

ROI INSTITUTE®



Connecting Soft Skills to Hard Data

Dr. Jack J. Phillips
Chairman, ROI Institute, Inc.

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Downloadable Resources

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:

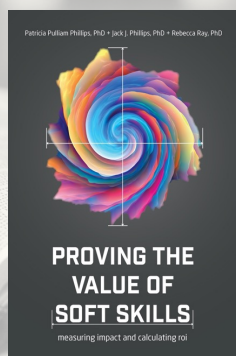
- Human Resources: Human Capital
- Training: Learning Development
- Leadership: Coaching/Mentoring
- Knowledge Management: Knowledge Management
- Recruitment: Recruitment
- Work Environment: Employee Engagement
- Work Environment: Employee Retention
- Change Management: Change Management
- Team Management: Team Management
- Project Management: Project Management
- Technology: Technology
- Marketing: Marketing
- Customer Service: Customer Service
- Compliance: Compliance
- Organizational Development: Organizational Development
- Process Improvement: Process Improvement
- Quality: Quality
- Customer Service: Customer Service
- Public Policy: Public Policy
- Community: Community
- Global: Global
- Healthcare: Healthcare
- Education: Education
- Non-Profit: Non-Profit
- Public Sector: Public Sector
- Private Sector: Private Sector
- Public Sector: Public Sector
- Private Sector: Private Sector

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

- Baseline and Planned 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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Jack J. Phillips, Ph.D.

Jack J. Phillips is a world-renowned expert on accountability, measurement, and evaluation and chairman of ROI Institute, through which he provides consulting services for Fortune 500 companies and workshops for major conference providers around the world. Jack has served as a training and development manager at two Fortune 500 firms, a senior HR officer at two firms, president of a regional federal savings bank, and a management professor at a major state university.

Jack is the author or editor of more than 100 books, including *Proving the Value of Soft Skills: Measuring Impact and Calculating ROI* (ATD Press), and more than 300 articles. His work has been featured in the *Wall Street Journal*, *BusinessWeek*, and *Fortune* magazine, among others.

Jack is the recipient of many awards, including ATD's Thought Leader Award and its Distinguished Contribution to Workplace Learning and Development award, the Brand Personality Award from Asia Pacific Brands Foundation for his work as an international consultant, author, teacher, and speaker, and the Thomas F. Gilbert Award in 2018 from the International Society for Performance Improvement.



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Learning Objectives

After attending this webinar, participants will be able to:

1. Explain the value chain for soft skills.
2. Describe the need to show impact and ROI for major programs.
3. Design soft skills programs to deliver impact and ROI.
4. Explain how to measure program results at all five levels of outcomes



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The Importance Of Soft Skills

"Communication skills and the ability to work well with different types of people are very important ... software innovation, like almost every other kind of innovation, requires the ability to collaborate and share ideas with other people, and to sit down and talk with customers and get their feedback and understand their needs."

—Bill Gates, Co-Founder, Microsoft



"Talent wins games, but teamwork and intelligence win championships."

—Michael Jordan, NBA Legend

"You cannot over-invest in communication skills—written and oral communication skills...Learn how to motivate people—small groups, medium-sized groups, large groups—and how to write in a way that's pithy and to the point."

— Indra Nooyi, *former* CEO, PepsiCo



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The Importance Of Soft Skills

LinkedIn [analyzed hiring trends across its platform](#) to determine the hard and soft skills companies need most; here's what they found:

- **Creativity** ranked the highest in-demand soft skill for the second year in a row
- Persuasion
- Collaboration
- Adaptability
- Emotional Intelligence

Forbes

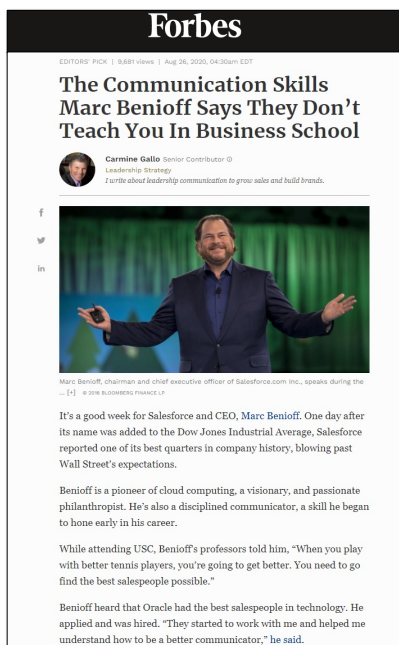
7,251 views | Jan 28, 2020, 12:12pm EST

5 Of The Most In-Demand Soft Skills Companies Are Looking For This Year

Naz Beheshti Contributor
ForbesWomen
CEO-Pranamaz, Executive Coach, Corporate Wellness Consultant, Speaker

LinkedIn recently [analyzed hiring trends across its platform](#) to determine both the hard and soft skills companies need most in 2020. The trends align with what I see in my executive coaching practice, where I help leaders manage stress, build resilience, unleash creativity, develop emotional intelligence, and communicate and collaborate better.

