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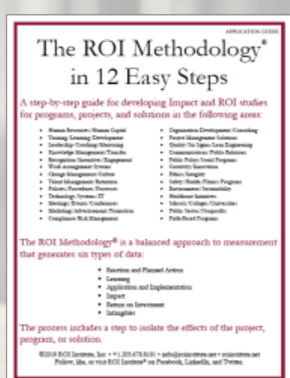
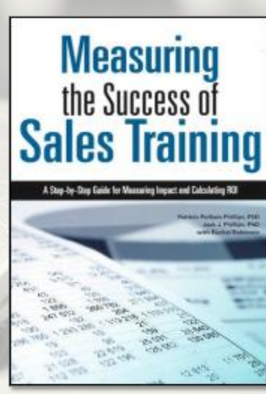
Resources





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Objectives

After attending this session, participants should be able to:

- Identify the five levels of outcomes from any sales training program.
- Describe what ROI is and what it is not.
- Calculate the ROI for a sales training program.

Poll: How do you measure the success of your sales training? (Select all that apply.)

- ❑ The number of people who complete the program on time
- ❑ Participant perception of the program
- ❑ Participant acquisition of knowledge, skills, information, and/or insight
- ❑ Participant use of what they learn on the job
- ❑ Improved performance in key business measures (e.g. sales, customer satisfaction) as a result of the program
- ❑ The actual return on investment (ROI)
- ❑ Other (add to chat)

Evaluation Framework

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 take action
2. Learning	Measures changes in knowledge, skills, and attitudes	Skills, Knowledge, Capacity, Competencies, Confidence, Contacts
3. Application	Measures changes in behavior or actions along with barriers and enablers	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

5

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What is ROI?

$$BCR = \frac{\text{Project benefits}}{\text{Project costs}}$$

$$ROI = \frac{\text{Project benefits} - \text{Project costs}}{\text{Project costs}} \times 100$$

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6

Benefit-Cost Ratio and Return on Investment

$$BCR = \frac{\$71,760}{\$32,984}$$

$$ROI = \frac{\$71,760 - \$32,984}{\$32,984} \times 100$$

Try this one.

Increase store sales (1st year) $2,750,000
Gross profit on sales is 20%
Program Cost (25 participants) = $425,000

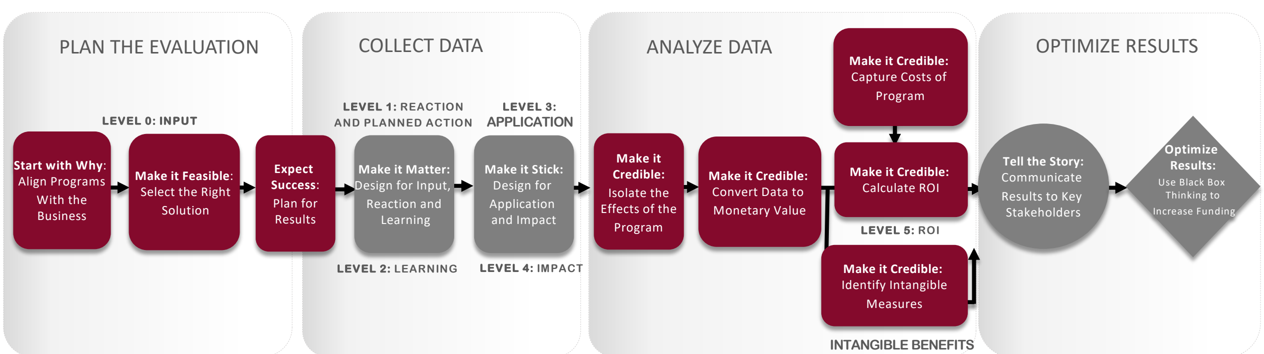
$$BCR = \frac{\quad}{\$425,000}$$

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

What can you do to ensure sales training delivers business value?

The ROI Methodology Process Model

Designing for the Delivery of Business Results



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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.

Characteristics of Investments Suitable for Impact & ROI

- Cost of the project
- Linkage of project to operational goals and issues
- Importance of project to strategic objectives
- Top executive interest in the evaluation
- Visibility of the project
- Size of target audience
- Investment of time required

