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Patti P. Phillips, Ph.D., and Jack J. Phillips, Ph.D.
Co-Founders, ROI Institute, Inc.

- Value Creation**
 - We are accountability, evaluation, and measurement thought leaders.
 - We work across industries and sectors to help all professionals achieve success.
- ROI Methodology**
 - We developed the ROI Methodology as a comprehensive system to measure the success of any type of endeavor.
 - The methodology is the most used evaluation system in the world because it's a credible, CEO-friendly, and is a user-centered process.
- Training Excellence**
 - We have trained more than 50,000 managers and professionals.
 - Almost 20,000 individuals have participated in ROI Certification.
- Awards & Recognition**
 - Top 50 Coaches in the World
 - 2022 ATD Thought Leader Award Recipients

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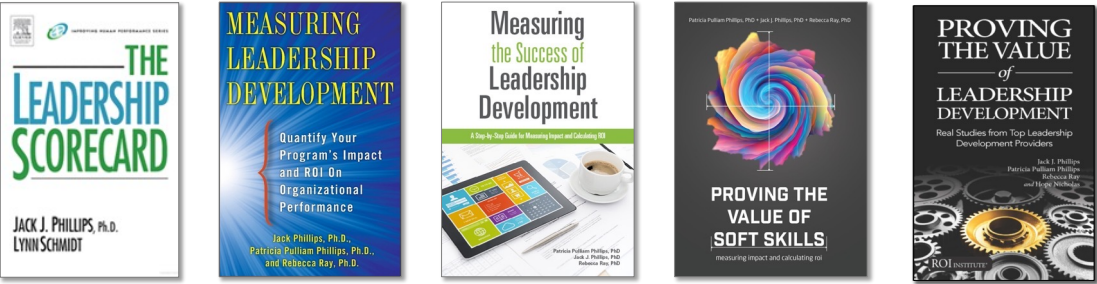
Learning Objectives

After attending this session, participants will be able to:

- Discuss the value chain for leadership development programs.
- Describe the need to show impact and ROI for major leadership development programs.
- Explain how programs are designed to deliver impact and ROI.
- Plan next steps to evaluate a major leadership development program.



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Our Contribution to This Field

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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:

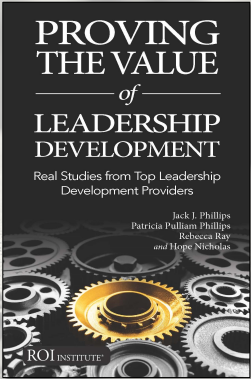
- Human Resources/ Human Capital
- Training/ Learning/ Development
- Leadership/ Coaching/ Supervising
- Recruiting/ Management/ Transfer
- Retention/ Turnover/ Engagement
- Real Development/ Training
- Change Management/ Culture
- Team Development/ Success
- Performance/ Productivity
- Technology/ Systems/ IT
- Marketing/ Advertising/ Promotion
- Customer/ Risk Management
- Organizational Development/ Consulting
- Process Management/ Systems
- Quality/ Six Sigma/ Lean Engineering
- Construction/ Public Relations
- Public Policy/ Social Programs
- Customer Satisfaction
- Ethics/ Integrity
- Safety/ Health/ Safety Programs
- Environment/ Sustainability
- Production/ Innovation
- Service/ College/ Customer
- Public Service/ Government
- Public Social Programs

The ROI Methodology® is a balanced approach to measurement that generates six types of data:

- Reaction and Perceived 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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Resources

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Some Praise for the New Book

“

These authors are THE thought leaders on providing the value of leadership development. Their work matches the changing world of work. Anyone investing in leadership development should make this a must do (not just read).

—Dave Ulrich

Rensis Likert Professor, Ross School of Business, University of Michigan
Partner, The RBL Group

Proving the Value of Leadership Development is a breath of fresh air both in making the case for developing leaders and especially how to do it in ways that are straight-forward and cost-effective. If you want to get your organization headed in a better direction for the long term, slip a copy of this book onto your CEO's desk.

