Demonstrating the Impact and ROI of Learning & Talent Development

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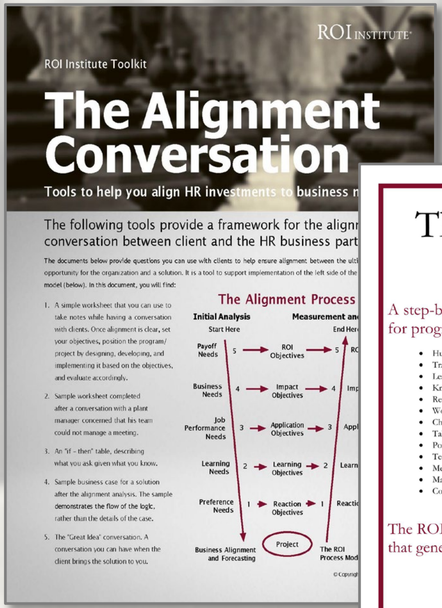
CORE4

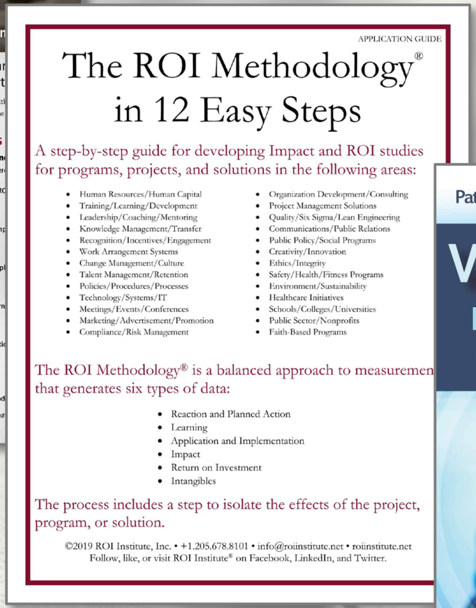
Objectives

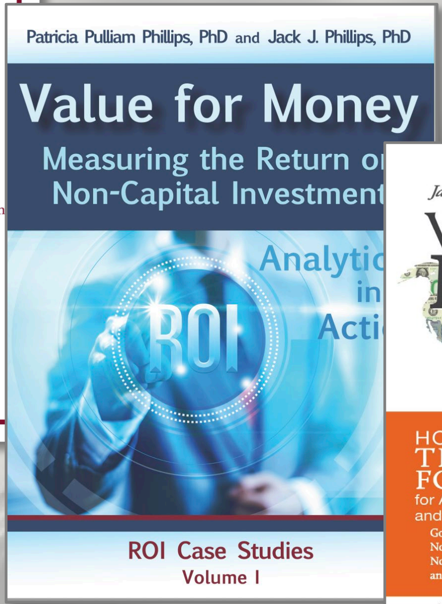
After attending this session, participants should be able to:

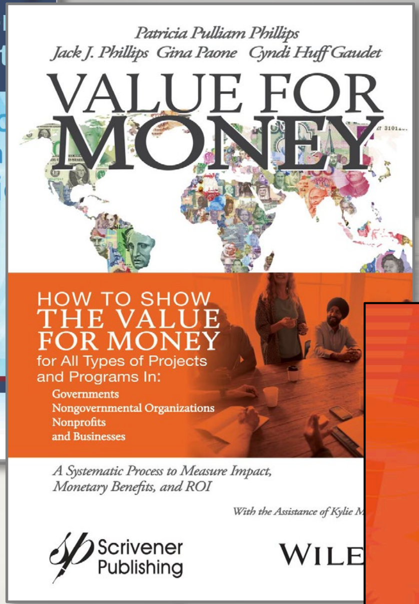
- Describe the framework used to demonstrate the value that matters, including ROI.
- Use the alignment model to position programs for success.
- Identify methods and techniques that make ROI work.

Resources









SCAN ME

Global Communications

CEO: Sydney Mitchell
GlobalCom University President: Donald Hodges

Sydney has been CEO for nine months. She has a reputation for begin aggressive about meeting goals, yet she is pragmatic and fair. She is interested in profits, productivity, customer satisfaction, and positioning the company as being a Great Place to Work.

