atd CORE4

NEW ORLEANS
OCT 24–25, 2022

SESSION: Demonstrating the Impact and ROI of Learning & Talent Development

SPEAKER: Patti P. Phillips, Ph.D.
CEO, ROI Institute, Inc.

Objectives

After attending this session, participants should be able to:

- Describe the framework used to demonstrate the value that matters, including ROI.

- Use the alignment model to position programs for success.

- Identify methods and techniques that make ROI work.

Resources

The Alignment Conversation — Tools to help you align HR investments to business needs

The ROI Methodology® in 12 Easy Steps — APPLICATION GUIDE

Value for Money — Measuring the Return on Non-Capital Investments — ROI Case Studies Volume I — Patricia Pulliam Phillips, PhD and Jack J. Phillips, PhD

VALUE FOR MONEY — HOW TO SHOW THE VALUE FOR MONEY for All Types of Projects and Programs In: Governments, Nongovernmental Organizations, Nonprofits and Businesses — Patricia Pulliam Phillips, Jack J. Phillips, Gina Paone, Cyndi Huff Gaudet

atdCORE4 — SAN ANTONIO, TX JULY 18–19, 2022 — SESSION: Demonstrating the Impact and ROI of Learning & Talent Development — SPEAKER: Patti P. Phillips, Ph.D. CEO, ROI Institute, Inc.

What is ROI?

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

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

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 act, Net Promoter Score
2. Learning	Measures changes in knowledge, skills, and attitudes	Skills, Knowledge, Capacity, Competencies, Confidence, Mindset, Contacts
3. Application & Implementation	Measures changes in behavior or actions	Extent of use, Task completion, Frequency of use, Actions completed, Behavior change, Success with use, Barriers to use, Enablers to use, Utility, Scrap
4. Impact	Measures changes in impact variables	Productivity, Revenue, Quality, Time, Efficiency, Customer Satisfaction, Patient Satisfaction, Employee Engagement, Talent Mobility, Innovation
5. Return on Investment	Compares project benefits to the costs	Benefit-Cost Ratio (BCR), ROI%, Payback Period

Katzell developed four steps of training evaluation; Kirkpatrick wrote about four steps of training evaluation; Phillips added economic theory and operationalized the framework by adding process and standards and applying it in practice in not only learning, but the broader HR community and beyond.

Alignment Model

ROI INSTITUTE®

Start Here

End Here

Payoff Needs	5	ROI Objectives	5	ROI
Business Needs	4	Impact Objectives	4	Impact
Performance Needs	3	Application Objectives	3	Application
Learning Needs	2	Learning Objectives	2	Learning
Preference Needs	1	Reaction Objectives	1	Reaction
Input Needs	0	Input Objectives	0	Input

Program Process Initiative

Alignment and Forecasting

The ROI Process Model

Matching Evaluation Levels with Objectives

After completing this program, participants should:

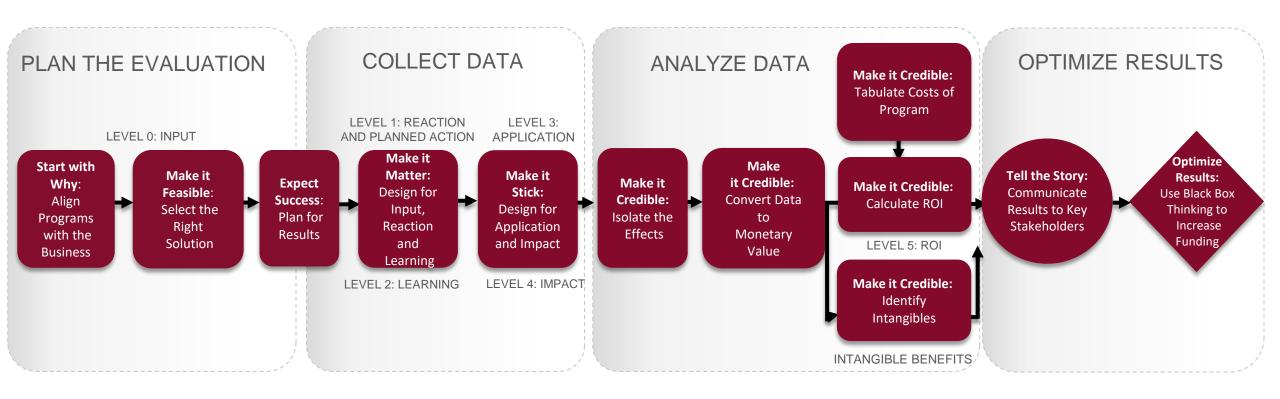|		
1.	Decrease citizen complaints by 20% in one year.	
2.	Use problem-solving skills to uncover product defect causes.	
3.	Be able to demonstrate the five steps to calm an upset customer.	
4.	Rate the facilitator 4 out of 5 on presentation skills.	
5.	Decrease the amount of time required to develop a proposal.	
6.	Achieve a 20% ROI one year after implementation of sales incentive system.	
7.	Perceive the content to be relevant their situation (4.5 out of 5).	
8.	Decrease security breaches by 25% in six months.	
9.	Conduct a proper investigation using the seven-step process in 95% of complaint situations.	
10.	Score an average of 75 or better on new strategy quiz.	
11.	Complete a disclosure form each year as part of the new ethics policy.	
12.	Use all 10 negotiation skills in at least 50% of negotiation situations.	