”

—Peter Cappelli

George W. Taylor Professor of Management, The Wharton School, University of Pennsylvania,
Author, *Our Least Important Asset: How the Relentless Focus on Finance and Accounting is Bad for Business and Employees*

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Proving the Value of Leadership Development: Case Studies from Top Leadership Development Programs

Outward Mindset
Kansas City SWAT Team

Empathetic and Inclusive
Leadership
Global Technology Corporation

Leadership Development for Management Associates
State Government Agency

Leadership Navigation System
SCL Health

Empowering Managers and Building Leaders (SOAR)
Global Screening Tech

Supervisor Certificate Program Redesign
U.S. Patent and Trademark Office

Leadership Development Program
Department of Defense

Leadership and Creativity for Performance
Taif University

Leadership Coaching Program
Oil and Gas Company

PEAKS Leadership Development
Carilion Clinic

Leading From Purpose
Michelin North America

Leadership Development with Artificial Intelligence
Interflexion Inc., and PMOtraining, LLC.

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Reasons Why Leadership Fails to Deliver Impact and ROI



Failure to align to the business



Not expecting success



Failure to design for application and impact



Waiting too late to start the evaluation process



Not isolating the effects of the program

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The Value Chain is Always There!

	LEVEL	ISSUE	MEASURES	TARGETS [†]
	0	Inputs	Volume, Hours, Convenience, Cost	100%
	1	Reaction	*Relevance, Engaging, *Important, Useful, *New Content, *Intent to Use, *Recommend to Others	100%
	2	Learning	Concepts, Trends, Facts, Contacts, Skills, Competencies	90%
	3	Application	Use of content, Frequency of Use, Success with Use, Barriers, Enablers	30%
	4	Impact	Productivity, Time, Quality, Costs, Image, Reputation, Engagement, Compliance	10%
	5	ROI	Benefit Cost Ratio or Return on Investment, Expressed as a Percent	5%

[†] Best Practice: Percent of Programs Evaluated at this level each year.

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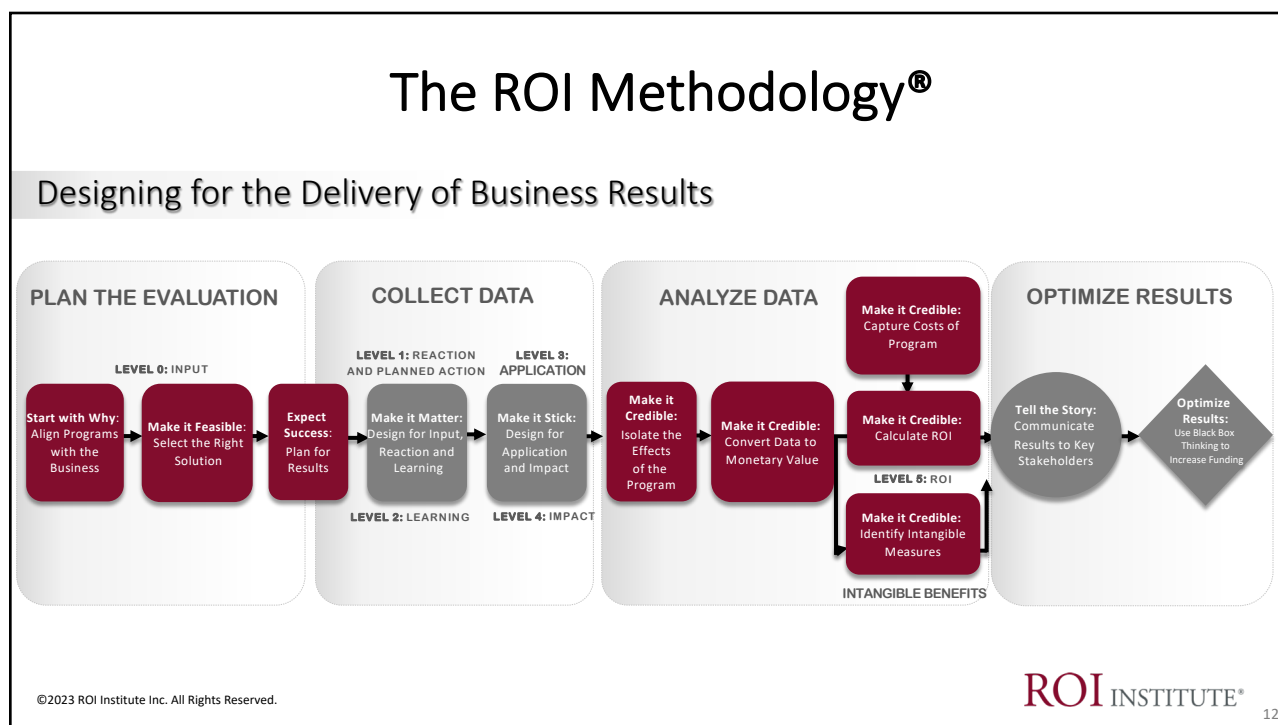
Serious Performance Challenges