In a recent meeting with Donald, she asked him a simple question:

What results are GlobalCom University delivering?

Donald's Response

In the past quarter we have:

- ✓ Developed **10** new programs
- ✓ Offered **1,724** hours of training
- ✓ Trained **3,680** employees
- ✓ Received **4.5** out of **5** on overall program satisfaction.
- ✓ And we have **10** more new programs under development.

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?

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

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

What is ROI?

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

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

What CEOs Want

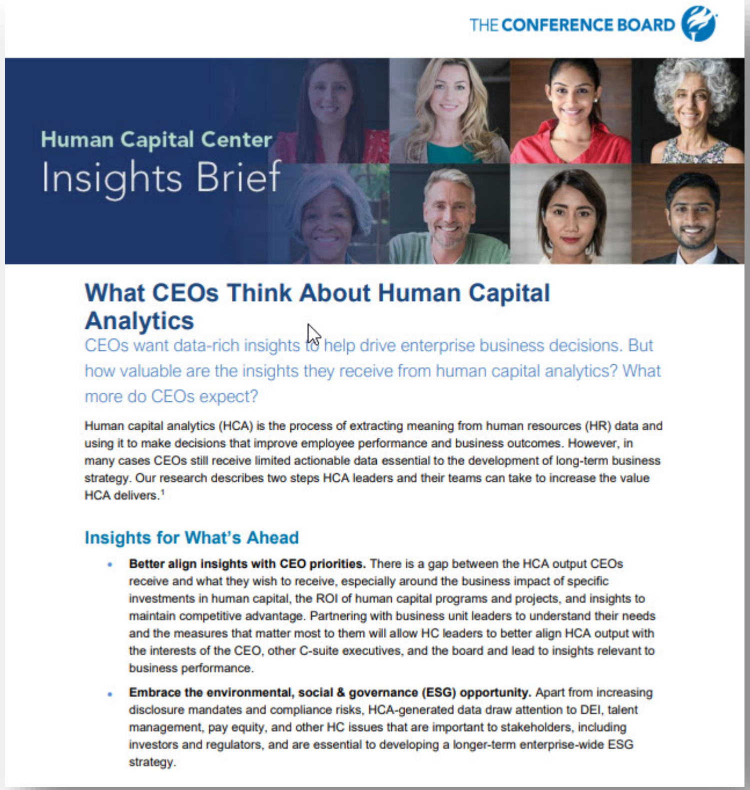
ROI Institute and ATD research show that the data CEOs receive are not demonstrating what they want out of their talent investment. (N=96)

Measures	Currently Measure	Should Measure	Importance
Inputs and Indicators	94%	86%	6
Efficiency	78%	82%	7
Reaction	53%	22%	8
Learning	32%	28%	5
Application	11%	61%	4
Impact	8%	96%	1
ROI	4%	74%	2
Awards	40%	44%	3

What CEOs Think About Human Capital Analytics

Gaps between HCA outputs CEOs receive and what wish to receive.	
What CEOs Receive	What CEOs Wish to Receive
• Workforce demographic profiles	• Business impact of specific investments in human capital
• Employee experience data	• ROI in human capital programs and projects
• Cost of human capital	• Insights to help maintain competitive advantage
• Insights to better inform human capital and business resource strategy	• Forecasts of business outcomes related to human capital investments
	• Workforce capability metrics
	• Workforce planning strategies

https://bit.ly/tcbhcaceo



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Insights Brief

What CEOs Think About Human Capital Analytics

CEOs want data-rich insights to help drive enterprise business decisions. But how valuable are the insights they receive from human capital analytics? What more do CEOs expect?

