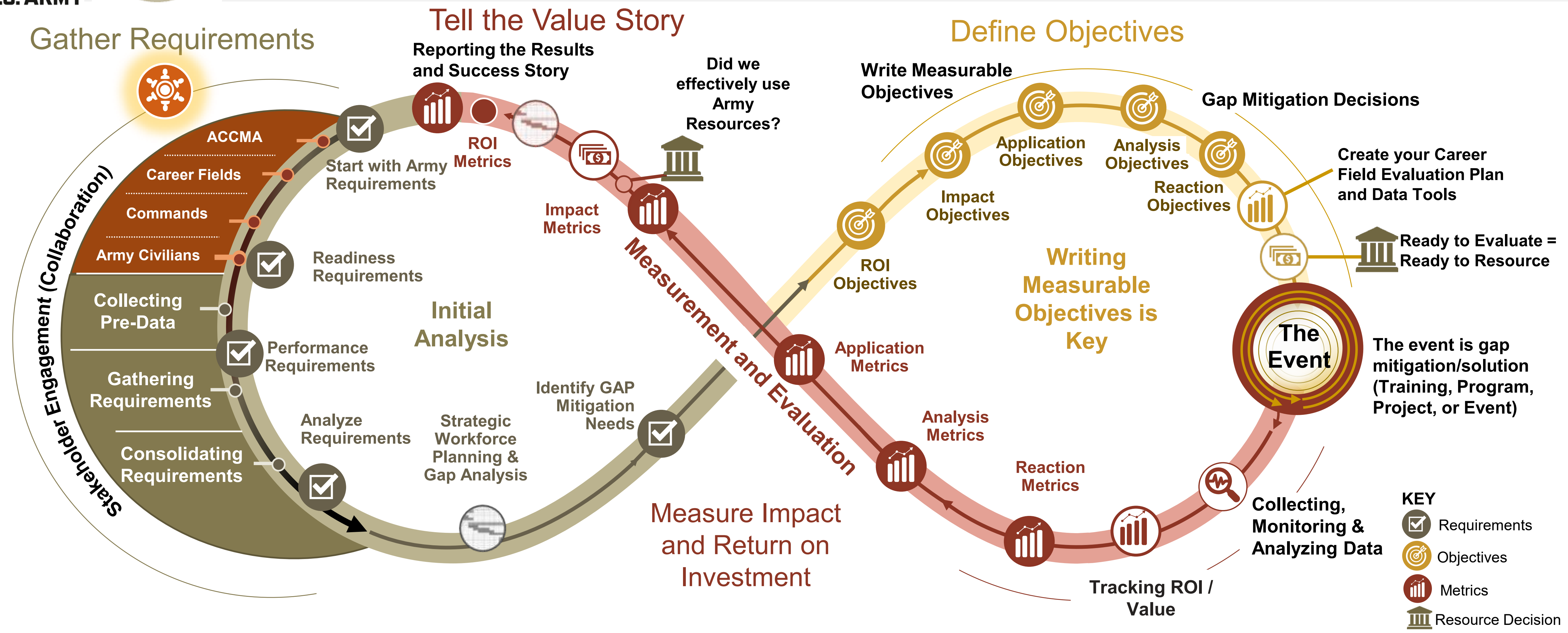
ROI INSTITUTE®

ROI Boot Camp

Patti P. Phillips, Ph.D., and Jack J. Phillips, Ph.D.

Army Civilian Career Management Activity (ACCMA) Requirements and Return on Investment Process (ARRIP)



Stakeholder Engagement
Collaboration is required to build shared engagement and achievement.

Collecting Pre-Data
Identifying the current state helps determine a realistic future state.

Gathering Requirements
Identify Force, training, education, certification needs to meet current and future mission requirements.

Consolidating Requirements
Identify career progression and advancement opportunities, skill gaps and overlaps of requirements.

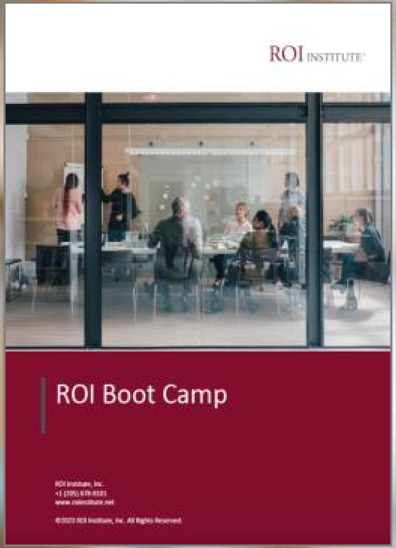
Measurable Objectives
Careful consideration of evaluation questions and metrics ensures focus on stakeholder priorities and determining ROI.

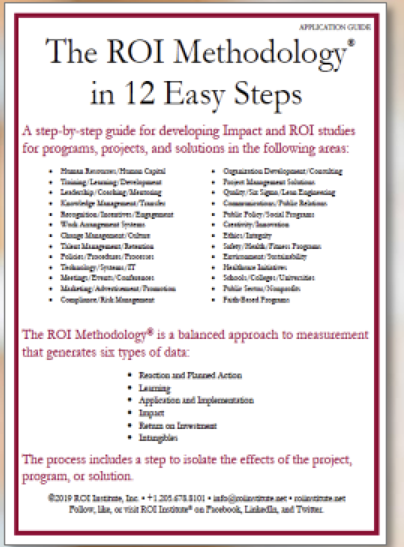
Collecting, Monitoring & Analyzing Data
Active oversight of data collection and analysis validates the value proposition of the program.

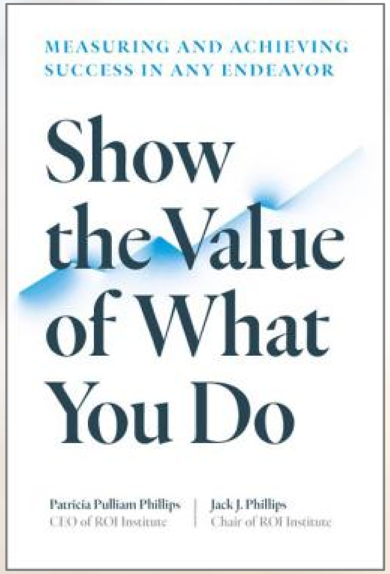
Tracking ROI / Value
Evaluating effectiveness of training and education programs optimizes return on investment (ROI) and evolves career programs to be integral to the people enterprise

Reporting the Results
Linking findings sets the stage for program improvements and justifies or enhances the budget and enable better strategic workforce planning.

Resources







SCAN ME

https://roiinstitute.net/roi-boot-camp-2/

Objectives

After attending this session, you will be able to:

- Explain the need to show the value of public sector programs.
- Describe the value chain for public sector programs.
- Identify the 12 steps of the ROI Methodology®.
- Design public sector programs to deliver impact and a positive ROI.
- Explain how programs are measured at all five levels, including the return on investment.

Are You Ready for ROI?

Take the Assessment

ROI is Everywhere

Take a Tour of Actual Cases

All the Public Sector is Involved

The ROI Methodology is being used to measure the success of any type of project, program, initiative, system, procedure, event, or process in these types of organizations:

- Governments (federal, state, and local level)
- Nongovernment organizations
- Nonprofits
- Universities
- Community colleges and technical institutes
- K-12 school systems
- Foundations
- Charities
- Healthcare organizations
- Networks and alliances
- Associations
- Religious organizations

The ROI Methodology is a flexible, versatile process that can withstand the scrutiny of critics while providing top executive and CFO-friendly data through a process that is user-friendly.

Applications Within Public Sector Organizations Governments, NGOs, Nonprofits

- 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
- 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


What is your project?

Why are you pursuing ROI now? (Select All)

A. Top executives require impact and 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.

Rationale for Pursuing ROI

30%	Top executives are requiring ROI. I have to pursue this!	Reactive
30%	I have pressure to justify my budget. I need this!	
25%	I know I will need to demonstrate more value in the future.	
10%	I want to show increased accountability for our expenditures.	
5%	I want to experiment with and explore, new techniques to measure program success.	Proactive

The New Normal in the Public Sector?

True or False?

A. Pressure from taxpayers and donors to show how funds are being used (impact).
B. Must do more with less.
C. Projects or programs are curtailed or eliminated.
D. Soft projects are more at risk.
E. Need to show impact and ROI for major projects.
F. Forecasting ROI will be more common.