True or False?

1. Most leadership development (LD) is wasted (not used).
2. The results desired by executives are rarely measured.
3. Most LD providers lack data showing they make a difference.
4. Most executives see LD as a cost and not an investment.
5. Most executives view hard skills more valuable than soft.

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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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*Benchmarking Percentages



Measurement
Targets

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

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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 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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Case Study: Global Technology Company



Communicate often and openly.



Clearly communicates expectations.



Open to new ideas and approaches.



Listens intently to team members.



Involves all team members in key issues.

Empathetic and Inclusive Leadership



Has the flexibility to change opinions.



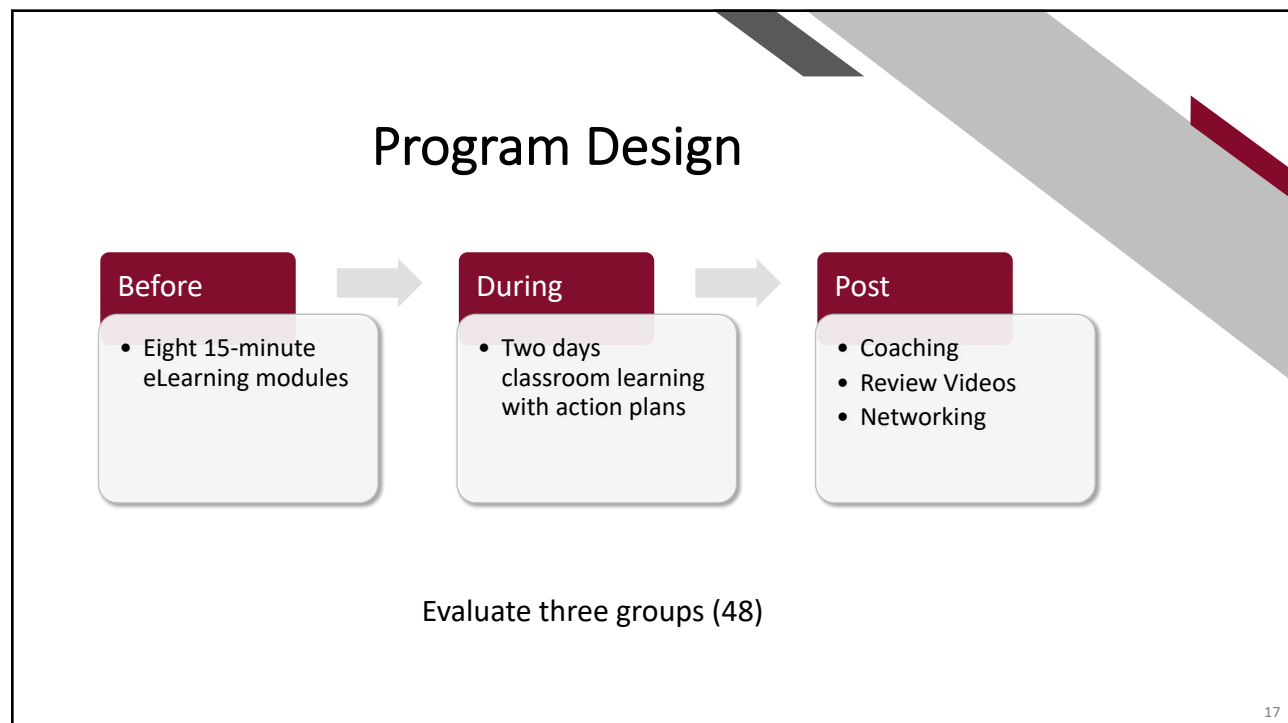
Create a feeling of succeeding and failing together.



