

CORE4

Fact, Fad, or Fantasy: The Basics of ROI

Presented by Jack J. Phillips, Ph.D., Chairman, ROI Institute

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1

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

Jack J. Phillips, Ph.D. is a world-renowned expert on accountability, measurement, and evaluation. He provides consulting services for Fortune 500 companies and major global organizations, and regularly consults with clients in manufacturing, service, and government organizations in 70 countries. The author or editor of more than 100 books, he conducts workshops and presents at conferences throughout the world and has received several awards and honors for his work.

Author of these Books and More

CORE4

2

Resources

The ROI Methodology[®] in 12 Easy Steps
 APPLICATION GUIDE
 A step-by-step guide for developing Impact and ROI... for programs, projects, and solutions in the following:

- Human Resources/Human Capital
- Organizational Development
- Training/Learning/Development
- Project Management/Initiative
- Leadership/Coaching/Mentoring
- Quality/Service/Client
- Knowledge Management/Transfer
- Customer/Client/Market
- Strategic Management/Engagement
- Public Policy/Social Programs
- Risk Management/Resilience
- Case Study/Innovation
- Change Management/Culture
- Finance/Investment
- Public/Private/Non-Profit
- Public/Private/Non-Profit
- Performance/Sustainability
- Technology/Systems/IT
- Healthcare/Innovation
- Marketing/Events/Conferences
- Public Policy/Regulation
- Maintaining/Improving/Performance
- Public Policy/Regulation
- Compliance/Risk Management
- Health/Wellness/Programs

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

- Reaction and Planned Action
- Learning
- Application and Implementation
- Impact
- Return on Investment
- Insights

The process includes a step to isolate the effects of... programs, or solutions.

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ROI INSTITUTE[®] BENCHMARKING REPORT 2019

The Business Case for Learning
 Using Design Thinking to Deliver Business Results and Increase the Investment in Talent Development

Patricia Pulliam Phillips, Ph.D. and Jack J. Phillips, Ph.D.

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3

Objectives

After completing this session, participants should be able to:

- Trace the use of ROI in learning and development.
- Identify the five levels of outcomes from a learning and development program.
- Describe the steps to measure the impact and ROI.
- Cultivate an effective use of ROI.

4

The Chain of Value is Always There

	<u>LEVEL</u>	<u>ISSUE</u>	<u>MEASURES</u>	<u>TARGETS[†]</u>
<u>This is easy</u> Always measured	0	Inputs	Volume, Hours, Convenience, Cost	100%
* Can predict	1	Reaction	*Relevance, Engaging, *Important, Useful, *New Content, *Intent to Use, *Recommend to Others	100%
	2	Learning	Concepts, Trends, Facts, Contacts, Skills, Competencies	90%
<u>Not difficult</u> Usually measured	3	Application	Use of content, Frequency of Use, Success with Use, Barriers, Enablers	30%
<u>Possible</u> Often measured	4	Impact	Productivity, Time, Quality, Costs, Image, Reputation, Engagement, Compliance	10%
Executives prefer	5	ROI	Benefit Cost Ratio or Return on Investment, Expressed as a Percent	5%
			Must take a step to isolate the effects	

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

5

Serious Performance Challenges

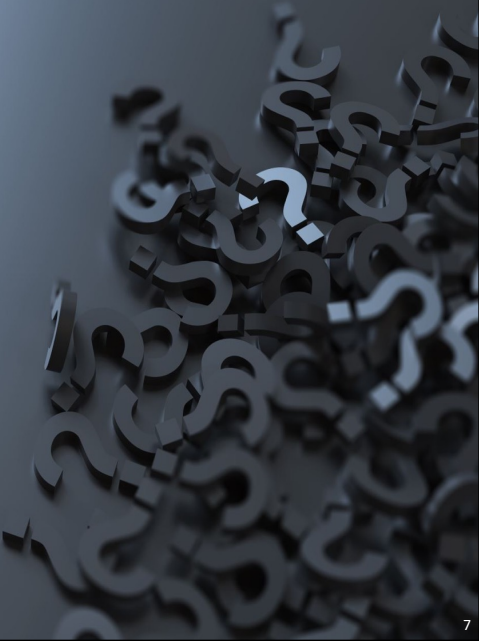
True or False?

