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Jack J. Phillips, Ph.D.

Jack J. Phillips, Ph.D., chairman, ROI Institute, is a world-renowned expert on accountability, measurement, and evaluation. He provides coaching and 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.



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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 Training & Development • Training Learning Development • Marketing Training Development • Leadership Training Development • Organizational Development • Organizational Development • Organizational Development • Organizational Development • Organizational Development • Organizational Development • Organizational Development • Organizational Development	• Organizational Development • Organizational Development • Organizational Development • Organizational Development • Organizational Development • Organizational Development • Organizational Development • Organizational Development • Organizational Development • Organizational Development • Organizational Development • Organizational Development
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The ROI Methodology[®] is a balanced approach to measurement and evaluation that generates six types of data:

- Reaction and Planned Action
- Learning
- Application and Implementation
- Behavior
- Return on Investment
- Satisfaction

The process includes a step to isolate the effects of the project, program, or solution.

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Measuring the Success of Coaching

A Step-by-Step Guide for Measuring Impact and Calculating ROI

Patricia Phillips-Phillips
Jack J. Phillips
Lisa Ann Edwards

Resources



SCAN ME



The Bottomline on ROI in Coaching

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

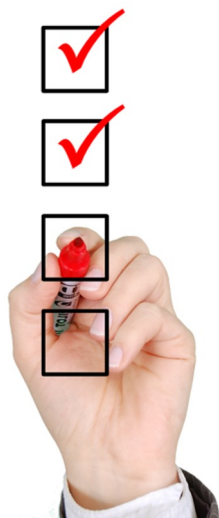
Objectives

After completing this session, participants should be able to:

- List the levels of outcomes possible from coaching programs by categories.
- Identify the categories that top executives and key stakeholders desire.
- Explain how coaching measures are captured and developed.
- Pursue a plan to measure results and communicate results to different audiences.



How do you measure the success of your coaching now? (Select all that apply.)



- ☒ I capture reaction and perception data.
- ☒ I measure what the person being coached is learning.
- ☐ I measure what the person being coached is doing to be successful.
- ☐ I measure the impact of the coaching.
- ☐ I measure the financial ROI of coaching.

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The Value Chain

	LEVEL	ISSUE	MEASURES	TARGETS**
*Can Predict	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%
Executives prefer	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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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

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Progress is Being Made

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

— ROI Institute, Inc. User Survey



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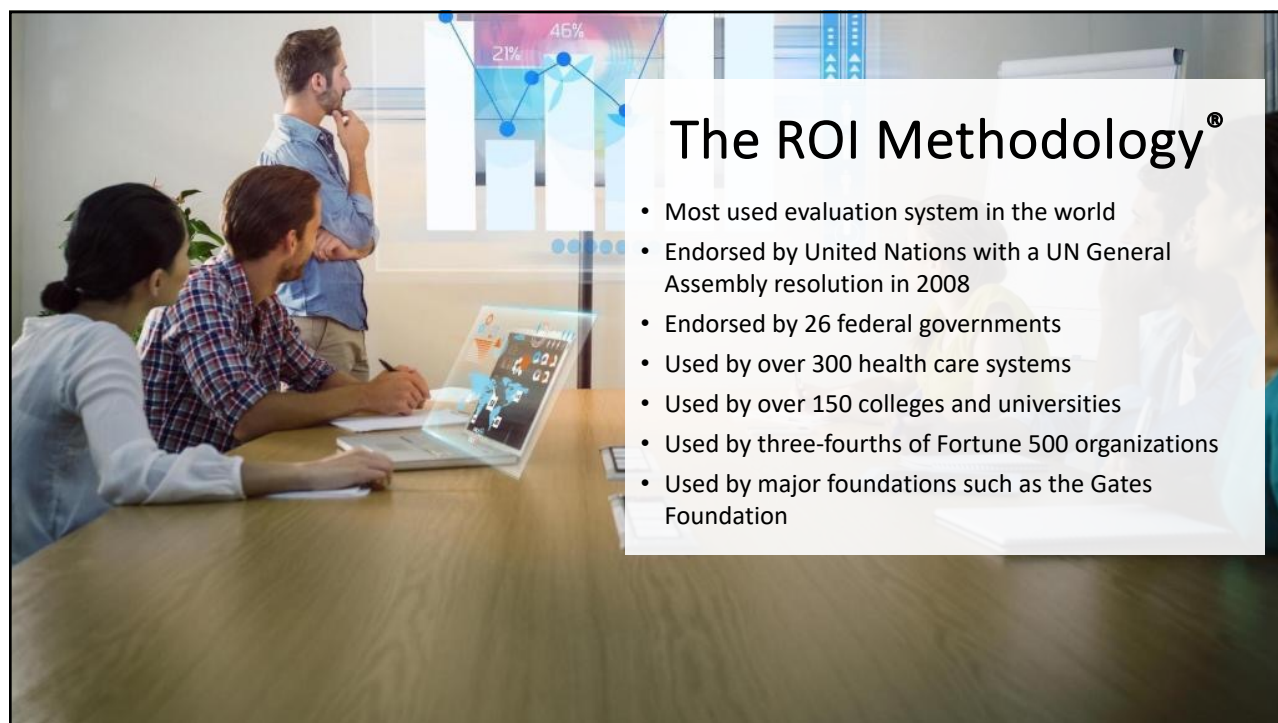
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Serious Performance Challenges

**Mostly
True
or
Mostly
False?**

1. Most coaching does not have an impact in the organization.
2. The coaching outcome desired by executives in client organizations is rarely measured by coaches.
3. Most coaches do not have data showing that they make a difference in the organization.
4. Most executives see coaching as a cost and not an investment.