Challenges to Overcome

1. I don't know how to do this!
2. What happens if it's negative?
3. Doesn't this take too long?
4. Can't we use something simple, like ROE?
5. No profits, no ROI?
6. Too much politics!
7. But my programs are necessary!
8. Can we sustain this?

What are your challenges?

Impact Data

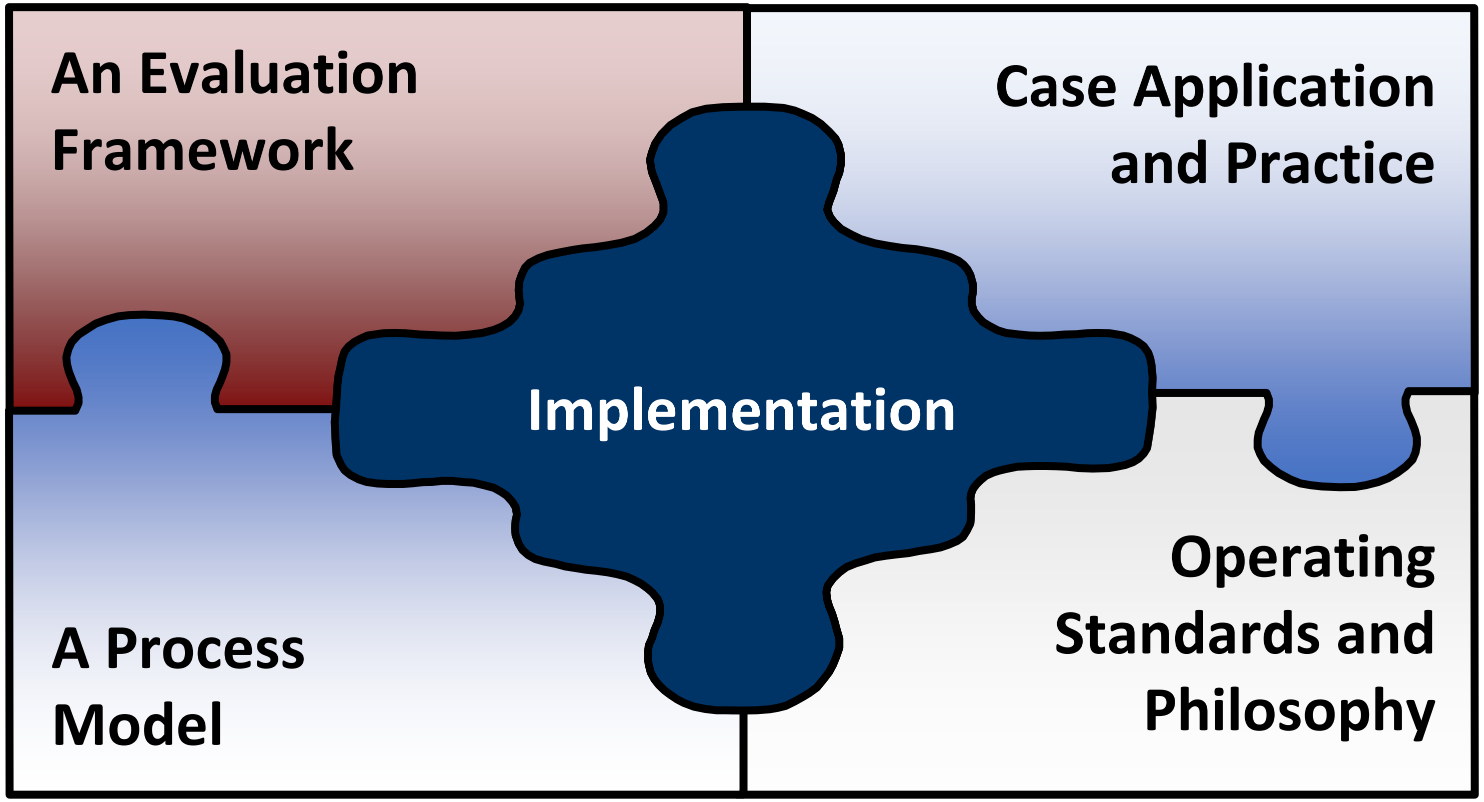
Output	Quality	Costs	Time
• Permits issued • Services provided • Taxpayers served • Visas processed • Forms processed • Application approved • Patients visited • Students graduated • Tasks completed • Work productivity • Work backlog • Requests filled • Citizens vaccinated	• Waste • Rejects • Defects • Error rates • Rework • Shortages • Deviation from standard • Service failures • Percentage of tasks completed properly • Number of accidents • Citizen complaints	• Budget variances • Process costs • Variable costs • Fixed costs • Overhead costs • Operating costs • Delay costs • Penalties/fines • Project costs • Accident costs • Administrative costs	• Cycle time • Response time • Downtime • Overtime • Time to completion • Processing time • Training time • Meeting time • Efficiency (time-based) • Late reporting • Lost time days

Do you agree?

The Chain of Value is Always There

Level	Typical Measures	Issue
0 Input ↓	Volume, Cost, and Time	How many people are involved, their time and cost?
1 Reaction ↓	Relevance, Importance, and Necessity	How did they react to the program?
2 Learning ↓	Skills and Knowledge Acquisition	Did participants learn how to make the program successful?
3 Application ↓	Extent of Use of the Program Content, Frequency of Use, and Success with use	Did participants implement the program? Was it successful?
4 Impact ↓	Productivity, Patient Outcomes, Quality, Cost, Time, Crime Rates, Satisfaction, Image, Jobs Secured, and Stress	What was the impact, the consequence of the application?
5 ROI	Benefit-cost ratio and ROI, Expressed as a Percent	What was the payoff for investing in this program?

Five Components Comprise the ROI Methodology



Sometimes referred to as a puzzle, the five components make up the system that must exist to develop a sustainable evaluation practice.

Evaluation Framework

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

Handout page 3

What is ROI?

$$\text{BCR} = \frac{\text{Project benefits}}{\text{Project costs}}$$

$$\text{ROI} = \frac{\text{Project benefits} - \text{Project costs}}{\text{Project costs}} \times 100$$

Handout page 3

ROI Calculation Example

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

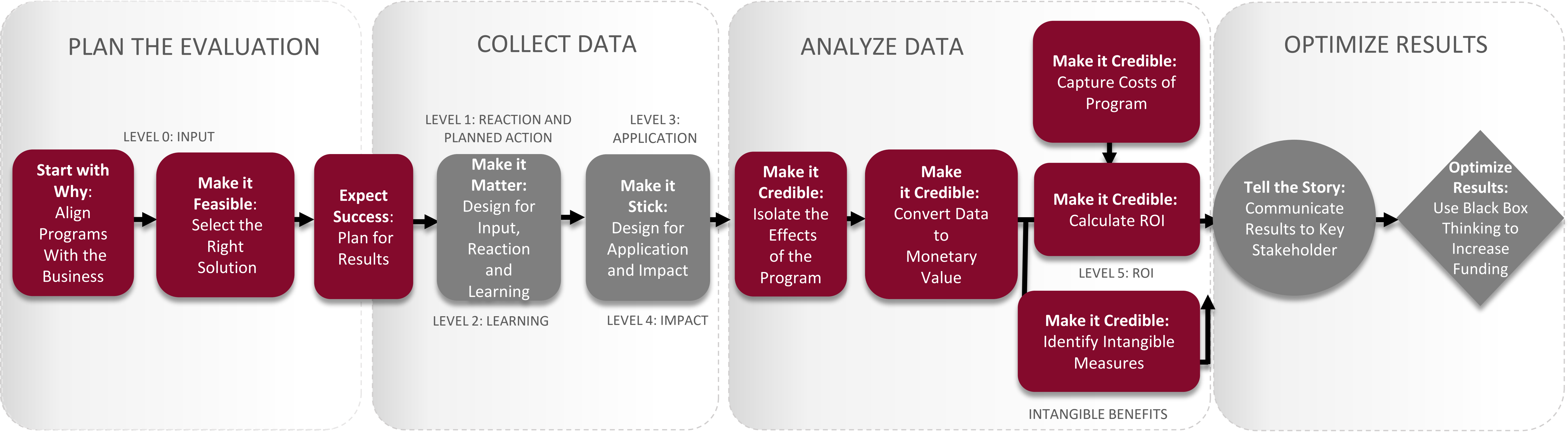
$$\text{ROI} = \frac{\$750{,}000 - \$425{,}000}{\$425{,}000} \times 100$$

What keeps people from pursuing ROI? (Select all that apply.)