1. Most of the learning and development is wasted (not used).
2. The learning outcomes desired by executives in client organizations are rarely measured.
3. Most learning providers do not have data showing they make a difference in the organization.
4. Most executives see learning as a cost and not an investment.
5. Most executives view hard skills as more valuable than soft skills.

6

ROI Myths

- No one is using ROI.
- ROI is too complex for most users.
- ROI is too expensive, consumes too many resources.
- If management doesn't require it, there is no need to pursue it.
- ROI is a passing fad.
- ROI can be used with only 5% of programs.
- ROI is too subjective.
- ROI is for post-analysis only.



7

7



What CEOs Want

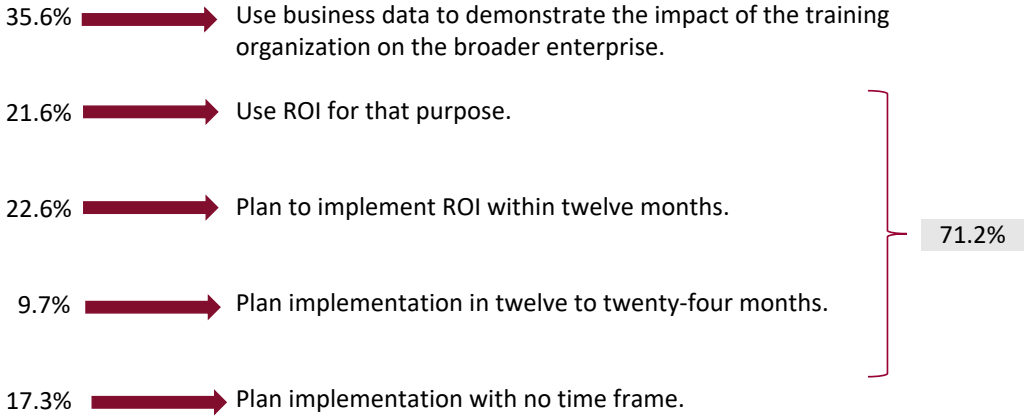
ROI Institute and ATD research show that the data CEOs receive are not demonstrating what they want out of their talent investment. (N=96)

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

8

8

CLOs Use or Plan to Use ROI



(N=335)

2015 Measurement and Metrics Study by CLO Magazine



“Ultimately, the success of any program is based on whether it improves business results.”

— Training Top 10 Hall of Fame – May 2017

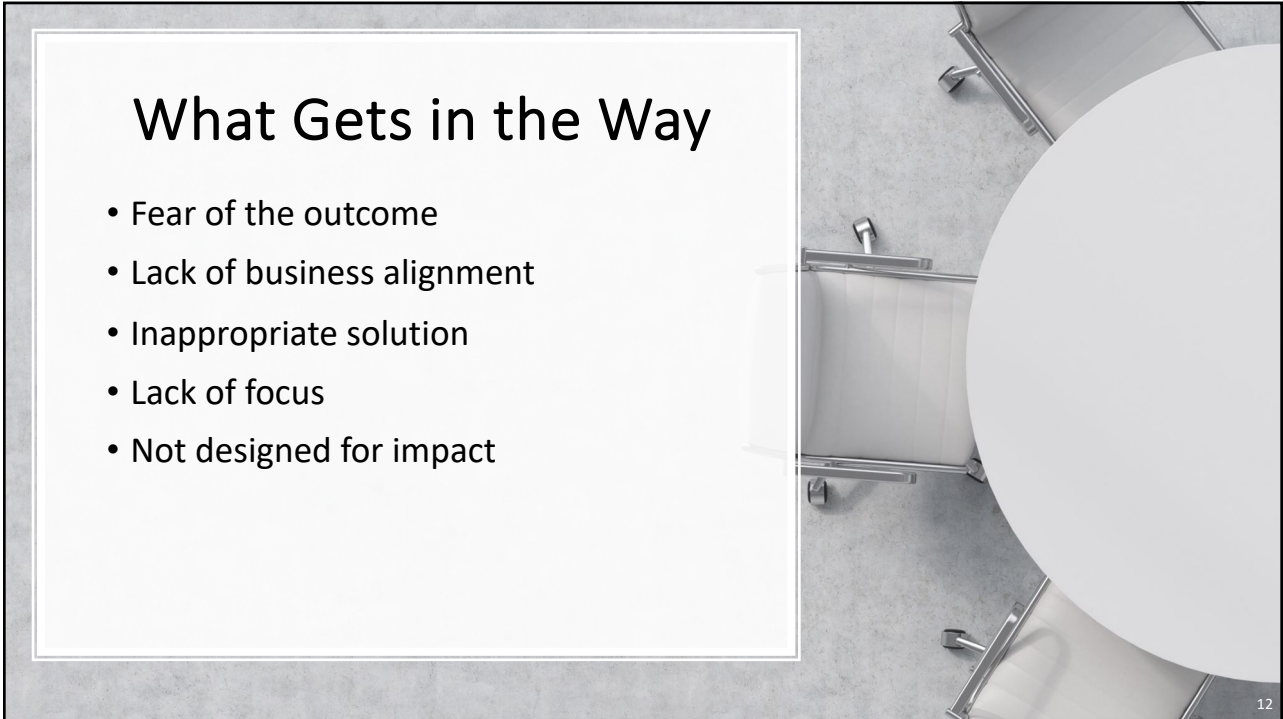
A hand holding a pen points to a line graph on a screen. The graph shows a fluctuating line with a shaded area underneath, set against a grid background. The scene is dimly lit, with the screen being the primary light source.