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The ROI Methodology®

- Most used evaluation system in the world
- Endorsed by United Nations with a UN General Assembly resolution in 2008
- Endorsed by 26 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

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What is ROI?

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

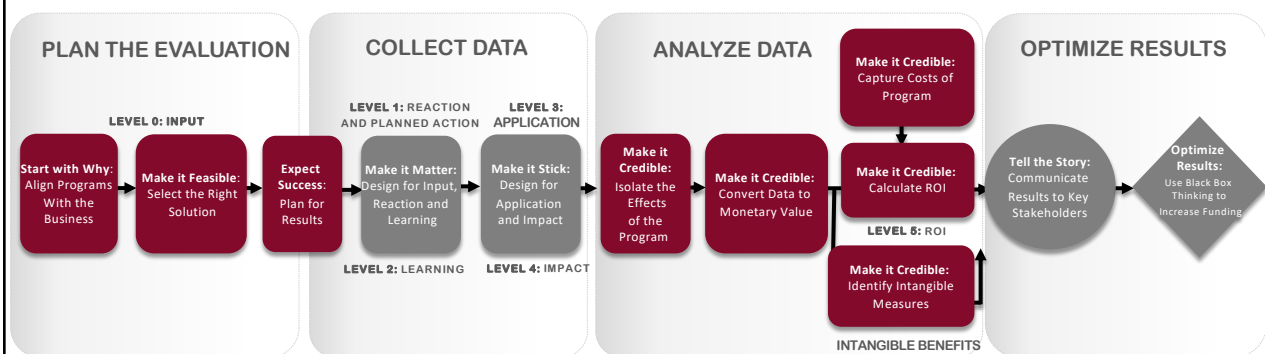
$$\text{ROI} = \frac{\text{Program Benefits} - \text{Program Costs}}{\text{Program Costs}} \times 100$$

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The ROI Methodology Process Model

Designing for the Delivery of Business Results



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Measurement Targets

	Level	Recommended % of Programs	**Benchmarking %
0	Input	100%	100%
1	Reaction	90-100%	80%
2	Learning	60-90%	70%
3	Application	30-40%	49%
4	Impact	10-20%	37%
5	ROI	5-10%	18%

*Percentage of programs evaluated at each level each year

**Benchmarking 2020

What is your status?

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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

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Start with Why

Align Programs with the Business

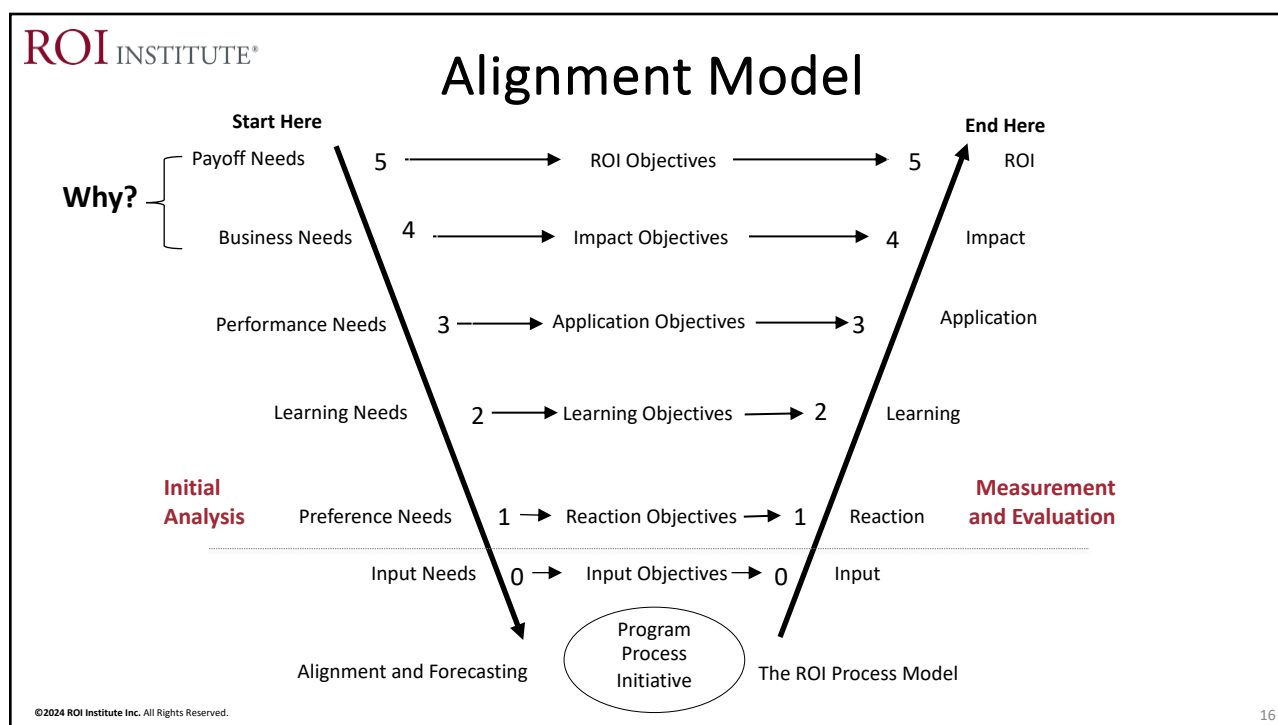
Design Thinking Principle 1

A problem-solving approach to handle problems on a systems levels

- Alignment is the key.
- Is it a problem or opportunity?
- Need specific business measures.