- ❑ Fear of the outcome
- ❑ Lack of alignment
- ❑ No request for it
- ❑ Too complicated
- ❑ Don’t know how

The ROI Methodology Process Model

Designing for the Delivery of Business Results



Handout page 4

Twelve Guiding Principles of ROI

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.

Handout page 4

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 each year

**Benchmarking 2020

What is your status?

Characteristics of Programs Suitable for Impact & 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 Program

- Personality 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 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

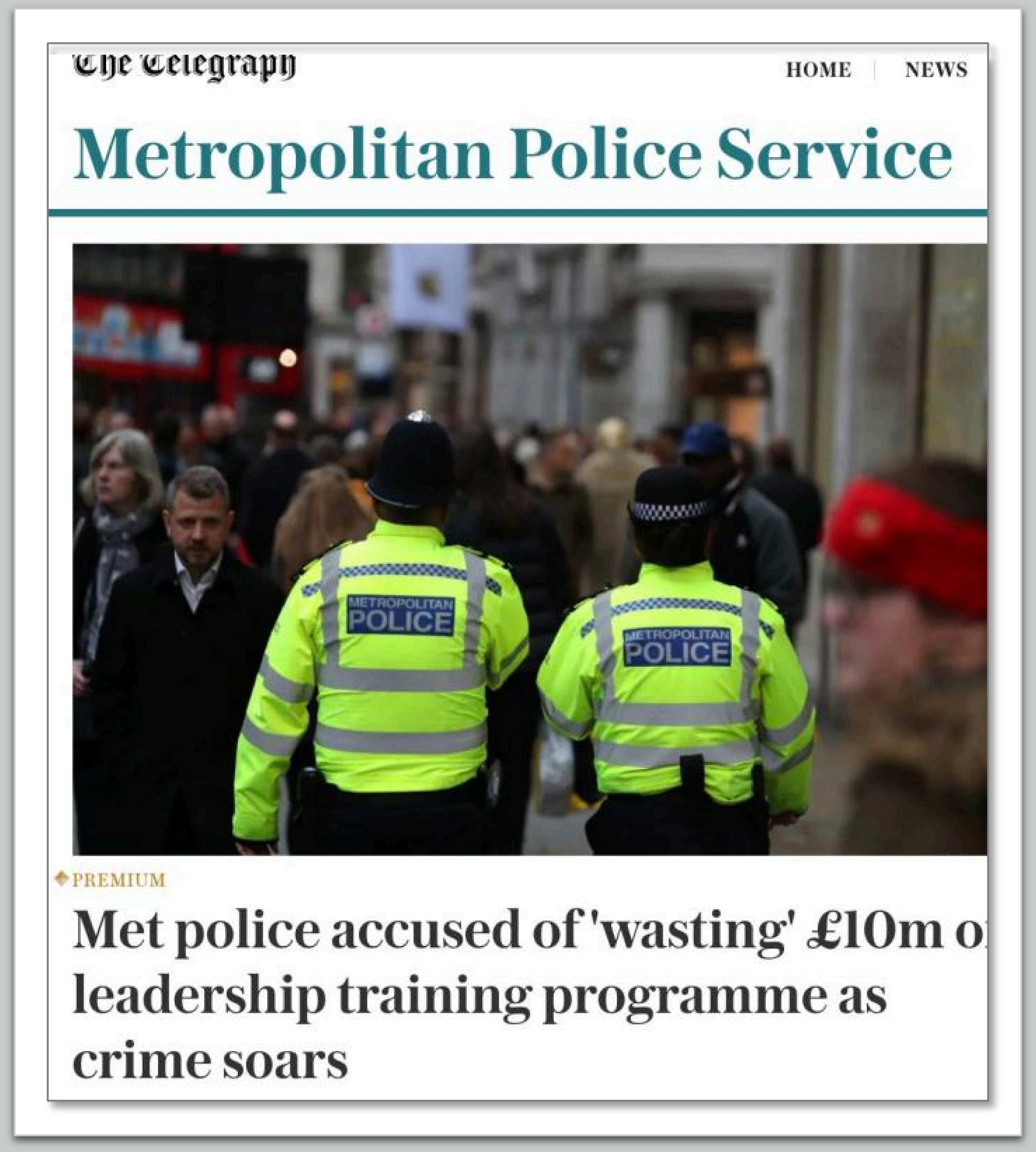
"We are on our knees. Crime is going up, and that is serious crime going up as well, the public are concerned, and we haven't got the resources that we need."

— 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



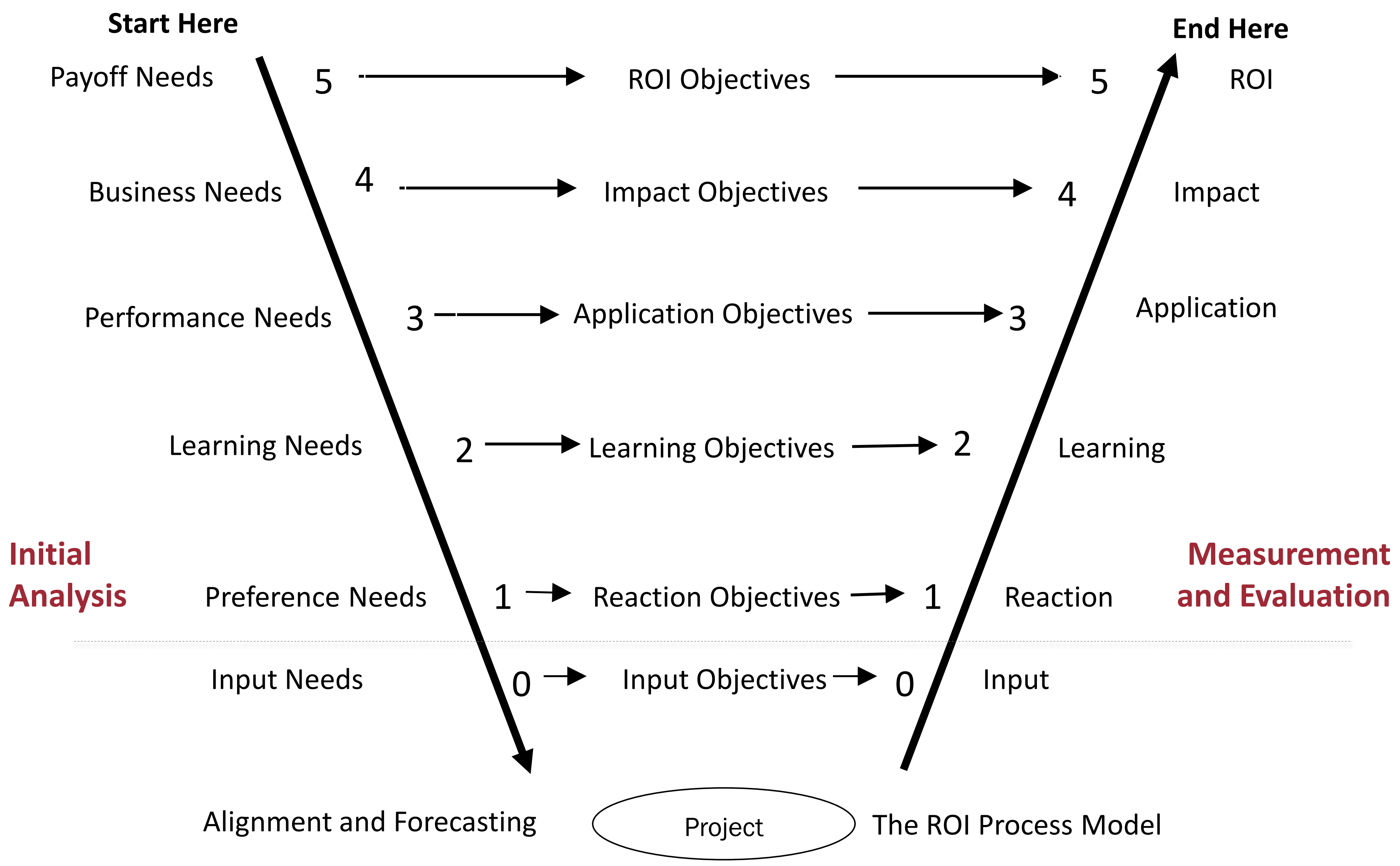
Scotland Yard

1. Is this a typical situation?
2. What went wrong with this program?
3. Is the leadership development provider partially responsible? Explain.
4. What should have been the approach?

