



1



2

Objectives

After attending this workshop, you should be able to:

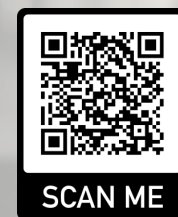
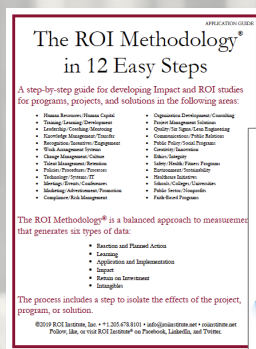
- Explain the need for an improved logic model.
- Identify the key characteristics of the ROI Methodology.
- List the advantages of using the ROI Methodology.
- Describe different applications of the ROI Methodology.

Workbook Page 1

3

3

Resources



4



A Variety of ROI Applications
The Possibilities are Endless...

What do you see in common with the examples?
What is driving this level of accountability for these programs?

Workbook Page 1

5

The slide features a background image of a long, straight road stretching into the distance under a cloudy sky. Two circular inset images are positioned on the right side. The top inset shows a woman with curly hair, wearing a red patterned top, speaking into a microphone with her hand raised, set against a background of a line graph. The bottom inset shows a woman in a dark blazer pointing at a bar chart on a whiteboard, with two other people seated at a table in the foreground, looking at the presentation.

5



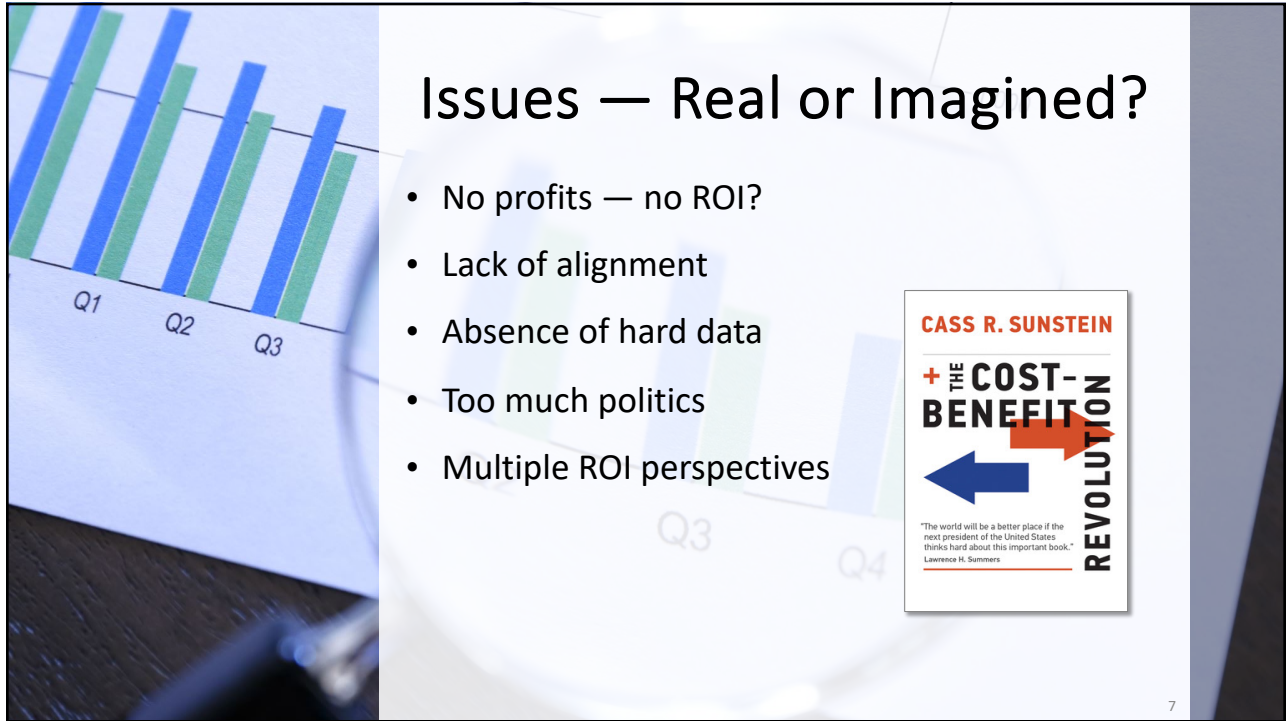
Pressures Facing the Public Sector Today

- Budget constraints
- Need to do more with less
- Need process improvements (effectiveness and efficiency)
- Need to show value of programs
- Need for public accountability and transparency

6

The slide has a dark grey background. On the right side, there is a large circular inset image showing a blurred view of a meeting room with several people seated at tables, facing a whiteboard. The text is in white, and the list of pressures is bulleted.

6

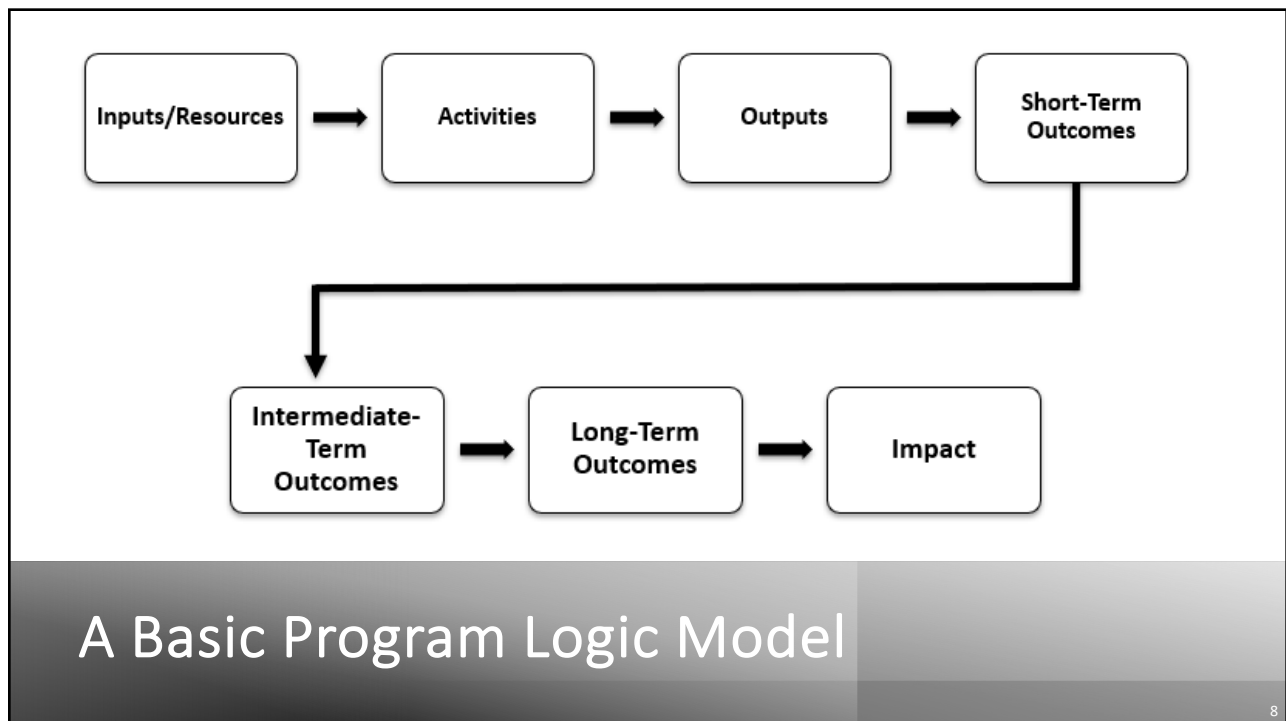


Issues — Real or Imagined?

- No profits — no ROI?
- Lack of alignment
- Absence of hard data
- Too much politics
- Multiple ROI perspectives

CASS R. SUNSTEIN
+ THE COST-BENEFIT REVOLUTION
 "The world will be a better place if the next president of the United States thinks hard about this important book."
 Lawrence H. Summers

7



8

Concerns about Current Models

- Lack of focus on benefit-cost analysis
- Lack of emphasis on attribution
- Inability to “show the money”
- Not CEO- and CFO-friendly
- Lack of focus on process improvement
- The inability to influence investment



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What is ROI?