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Make It Feasible

Select the Right Solution

Design Thinking Principle 2

A mind-set for curiosity and inquiry

- What are we doing (or not doing) that's influencing the business measure?
- How can we achieve this performance?



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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.



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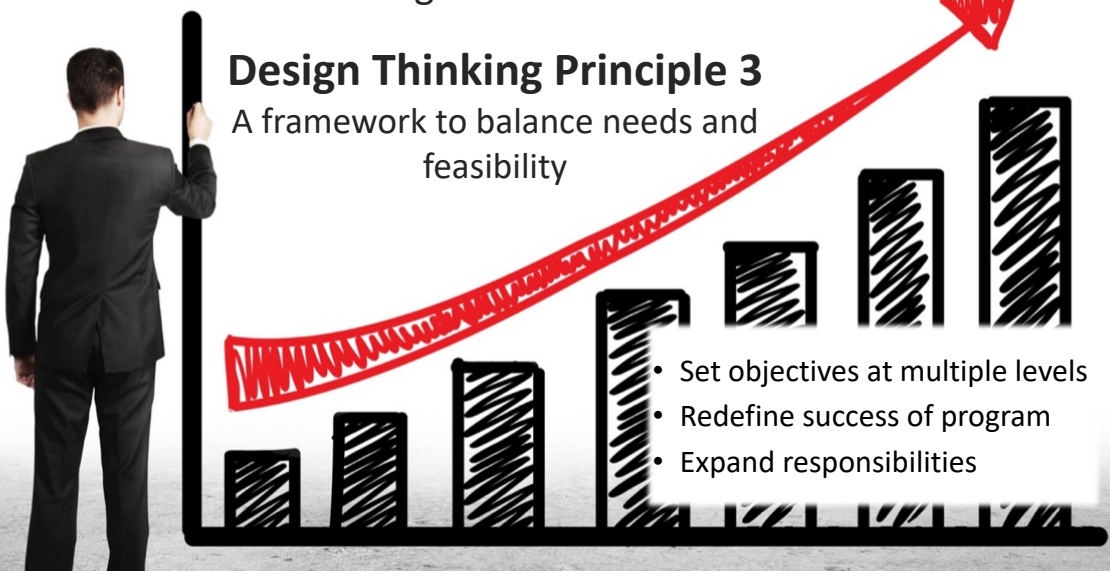
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Expect Success

Design for Results

Design Thinking Principle 3

A framework to balance needs and feasibility



- Set objectives at multiple levels
- Redefine success of program
- Expand responsibilities

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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

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Matching Evaluation Levels with Objectives

After completing this engagement, participants should:

1.	Decrease citizen complaints by 20% in one year.	4
2.	Use recognition skills to improve employee retention.	3
3.	Rate the coach 4 out of 5 on responsiveness.	1
4.	Decrease the amount of time required to complete project.	4
5.	Perceive the coaching advice to be relevant to my job situation (4.5 out of 5).	1
6.	Achieve a 20% ROI one year after coaching program implementation.	5
7.	Conduct a proper investigation using the seven-step process in 95% of complaint situations.	3
8.	Score an average of 70% or better on "How to Give Feedback."	2
9.	Use empathy in all crucial conversations every day.	3
10.	Prevent the turnover of at least two team members in the next year.	4