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"Communication is probably the most essential part of my job."

—Marc Benioff, Salesforce CEO, one day after Salesforce was added to the Dow Jones Industrial Average, reporting one of its best quarters in company history and blowing past Wall Street's expectations.

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Common Soft Skills Training Programs

- Effective Interviewing Skills
- Communication Skills
- Teamwork & Collaboration
- Outstanding Customer Service
- Empathetic Listening Skills
- Problem Solving & Critical Thinking
- Building An Inclusive Culture
- Developing Emotional Intelligence
- Coaching For High Performance
- Becoming An Engaging, Inclusive Leader
- Delivering Presentations For Results
- Writing With Impact
- Conflict Resolution Skills
- Building Agile Teams
- Dealing With Difficult People
- Customer Service Skills
- Leadership Development
- Management Development
- Supervisor Development
- Executive Development

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Serious Challenges for Soft Skills

True
or
False?



1. Most soft skills are wasted (not used after a program is conducted).
2. The soft skills outcome desired by executives is rarely measured in organizations.
3. Most soft skills providers do not have data that shows they make a difference in the organization.
4. Most executives see soft skills as a cost and not an investment.
5. Executives see hard skills as more valuable than soft skills.
6. Hard skills programs usually have higher ROI values than soft skills programs.

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Do Business
Leaders Want
The Analysis?

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What CEOs Want

Demonstration of Value

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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What is Value?

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The Value Chain is Always There!

	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 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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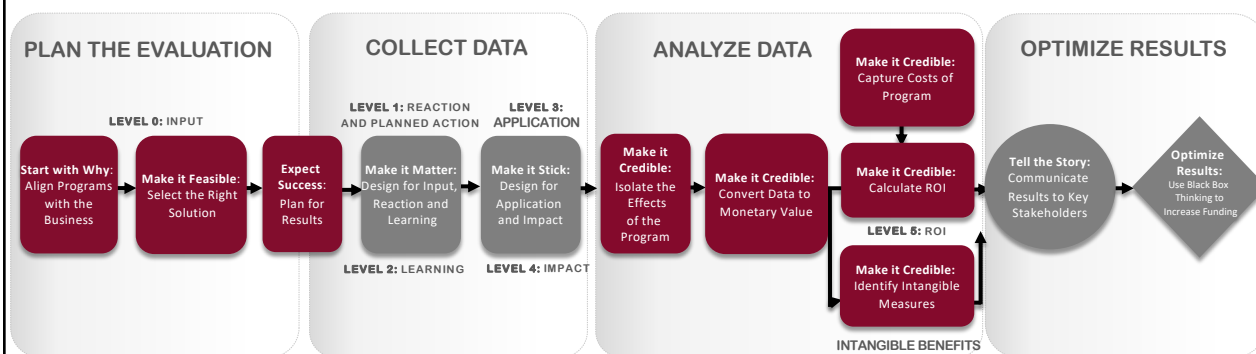
Evaluation Framework

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

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The ROI Methodology®



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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

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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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Is it connected to the business?

Is it the right solution?

- Examine the data and records.
- Initiate the discussion.
- Reference a case study.
- Use benchmarking from similar solutions.
- Use evaluation as the hook.
- Involve others in the discussion.
- Discuss disasters in other places.
- Use diagnostic tools.

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Expect Success: 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

Objective	Evaluation Level
After completing this program or project, participants should:	
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 diffuse a conflict, given two individuals in a heated argument.	
4. Rate the facilitator 4 out of 5 on presentation skills.	
5. Decrease the amount of time required to develop a proposal.	