Kansas City Police

1. Is it possible to “start with why” (the business measure) with every project?
2. What are the business measures for your project?

Alignment Model



Who could resist these programs?

- Creating an inclusive environment
- Managing a diverse team
- Becoming an innovative organization
- Implementing a team building program
- Improving female empowerment
- Influencing others when you're not in charge
- Communicating effectively in a digital workplace
- Creating a great place to work
- Gaining respect for the elderly
- Fostering employee engagement
- Organizing a mindfulness program
- Providing leadership development for team leaders
- Becoming a technology leader
- Creating green organizations

The Alignment Process

V Model

Needs

Start Here

Payoff Needs

- Visa processing takes too long and is too expensive
- Applicants not pleased with service

Business Needs

- Complaints are averaging 85 per 1000 visas processed
- Visa processing takes 1.1 hours
- Applicants must wait 3 weeks
- Cost per visa is $49.00

Performance Needs

- New system needed
- Staff must use the system properly
- Staff needs better customer service skills

Learning Needs

- Staff will not know how to use the system
- Staff needs to learn customer service skills

Preference Needs

- Staff must perceive the software as relevant and easy to use
- Staff must see customer service skill as necessary

Initial Analysis

5 → ROI Objectives → 5 **ROI**

4 → Impact Objectives → 4 **Impact**

3 → Application Objectives → 3 **Application**

2 → Learning Objectives → 2 **Learning**

1 → Reaction Objectives → 1 **Reaction**

Project

Evaluation

End Here

Measurement and Evaluation

Business Alignment and Forecasting

The ROI Process Model

Handout page 9

Is it 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.
8. Conduct some analysis.

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

Handout page 11

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.

Handout page 11

Exercise: Matching Evaluation Levels with Objectives

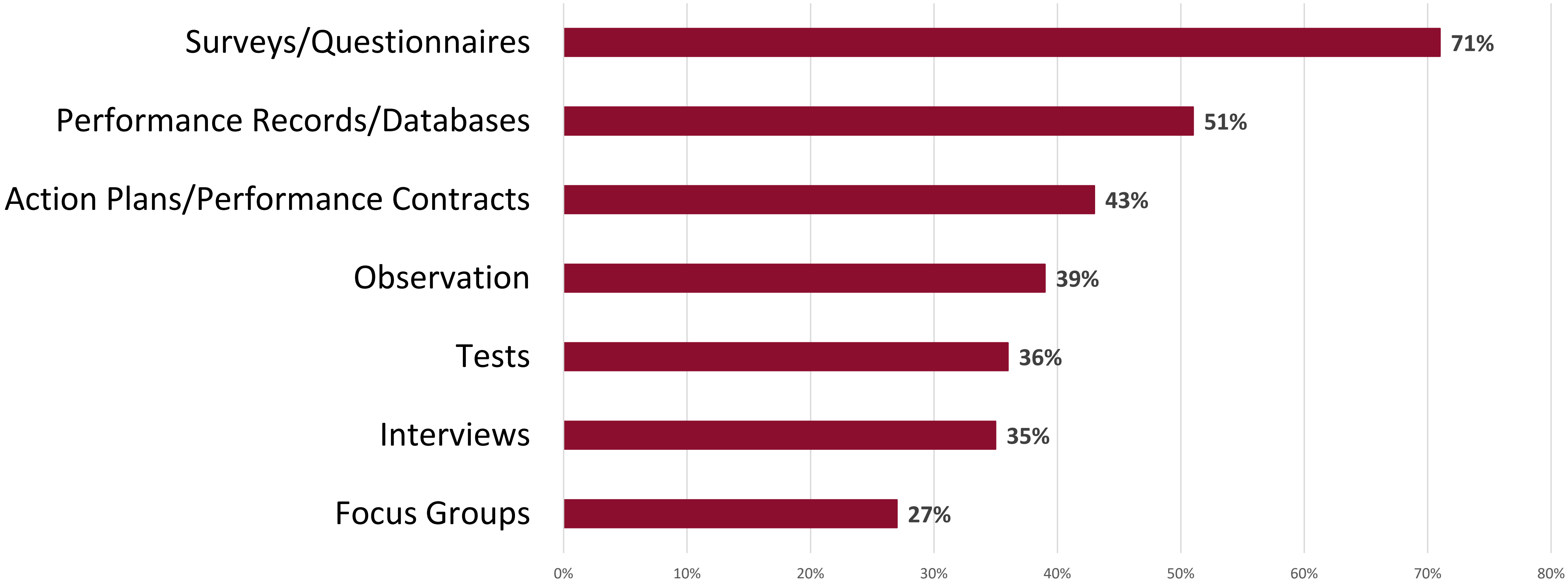
1. Reaction
2. Learning
3. Application
4. Business Impact
5. Return on Investment

Handout page 12

Method	Level 1 Reaction	Level 2 Learning	Level 3 Application	Level 4 Impact
Surveys	✓		✓	
Questionnaires	✓	✓	✓	✓
Observation		✓	✓	
Interviews	✓	✓	✓	
Focus groups	✓		✓	
Tests		✓		
Action planning/performance contracting			✓	✓
Performance monitoring				✓

Data Collection Methods

Data Collection Methods



*Survey of Users, N = 246

Action Plan

Sample Action Plan for Teambuilding

Name: Jacquelyn Robertson Facilitator Signature:______________ Follow-Up Date: Aug 30 Objective: Reduce Internal Transfers

Evaluation Period: Feb to August Improvement Measure: Requested Transfers

Current Performance 3 per quarter Target Performance: 1 per quarter

Action Steps	Analysis
1. Review reasons for transfers with HR Feb 15 2. Sort out items under our control Feb 20 3. Identify high risk team members Feb 25 4. Make a plan for high risk team members Mar 1 5. Have team sharing sessions each week to focus on complaints Mar 1 6. Provide team feedback when necessary for members who need help Daily 7. When a team member complains, explore and address within one day Mar 1	A. What is the unit of measure? 1 employee transfer B. What is the value (cost) of one unit? $7,500 C. How did you arrive at this value? HR team D. How much did the measure change during the evaluation period? (monthly value) 2 per quarter E. List the other factors that have influenced this change: Employee Engagement Initiative F. What percent of this change was actually caused by this program? 60 % G. What level of confidence do you place on the above information? (100%=Certainty and 0%=No Confidence) 80 % H. Monetary value (B x D x F x G x 4) ______________
Intangible Benefits: Employees Engage	

Comments: Building trust was the key

Handout page 13

Factors to Consider: Data Collection Methods

When selecting methods, consider:

- Time required for participants
- The time required for supervisors
- Costs of methods
- Amount of disruption
- Accuracy
- Utility
- Culture/philosophy

