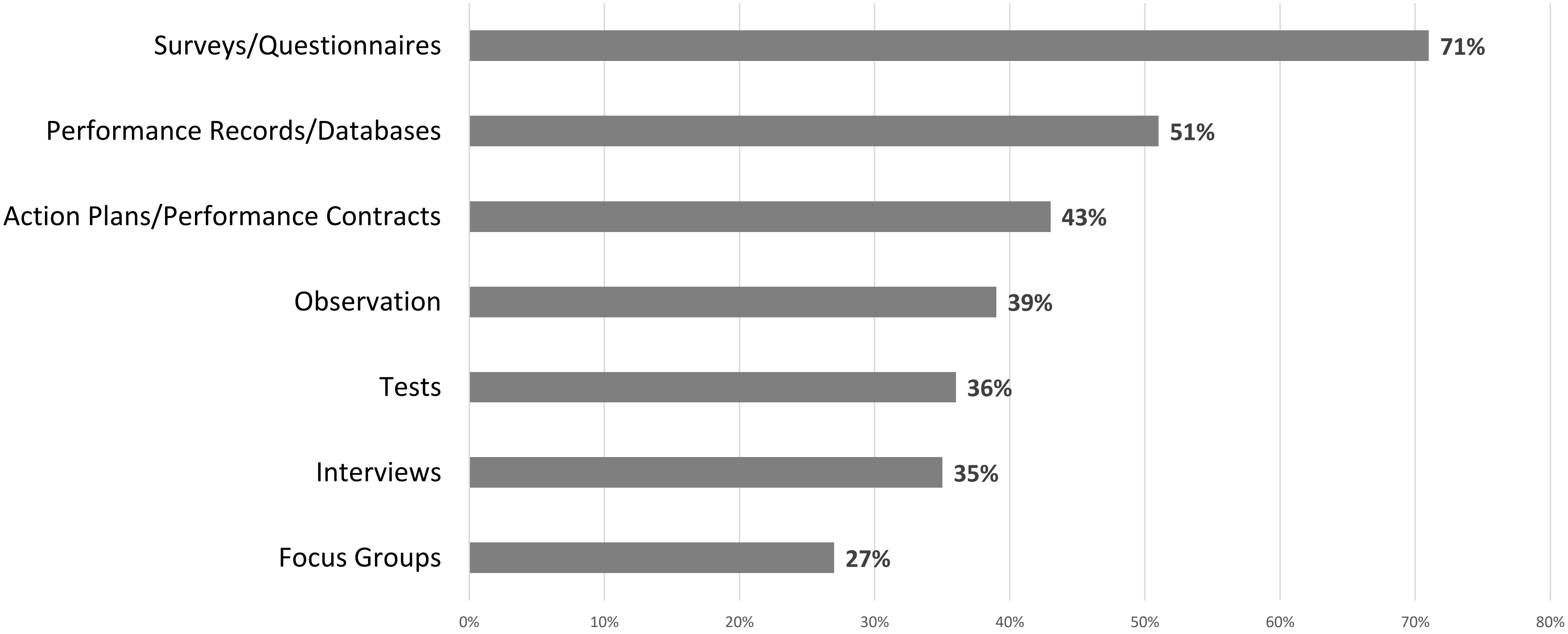
*Percentage of programs evaluated at each level per year