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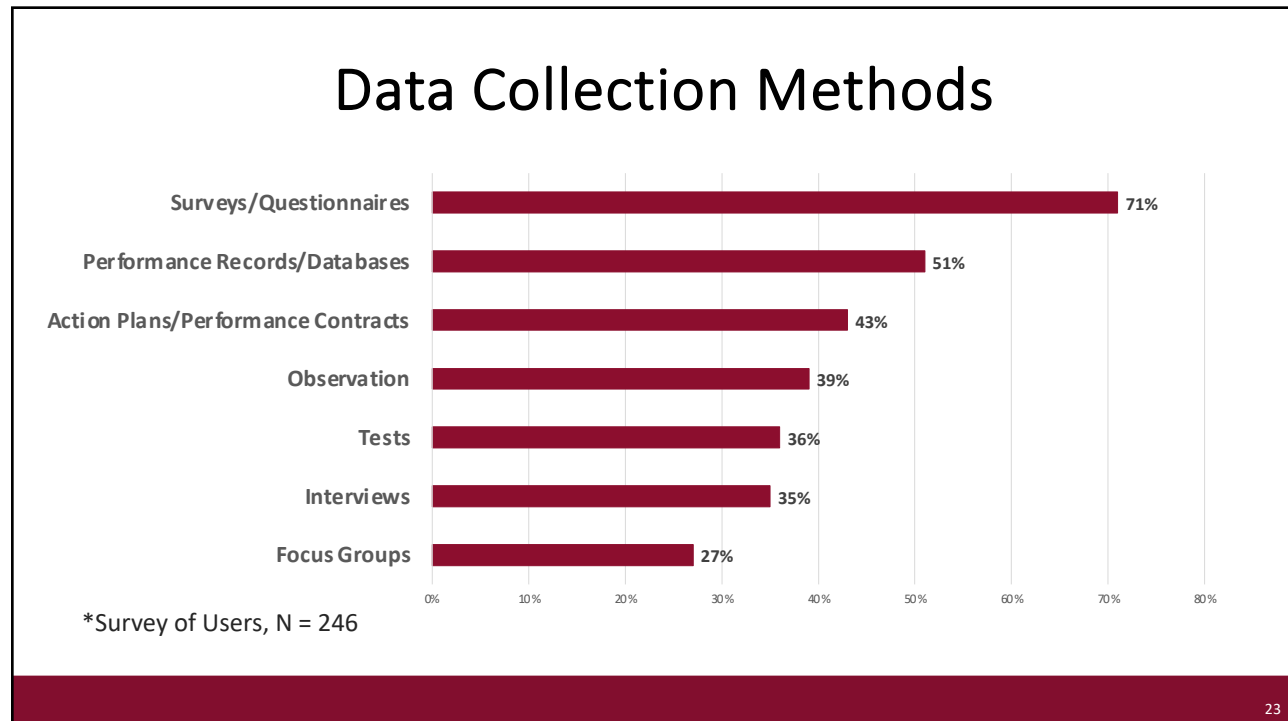
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Collecting Data

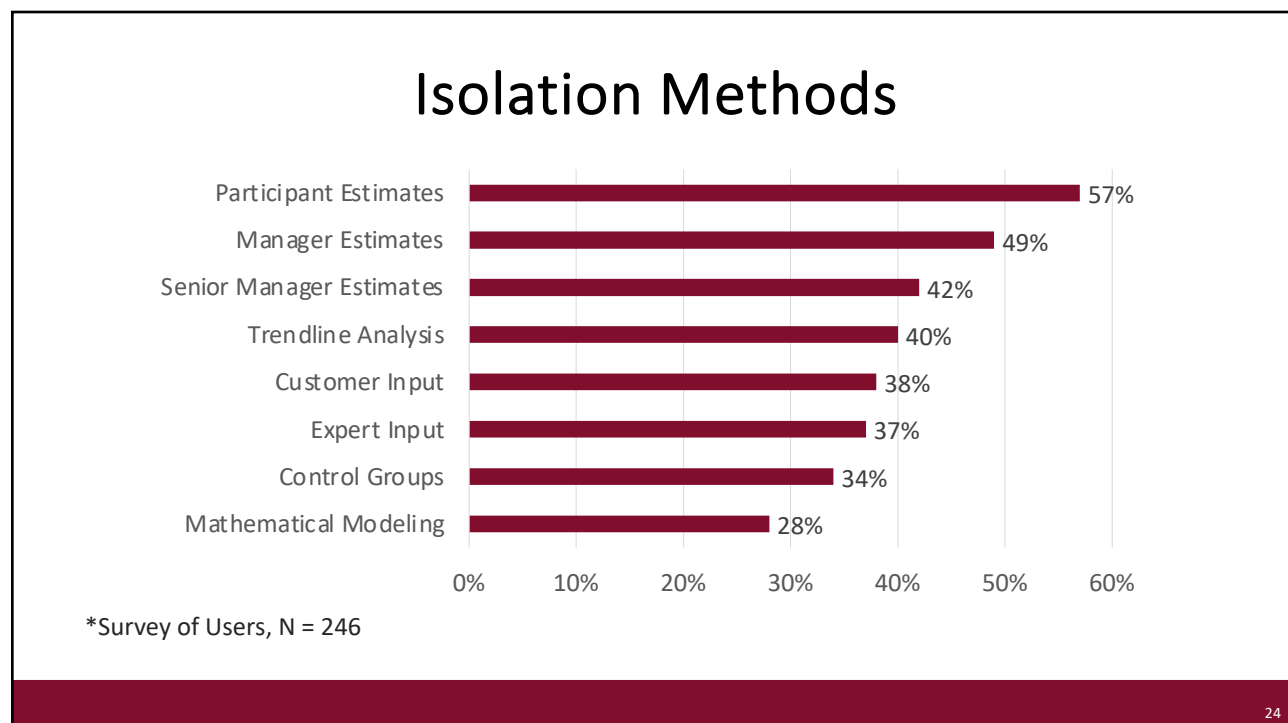
Method	Type of Data			
	1	2	3	4
Surveys	✓	✓	✓	
Questionnaires	✓	✓	✓	✓
Observation		✓	✓	
Interviews	✓	✓	✓	
Focus Groups	✓	✓	✓	
Tests/Quizzes		✓		
Demonstrations		✓		
Simulations		✓		
Action Planning/Improvement Plans			✓	✓
Performance Contracting			✓	✓
Performance Monitoring				✓