Factors to Consider: Sources of Data

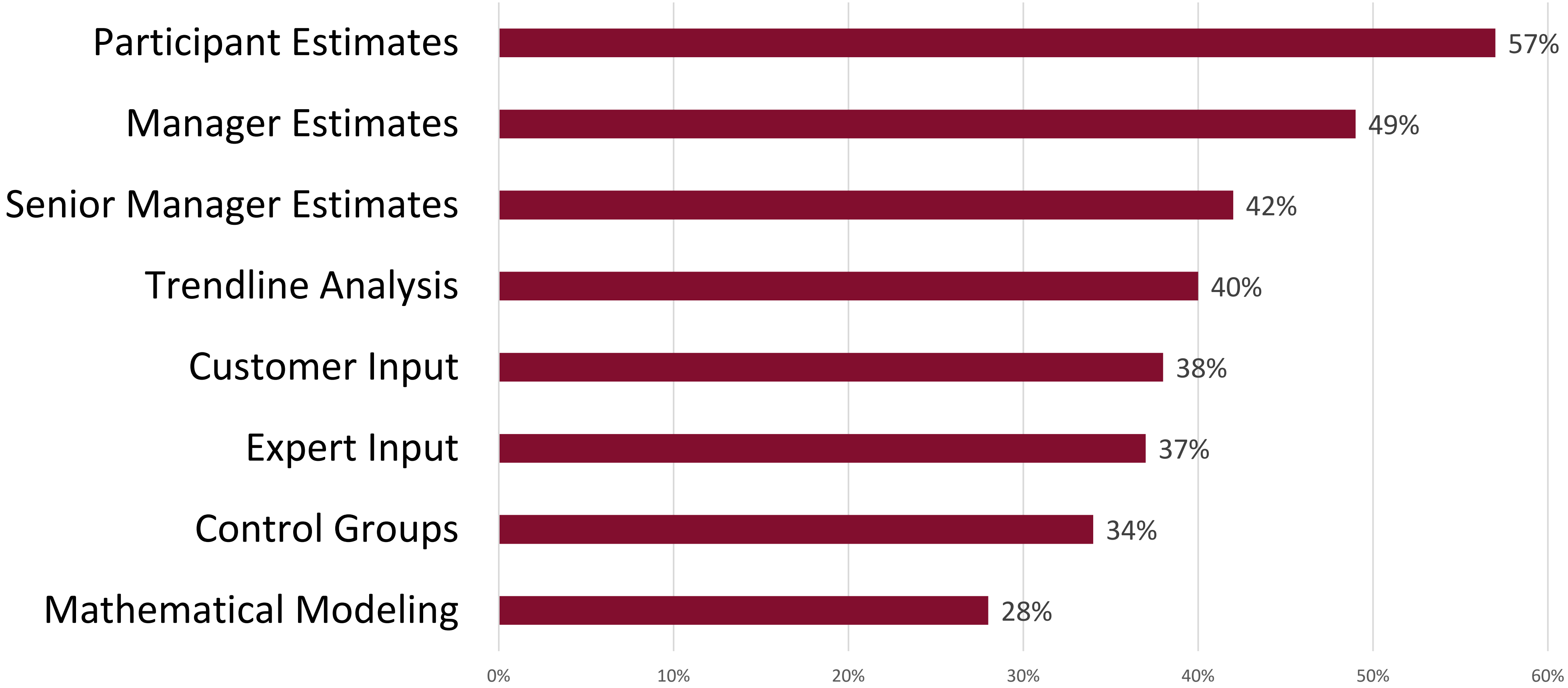
When selecting sources of data, consider:

- Participants
- Supervisors
- Direct reports
- Peer groups
- Internal staff external
- Sources
- Organizational records

Factors to Consider: Timing of Data Collection

When determining timing, consider:

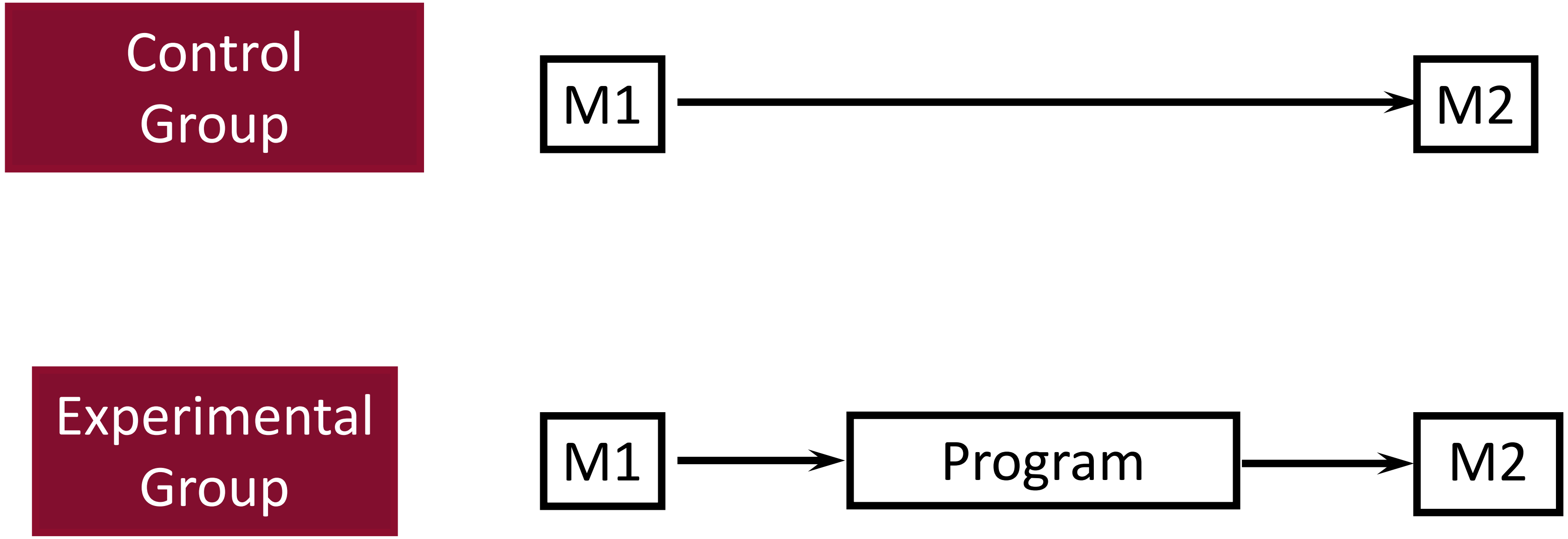
- Availability of data
- Ideal time for behavior change/application
- Ideal time for business impact
- Convenience of data collection
- Constraints on data collection