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

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



Workbook Page 4

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Benefit-Cost Ratio and Return on Investment

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

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



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Applications of the ROI Methodology

- Publicly traded businesses
- Privately held businesses
- Governments (federal, state, and local)
- Nongovernment organizations
- Nonprofits
- Universities
- Community colleges and technical institutes
- K-12 school systems
- Foundations
- Charities
- Healthcare organizations
- Networks and alliances
- Associations
- Religious organizations

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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 30 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 can you do to make ROI part
of your story?

Modify or adjust your current model—
don't discard it!

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The Value Chain — The Framework

	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%
Executives prefer	3	Application	Use of content, Frequency of use, Success with use, Barriers, Enablers	30%
	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.

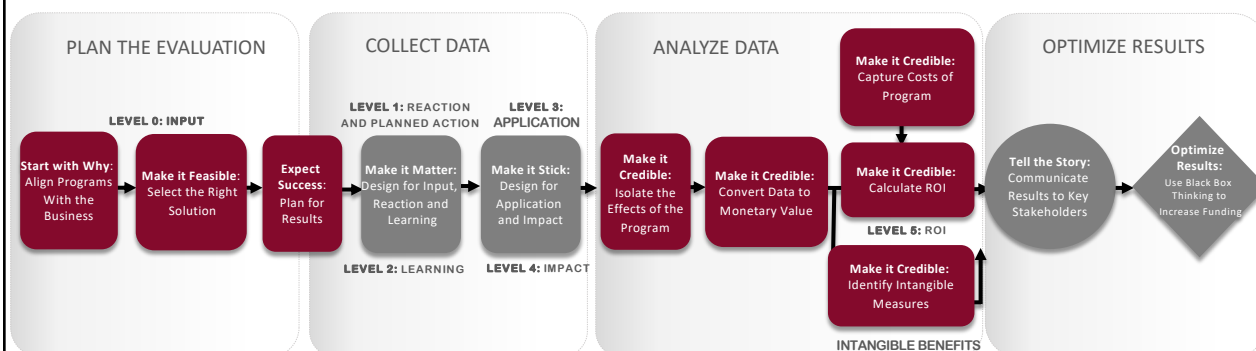
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The ROI Methodology Process Model

Designing for the Delivery of Business Results



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Twelve Guiding Principles of ROI

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Benefits of This Approach

- Align program with business measures.
- Validate the program's value proposition.
- Improve the program.
- Enhance the image of the organization.
- Enhance respect for the organization.
- Improve support for the program.
- Justify or enhance funding.
- Build productive partnerships.



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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

What is your status?

Measurement Targets

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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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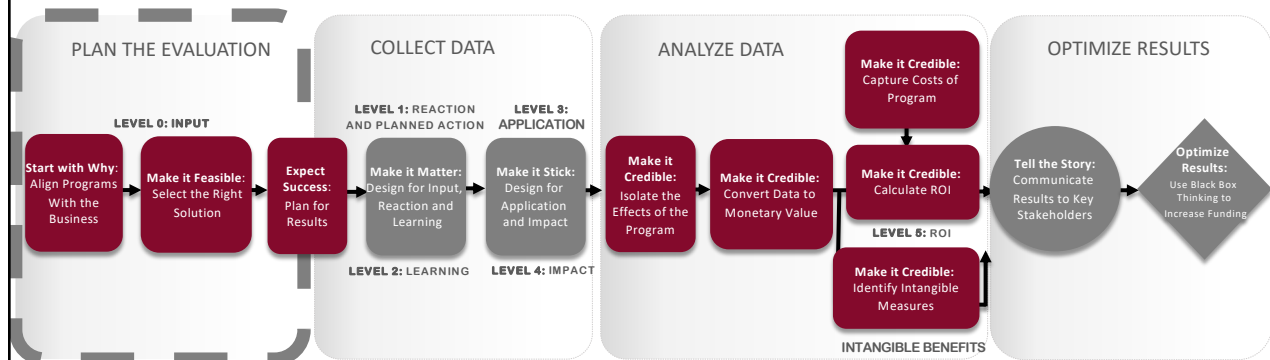
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Start with Why

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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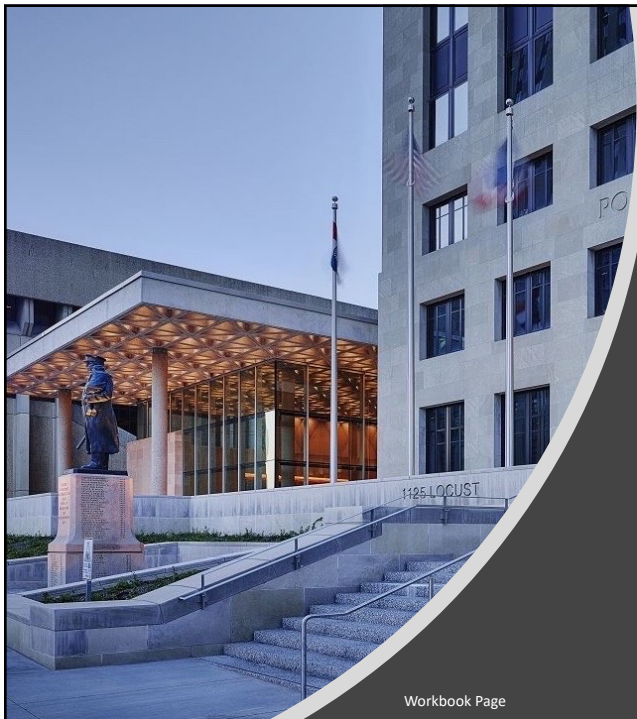
Scotland Yard

1. Is this a typical situation?
2. What went wrong with this program?
3. Is the leadership development provider partially responsible? Explain.
4. What should have been the approach?



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Workbook Page

Kansas City SWAT Team

1. Is it possible to “start with why” (the business measure) with every project? Explain.
2. What are the business measures for your project?

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Make It Feasible

Select the Right Solution

Design Thinking Principle 2

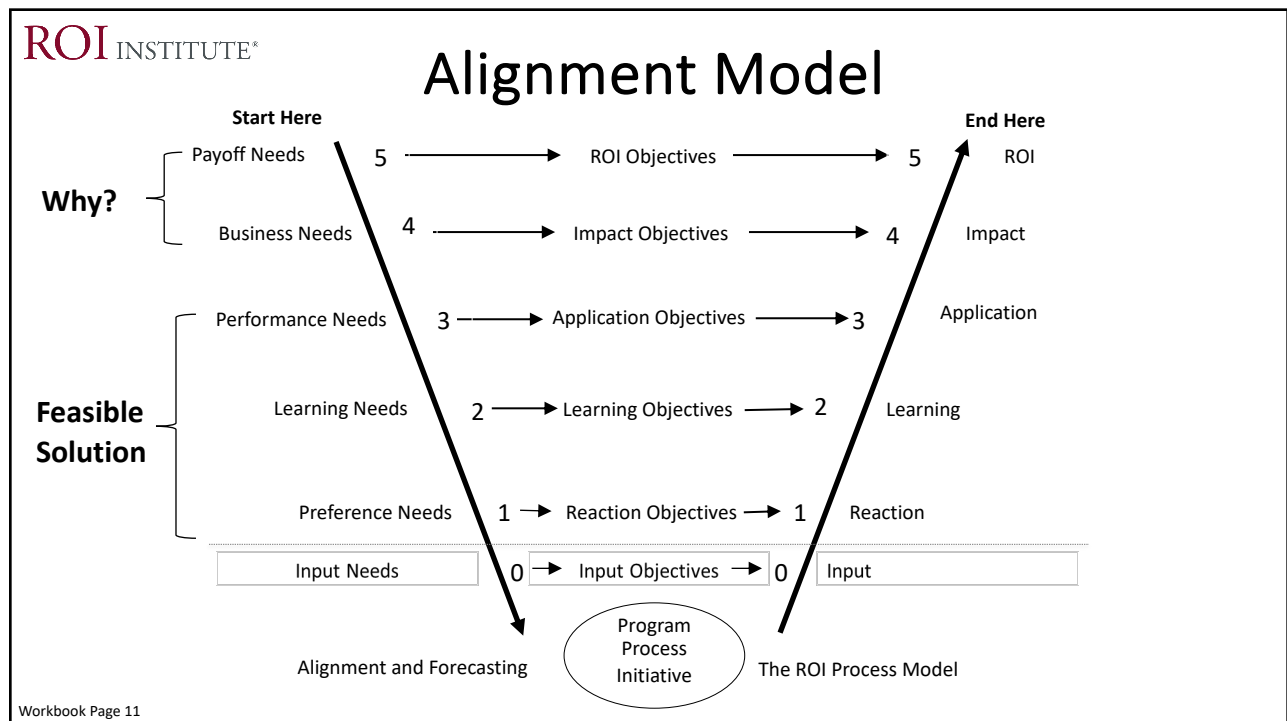
A mind-set for curiosity and inquiry

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



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Finding 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.
8. Conduct an analysis.