A 2020 benchmarking report indicates that **37%** of programs are evaluated at the **impact** level and **18%** at the **ROI** level.

— *ROI Institute User Survey*

11

11

An overhead view of a meeting room. A large white circular table is partially visible on the right. Several white chairs with metal frames are arranged around the table. The floor is a light-colored, textured material.

What Gets in the Way

- Fear of the outcome
- Lack of business alignment
- Inappropriate solution
- Lack of focus
- Not designed for impact

12

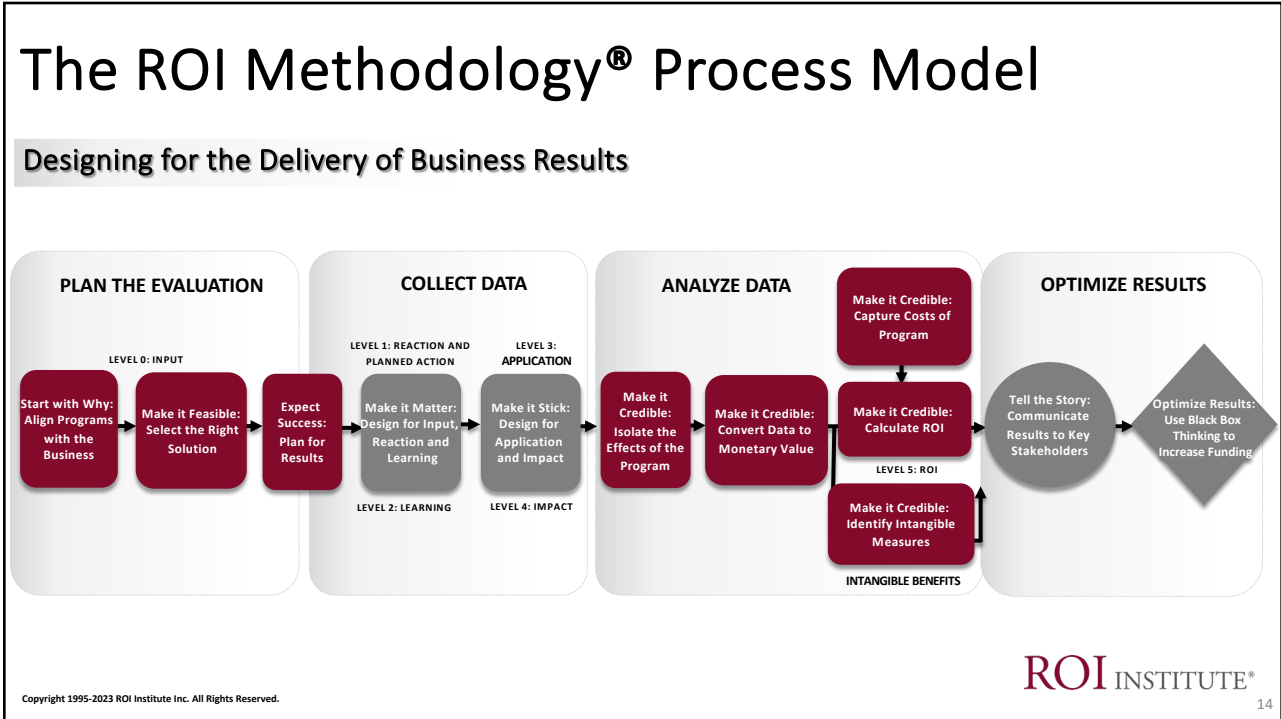
12



The ROI Methodology[®]