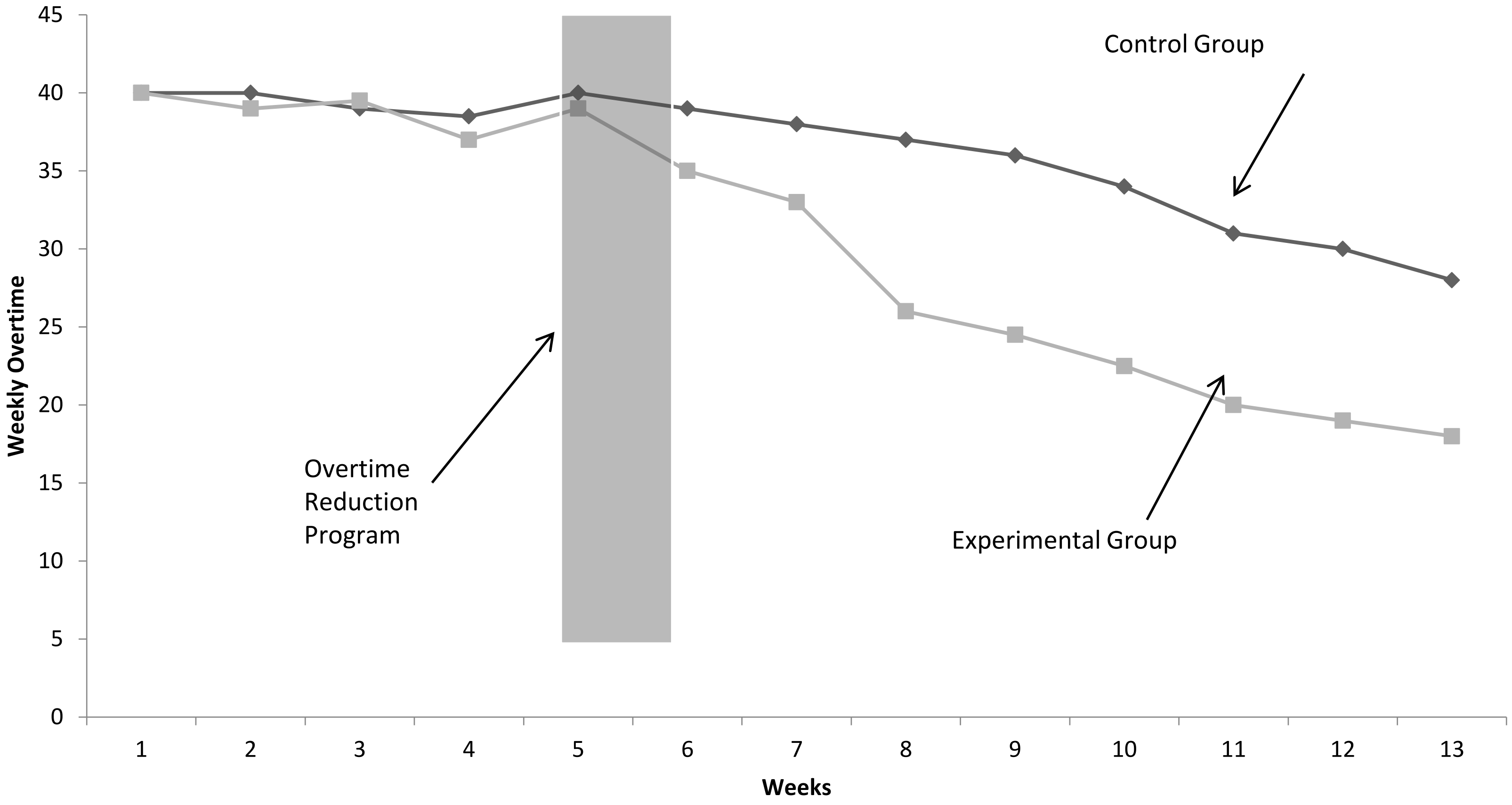
*Survey of Users, N = 246

Isolation Methods

Isolate the Effects: Control Group Design

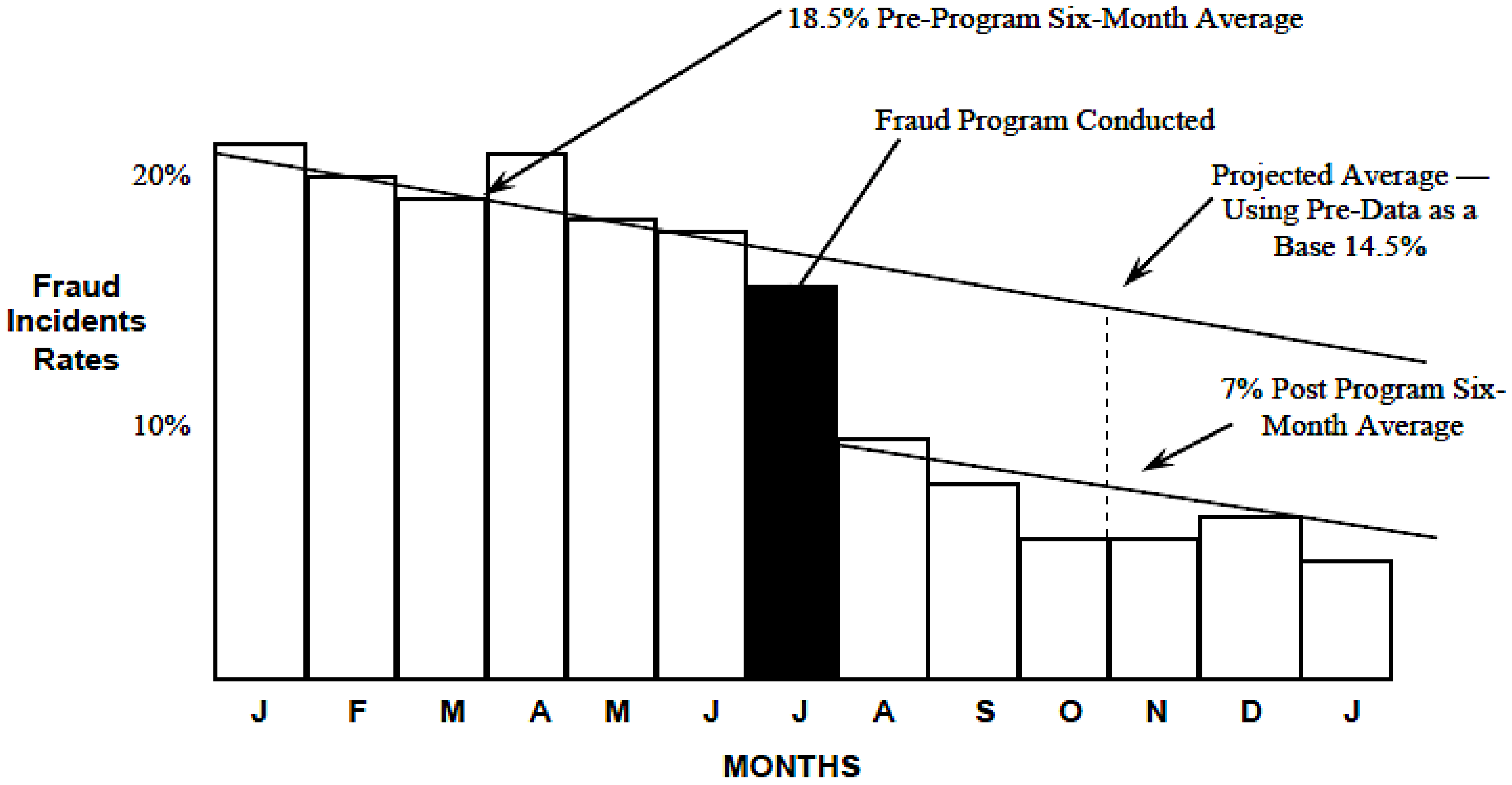


Staff Overtime



The improvement, connected to the overtime reduction program, is _____ hours.

Isolate the Effects: Trend Line Analysis



Approximately what improvement in fraud incident has results from the program?

Isolate the Effects: Example of Estimation

Δ= 420 Approved Microfinance Loans for Women

Contributing Factors	**Average Impact on Results**	**Average Confidence Level**
UN Program	39%	81%
Changing Attitudes of MF Institutions	11%	77%
Competing Program (NGO)	33%	60%
Pressure from Government	12%	72%
Other	5%	85%
	100%	

What is the amount attributed to the UN program?_______________

Example of Estimations

Influence	Fact	% Contrib.	Est. Impact	Confidence	Adjusted Impact
Changing Attitudes of MF Institutions	420	11%	46.2	77%	35.57

Fact: 420 Approved Loans

% Contribution: 11%

Est. Impact: 46.2

Uncertainty 23% (100%-77%)