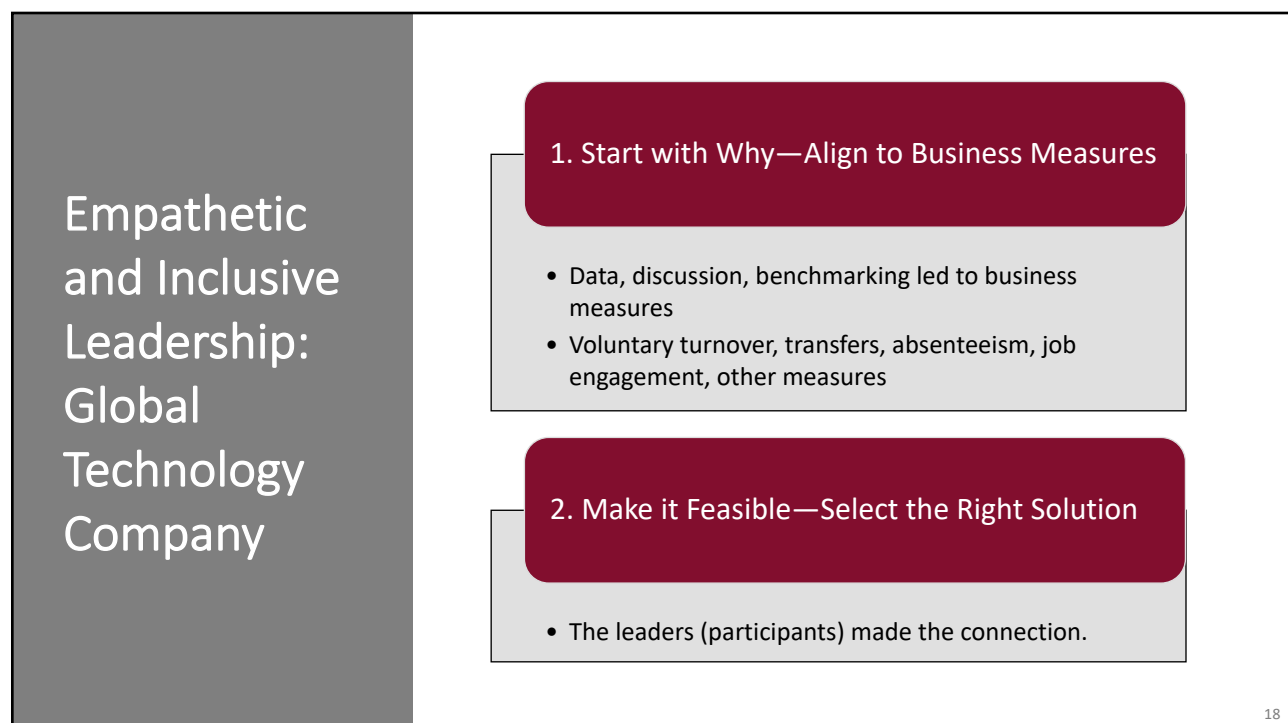
Provides safety for trial and error.