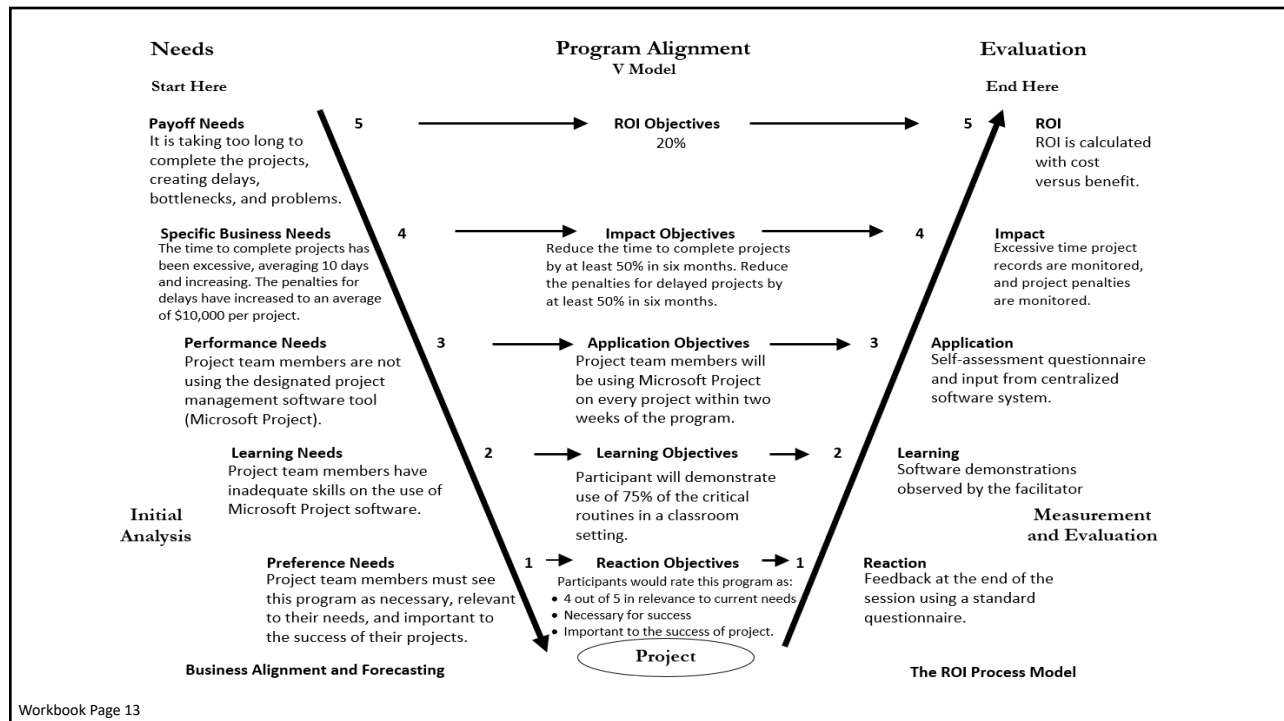
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Who's ROI?

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Create a Green Organization OPCW -Sample-				
Level	Needs	Objectives	Evaluation	Level
5	- Help protect the environment - Save costs	ROI target of 10%	Project benefits compared to costs	5
4	- Reduce carbon emissions - High energy costs - Rising costs of operations	- Reduce carbon emission by ____ - Reduce energy costs by ____ - Reduce materials/supplies by ____	Organization records	4
3	- Not recycling materials - Need to change consumption habits - Need to use less materials and supplies - Not making environmentally friendly choices	- Six months after the project begins, employees will: - Recycle in eight categories - Alter consumption patterns - Reduce usage, conserve - Use environmentally friendly supplies	- Self-assessment questionnaire - Recycle records - Records of purchasing eco-friendly products	3
2	- How actions effect the environment - Specific green methods - Environmental issues	- All employees will learn: - Environmental issues - Specific green actions they can take - How to make eco-friendly choices	- Self-assessment questionnaire - Environment Quiz	2
1	Employees must see project as necessary, important, relevant feasible	- Program receives favorable rating of 4 out of 5 on: - Necessary to OPCW - Relevance to OPCW - Importance of adhering concepts in support of public good	Reaction questionnaire administered to all project participants	1

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Farmer Production Program WFP -Sample-				
Level	Needs	Objectives	Evaluation	Level
5	Country must produce food for citizens	Break-even (BCR = 1:1)	Program benefits compared to program costs	5
4	- Farmer profits are negative - Food produced is not to WFP standards - Food not purchased by WFP	- Farmer profit at ____ ____% of food meets WFP standards - WFP purchase ____% of production	- Farm records - WFP records	4
3	- Efficient farming methods not used - Standards not followed - Land not properly utilized	- Farmers will: - Follow standards - Utilize land resources - Sell food to WFP	- Interviews - Action plans - Questionnaires	3
2	- Operations - Equipment - Finance/accounting - Management - Technology	- Farmers will demonstrate their knowledge of: - Operations - Equipment utilization - Finance/accounting principles - Operations management - Technology	- Simple quiz - Checklists - Demonstrations	2
1	- Farmers must see program as: - Feasible - Important to their survival - Relevant to their work - Something they will use	- Program receives favorable rating of 4 out of 5 on feasibility, importance, relevance and usefulness - Farmers commit to follow processes	Reaction questionnaire administered to farmers	1

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Police Project (Malaysia)				
UN Security				
-Sample-				
Level	Objectives		Evaluation	Level
5	Police officers are causing problems	Break-even (BCR = 1:1)	Program benefits compared to program costs	5
4	- Crime is too high in four categories - Citizen complaints about police is excessive	- In one year: - Crime in four categories will be reduced by ____ - Citizen complaints about police officers with be reduced by ____	- City records - Country records	4
3	- Not following procedures - Rule of law not followed - Conflicts not resolved properly - Actions inconsistent	- Police officers will: - Follow procedures - Enforce laws consistently - Resolve conflicts	- Observation - Questionnaire	3
2	- Legal procedures - Rule of law - Conflict resolution - Communication	- Police officers will demonstrate knowledge of: - Legal procedures - Rule of law - Conflict resolution - Communication	- Role plays - Demonstrations - Simple quiz - Self-assessment	2
1	- Police officers must see this program as: - Necessary - Helpful - Relevant - Important to their success	- Program receives favorable rating of 4 out of 5 on the following measures: - Necessary - Helpful - Relevant - Important to their success	Reaction questionnaire administered to police officers	1