- Implemented in over 70 countries
- Most used evaluation system in the world
- Endorsed by United Nations with a UN General Assembly resolution in 2008
- Endorsed by 28 federal governments
- Used by over 300 health care systems
- Used by over 150 colleges and universities
- Used by three-fourths of Fortune 500 organizations
- Used by major foundations such as the Gates Foundation
- Supported by over 75 books in 38 languages

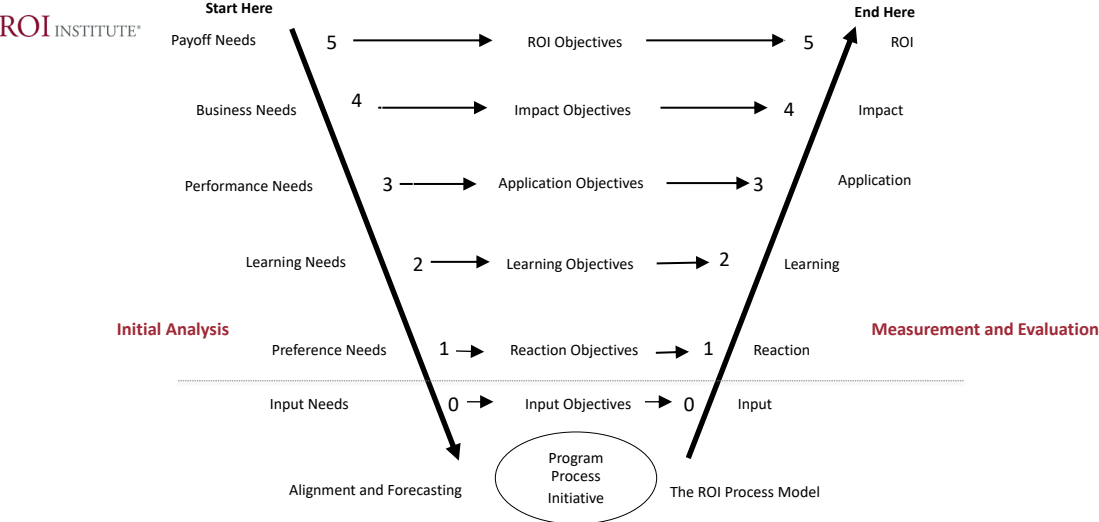
13



14

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



Challenge #1 Alignment

Method	Level 1	2	3	4
Surveys	✓	✓	✓	
Questionnaires	✓	✓	✓	✓
Observation		✓	✓	
Interviews	✓	✓	✓	
Focus groups	✓	✓	✓	
Tests/Quizzes		✓		
Demonstrations		✓		
Simulations		✓		
Action plan/Improvement plan			✓	✓
Performance contracting			✓	✓
Performance monitoring				✓

Challenge #2 Post-Program Data Collection

17

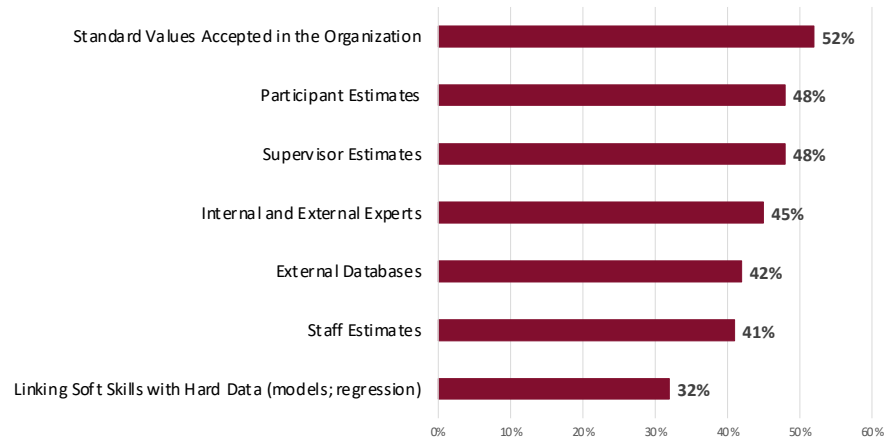
When isolating the effects of programs on improvement in key measures, what percentage of the time do you use the following techniques?