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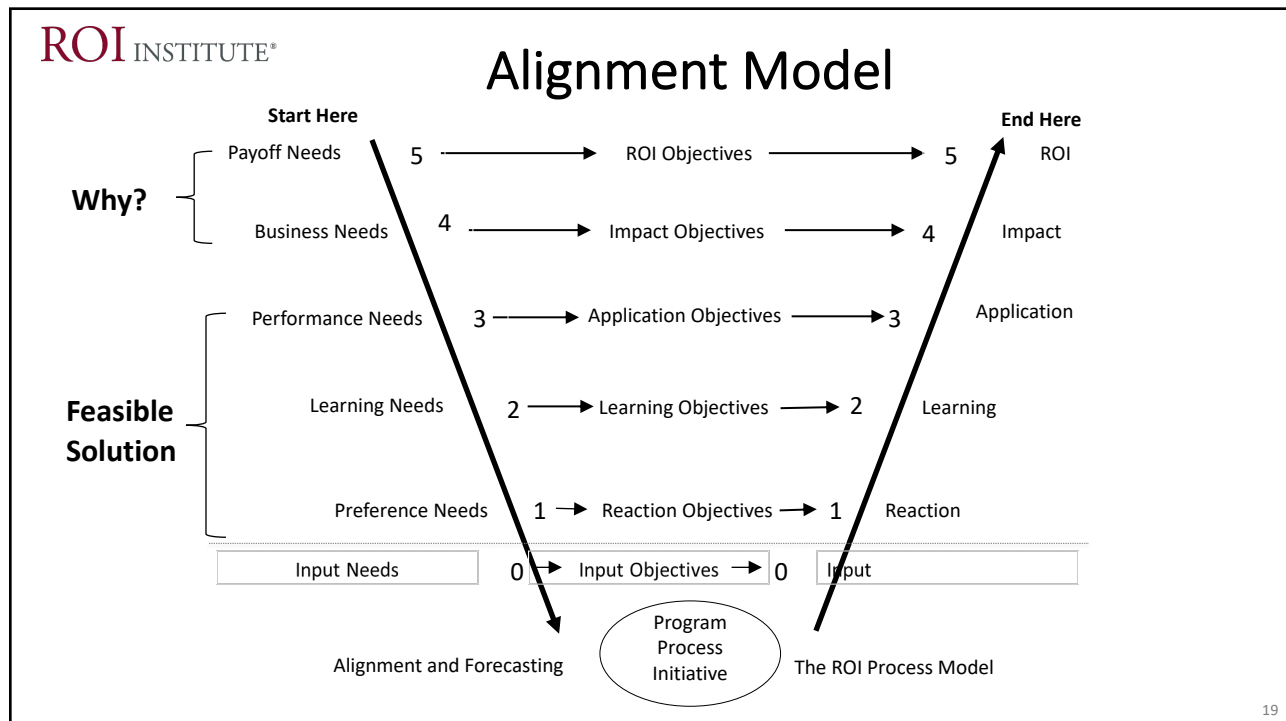
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Empathetic and Inclusive Leadership: Global Technology Company

3. Expect Success

- Definition of success: Impact (business measures)
- Objectives developed for reaction, learning, application, and impact
- Objectives provided to all stakeholders with the request: Design to application and impact

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Matching Evaluation Levels with Objectives

Objective	Evaluation Level
After completing this program or project, participants should:	
1. Decrease employee transfers by 20% in one year.	_____
2. Listen intently to team members routinely.	_____
3. Be able to demonstrate the five steps to diffuse a conflict, given two individuals in a heated argument.	_____
4. Rate the content 4 out of 5 on relevance.	_____
5. Deliver at least 20% return on the investment.	_____

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Empathetic and Inclusive Leadership: Global Technology Company

3. Make it Matter - Reaction

- This is important to our mission. 4.2
- This is important to me. 4.6
- This is something I will use. 4.9
- This is something I will recommend to others. 4.0

(Ratings based on a five-point scale)

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Empathetic and Inclusive Leadership: Global Technology Company

4. Make it Matter - Learning

I am competent to:

- Communicate often and openly. 4.2
- Clearly communicate expectations. 4.9
- Open up to new ideas and approaches. 4.0
- Listen intently to team members 4.0
- Involve all team members in key issues. 4.1
- Be flexible to change opinions. 3.9
- Create a feeling of succeeding and failing together. 3.8
- Provide safety for trial and error. 3.9

(Ratings based on a five-point scale)

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Empathetic and Inclusive Leadership: Global Technology Company