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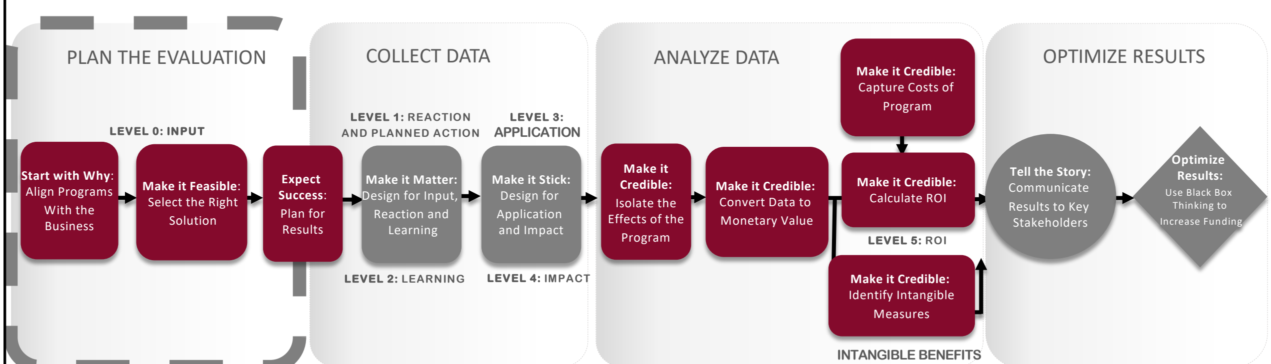
The ROI Methodology Process Model

Designing for the Delivery of Business Results



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Start with Why

- Large National chain of **420 stores** located in most major US markets.
- **Sells small household items**, gifts of all types, electronics, and jewelry as well as personal accessories.
- Executives have been concerned about the **slow sales growth** and were experimenting with several programs to boost sales.
- One concern focused on **interaction with customers**. Sales associates were not actively involved in the sales process, usually waiting for a customer to make a purchasing decision and then proceed with processing the sale.
- Analysis, by store managers, revealed that the use of very **simple techniques to probe and guide the customer to a purchase** should boost sales.
- Senior executives asked learning and development to experiment with a very simple customer **interactive skills program** for a small group of sales associates. A vendor-produce program was preferred to avoid the cost of development.

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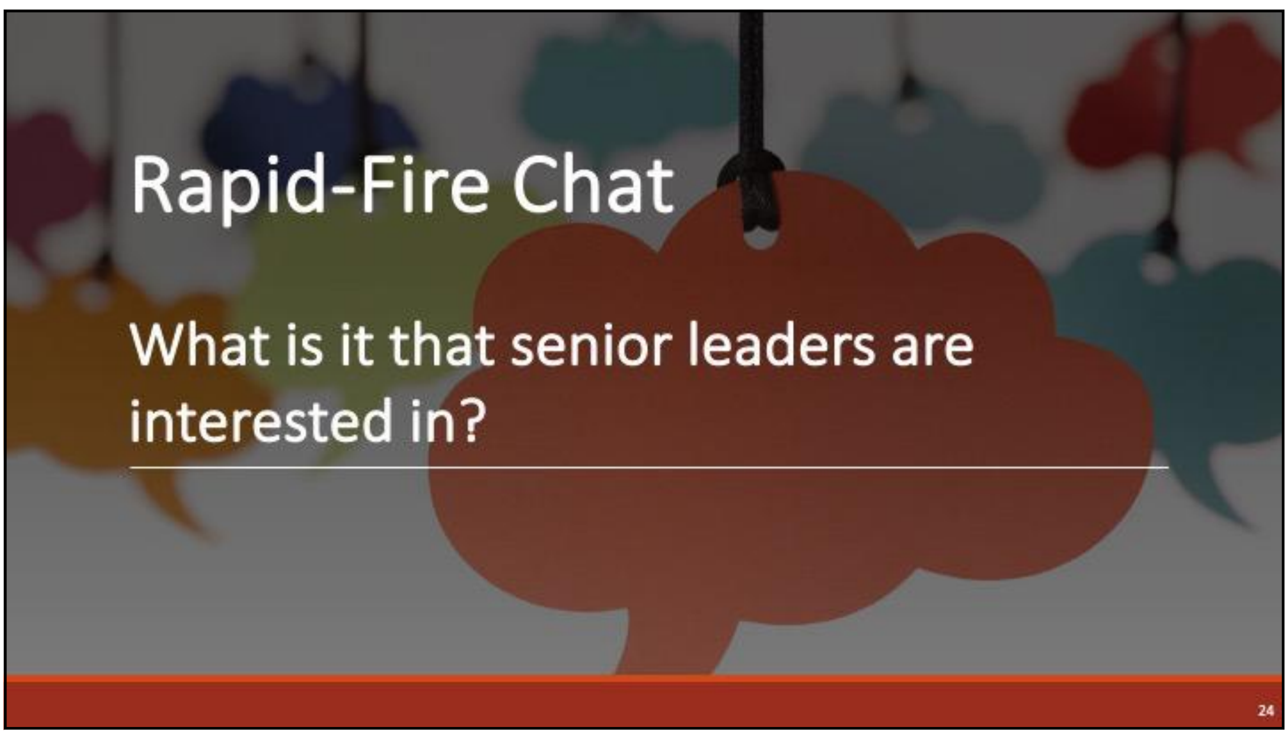