Technique	Percentage
Participant Estimates	57%
Manager Estimates	49%
Senior Manager Estimates	42%
Trendline Analysis	40%
Customer Input	38%
Expert Input	37%
Control Groups	34%
Mathematical Modeling	28%

Challenge #3 Isolating the Effects of Program

18

When converting data to money, what percentage of the time do you use the following techniques?



Challenge #4 Converting Data to Money

19

19

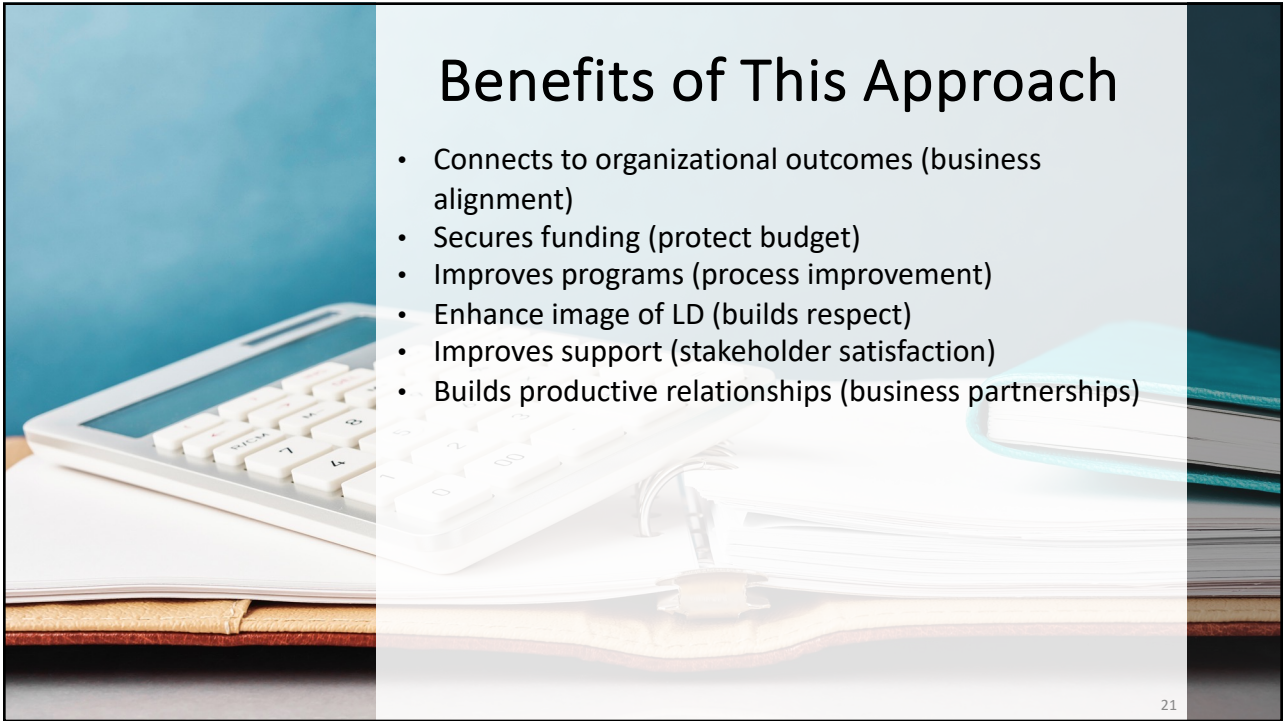


Implementation Strategies

- Brief, train, educate
- Involve the staff – early and often
- Emphasize process improvement
- Explain why – routinely
- Build it into projects – not add it on
- Provide resources
- Use the results appropriately
- Recognize and celebrate

20

20



Benefits of This Approach

- Connects to organizational outcomes (business alignment)
- Secures funding (protect budget)
- Improves programs (process improvement)
- Enhance image of LD (builds respect)
- Improves support (stakeholder satisfaction)
- Builds productive relationships (business partnerships)

21

21



Scan the QR code or click the link below to receive resources from today's session.

<https://roiinstitute.net/atd-core4-fact-fad-or-fantasy-the-basics-of-roi-2/>



22

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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.



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23



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24

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Your feedback helps ATD continue to provide top-notch educational programs that help you stay on top of a changing profession.

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