1 = Reaction

2 = Learning

3 = Application

4 = Impact

5 = ROI

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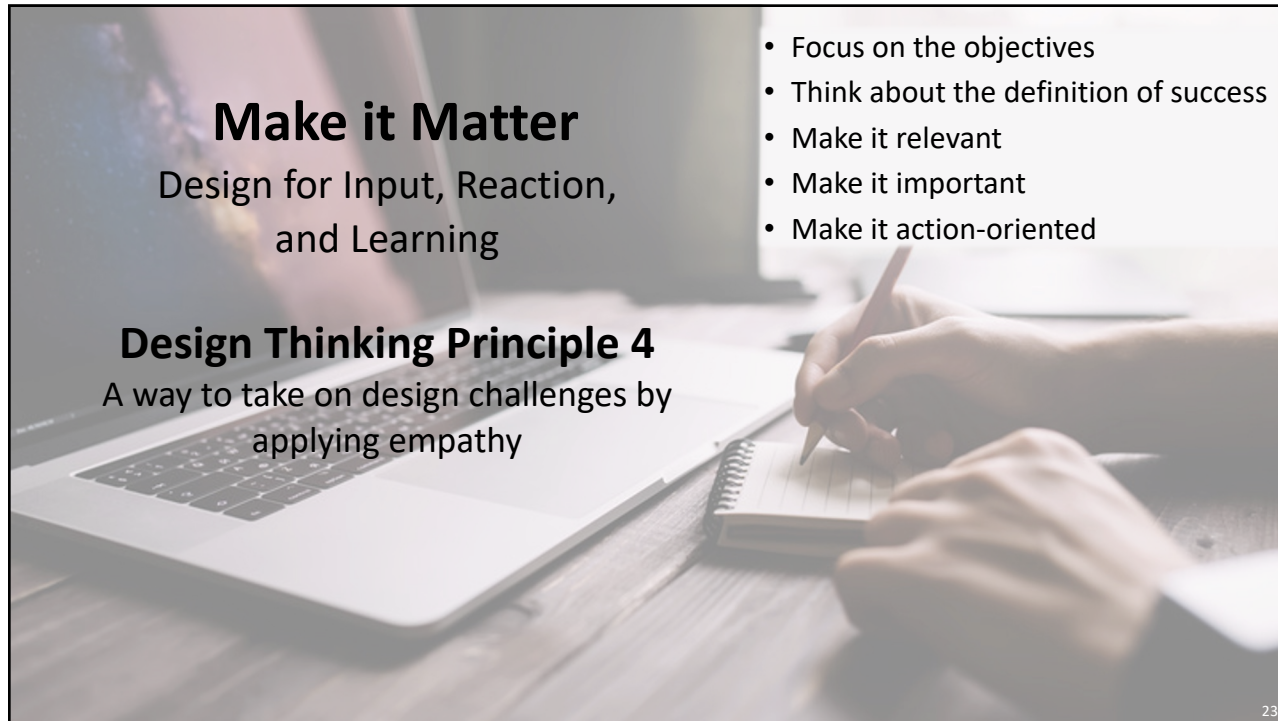
Define Success

In chat, write a one-sentence description of the success of your coaching programs.



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Make it Matter
Design for Input, Reaction,
and Learning

Design Thinking Principle 4
A way to take on design challenges by
applying empathy

- Focus on the objectives
- Think about the definition of success
- Make it relevant
- Make it important
- Make it action-oriented

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Make it Stick
Design for Application and Impact

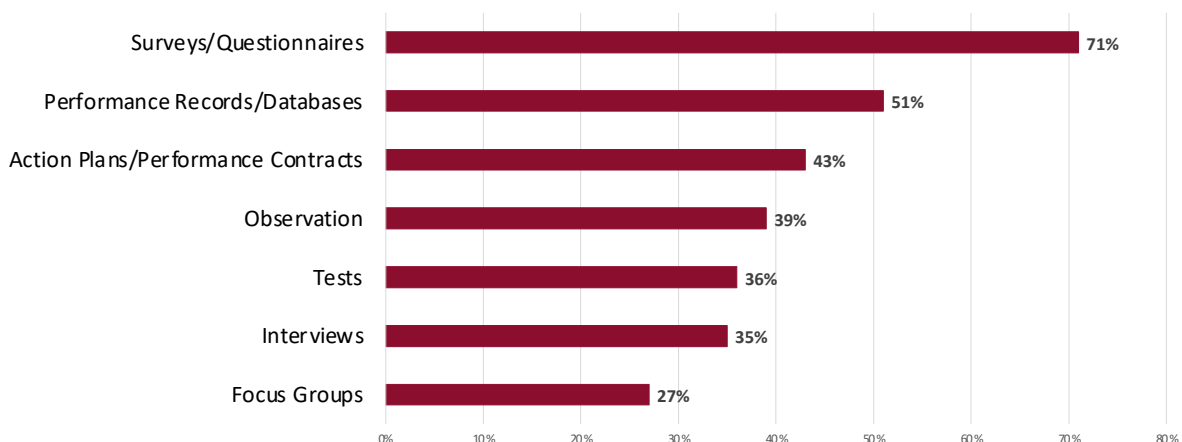
Design Thinking Principle 5
A culture that fosters exploration
and experimentation

- Collect data
- Focus on objectives
- Ensure transfer to the workplace
- Design for application

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Data Collection Methods



*Survey of Users, N = 246

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Make it Credible

Measure Results and Calculate ROI

Design Thinking Principle 6

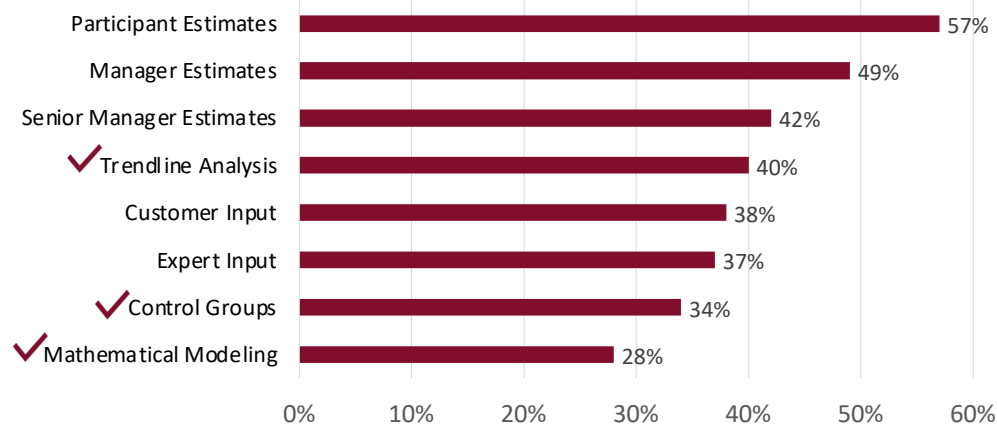
A fixed process and a tool kit

- Isolating the effects of the program
- Converting Impact data to money
- Identifying intangible benefits
- Tabulating cost of the program
- Calculating ROI