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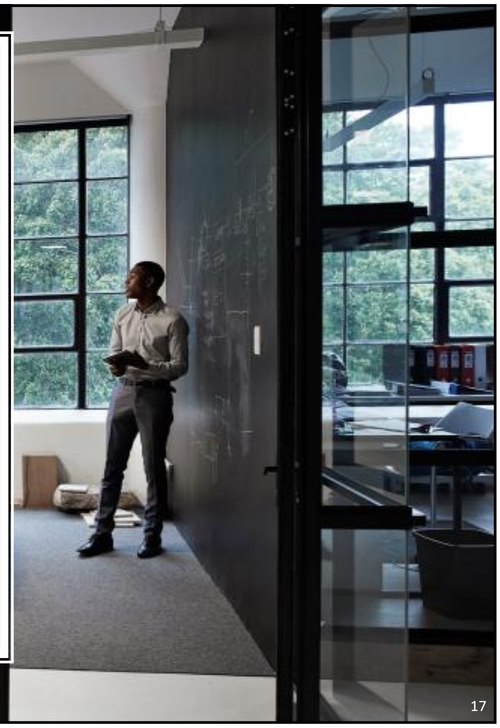
Make it Feasible

- Title: Interactive Selling Skills
- Target Group: Sales Associates in Electronics
- Vendor Produced and Delivered
- 3 Days (2 Days Plus 1 Day)
- Significant Use of Skill Practices
- 3 Groups Trained (48 Participants from 3 Stores)

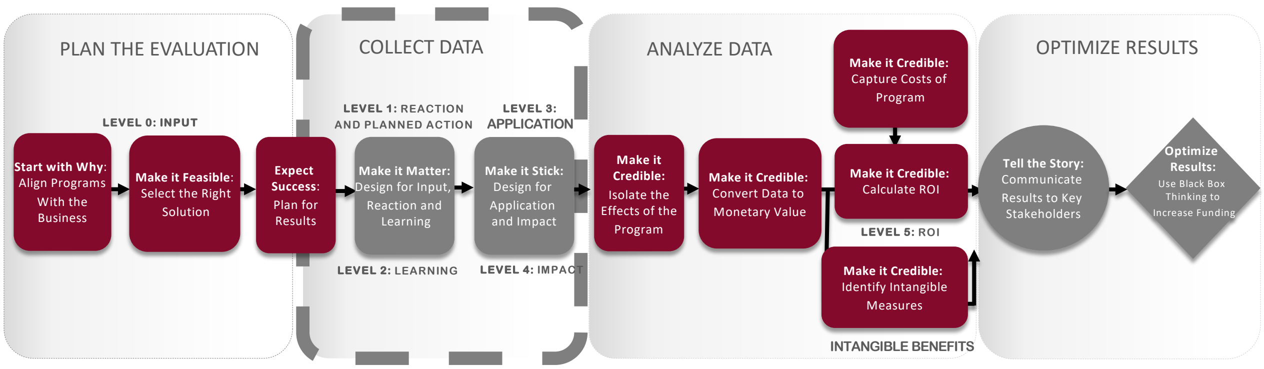


Expect Success

Levels of Objectives	Broad Objective	Measures
Level 1 Reaction	• Positive reaction • Recommended improvements • Acton items	• Average rating of at least 4.0 on a 5.0 scale on quality, usefulness, and achievement • 100% submission of planned action
Level 2 Learning	• Acquisition of skills • Selection of skills	• Through role play scenarios, demonstration of appropriate selection and all five sales skills and customer influence steps
Level 3 Application	• Use of skills • Frequency of skill use • Identify barriers	• 100% of participants report use of skills • 50% of participants report skills used with every customer • Reported barriers to customer interaction and closing of sales
Leve 4 Business Impact	• Sales increase	• Weekly sales per salesperson
Level 5 ROI	• Target ROI of 25%	

The ROI Methodology Process Model

Designing for the Delivery of Business Results



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Considerations when Selecting Data Collection Methods

- Time required for participants
- Time required for participant’s supervisor
- Costs of method
- Amount of disruption of normal activities
- Accuracy
- Utility
- Culture / Philosophy

Collect Data During and After the Program

Method	Level			
	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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Poll: How would you collect Level 3 data for the Retail Merchandise case study? (Select all that apply.)

- ❑ Questionnaire
- ❑ Observation
- ❑ Interviews
- ❑ Focus groups
- ❑ Demonstrations
- ❑ Action plans
- ❑ Other

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Poll: How would you collect Level 4 data for the Retail Merchandise case study? (Select all that apply.)