Margin of Error: +/- 10.63

56.83

46.2

35.57

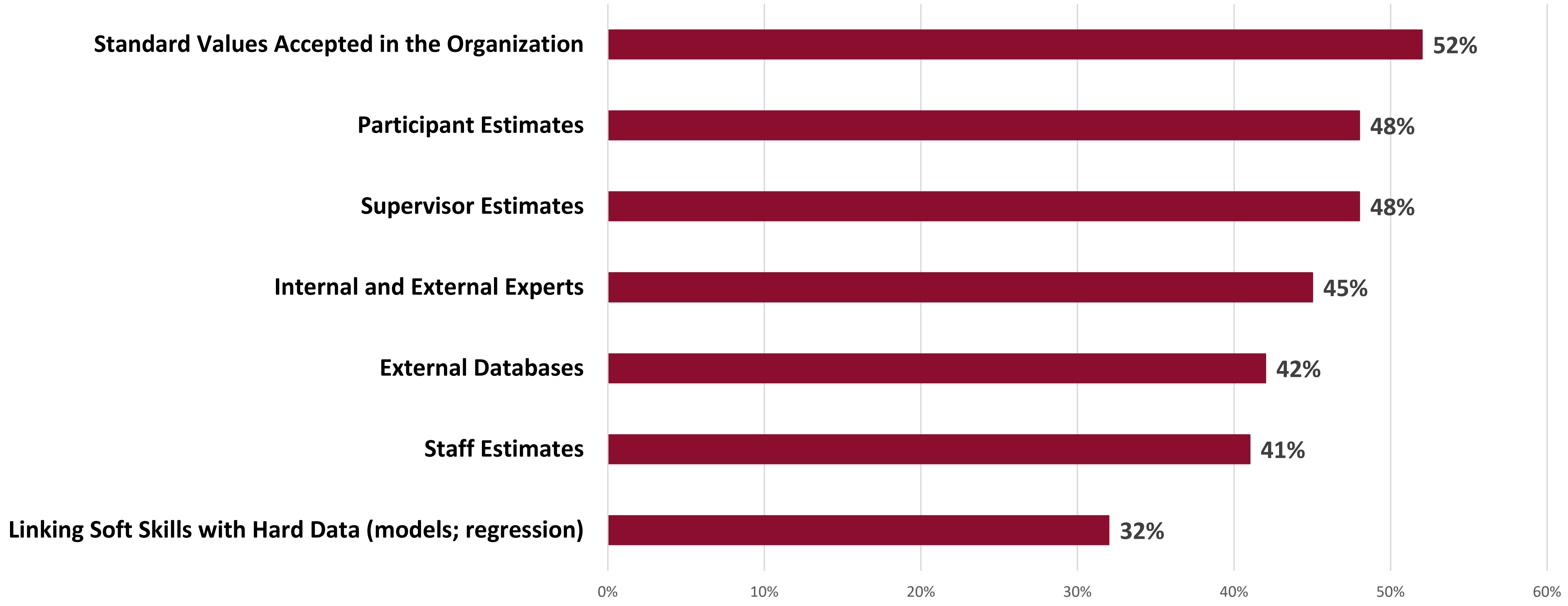
The Wisdom of Crowds

1. What implications does this concept have in evaluation?
2. Can you cite other examples?

Handout page 15

Steps to the Money

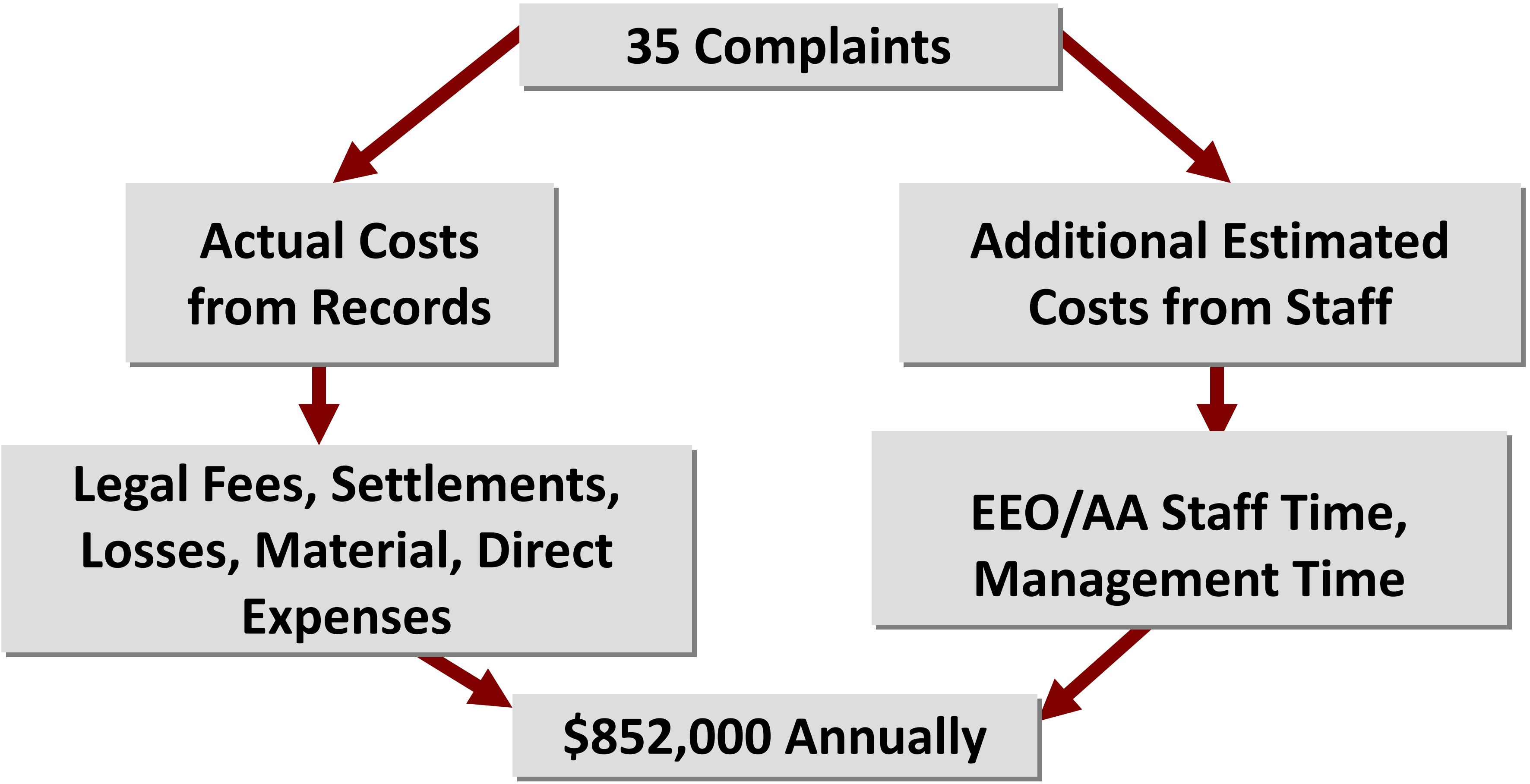
1. Define the unit of measure
2. Determine the value of the measure (V)
3. Determine the change in performance (△P)
4. Determine the annual change in performance (A△P)
5. Calculate the annual monetary benefit (A△P x V)



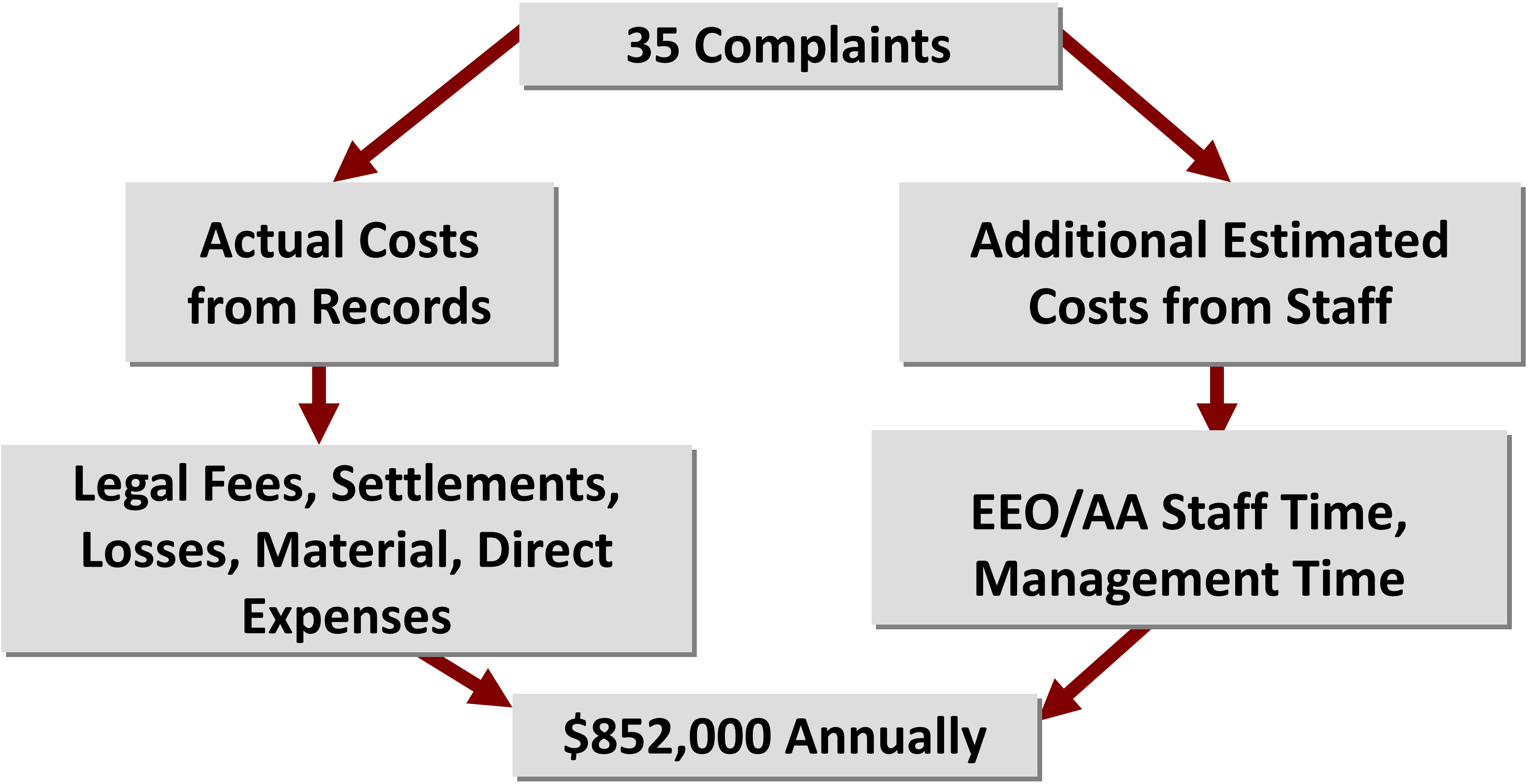
*Survey of Users, N = 246

Data Conversion Methods

Cost of a Complaint



Cost of a Complaint



What is the cost per complaint: $\frac{\$852{,}000}{35} = \$24{,}343$

Turnover Cost Summary

Job Type/Category	Turnover Cost Ranges*
Entry level – hourly, non-skilled	30-50%
Service / Production workers – hourly	40-70%
Skilled hourly	75-100%
Clerical / Administrative	50-80%
Professional	75-125%
Technical	100-150%
Engineers	200-300%
Specialists	200-400%
Supervisors / Team Leaders	100-150%
Middle Managers	125-200%

*Percentage of salary.
Source ERIC: Educational Resources Information Center

A Conservative Approach to Estimates

1. Identify the most credible source of data.
2. Ask them:
   - What happens when?
   - Given what you know, how much does it cost (or is it worth)?
   - How confident are you in your estimate?