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Isolation Methods

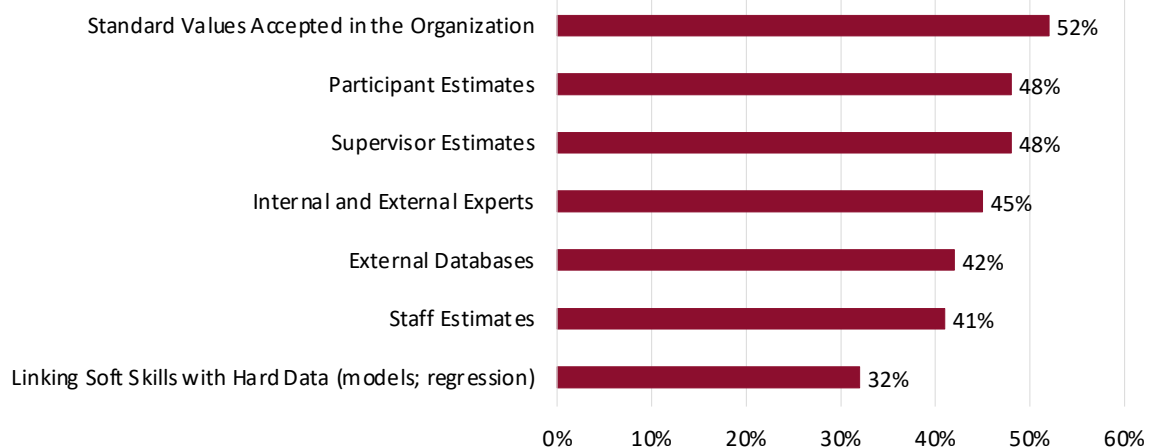


*Survey of Users, N = 246

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Data Conversion Methods



*Survey of Users, N = 246

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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



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Fully-Loaded Costs

“When in doubt, put it in.”

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

DIRECT

- ☐ Program materials
- ☐ Coaching fees
- ☐ Facilities, if applicable
- ☐ Travel, lodging, meals, if applicable

INDIRECT

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

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Tell the Story

Communicate Results to Key Stakeholders

Design Thinking Principle 7

A storytelling process to inspire senior executives

- Define audience
- Identify why they need it
- Select method
- Move quickly
- Consider one-page summary

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Optimize Results

Use Black Box Thinking to Increase Funding

Design Thinking Principle 8

A new competitive logic of business strategy

EVALUATION

Measure

➔

OPTIMIZATION

Improve

➔

ALLOCATION

Fund

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Measuring the Success of Coaching
A Step-by-Step Guide for Measuring Impact and Calculating ROI
Pamela Pappas, Ph.D.
James J. Pappas
Lisa Ann Schmitt

Case Study: Nations Hotel Coaching For Business Impact

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NATIONS HOTEL COACHING FOR BUSINESS IMPACT

WHO?

- US-based hotel firm with operations in 15 countries
- 300 hotels worldwide
- 98% brand awareness; 72% customer satisfaction

WHY?

- Improve operation efficiency, customer satisfaction, revenue growth, retention of high performers
- Needs assessment indicated executives wanted to work with a qualified coach to assist them with key challenges



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NATIONS HOTEL **COACHING FOR BUSINESS IMPACT**

HOW?

- Voluntary coaching with 360-feedback
- Total of 25 participants
- Action planning and evaluation incorporated into the coaching process
- Three specific business measures selected by each executive out of five target areas:
 - Sales growth
 - Productivity/operational efficiency
 - Direct cost reduction
 - Retention of key staff members
 - Customer satisfaction



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OBJECTIVES

Level 1 Reaction Objectives

After participating in this coaching program, the managers being coached will:

- Perceive coaching to be relevant to the job
- Perceive coaching to be important to their performance
- Perceive coaching to be value added in terms of time and funds invested
- Rate the coach as effective
- Recommend this program to other managers and executives

Level 2 Learning Objectives

After completing this coaching program, the managers being coached should improve their skills for each of the following:

- Uncovering personal strengths and weaknesses
- Translating feedback into action plans
- Involving team members in projects and goals
- Communicating effectively
- Collaborating with colleagues
- Improving personal effectiveness
- Enhancing leadership skills

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OBJECTIVES

Level 3 Application Objectives

Six months after completing this coaching program, managers being coached should:

- Complete the action plan for application and impact
- Adjust the plan as needed for changes in the environment
- Show improvements on the following items:
 - Translating feedback into action plans
 - Involving team members in projects and goals
 - Communicating effectively
 - Collaborating with colleagues
 - Enhancing leadership skills
- Identify barriers and enablers to success.