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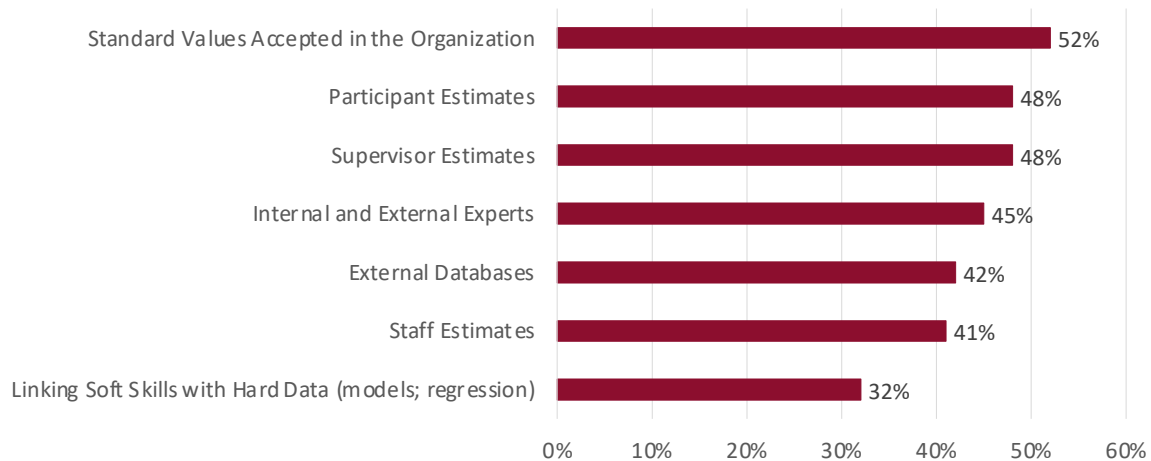


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Data Conversion Methods



*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
- ☐ Instructor / facilitator
- ☐ Facilities
- ☐ Travel, lodging, meals

INDIRECT

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



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Example: Leadership Development