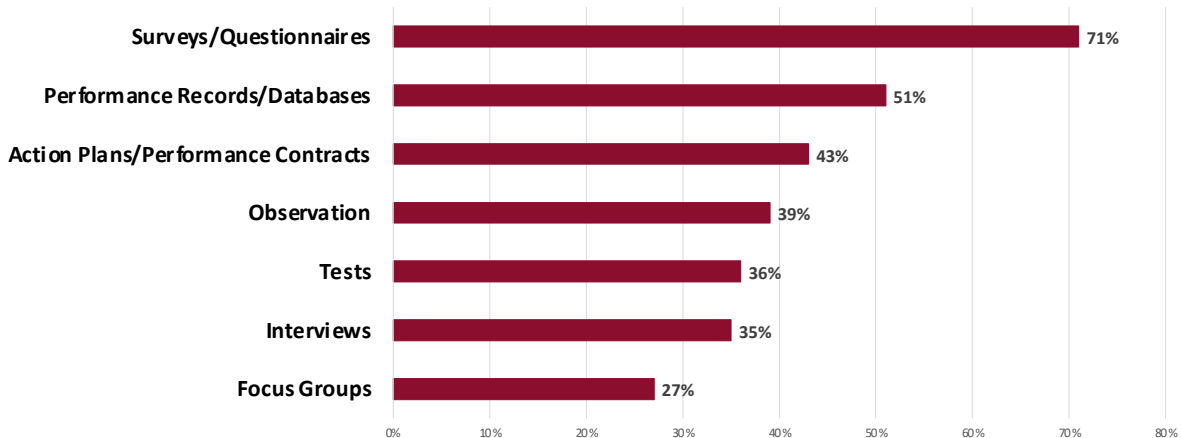
5. Make it Stick - Application

	Extent of Use	Success with Use
• Communicate often and openly.	4.3	4.4
• Clearly communicate expectations.	4.2	4.3
• Open up to new ideas and approaches.	4.3	4.3
• Listen intently to team members.	3.9	4.2
• Involve all team members in key issues.	4.1	4.0
• Be flexible to change opinions.	3.2	3.9
• Create a feeling of succeeding and failing together.	3.4	4.1
• Provide safety for trial and error.	3.5	3.8

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Data Collection Methods



*Survey of Users, N = 246

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Empathetic and Inclusive Leadership: Global Technology Company

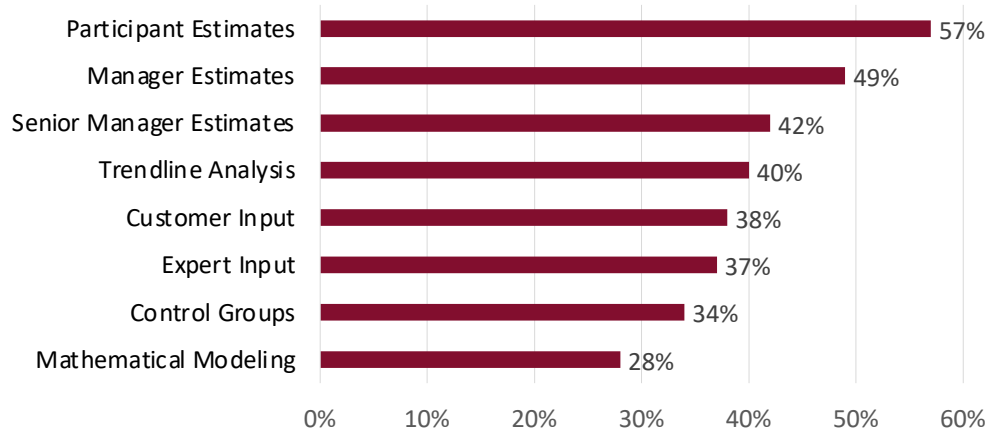
6. Make it Credible: Isolate the Effects of the Program

- Explored: experimental versus control group
- Tried: trend line analysis
- Used: estimates from participants, adjusted for error