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Workbook Page 16

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Recidivism Program

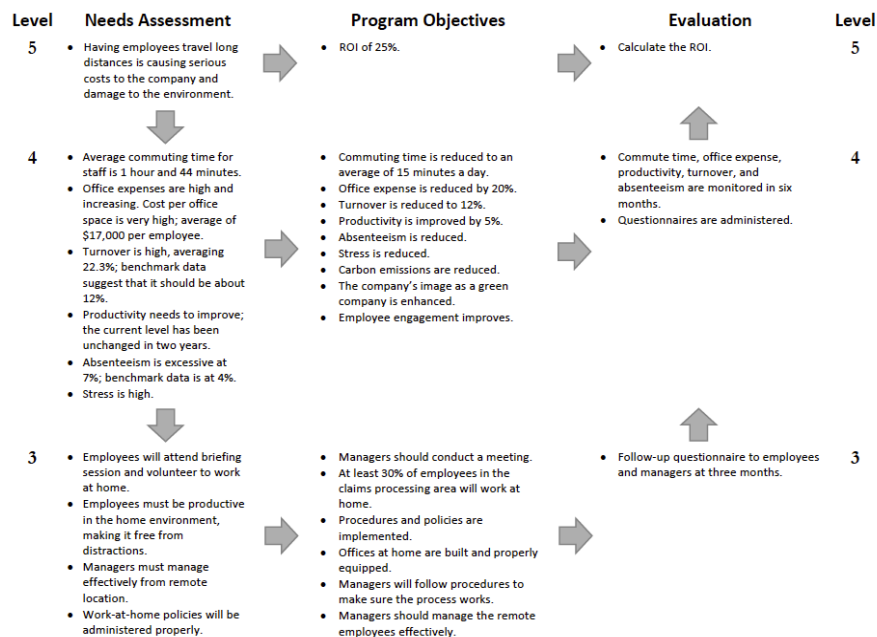
- Sample -

Level	Needs	Objectives	Evaluation	Level
5	Cost of housing repeat offenders is \$102,306,520. Of that amount \$17,179,441 is dedicated to repeat drug related offenses.¹	1:1 BCR or 0% ROI	- Program costs compared to monetary benefits of program. - Monetary benefit determined by costs savings of housing repeat offenders.	5
4	Reduce recidivism of drug related offenders	- Reduce # of re-arrests - Reduce # of convictions - Increase time period of re-arrests or reconviction	- Monitor performance of measures - Compare to group not participating in program	4
3	Offenders continue to engage in drug-related crimes after incarceration.	- Engage in treatment early in process - Attend treatment sessions - Appear in status hearings - Eliminate drug use - Identify barriers to participating in program	- Monitor performance records - Self-report via questionnaire	3
2	- Offenders do not take seriously the need to change - Offenders do not fully understand the continued consequence of their ongoing behavior - Offenders do not know of a support system that will assist them in modifying their behavior	- Upon introduction to the drug court program: - Offenders understand costs and benefits of participation in the program - Offenders understand program process and the requirements they must meet - Offenders understand the consequences of their not participating in the program	Verbal acknowledgement obtained by judge and parole officer	2
1	Drug Court Program	- Offenders recognize the program as relevant and important to their future success - Offenders commit to participation	Verbal acknowledgement obtained by judge and parole officer	1

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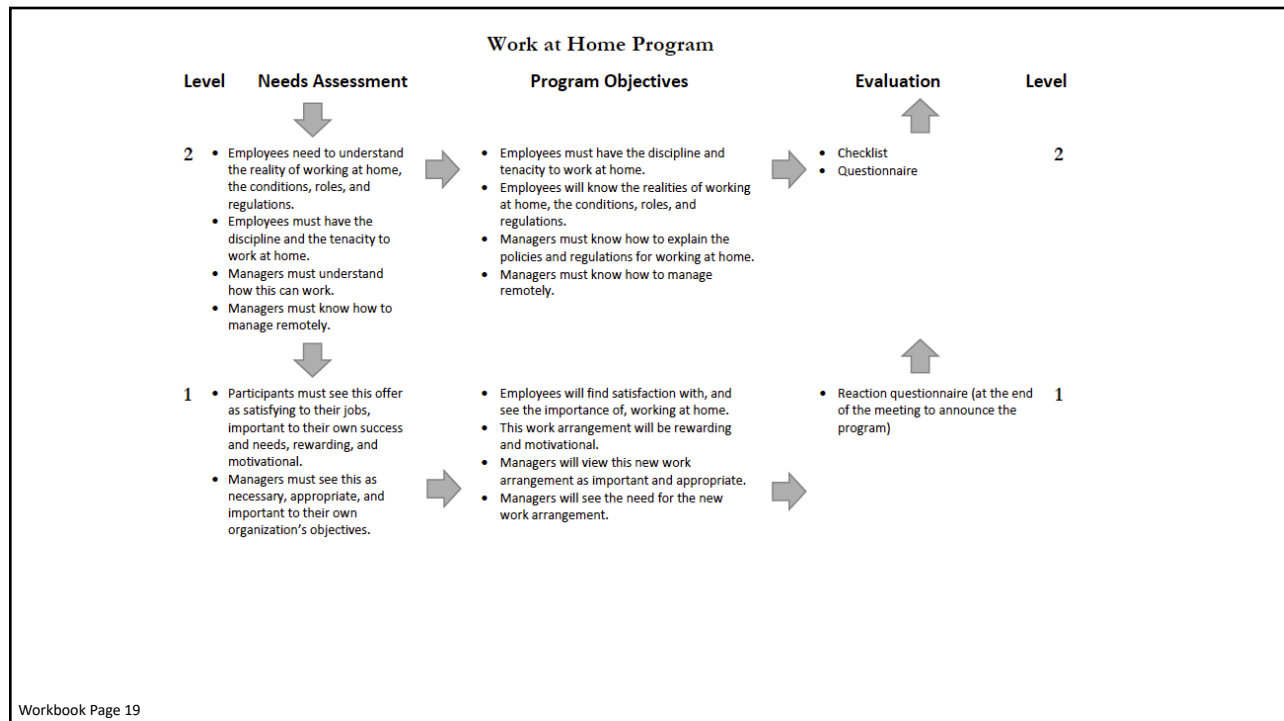
35