Presented to Managers: Designed to reduce departures of staff

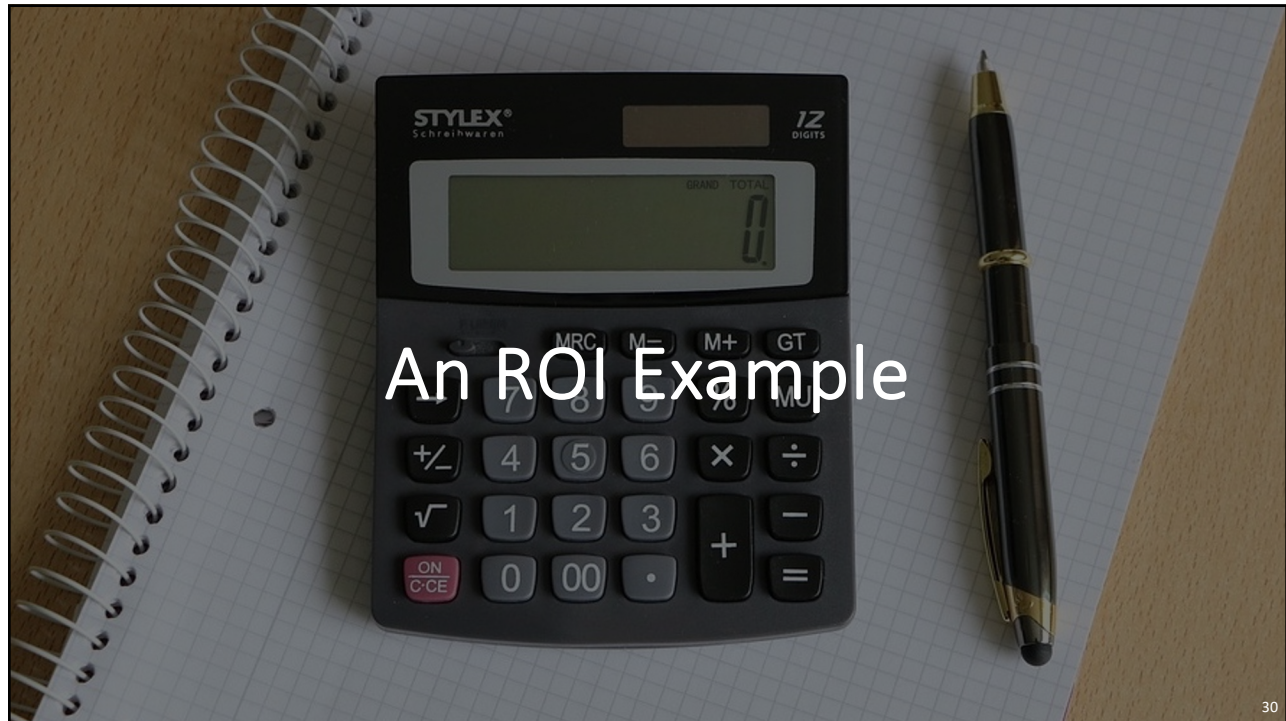
1. Unit of Measure: 1 regrettable turnover of staff
2. $V = \$21,000$ (60% of annual salary)
3. $\Delta P = 3$ per month
4. $A\Delta P =$
5. $A\Delta P \times V =$

The cost of the blended learning program is **\$339,400.**

What is the ROI?

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Case In Point: Background
Leadership Development —
Precision Manufacturing Company

- Program Description
- Business Need (the “Why”)
- Action Taken (the “Solution”)
- Result (the “Insight”)
- Why ROI?

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Case In Point: Objectives & Results

Leadership Development - Precision Manufacturing Company

	Objectives	Results
Reaction	Relevance Importance Intent to Use	4.2 out of 5
Learning	Communicate Focus on Values Build Collaboration	Strengthen Abilities Inspire Others Recognize Accomplishments
Application	Extent of Use Frequency of Use Success with Use	4.3 out of 5 4.5 out of 5 3.9 out of 5
Impact	Sales Growth Operating Costs Productivity	Safety Retention Quality
ROI	14%	47%

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Case In Point: ROI Analysis

Leadership Development — Precision Manufacturing Company

Isolating the Effects: Estimate, Adjusted for Error

Converting Data to Money: Expert Input, Standard Value

Annual Monetary Benefits: \$534,640

Cost of Program: \$365,260

$$\text{ROI} = \frac{\boxed{\text{Benefits}} - \boxed{\text{Cost}}}{\boxed{\text{Cost}}} \times 100 = 47\%$$

Intangibles: Engagement, Job Satisfaction, Stress

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Case In Point: Using The Results Leadership Development — Precision Manufacturing Company



Communication of results: executives, participants, managers of participants, L&D team



Actions taken with results: improvements were made for the next sessions



Lessons learned: importance of connecting to the business in the beginning



Reaction of key stakeholders: very positive and encouraging

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SCAN ME

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

<https://roiinstitute.net/tmn-2024-connecting-soft-skills-to-hard-data/>

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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.
- Advance your professional skills and improve organization outcomes.

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SCAN ME







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ROI Learning Center

Hosted by Training Magazine Network
Created by ROI Institute, Inc.



Four realities occur in today's learning and development environment, globally.

1. Most top executives want learning and development to be aligned with the business.
2. The concept of ROI is familiar to most people.
3. Connecting learning and development to the business is not that difficult.
4. Thousands of L&D professionals are routinely doing this.

The ROI Learning Center provides tools, templates, and case studies to help prepare you for success in today's environment. Our goal is to take the mystery out of the ROI process.

Start at Level 1 and explore each level at your own pace. Each of the five levels will bring you closer to calculating the ROI of your program or project. There is also a calculator to help you calculate ROI when you have the appropriate data.

- Level 1 Reaction
- Level 2 Learning
- Level 3 Application
- Level 4 Impact
- Level 5 ROI
- ROI Calculator

<https://www.trainingmagnetwork.com/roilearningcenter>

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Questions?

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