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OBJECTIVES

Level 4 Impact Objectives

After completing this coaching program, managers being coached should improve at least three specific measures in the following areas:

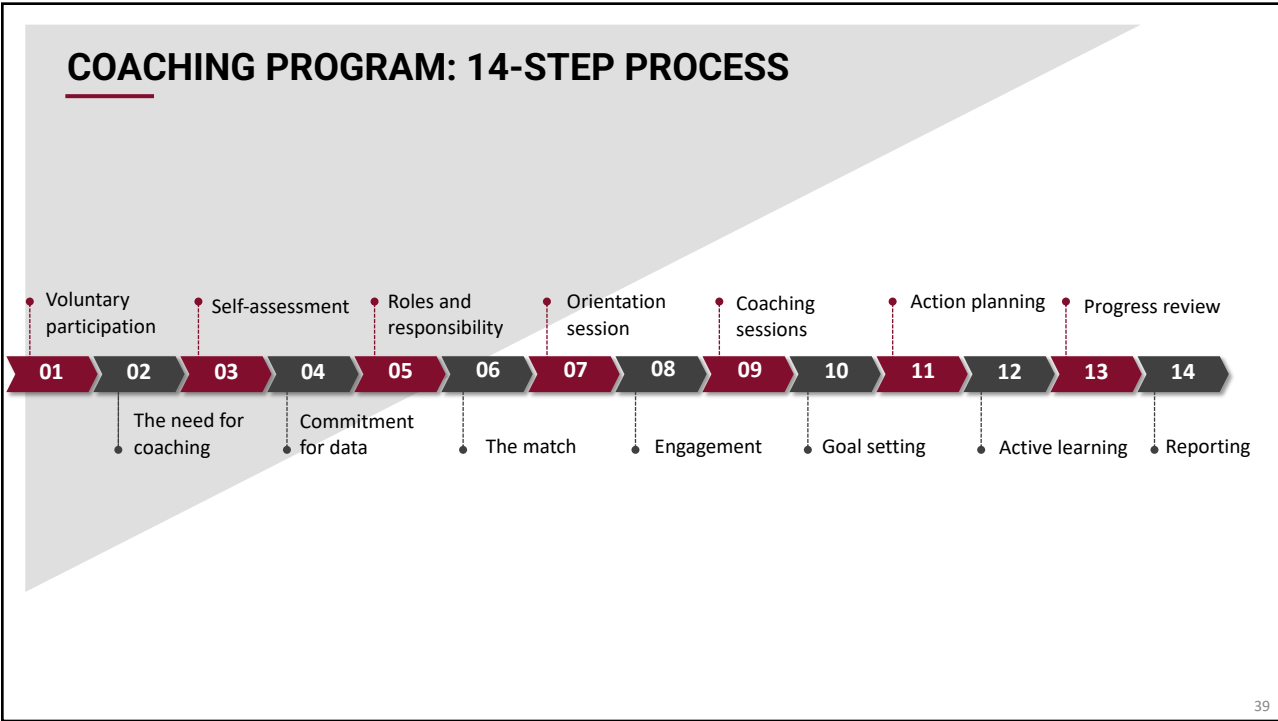
- Sales growth
- Productivity/operational efficiency
- Direct cost reduction
- Retention of key staff members
- Customer satisfaction

Level 5 ROI Objective

The ROI value should be at least 25%.

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DATA COLLECTION AND DATA SOURCES

DATA CATEGORY	EXECUTIVE QUESTIONNAIRE	COACH QUESTIONNAIRE	ACTION PLAN	COMPANY RECORDS
REACTION	X			
LEARNING	X	X		
APPLICATION	X	X	X	
IMPACT			X	X
COSTS				X

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DATA COLLECTION AND DATA SOURCES

LEVEL	OBJECTIVE(S)	MEASURES/DATA	DATA COLLECTION METHOD	DATA SOURCES	TIMING	RESPONSIBILITIES
1	Reaction/Satisfaction » Relevance to job » Importance to job success » Value add » Coach's effectiveness » Recommendation to Others	* 4 out of 5 on a 1 to 5 rating scale	*Questionnaire	*Executives	*6 Months After Engagement	*NHLO Staff
2	Learning » Uncovering strengths/ weaknesses » Translating feedback into action » Involving team members » communicating effectively » Collaborating with Colleagues » Improving Personal Effectiveness » Enhancing Leadership Skills	* 4 out of 5 on a 1 to 5 rating scale	*Questionnaire	*Executives *Coach	*6 Months After Engagement	*NHLO Staff
3	Application/Implementation » Complete and adjust action plan » barriers and enablers » Show improvements in skills	* Checklist for action plan * 4 out of 5 on a 1 to 5 rating scale	*Action Plan *Questionnaire	*Executives *Coach	*6 Months After Engagement	*NHLO Staff
4	Business Impact (3 of 5) » Sales Growth » Productivity/efficiency » Direct Cost Reduction » Retention of key staff members » Customer Satisfaction	» Monthly Revenue » Varies with Location » Direct Monetary Savings » Voluntary Turnover » Customer Satisfaction Index	*Action Plan	*Executives *Coach	*6 Months After Engagement	*NHLO Staff
5	ROI » 25 Percent	Comments: Executives are committed to providing data. They fully understand all the data collection issues prior to engaging into the coaching assignment.				