Work at Home Program

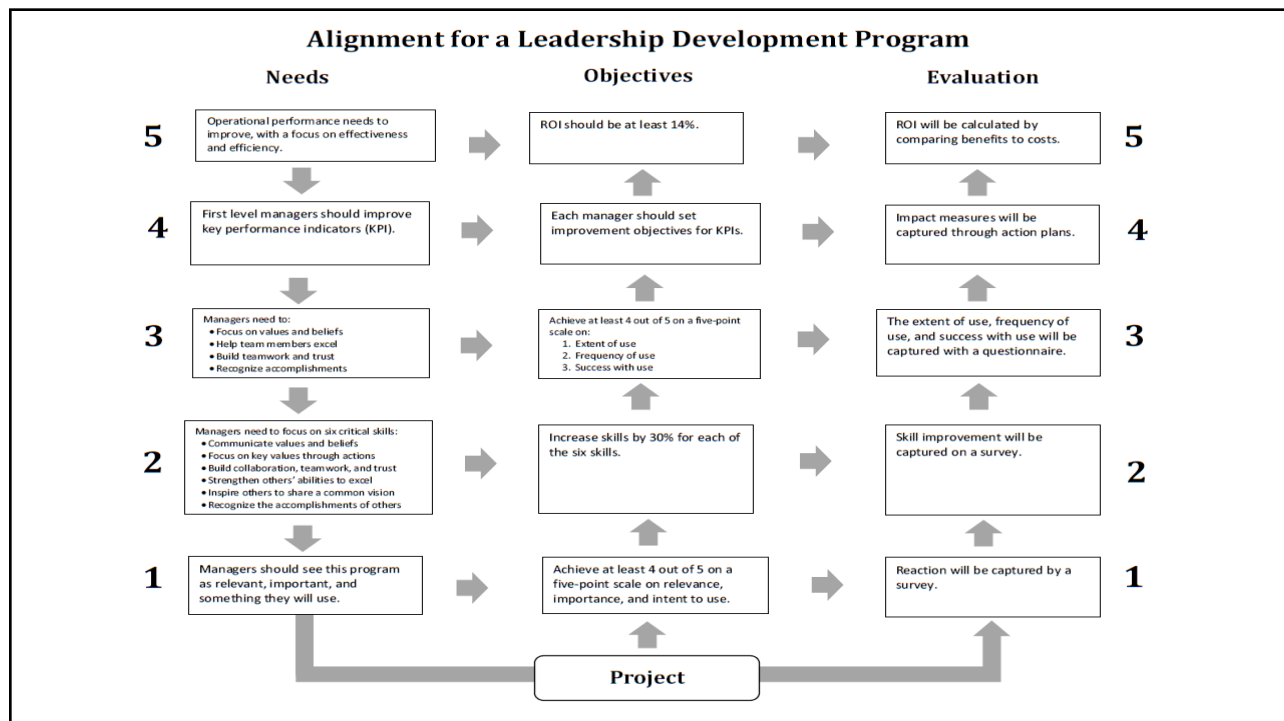


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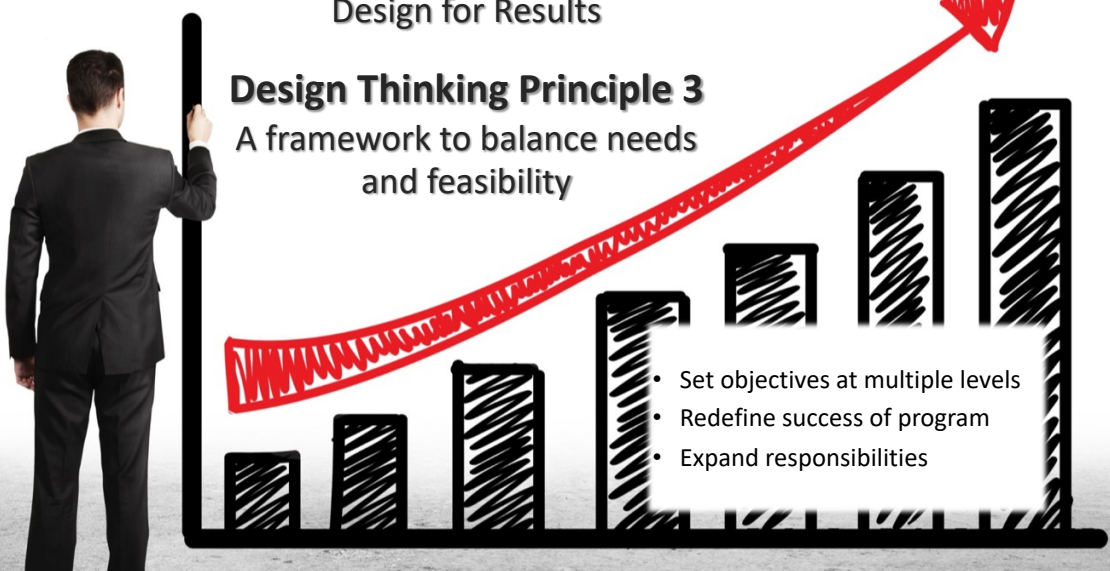
38

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

40

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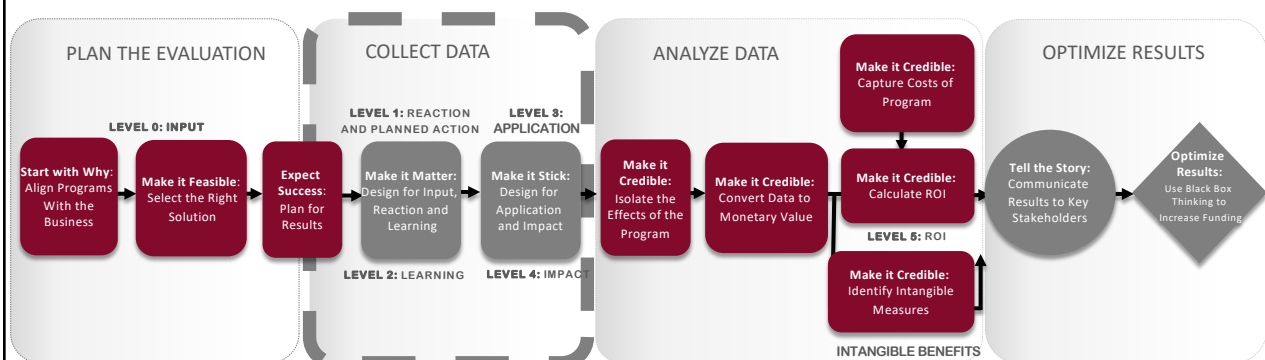
Rules for Objectives

1. Must be measurable and represent minimum acceptable performance.
2. Fewer objectives are better than many objectives.
3. Involve subject-matter experts and key stakeholders.
4. Keep them relevant to the situation, program, and key stakeholders.
5. Create stretch objectives, but make sure they are achievable.
6. Allow for the flexibility to change as conditions change.
7. Failure is OK; process improvement is the key.
8. Objectives are tools for progress, not weapons for performance review.
9. Most objectives should be time-bound.
10. Objectives provide the focus for design, development, implementation, and evaluation.

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The ROI Methodology Process Model