**Benchmarking 2020

Data Collection Methods

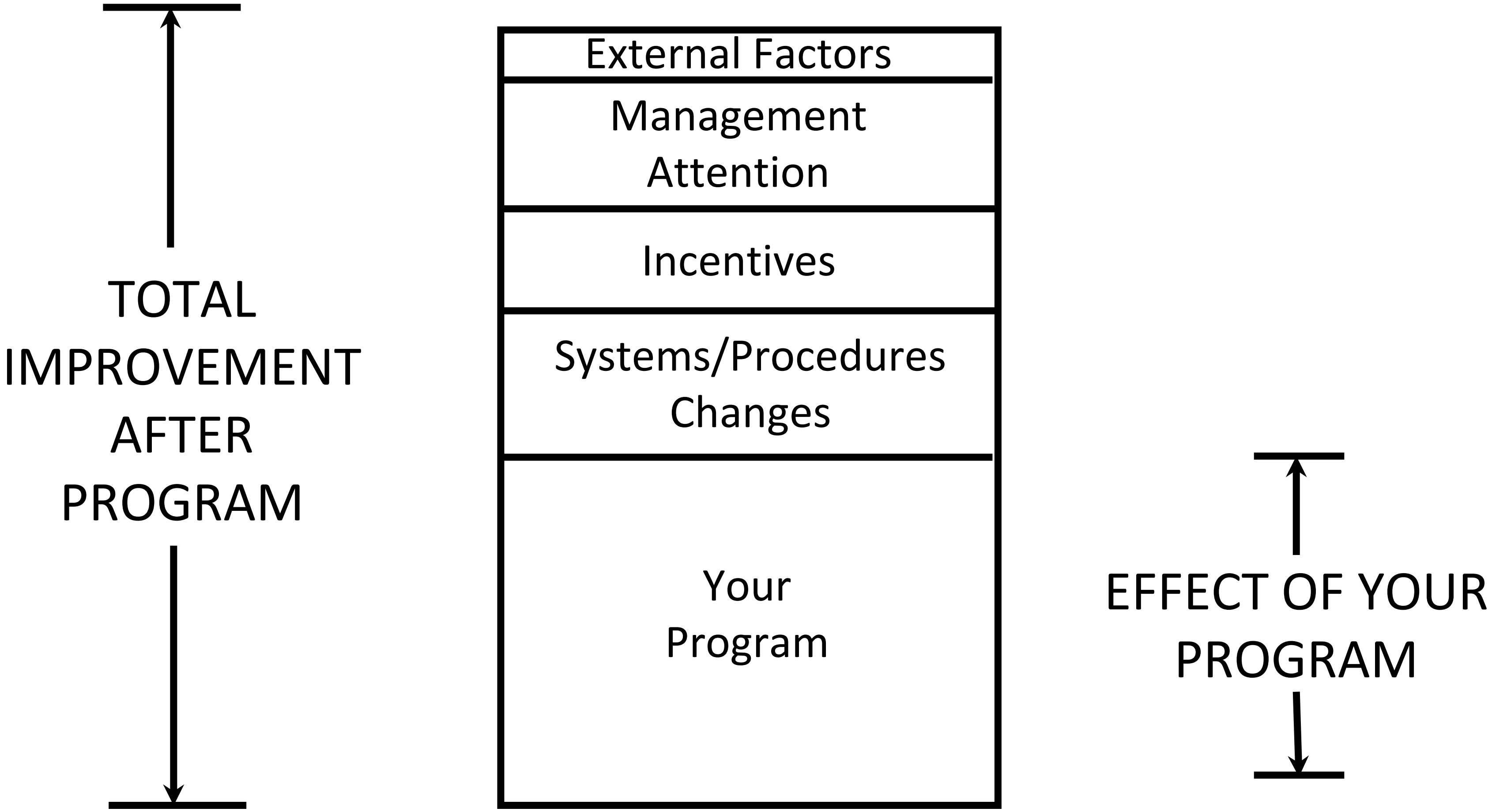
Method	Level			
	1	2	3	4
• Surveys	✓	✓	✓	
• Questionnaires	✓	✓	✓	✓
• Observation	✓	✓	✓	
• Interviews	✓	✓	✓	
• Focus Groups	✓	✓	✓	
• Tests/Quizzes		✓		
• Demonstrations		✓		
• Simulations		✓		
• Action planning/improvement plans			✓	✓
• Performance contracting			✓	✓
• Performance monitoring				✓