- ❑ Questionnaire
- ❑ Observation
- ❑ Interviews
- ❑ Focus groups
- ❑ Demonstrations
- ❑ Action plans
- ❑ Other

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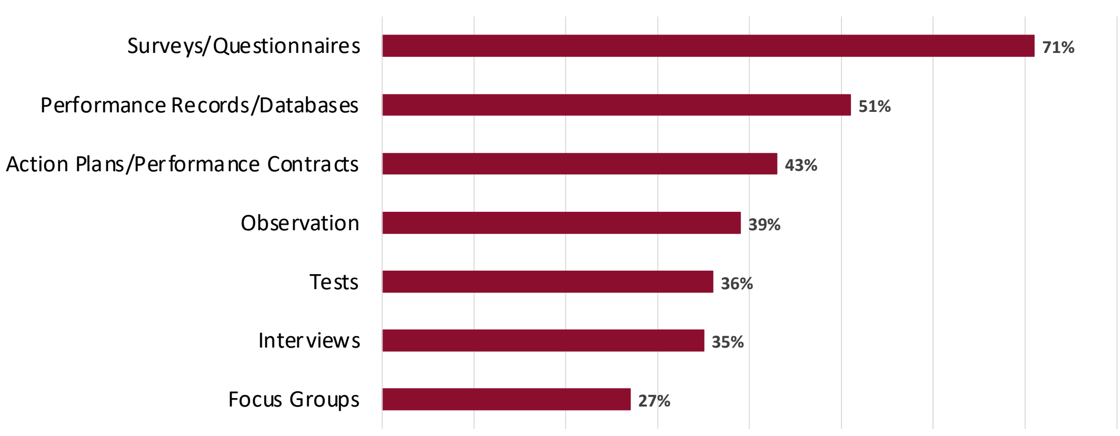
Data Collection Methods



*Survey of Users, n = 246

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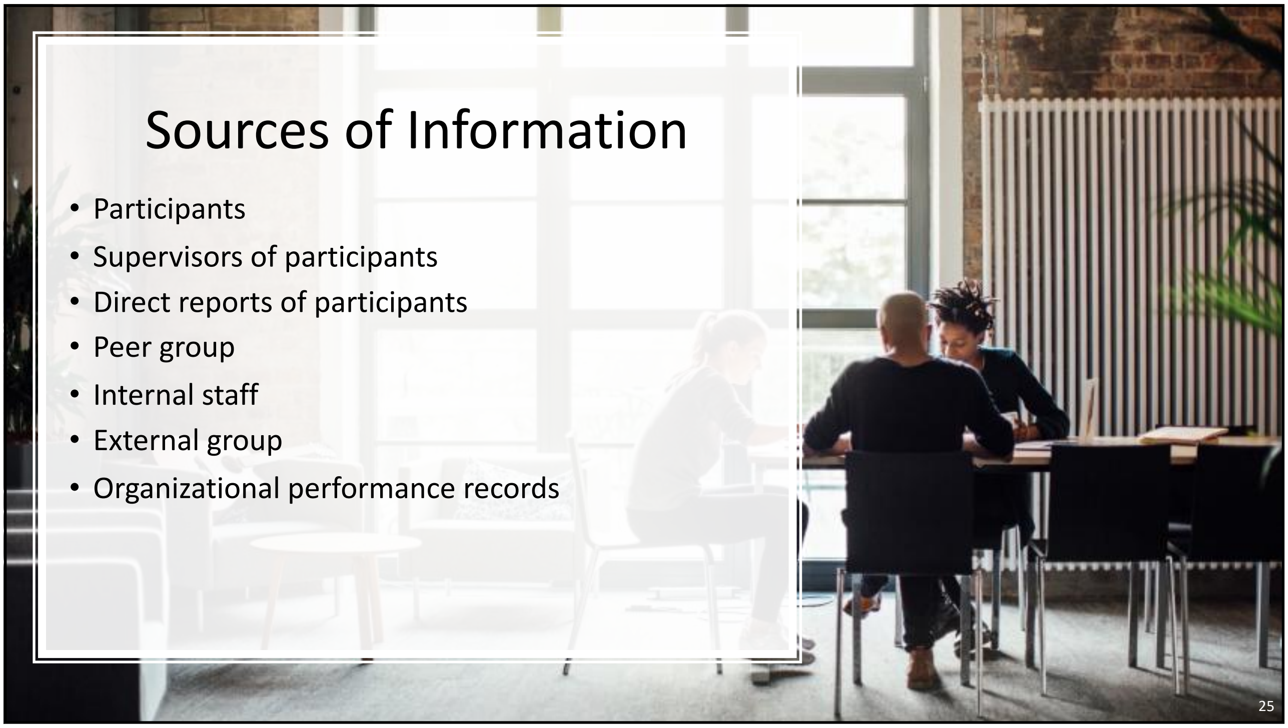
Sources of Information
• Participants
• Supervisors of participants
• Direct reports of participants
• Peer group
• Internal staff
• External group
• Organizational performance records
25