Designing for the Delivery of Business Results

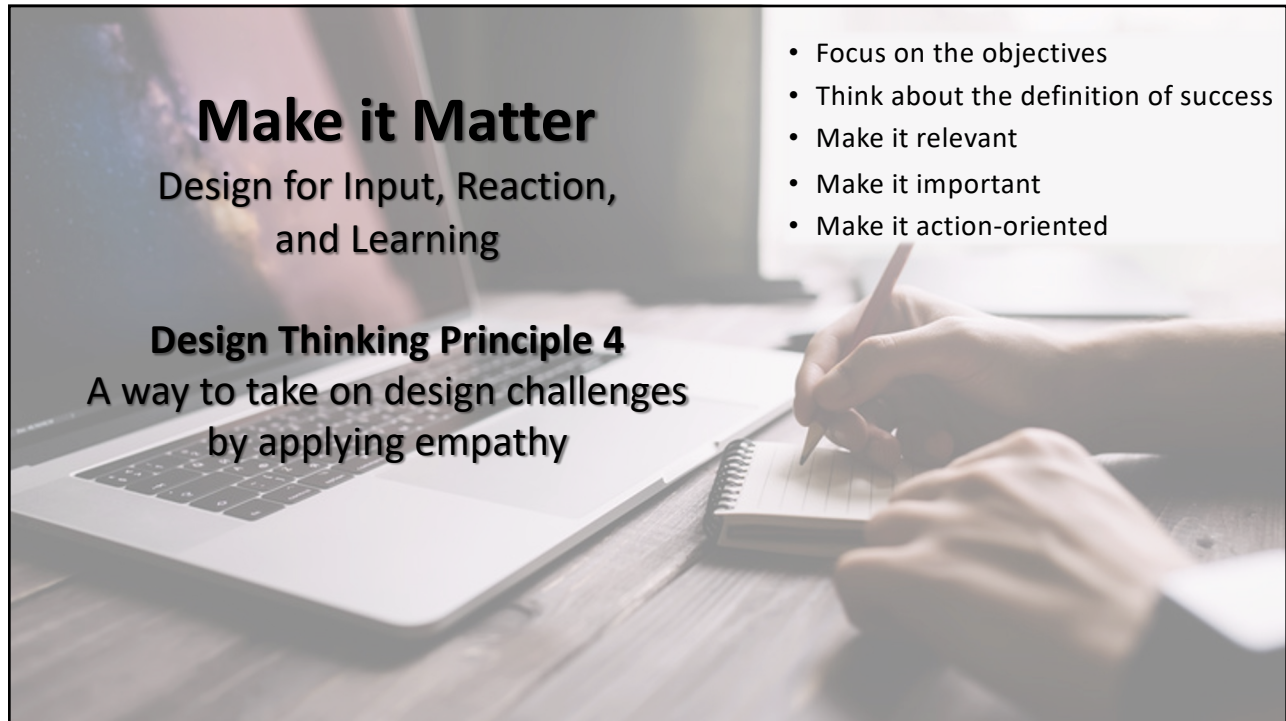


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Make it Matter

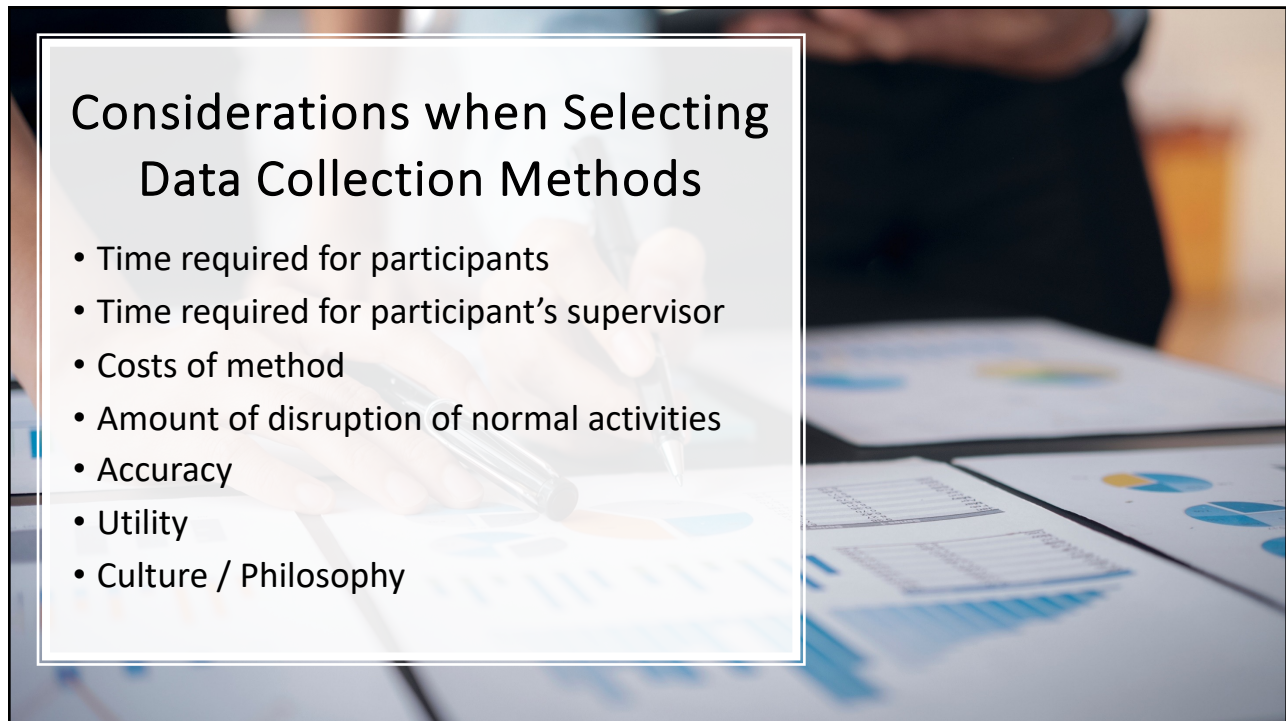
Design for Input, Reaction,
and Learning

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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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

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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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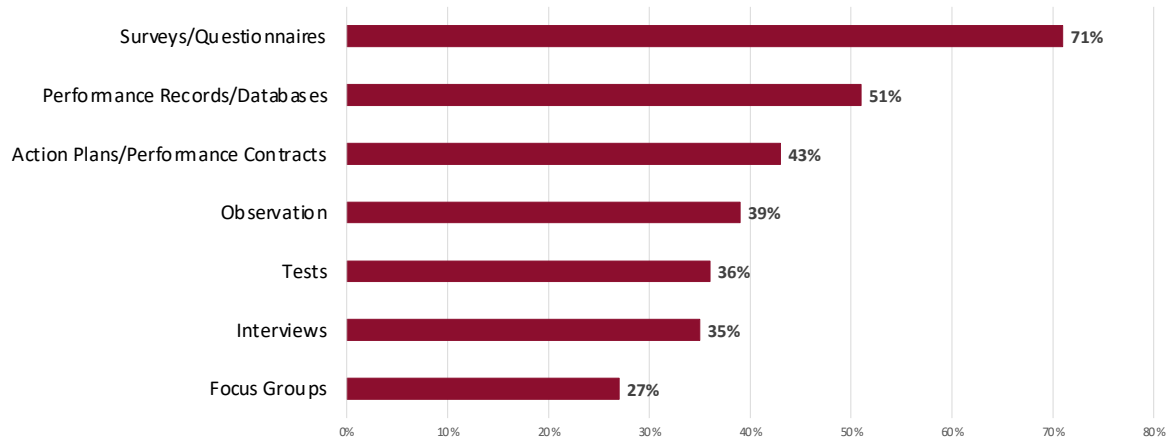
Collect Data During and After the Program

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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Data Collection Methods



*Survey of Users, N = 246

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Timing of Follow-up

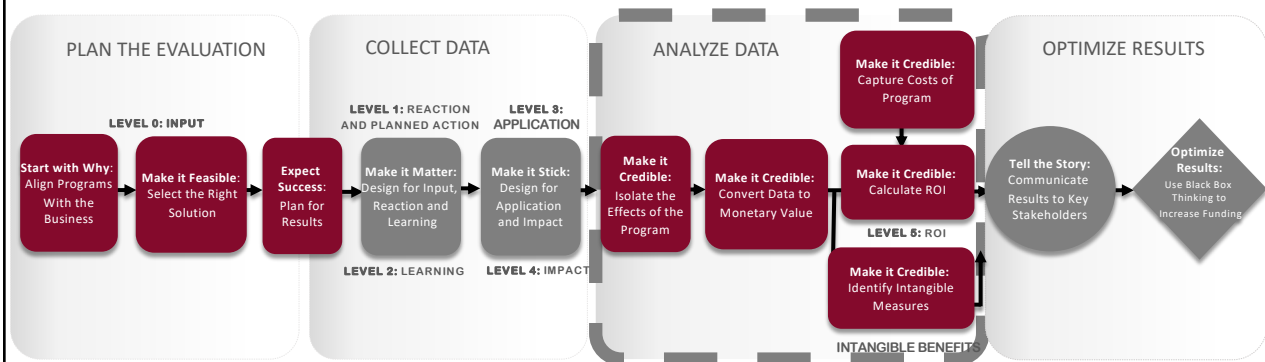
- Availability of Data
- Ideal Time for Application (Level 3)
- Ideal Time for Business Impact (Level 4)
- Convenience of Collection
- Constraints on Collection