Data Collection Methods

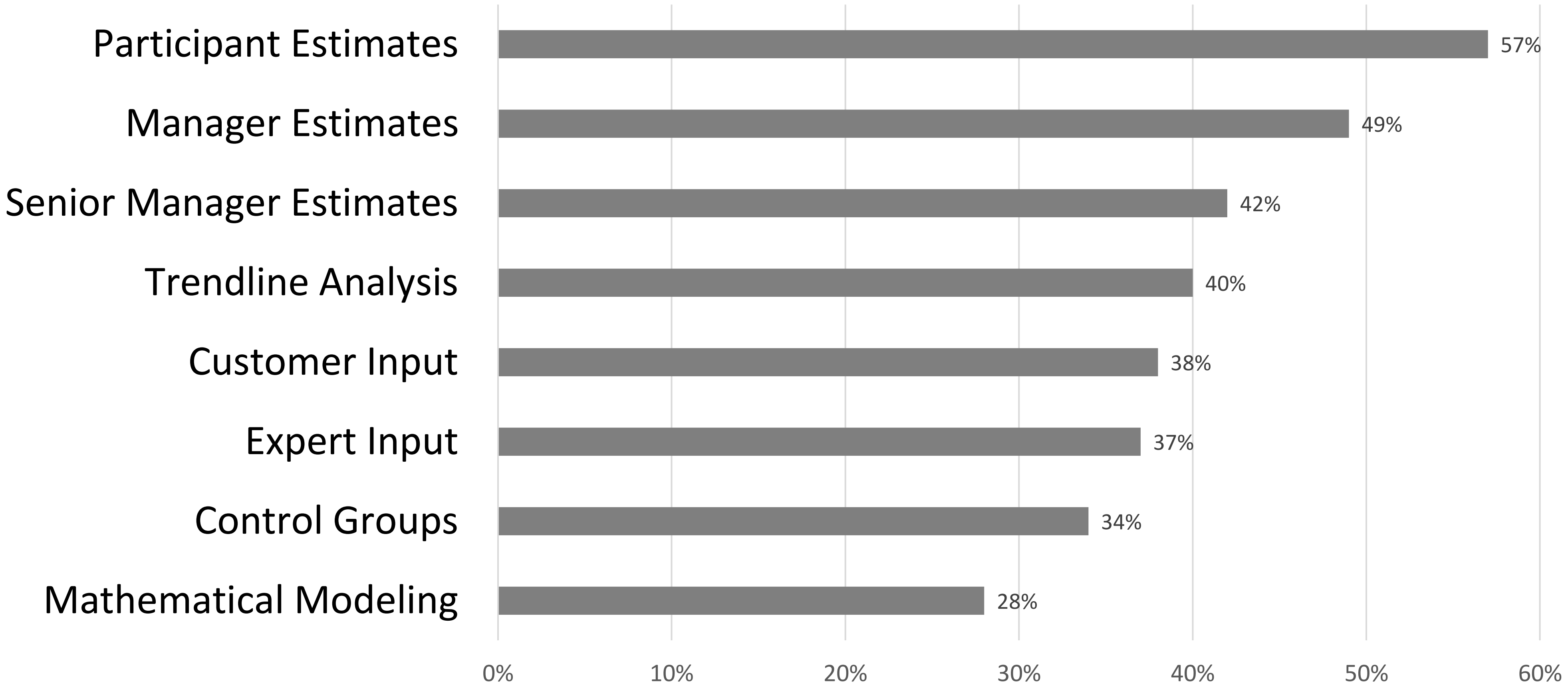


*Sample of selected users n = 246

Accounting for Other Factors



Isolation Techniques



*Sample of selected users n = 246

What is ROI?