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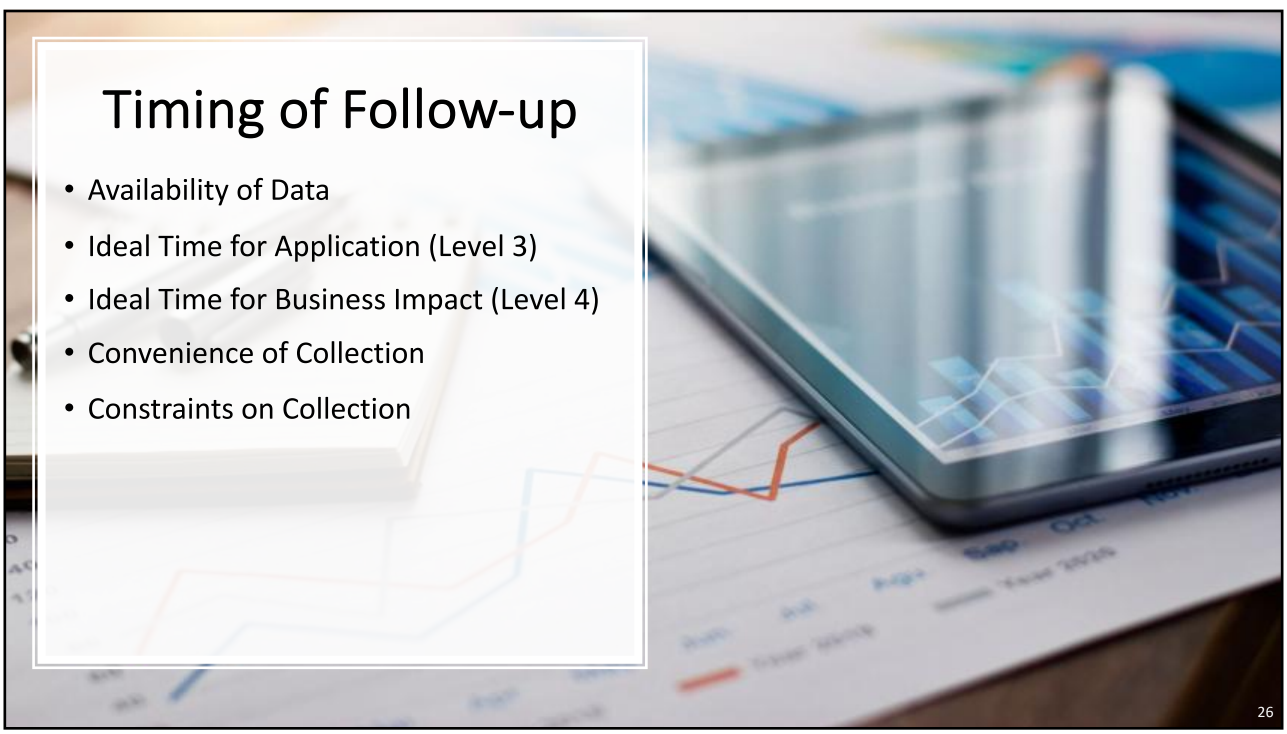
Timing of Follow-up
• Availability of Data
• Ideal Time for Application (Level 3)
• Ideal Time for Business Impact (Level 4)
• Convenience of Collection
• Constraints on Collection
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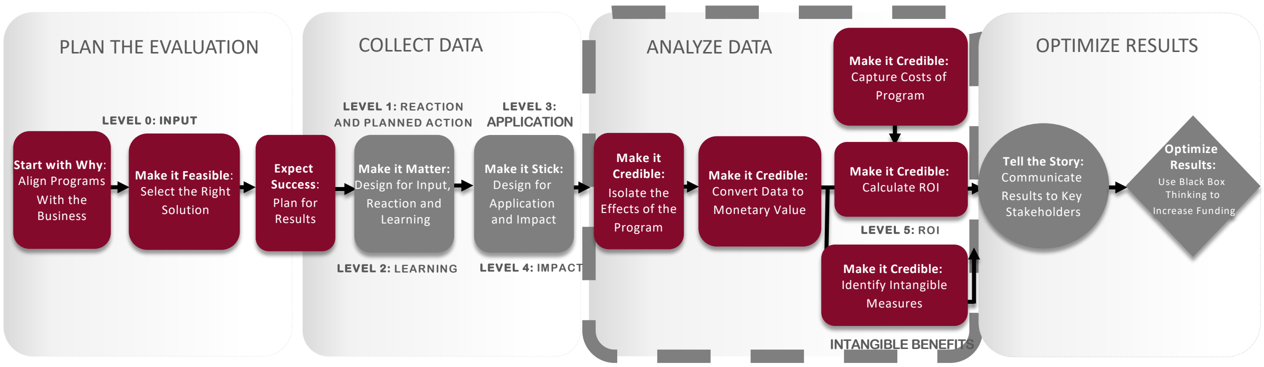
The ROI Methodology Process Model