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Make it Credible

Measure Results and Calculate ROI

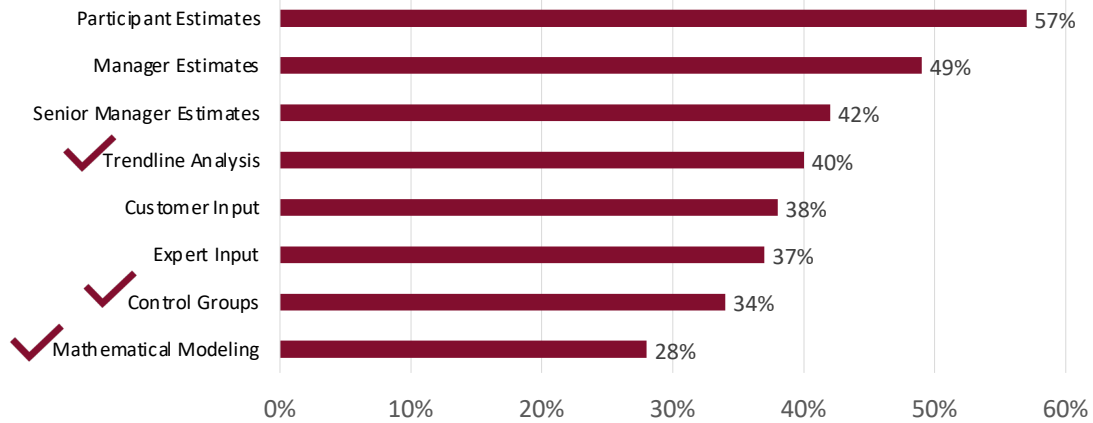
Design Thinking Principle 6

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

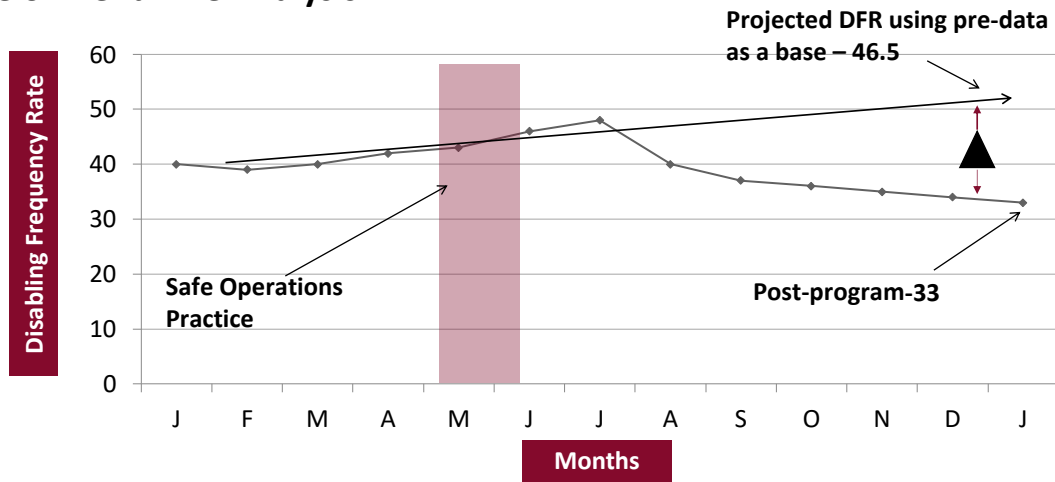


*Survey of Users, N = 246

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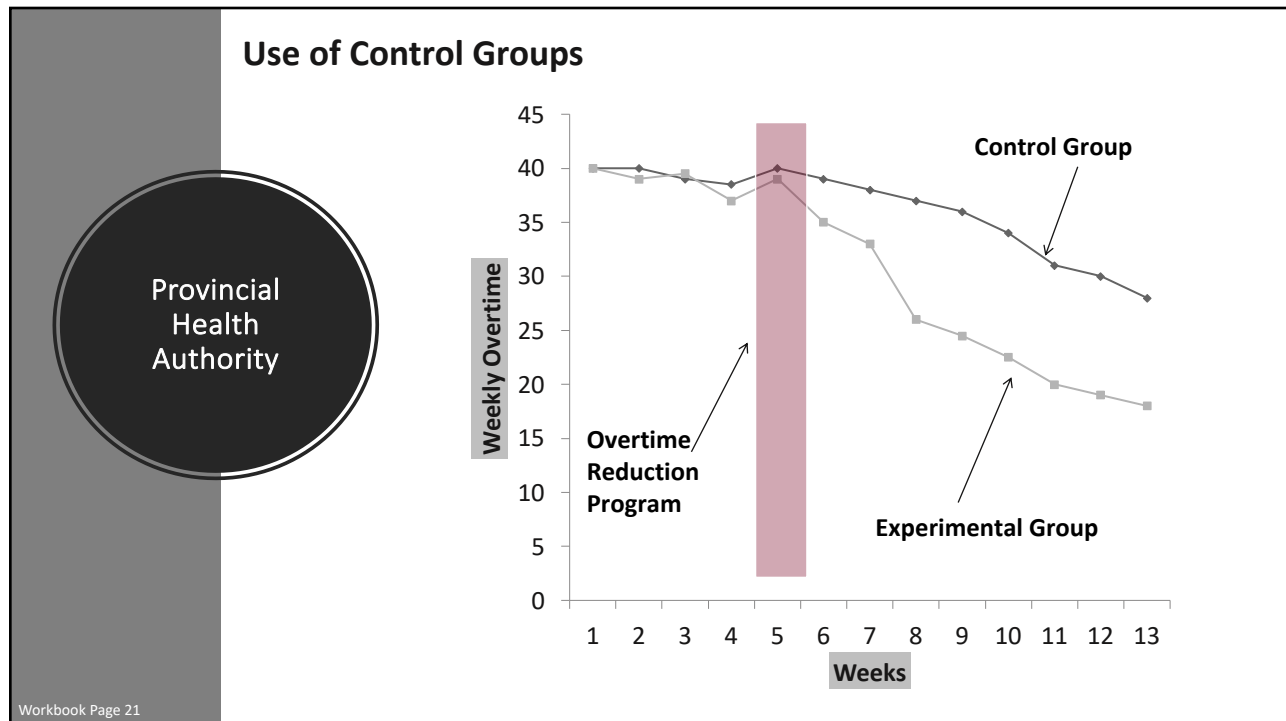
Case Application: Muskoka Hospital

Use of Trend Line Analysis

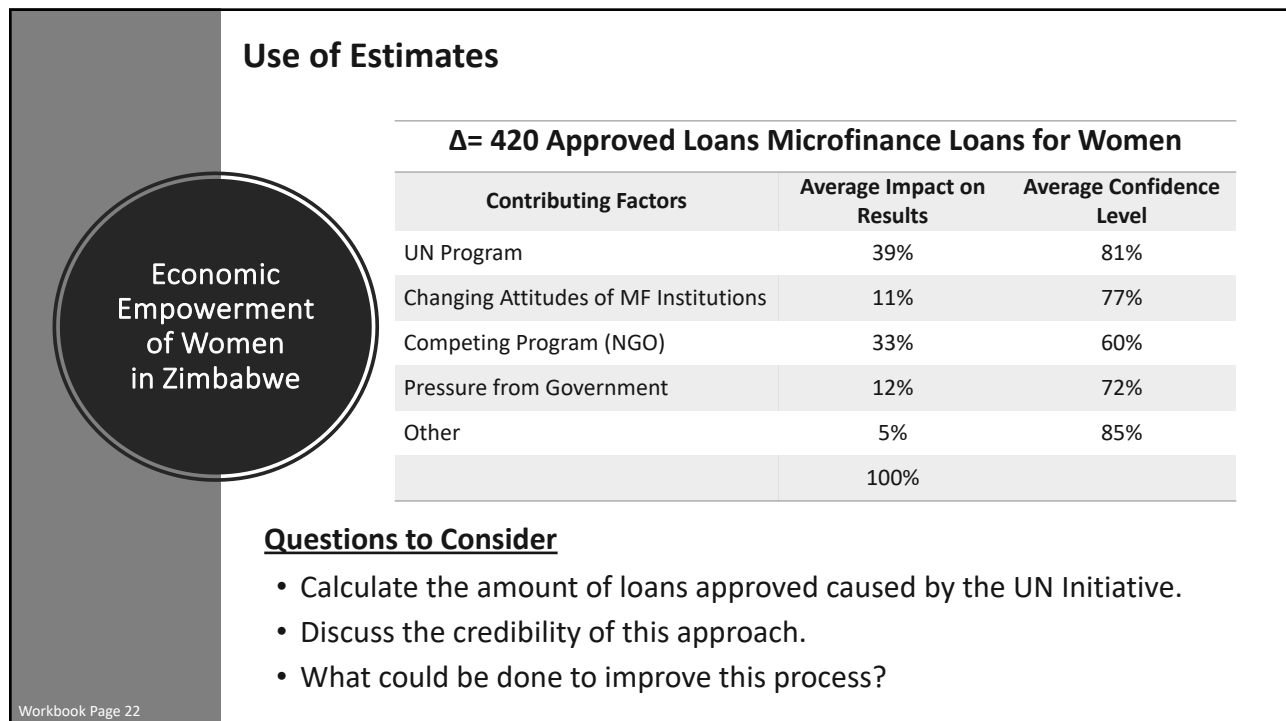


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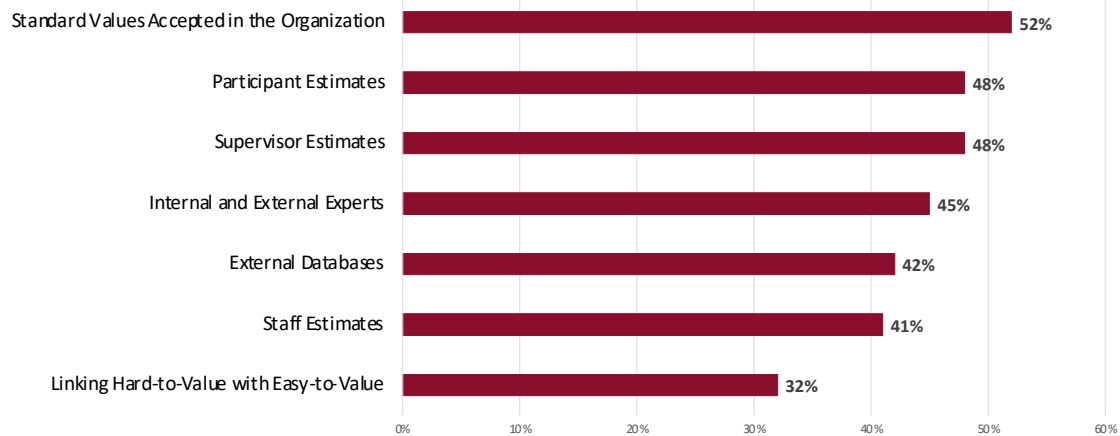


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Data Conversion Methods



*Survey of Users, N = 246

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Five Steps to Convert a Measure to Money

Calculate the annual monetary value of improvement in service complaints.