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

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

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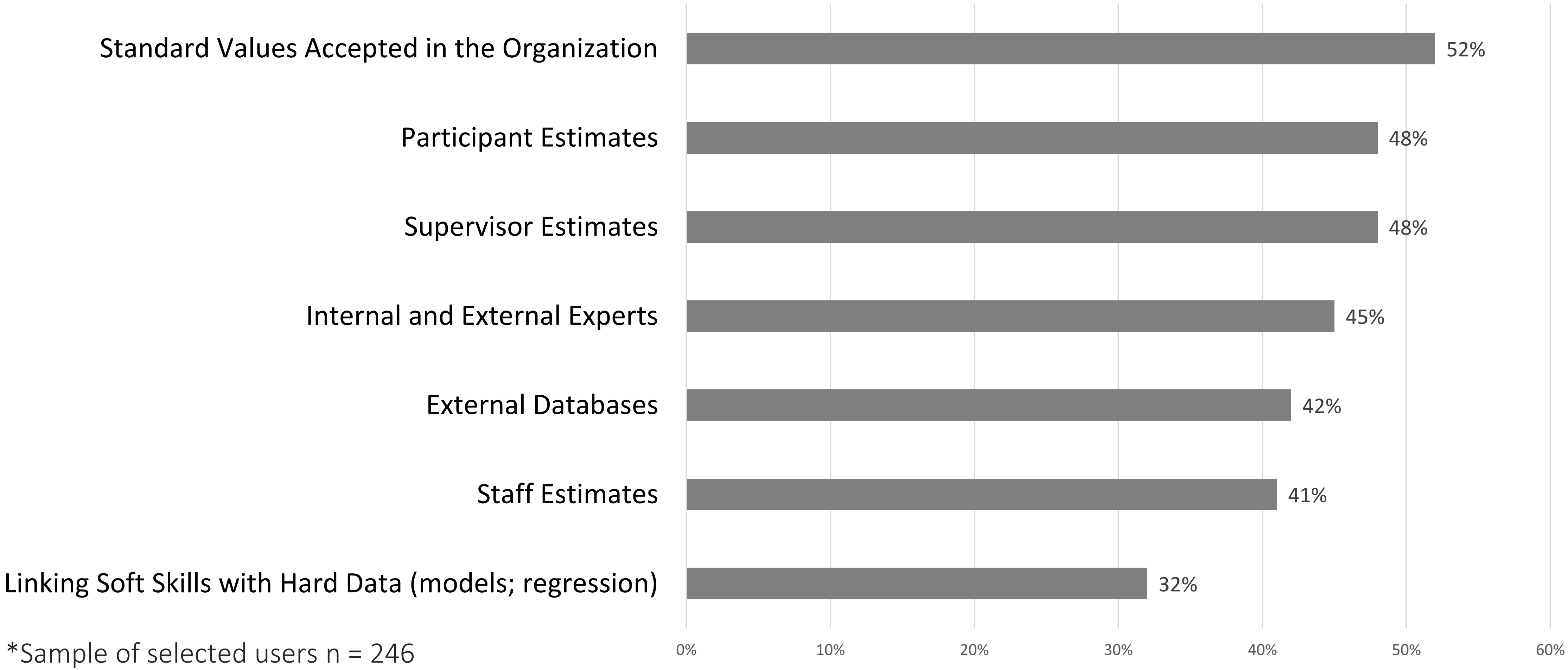
Data Conversion Methods



*Sample of selected users n = 246

Intangibles

- Adaptability
- Awards
- Brand awareness
- Career minded
- Caring
- Collaboration
- Communication
- Conflicts
- Corporate social responsibility
- Decisiveness
- Engagement
- Image
- Innovation
- Job satisfaction
- Leadership
- Networking
- Organizational climate
- Organizational commitment
- Reputation
- Stress
- Talent
- Teamwork

“When in doubt, put it in.”

The process should withstand even the closest scrutiny in terms of its credibility.