Designing for the Delivery of Business Results



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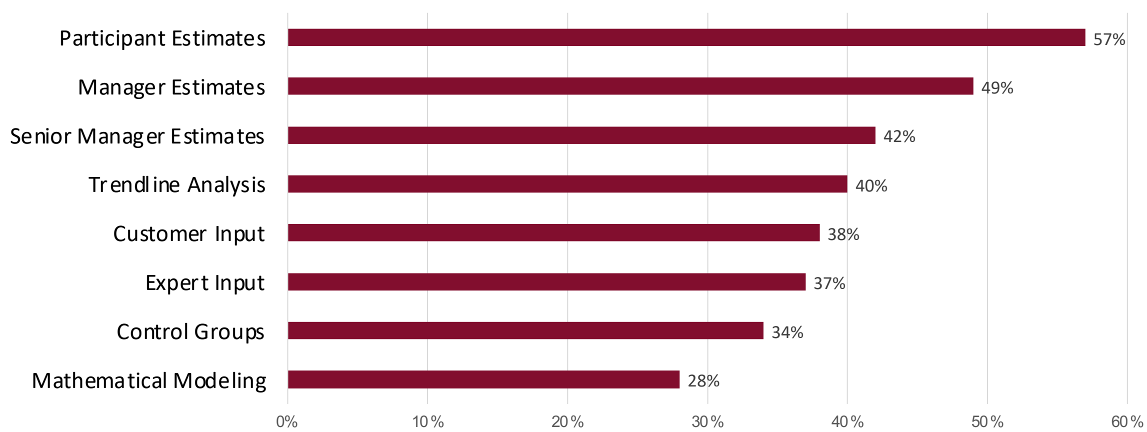
Isolate Program Effects

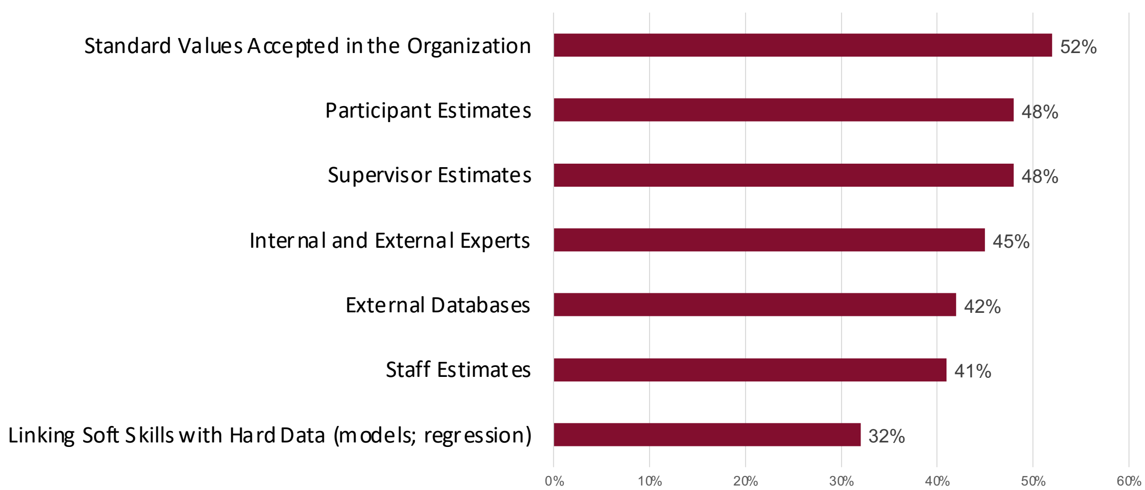


*Sample of selected users n = 246

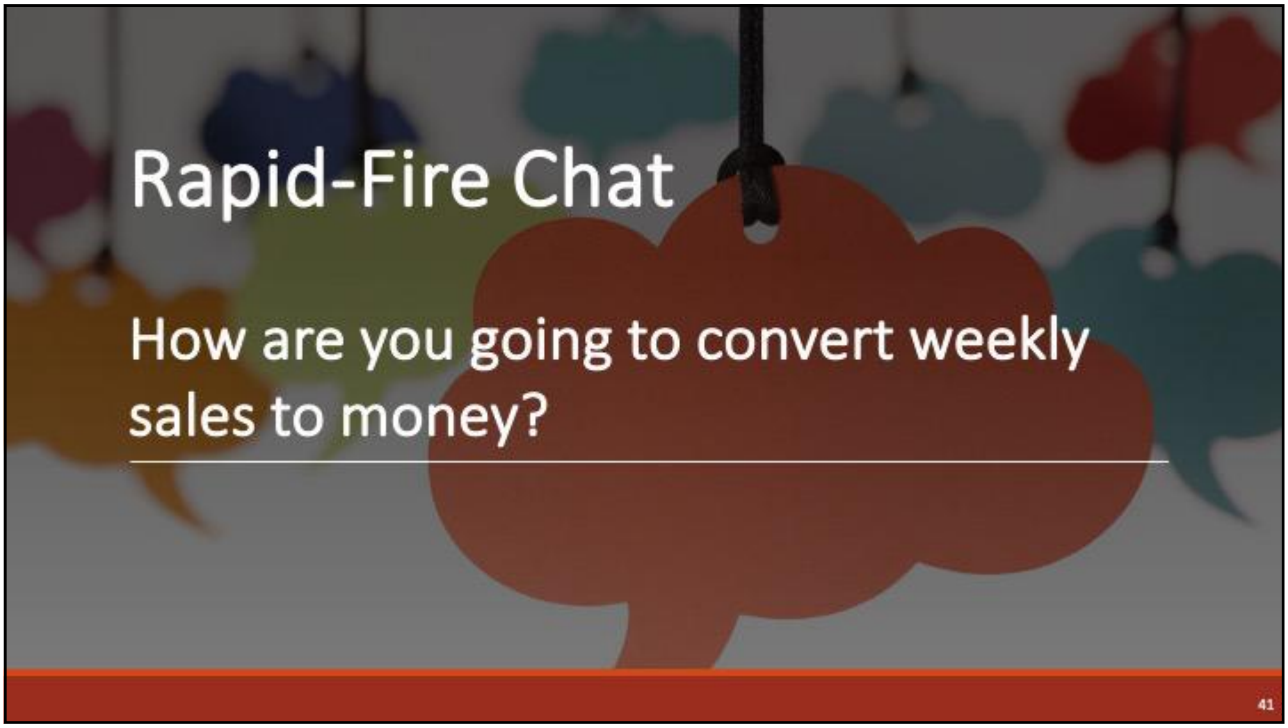
Poll: How would you isolate the effects of the Interactive Selling Skills program? (Select all that apply.)