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ROI ANALYSIS PLAN

DATA ITEMS (USUALLY LEVEL 4)	METHODS FOR ISOLATING THE EFFECTS OF THE PROGRAM	METHODS OF CONVERTING DATA TO MONETARY VALUES	COST CATEGORIES	INTANGIBLE BENEFITS	COMMUNICATION TARGETS FOR FINAL REPORT	OTHER INFLUENCES/ ISSUES DURING APPLICATION	Comments
Sales Growth Productivity/ Operational Efficiency Direct Cost Reduction Retention of Key Staff Members Customer Satisfaction	Estimates for executive (Method is same for all data items)	» Standard value » Expert input » Executive estimate (Method is same for all data items)	» Need assessment » Coaching Fees » Travel costs » Executive time » Administrative support » Administrative overhead » Communication expenses » Facilities » Evaluation	» Increased commitment » Reduced stress » Increased job satisfaction » Improved customer service » Enhanced recruiting image » Improved teamwork » Improved communication	» Executives » Senior executives » Sponsors » NHLO staff » Learning & development council » Prospective participants for CBI	A variety of other initiatives will influence the impact measure including six sigma process, service excellence program, and our efforts to become a great place to work.	It is extremely important to secure commitment from executives to provide accurate data in a timely manner.

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LEVEL 1 REACTION

MEASURES	RATING
Relevance of coaching	4.6
Importance of coaching	4.1
Value of coaching	3.9
Effectiveness of coach	3.9
Recommendation to others	4.2
Average	4.1

*Target 4.0

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LEVEL 2 LEARNING

MEASURES	EXECUTIVE RATING	COACH RATING
Understanding strengths and weaknesses	3.9	4.2
Translating feedback into action plans	3.7	3.9
Involving team members in projects and goals	4.2	3.7
Communicating effectively	4.1	4.2
Collaborating with colleagues	4.0	4.1
Improving personal effectiveness	4.1	4.4
Enhancing leadership skills	4.2	4.3

*Target 4.0

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LEVEL 3 APPLICATION

MEASURES	EXECUTIVE RATING	COACH RATING
Translating feedback into action plans	4.2	3.9
Involving team members in projects and goals	4.1	4.2
Communicating more effectively with the team	4.3	4.1
Collaborating more with the group and others	4.2	4.2
Applying effective leadership skills	4.1	3.9

*Target 4.0

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BARRIERS AND ENABLERS

BARRIERS	ENABLERS
Not enough time	Coach
Not relevant	Action plan
Not effective when using skill	CBI structure
Manager did not support it	Support of management

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LEVEL 4 IMPACT

Name: <u>Caroline Dobson</u>	Coach: <u>Pamela Mills</u>	Follow-Up Date: <u>1 September</u>
Objective: <u>Improve retention for staff</u>	Evaluation Period: <u>January</u> to <u>July</u>	
Improvement Measure: <u>Voluntary turnover</u>	Current Performance: <u>28% Annual</u>	Target Performance: <u>15% Annual</u>

Action Steps	Analysis
1. <u>Meet with team to discuss reasons for turnover – using problem-solving skills.</u> 31 Jan	A. What is the unit of measure? <u>One voluntary turnover</u>
2. <u>Review exit interview data with HR – look for trends and patterns.</u> 15 Feb	B. What is the value (cost) of one unit? <u>Salary × 1.3</u>
3. <u>Counsel with “at-risk” employees to correct problems and explore opportunities for improvement.</u> 1 Mar	C. How did you arrive at this value? <u>Standard Value</u>
4. <u>Develop individual development plan for high-potential employees.</u> 5 Mar	D. How much did the measure change during the evaluation period? <u>11% (annual %) (4 turnovers annually)</u>
5. <u>Provide recognition to employees with long tenure.</u> Routinely	E. What other factors could have contributed to this improvement? <u>Growth opportunities, changes in job market</u>
6. <u>Schedule appreciation dinner for entire team.</u> 31 May	F. What percent of this change was actually caused by this program? <u>75%</u>
7. <u>Encourage team leaders to delegate more responsibilities.</u> 31 May	G. What level of confidence do you place on the above information? (100% = Certainty and 0% = No Confidence) <u>90%</u>
8. <u>Follow-up with each discussion and discuss improvement or lack of improvement and plan other action..</u> Routinely	
9. <u>Monitor improvement and provide recognition when appropriate.</u> 11 May	
Intangible Benefits: <u>Less stress on team, greater job satisfaction</u>	
Comments: <u>Great Coach – She kept me on track with this issue.</u>	