Fully-Loaded Costs

DIRECT

- Project materials
- Consulting fees
- Facilities
- Travel, lodging, meals

INDIRECT

- Needs assessment (prorated)
- Project development (prorated)
- Participant time (salaries & benefits)
- Administrative/overhead
- Evaluation

Key Takeaways

- **Activity represents costs**, costs get cut. Clarify why talent development matters by focusing on results.

- **Specificity drives results**. Define success in specific measurable terms that align with the needs of all stakeholders. Then, use those measures as the blueprint for program design and evaluation.

- **If you can't explain what you do as a process, you don't know what you are doing.** Follow a process to deliver impact and ROI and to help you explain what you did when it is done. Be prepared to describe what you did, how you did it, and why you did it that way.

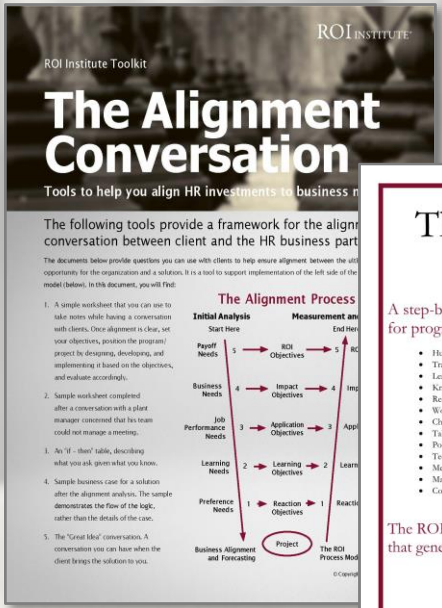
- Expensive problems can be solved with inexpensive solutions, resulting in high ROIs. Negative ROIs can reap positive results. In either case, **use what you learn from the measurement process, regardless of the results, to create even greater value**.

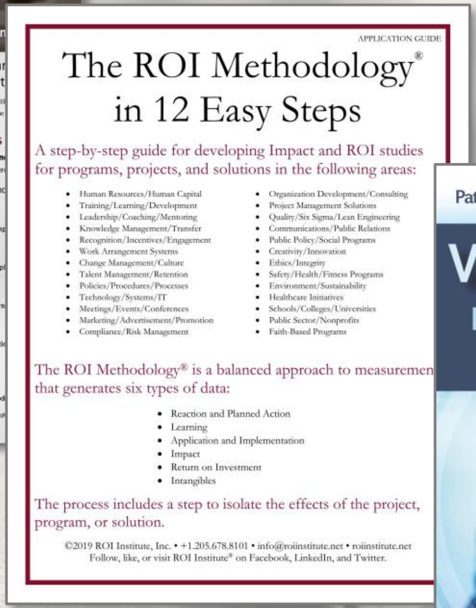
Remember, when it comes to demonstrating impact and ROI in learning and talent development:

- Hope is not a strategy.
- Luck is not a factor.
- Doing nothing is not an option.

Change is inevitable. Progress is optional.

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 measuremen 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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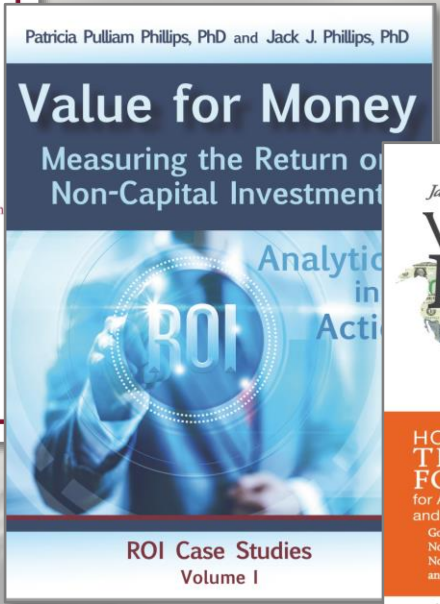