Human capital analytics (HCA) is the process of extracting meaning from human resources (HR) data and using it to make decisions that improve employee performance and business outcomes. However, in many cases CEOs still receive limited actionable data essential to the development of long-term business strategy. Our research describes two steps HCA leaders and their teams can take to increase the value HCA delivers.[1]

Insights for What's Ahead

- **Better align insights with CEO priorities.** There is a gap between the HCA output CEOs receive and what they wish to receive, especially around the business impact of specific investments in human capital, the ROI of human capital programs and projects, and insights to maintain competitive advantage. Partnering with business unit leaders to understand their needs and the measures that matter most to them will allow HC leaders to better align HCA output with the interests of the CEO, other C-suite executives, and the board and lead to insights relevant to business performance.
- **Embrace the environmental, social & governance (ESG) opportunity.** Apart from increasing disclosure mandates and compliance risks, HCA-generated data draw attention to DEI, talent management, pay equity, and other HC issues that are important to stakeholders, including investors and regulators, and are essential to developing a longer-term enterprise-wide ESG strategy.

Poll: Is there a gap between the type of data you are providing stakeholders and the type of data they want?

- Yes
- No
- I don’t know

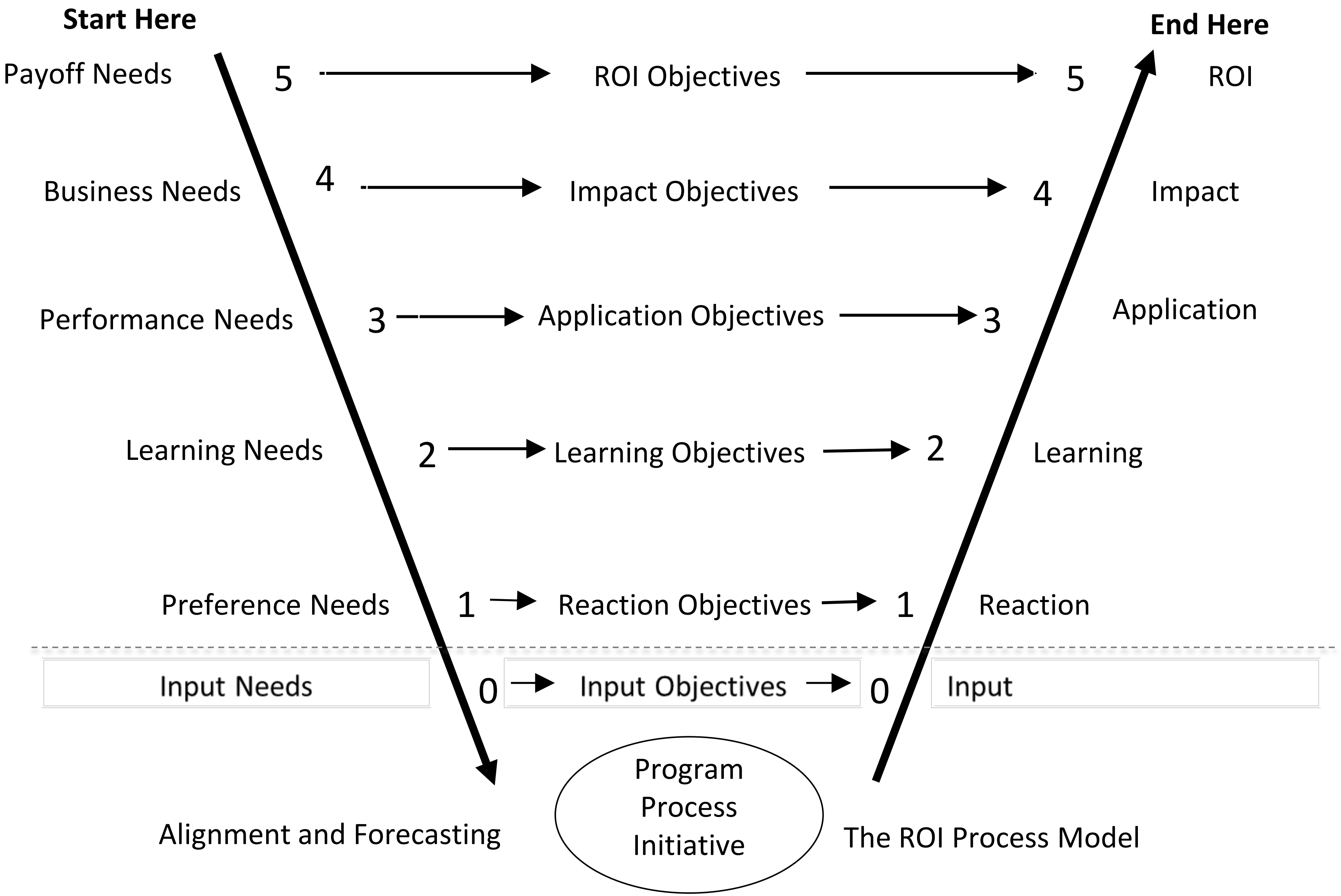
Measures we take are defined by program objectives.