Example: 1 Unexpected Absence

Most Credible Source: Supervisors

Data Collection Approach: Focus Group

Three questions (round robin format):

1. What happens when someone does not show up for work?
2. Given what you know about what happens, what does it cost for one person not to show up on one day?
3. How confident are you in your estimate?

Example: Unexpected Absenteeism

Supervisor	Estimate Value	Confidence	Adjusted Value
1	$1,500	90%	
2	$2,000	80%	
3	$1,800	85%	
4	$2,100	75%	
5	$1,000	95%	
Monetary value of an absence			

Example: Unexpected Absenteeism

Supervisor	Estimate Value	Confidence	Adjusted Value
1	$1,500	90%	$1,350
2	$2,000	80%	$1,600
3	$1,800	85%	$1,530
4	$2,100	75%	$1,575
5	$1,000	95%	$950
Monetary value of an absence			

Example: Unexpected Absenteeism

Supervisor	Estimate Value	Confidence	Adjusted Value
1	$1,500	90%	$1,350
2	$2,000	80%	$1,600
3	$1,800	85%	$1,530
4	$2,100	75%	$1,575
5	$1,000	95%	$950
Monetary value of an absence			**$1,401**

If you choose not to convert, report benefits as intangibles.

- Adaptability
- Awards
- Brand awareness
- Career minded
- Collaboration
- Communication
- Conflicts
- Corporate social responsibility
- Engagement
- Image
- Innovation
- Job satisfaction
- Leadership
- Networking
- Organizational climate
- 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

- ❑ Program Materials
- ❑ Instructor / facilitator
- ❑ Facilities
- ❑ Travel, lodging, meals

INDIRECT

- ❑ Needs Assessment (Prorated)
- ❑ Program Development (Prorated)
- ❑ Participant Time (salaries & benefits)
- ❑ Administrative/overhead
- ❑ Evaluation

Calculate the ROI: Leadership Development Program

$$\text{BCR} = \frac{\text{Project benefits}}{\text{Project costs}}$$

$$\text{ROI} = \frac{\text{Project benefits} - \text{Project costs}}{\text{Project costs}} \times 100$$

Calculate the ROI: Leadership Development Program

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

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

ROI Objective Options

- Set the value at the same level as other investments: 15%
- Set slightly above other estimates: 25%
- Set at breakeven: 0%
- Set at client expectations.

Private sector organizations usually go with option #2; public sector organizations prefer #3.

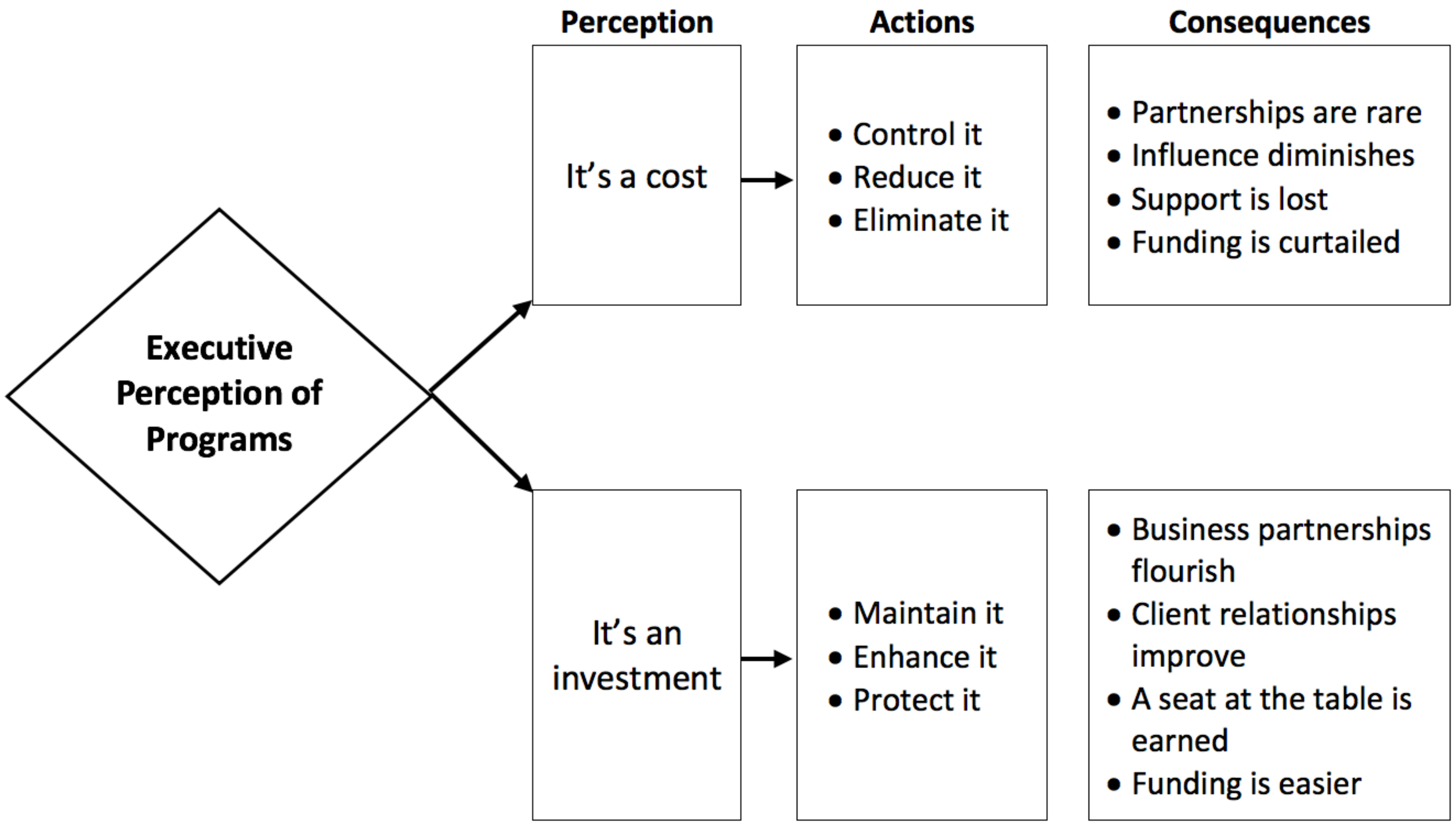
Process Improvement is the Key

EVALUATION → **OPTIMIZATION** → **ALLOCATION**

Measure — **Improve** — **Fund**

Does your function need more funding?

Cost vs. Investment Perception: The Reality



How is your project viewed?

If you want to show the value of what you do, keep in mind:

- **Activity represents costs, costs get cut.**
  Clarify why the work you do matters by focusing on results.
- **Specificity drives results.**
  Define success in specific, measurable terms that align with the needs and interests of all stakeholders.
- **Negative ROIs can lead to positive outcomes.**
  Use what you learn from the measurement process.

Remember, when it comes to showing value:

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

Change is inevitable.

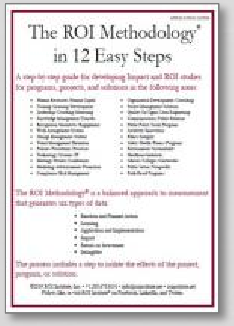
Progress is optional.

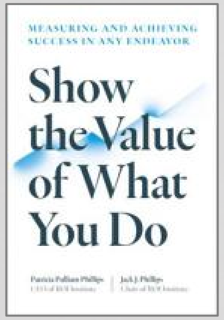
ROI INSTITUTE®

Resources

https://roiinstitute.net/roi-boot-camp-2/

SCAN ME





Questions?

Jack@roiinstitute.net Patti@roiinstitute.net