- ❑ Participant estimates
- ❑ Manager estimates
- ❑ Senior Manager Estimates
- ❑ Trendline Analysis
- ❑ Customer Input
- ❑ Expert Input
- ❑ Control Group
- ❑ Mathematical Modeling

Convert Data to Money



*Sample of selected users n = 246



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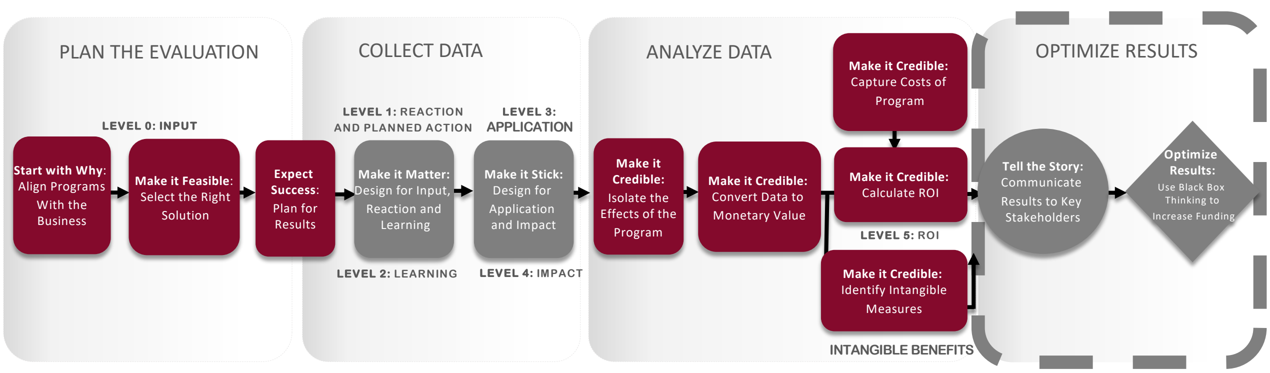
The ROI Methodology Process Model

Designing for the Delivery of Business Results



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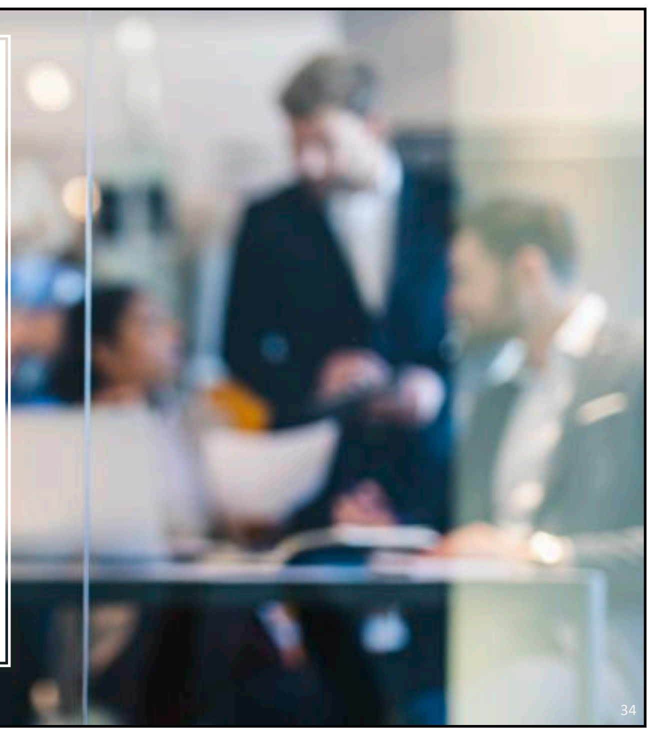
The Results



The Solution

- Interactive Selling Skills
- Target Group: Sales Associates in Electronics
- Vendor Produced and Delivered
- 3 Days (2 Days Plus 1 Day)
- Significant Use of Skill Practices
- 3 Groups Trained (48 Participants from 3 Stores)

Level 1 – Selected Data

Success with Objectives	4.3
Relevance of Material	4.4
Usefulness of Program	4.5
Exercises/Skill Practices	3.9
Overall Instructor Rating	4.1
Target 4.0 / 5.0	

Level 2 – Selected Data

All participants demonstrated that they could use the skills successfully.