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Isolation Methods



*Survey of Users, N = 246

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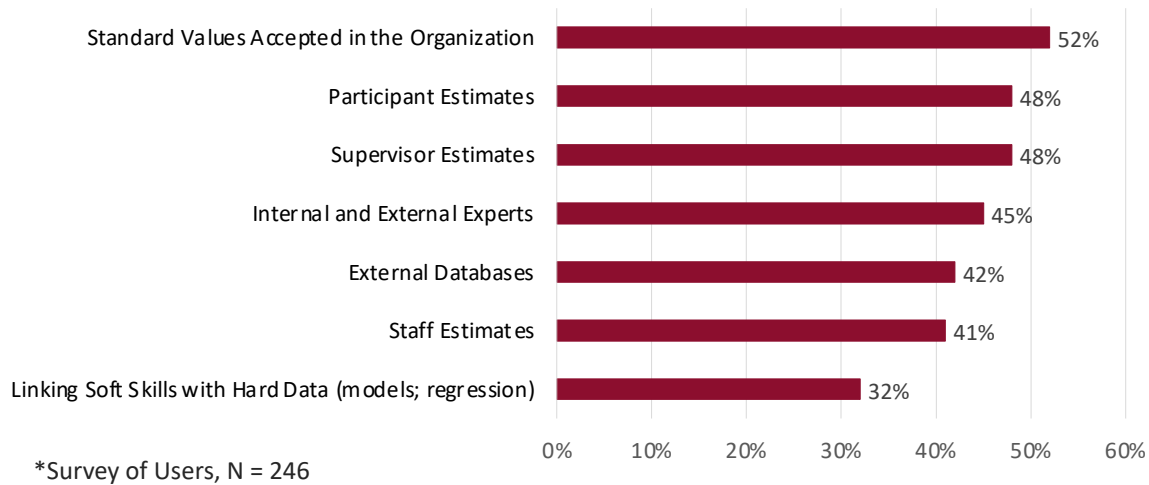
7. Make it Credible: Convert Data to Money

- Voluntary Turnover – HR provided (150% of annual pay)
- Transfers – HR provided (\$15,500)
- Absenteeism – Payroll provided (\$428 per absence)
- Others – Varies
- Total Monetary Value – One year of benefits

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Data Conversion Methods



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Monetary Calculations From Action Plans

Measure	% Participants Claiming	# Prevented Annually	Unit Cost	Annual Value	Contribution	Confidence	Total
Voluntary Turnovers	42% (20)	14	\$222,000	\$3,108,000	31%	72%	\$693,706
Transfers	54% (26)	9	\$15,500	\$139,500	43%	76%	\$45,589
Absenteeism	38% (18)	25	\$428	\$10,700	37%	73%	\$2,890
Others* *Questionnaire	10% (5)	Varies	Varies	\$39,600	63%	81%	\$20,208
							Total \$762,393

Empathetic and Inclusive Leadership: Global Technology Company

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Empathetic and Inclusive Leadership: Global Technology Company

8. Make it Credible: Identify Intangible Benefits

Productivity	4.8
Innovation	4.7
Compassion	4.6
Job Satisfaction	4.6
Engagement	4.5
Quality of Work	4.5
Trust	4.4
Collaboration	4.2
Recruiting Impact	4.1
Stress	3.9

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9. Make it Credible: Capture Costs of Program

Needs assessment (prorated)	\$20,000 / 2,400 x 48	\$400
Research/Development costs (prorated)	\$50,000 / 2,400 x 48	\$1,000
Production costs (prorated)	\$25,000 / 2,400 x 48	\$500
Salaries/benefits facilitation	\$10,000 x 3	\$30,000
Salaries/benefits coordination	\$4,800 x 3	\$14,400
Salaries/benefits participation	\$2,770 x 48	\$132,960
Coaching	\$2,100 x 48	\$100,800
Travel and lodging	\$1,976 x 48	\$94,848
Facilities	\$300 x 6	\$1,800
Evaluation (internal and external)		\$11,000
Prorated over life of program = 2,400 managers Three groups of 16 managers = 48 managers		Total \$387,708

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What is ROI?