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ACTION PLAN OUTPUT

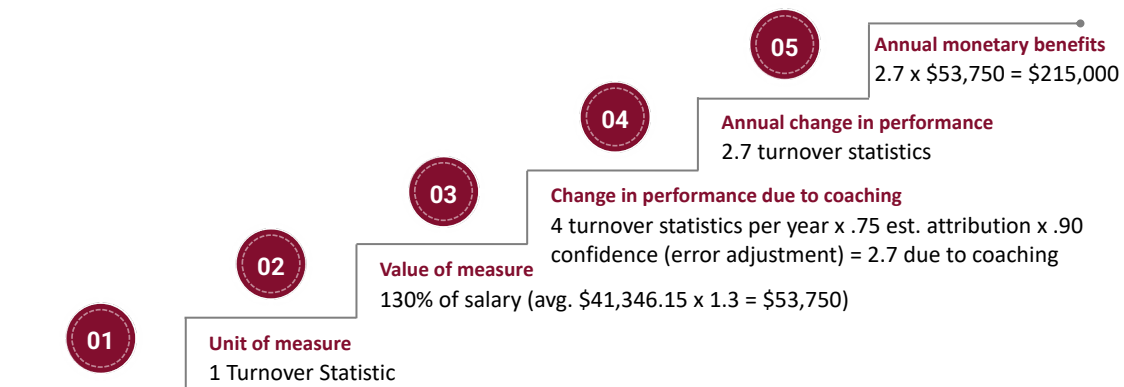
EXEC #	MEASUREMENT AREA	TOTAL ANNUAL VALUE (\$)	BASIS	DATA CONVERSION METHOD	CONTRIBUTION FACTOR	CONFIDENCE ESTIMATE	ADJUSTED VALUE (\$)
1	Revenue growth	11,500	Profit margin	Standard value	33%	701%	2,656
2	Retention	175,000	3 turnovers	Standard value	40%	70%	49,000
3	Retention	190,000	2 turnovers	Standard value	60%	80%	91,200
4	Direct cost savings	75,000	From cost statements	Participant estimate	100%	100%	75,000
5	Direct cost savings	21,000	Contract services	Standard value	75%	70%	11,025
6	Direct cost savings	65,000	Staffing costs	Standard value	70%	60%	27,300
7	Retention	150,000	2 turnovers	Standard value	50%	50%	37,500
8	Cost savings	70,000	Security	Standard value	60%	90%	37,800
9	Direct cost savings	9,443	Supply costs	N / A	70%	90%	5,949
10	Efficiency	39,000	Information technology costs	Participant estimate	70%	80%	21,840
11	Retention	215,000	4 turnovers	Standard value	75%	90 %	145,125
12	Productivity	13,590	Overtime	Standard value	75%	80%	8,154
13	Retention	73,000	1 turnover	Standard value	50%	80%	29,200
14	Retention	120,000	2 annual turnovers	Standard value	60%	75%	54,000
15	Retention	182,000	4 turnovers	Standard value	40%	85%	61,880
16	Cost savings	25,900	Travel	Standard value	30%	90%	6,993
17	Cost savings	12,320	Administrative support	Standard value	75%	90%	8,316
18	Direct cost savings	18,950	Labor savings	Participant estimate	55%	60%	6,253
19	Revenue growth	103,100	Profit margin	Participant estimate	75%	90%	69,592
20	Revenue	19,500	Profit	Standard value	85%	75%	12,431
21	Revenue	21,230	Profit %	Standard value	80%	70%	18,899
22	Revenue growth	105,780	Profit margin	Standard value	70%	50%	37,023
Total \$ 1,716,313							Total \$ 817,126 2 nd Measure Total \$ 649,320 3 rd Measure Total \$ 394,712 Total Benefits \$ 1,861,158

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FIVE STEPS TO ANNUAL MONETARY BENEFITS

Executive # 11 Caroline Dobson



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FULLY-LOADED COSTS

Item	Cost
Needs assessment/development	\$10,000
Coaching fees	\$480,000
Travel costs	\$53,000
Executive time	\$9,200
Administrative support	\$14,000
Administrative overhead	\$2,000
Telecommunication expenses	\$1,500
Facilities (conference room)	\$2,100
Evaluation	\$8,000
Total	\$579,800

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LEVEL 5 ROI

Program benefits (22 people)	\$1,861,158
Program costs (25 people)	\$579,800
ROI	????
*Target 25%	

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WHAT IS ROI?

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

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



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LEVEL 5 ROI

Program benefits (22 people)	\$1,861,158
Program costs (25 people)	\$579,800
ROI	221%

*Target 25%

INTANGIBLE BENEFITS



Increased
commitment



Increased
teamwork



Increased job
satisfaction



Improved
communication

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A group of people are seated around a large conference table in a meeting room. A presentation slide titled 'The Payoff' is overlaid on the left side of the image. The slide lists several bullet points related to project management and business needs. The background shows a meeting room with people engaged in discussion.

The Payoff

- Justify/defend budgets.
- Align projects to business needs.
- Show contributions of selected projects.
- Earn senior management/administrators' respect.
- Build staff morale.
- Improve support for projects.
- Enhance design and implementation processes.
- Identify inefficient projects to be redesigned or eliminated.
- Identify successful projects to implement in other areas.
- Earn a "seat at the table."

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Be Proactive

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.

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What are your concerns
about measuring ROI?
(Select all that apply.)

- ☐ It's too difficult.
- ☐ It takes too much time.
- ☐ No one is asking for this.
- ☐ It will kill my programs.
- ☐ I wish it would go away.

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SCAN ME

Click the link below or scan the QR code to receive resources from today's session.

<https://roiinstitute.net/icf-meetup-the-bottomline-on-roi-in-coaching/>

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ROI CERTIFICATION®

LIVE VIRTUAL



Special Offer

February 12-23, 2024
7:00 to 10:30 am CST
Via Zoom



SCAN ME

Contact Melissa@roiinstitute.net for details.

WHAT IS ROI CERTIFICATION?

ROI Certification is a globally renowned process focused on measuring the true value of tough-to-measure initiatives using the ROI Methodology®. Participating in ROI Certification is the most comprehensive way to gain the skills needed to evaluate major programs and to report the most credible results that drive organizational improvement.




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Questions?

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