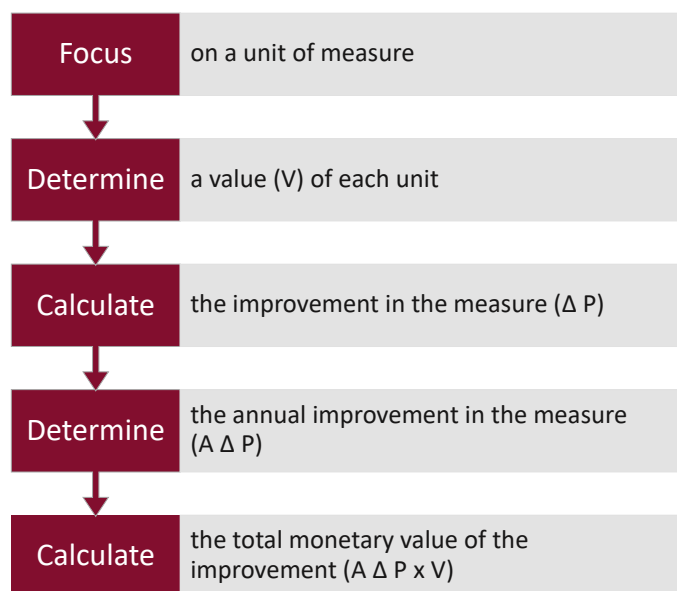
Step 1: 1 Complaint

Step 2: $V = \$700$

Step 3: ΔP = Reduction of seven complaints per month due to the program

Step 4: $A \Delta P =$

Step 5: $A \Delta P \times V =$



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Global Bank



1. Was the calculation necessary? Worth it? Explain.
2. How can this value be used in the future? Explain.
3. Should this be left as an intangible? Explain.

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Common Intangibles

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> • Agility • Ambiguity • Alliances • Awards • Brand • Burnout • Capability • Capacity • Carbon emissions • Clarity • Collaboration • Communication • Compassion • Complexity • Compliance • Conflict • Corporate social responsibility | <ul style="list-style-type: none"> • Creativity • Culture • Customer service • Decisiveness • Emotional intelligence • Employee attitudes • Engagement • Food security • Grit • Happiness • Human Life • Image • Intellectual capital • Job satisfaction • Leadership effectiveness • Loyalty • Mindfulness | <ul style="list-style-type: none"> • Mindset • Net promoter score • Networking • Organizational commitment • Partnering • Patient satisfaction • Poverty • Reputation • Risk • Social Capital • Stress • Sustainability • Team effectiveness • Timeliness • Trust • Uncertainty • Volatility • Work/life balance |
|---|--|--|

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Can Happiness be Converted to Money?

1. Should happiness be converted to money? Explain.
2. When should you stop this conversion process?

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Project Cost Categories

Tabulating Program Costs Recommended Items

Cost Item	Prorated	Expensed
Initial analysis and assessment	✓	
Development of solutions	✓	
Acquisition of solutions	✓	
Implementation and application		
Salaries/benefits for program team time		✓
Salaries/benefits for coordination time		✓
Salaries/benefits for participant time (if appropriate)		✓
Program materials		✓
Hardware/software	✓	
Travel/lodging/meals		✓
Use of facilities		✓
Capital expenditures	✓	
Maintenance and monitoring		✓
Administrative support and overhead	✓	
Evaluation and reporting		✓

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Example: Crime Prevention Program

Presented to Community: Designed to reduce burglaries

1. Unit of Measure: 1 burglary
2. $V = \$13,096$ (RAND Corporation)
3. $\Delta P = 3$ per month
4. $A\Delta P =$
5. $A\Delta P \times V =$

Assume anticipated blended learning program cost: \$239,700.

What is the ROI?

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What is ROI?

$$\text{BCR} = \frac{\$471,456}{\$239,700} =$$

$$\text{ROI} = \frac{\$471,456 - \$239,700}{\$239,700} \times 100 =$$

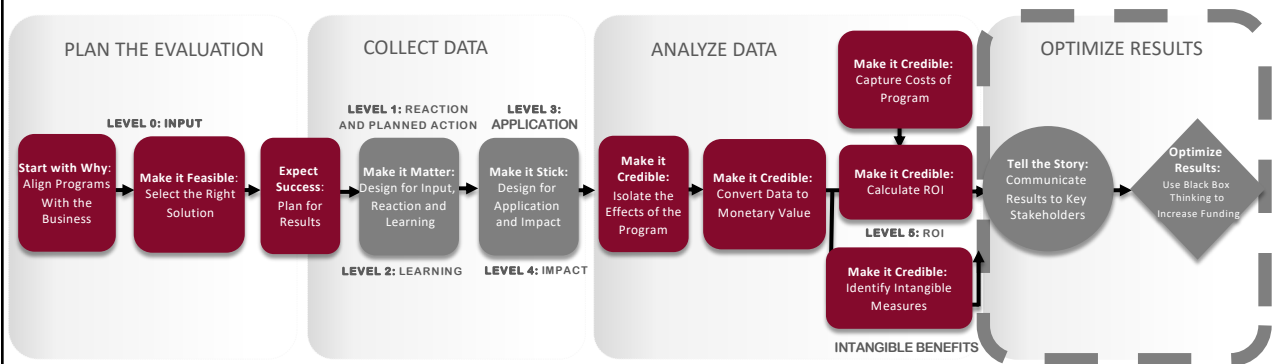


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Tell the Story
Communicate Results to Key Stakeholders

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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Methods of Communication

- Meetings
 - Executives
 - Management
 - Stakeholders
 - Staff
- Detailed Reports
 - Impact study
 - Case study (internal)
 - Case study (external)
 - Major articles
- Brief Reports
 - Executive summary
 - Slide overview
 - One-page summary
 - Brochure
- Electronic reporting
 - Website
 - Email
 - Blog/Social media
 - Video
- Mass Publications
 - Announcements
 - Bulletins
 - Newsletters
 - Brief articles
 - Press releases

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Presentation Sequence

1. Describe the program and explain why it is being evaluated.
2. Present the methodology process.
3. Present the reaction and learning data.
4. Present the application data.
5. List the barriers and enablers to success.
6. Address the business impact (with isolation and conversion to money).
7. Show the costs.
8. Present the ROI.
9. Show the intangibles.
10. Review the credibility of the data.
11. Summarize the conclusions.
12. Present the recommendations.

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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 → **OPTIMIZATION** → **ALLOCATION**
Measure → **Improve** → **Fund**

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Costs versus Investment Perception: The Reality

	Perception	Actions	Consequences
Executive Perception of Programs	It's a cost	- Control it - Reduce it - Eliminate it	- Partnerships are rare - Influence diminishes - Support is lost - Funding is curtailed
	It's an investment	- Maintain it - Enhance it - Protect it	- Business partnerships flourish - Client relationships improve - A seat at the table is earned - Funding is easier

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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 ME

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

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