To what level would you evaluate the following objectives?

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.	

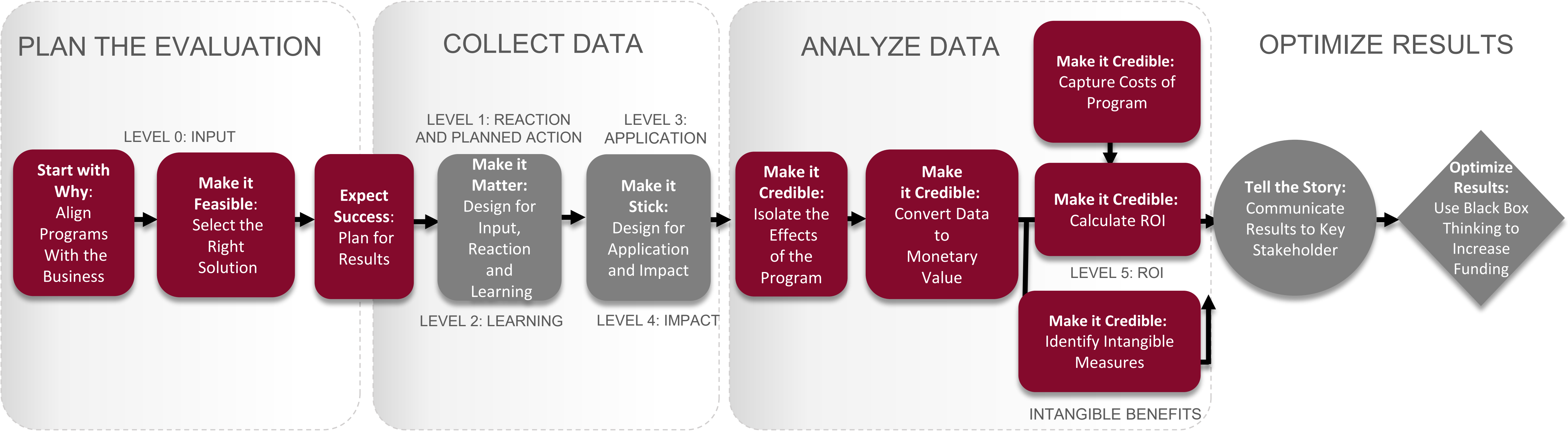
1 = Reaction   2 = Learning   3 = Application   4 = Impact   5 = ROI

Alignment Model



The ROI Methodology®

Designing for the Delivery of Business Results



ROI INSTITUTE®

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.

Chain of Impact

Inputs

Reaction

Learning

Application

Isolate the Effects of the Program

Impact

ROI

Intangible Benefits

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

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

Healthcare, Inc.

Data Collection Techniques

- (L1) Questionnaire – end of program
- (L2) Knowledge Assessment; Sill 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

What is ROI?