Level 3 – Selected Data

	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
I utilize the skills taught in the program.	**78%**	**22%**	**0%**	**0%**	**0%**
	With Each Customer	**Every Third Customer**	**Several Times Each Day**	**At Least Once Daily**	**At Least Once Weekly**
Frequency of use of skills	**52%**	**26%**	**18%**	**4%**	**0%**

Target:
100% of participants report use of skills
50% of participants report skills used with every customer

Level 4 – Average Weekly Sales

Weeks After Training	Trained Groups	Control Groups
1	$9,723	**$9,698**
2	$9,978	$9,720
3	**$10,424**	**$9,812**
13	**$13,960**	**$11,572**
14	**$11,491**	**$9,683**
15	**$11,044**	**$10,092**
Average for Weeks 13,14,15	**$12,075**	**$10,449**

Annualized Program Benefits

Average Weekly Sales per Employee — Trained Groups	$12,075
Average Weekly Sales per Employee — Untrained Groups	$10,449
Increase in sales	$1,626
Profit Contribution is 2% of Store Sales ($1626 x .02)	$32.50
Total Weekly Improvement ($32.50 x 46 participants)	$1,495
Total Annual Benefits ($1,495 x 48 Weeks)	**$71,760**

Cost Summary

Facilitation Fees: 3 courses @ $3750	$11,250
Program Materials: 48 @ $35/participant	$1,680
Meals/Refreshments: 3 days @ $28/participant	$4,032
Facilities: 9 days @ $120	$1,080
Participant Salaries Plus Benefits (35% factor)	$12,442
Coordination/Evaluation	$2,500
Total Costs =	**$32,984**

What is ROI?

$$\text{BCR} = \frac{\text{Project benefits}}{\text{Project costs}}$$

$$\text{ROI} = \frac{\text{Project benefits} - \text{Project costs}}{\text{Project costs}} \times 100$$

Benefit-Cost Ratio and Return on Investment

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$$ROI = \frac{\$71{,}760 - \$32{,}984}{\$32{,}984} \times 100$$

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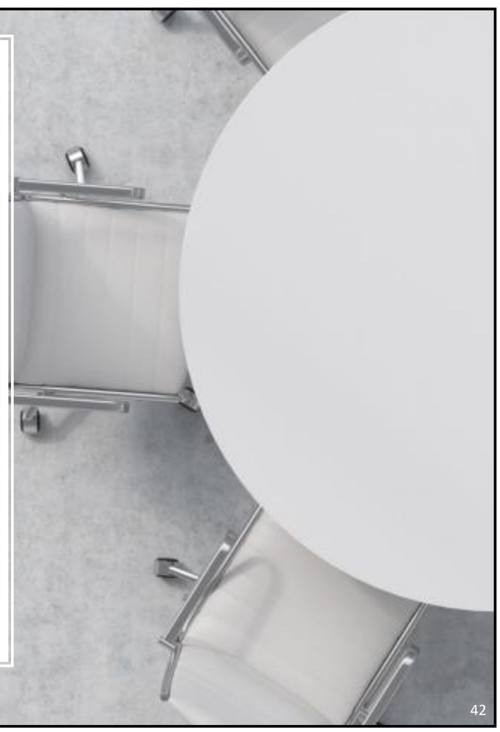
The Payoff

- Justify/defend budgets.
- Align projects to business needs.
- Show contributions of selected projects.
- Earn respect of senior management/administrators.
- Build staff morale.
- Improve support for projects.
- Enhance design and implementation processes.
- Identify inefficient projects to redesign or eliminate.
- 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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Scan the QR code or [click this link] to access resources from today's session, including a copy of our book *Measuring the Success of Sales Training.*

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Next Steps

- Schedule a meeting with an ROI team leader.
- Register for ROI Boot Camp or ROI Certification.
- Leverage ROI Institute's expertise through our consulting or coaching services.
- Share information I learned with a colleague.
- Review the materials from today’s session.

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ROI Learning Center

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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.

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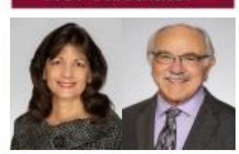
- Level 1 Reaction
- Level 2 Learning
- Level 3 Application
- Level 4 Impact
- Level 5 ROI
- ROI Calculator



Patti Phillips, Ph.D. CEO, ROI Institute — Jack Phillips, Ph.D. Chairman, ROI Institute

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Need an ROI study on an important program or project?

ROI Certification is the Solution!

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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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