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

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



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10. Make it Credible: Calculate ROI

Total Monetary Benefits = \$762,393

Total Costs = \$387,708

$$\text{BCR} = \frac{\$762,393}{\$387,708} =$$

$$\text{ROI} = \frac{\$762,393 - \$387,708}{\$387,708} \times 100 =$$

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11. Tell the Story: Communicate Results to Key Stakeholders

With numbers and narrative, results were communicated to:

- Executives — face-to-face briefing
- Immediate managers — executive summary
- Participants — infographic with webinar
- Talent development team — full report with webinar

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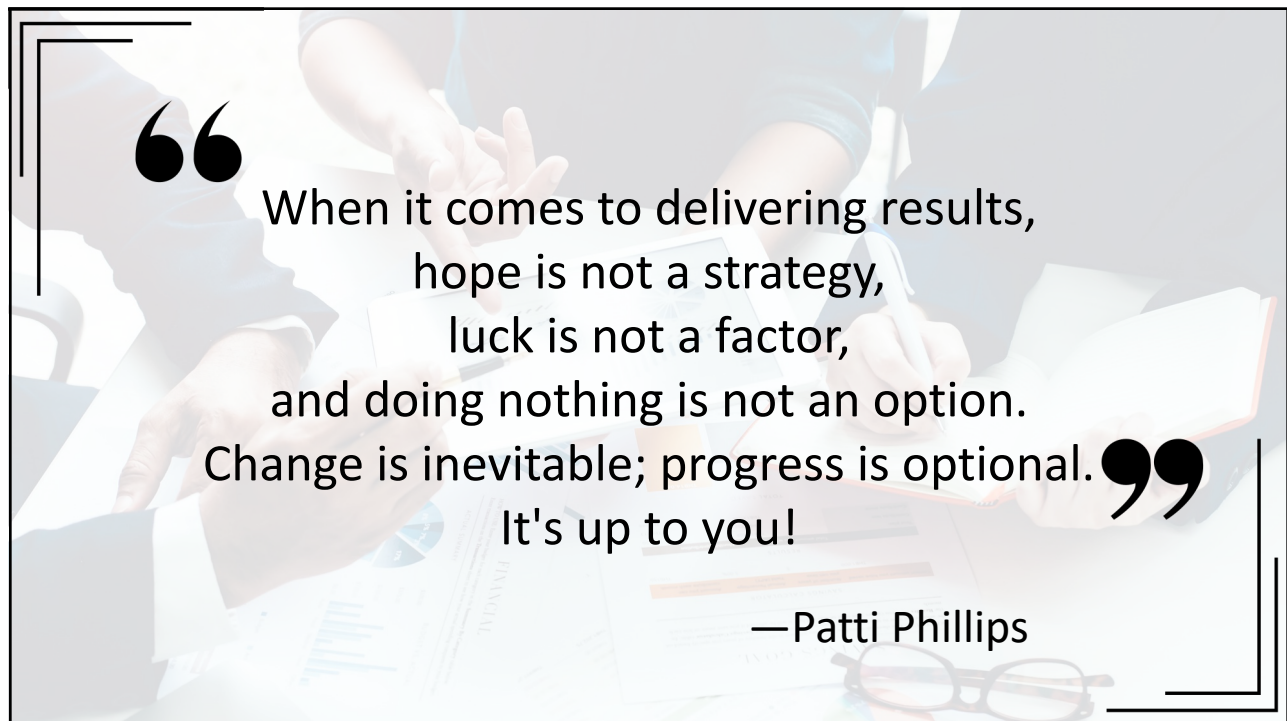
Empathetic and Inclusive Leadership: Global Technology Company

12. Optimize Results: Use Black Box Thinking to Increase Funding

- ☐ Although the objectives were met, there is always room for improvement.
- ☐ The barriers, enablers, and suggestions are sources for making it better.
- ☐ There may be an opportunity to connect this problem to tangible measures of productivity, quality, innovation, and recruiting effectiveness.
- ☐ This program should not be in jeopardy of funding and enjoy increased support and commitment based on this study.
- ☐ The reputation of talent development was enhanced because of this study.

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SCAN ME

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

The ROI Methodology in 12 Easy Steps

PROVING THE VALUE of LEADERSHIP DEVELOPMENT

Real Stories from Top Leadership Development Executives

HRDQ WEBINAR

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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.
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MEASURING THE IMPACT & ROI OF LEADERSHIP DEVELOPMENT

**SEPTEMBER 27-28, 2023
FARMINGTON, UTAH**

Join us for a Two-Day Workshop

Your \$1,495 investment includes breakfast and lunch plus...

- Detailed workbook, tools, resources, and case studies
- Two job aides
- The book, Proving the Value of Leadership Development
- And other books

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Questions?

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