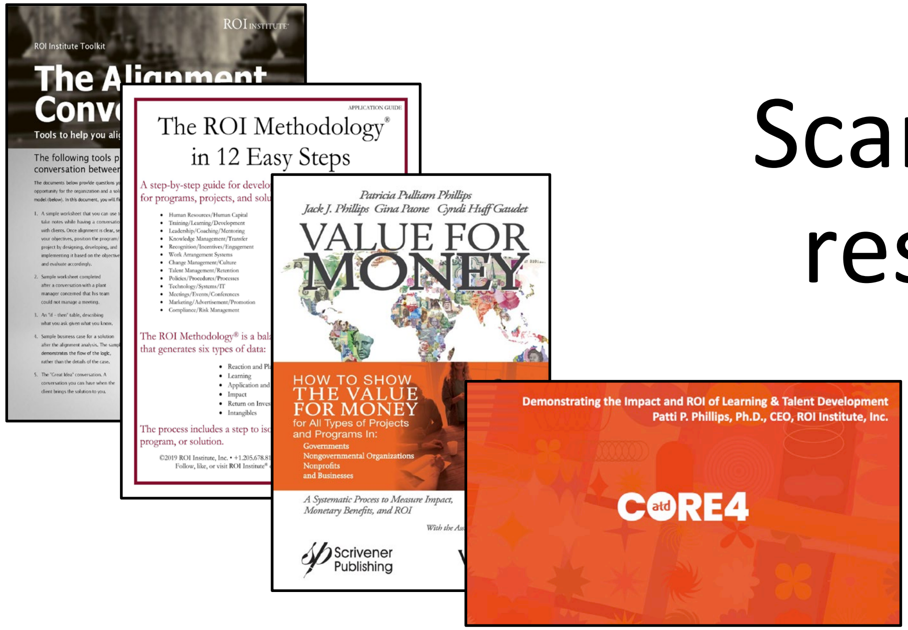
$$\text{BCR} = \frac{\text{Program Benefits}}{\text{Program Costs}}$$

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

Remember, when it comes to delivering results:

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

Change is inevitable. Progress is optional.



Scan the QR code or to access the resources from today's session.

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The evaluation form for this session is available via QR code and at the following link: **core4.td.org/**.

Questions?

Visit us online:
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Connect with Us

Patti P. Phillips, Ph.D.

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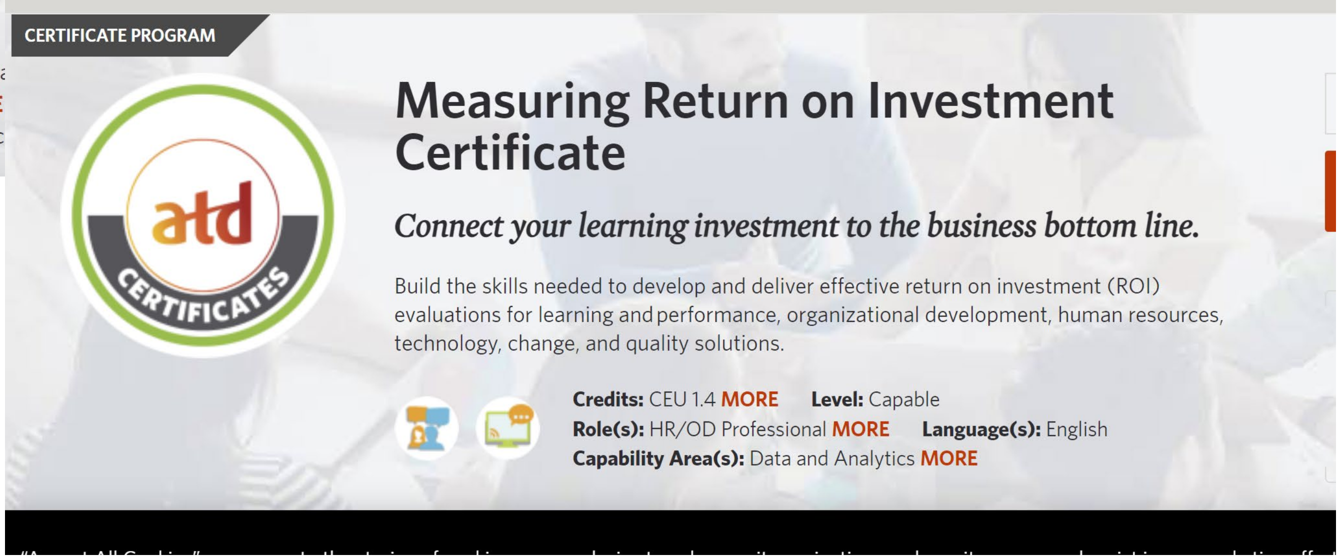
Continue your evaluation learning journey!



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