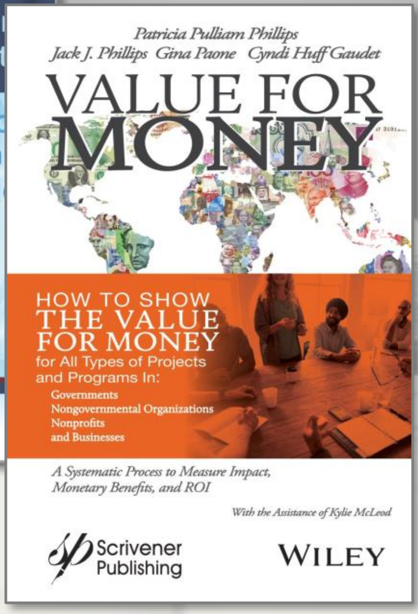

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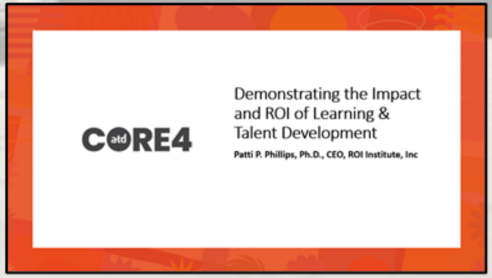
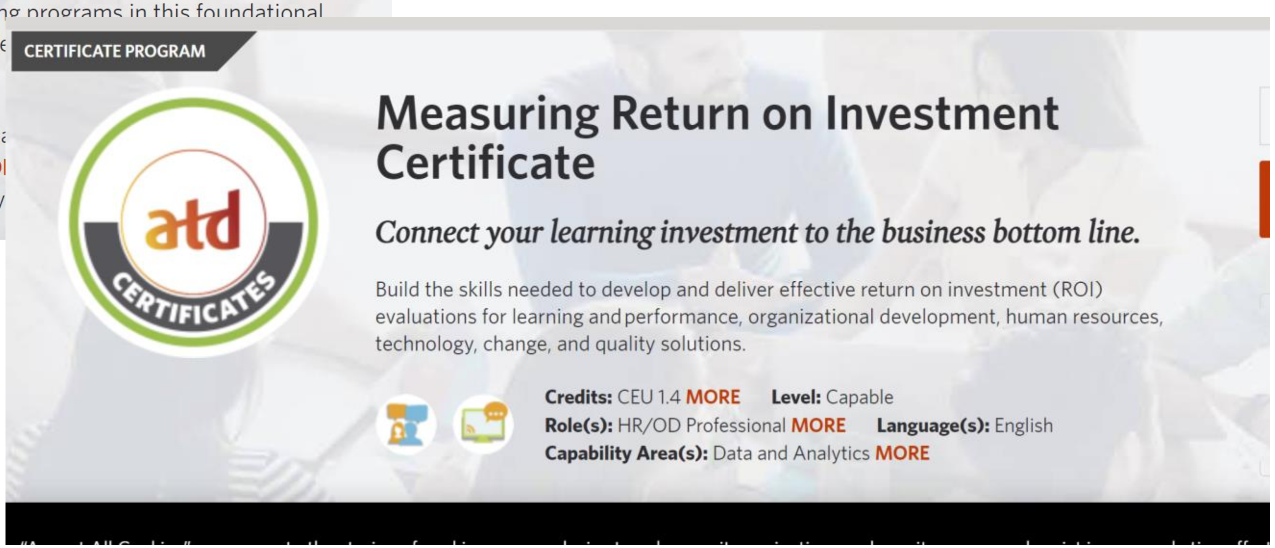


Continue the evaluation learning journey

For those just beginning their measurement journey.



For those with a good foundation at the lower levels and want to learn the basics of measuring impact and ROI.

ROI INSTITUTE®

Need an ROI study on an important program or project?

ROI Certification is the Solution!

By attending ROI Certification, participants 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.
- Join the ROI Network with more than 6,000 ROI professionals.

https://www.roiinstituteacademy.com/

SCAN ME

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