1 = Reaction   2 = Learning   3 = Application   4 = Impact   5 = ROI
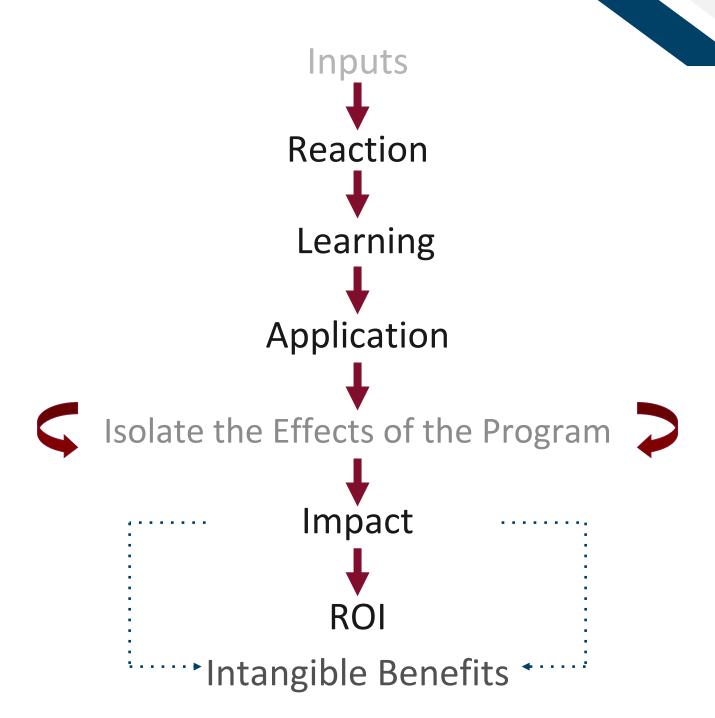
The ROI Methodology®

Designing for the Delivery of Business Results

PLAN THE EVALUATION

LEVEL 0: INPUT

Start with Why: Align Programs with the Business

Make it Feasible: Select the Right Solution

Expect Success: Plan for Results

COLLECT DATA

LEVEL 1: REACTION AND PLANNED ACTION

LEVEL 3: APPLICATION

Make it Matter: Design for Input, Reaction and Learning

Make it Stick: Design for Application and Impact

LEVEL 2: LEARNING

LEVEL 4: IMPACT

ANALYZE DATA

Make it Credible: Isolate the Effects

Make it Credible: Convert Data to Monetary Value

Make it Credible: Tabulate Costs of Program

Make it Credible: Calculate ROI

LEVEL 5: ROI

Make it Credible: Identify Intangibles

INTANGIBLE BENEFITS

OPTIMIZE RESULTS

Tell the Story: Communicate Results to Key Stakeholders

Optimize Results: Use Black Box Thinking to Increase Funding

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.

Inputs

↓

Reaction

↓

Learning

↓

Application

↓

Isolate the Effects of the Program

↓

Impact

↓

ROI

Intangible Benefits

Characteristics of Investments Suitable for Impact & ROI

Linkage of project to operational goals and issues

Importance of project to strategic objectives

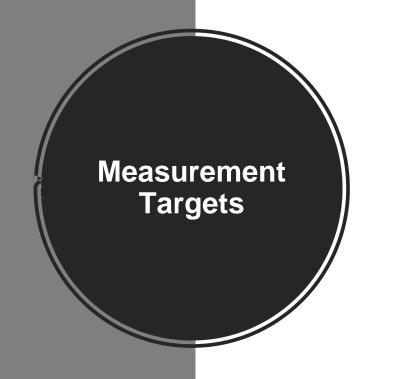Top administrator/executive interest in the evaluation

Cost of the project

Visibility of the project

Size of target audience

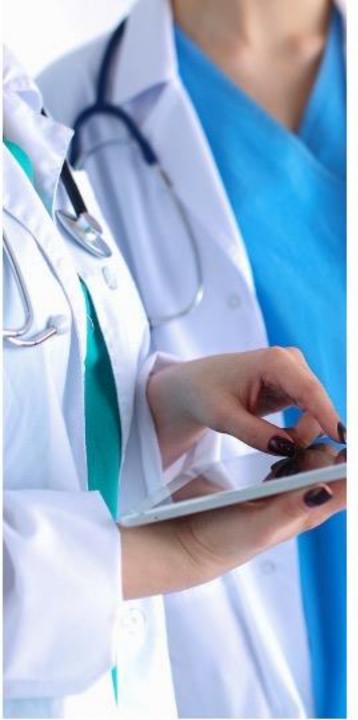Investment of time required

*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 per year

**Benchmarking 2020

Measurement Targets

Retail Merchandise

Healthcare, Inc.

Data Collection Techniques

- (L1) Questionnaire – end of program
- (L2) Knowledge Assessment; Skill Practice – during program
- (L3) Self Assessment Questionnaire – 6 months after program
- (L3) Employee Survey (25% Sample) – 6 months after program
- (L4) Complaint and Turnover Records – 12 months after program

Isolation Techniques

- Complaints – Trend Line Analysis
- Turnover – Forecasting

Data Conversion Techniques

- Complaints – Historical costs and input from experts (internal EEO/AA staff)
- Turnover – External studies within industry

Program Costs

- Fully loaded including needs assessment, development, coordination, salaries and benefits of initial meeting, and evaluation
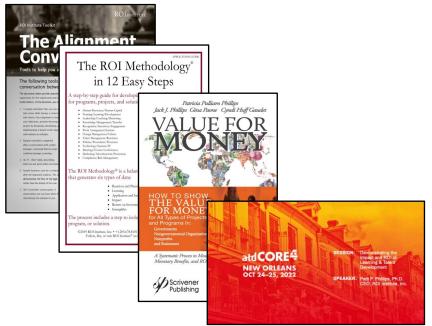- Total Costs: $277,987

Benefits (Isolated)

- **Complaints**
  - Value of one complaint: $24,343
  - Prevented over one year: 14.8
- **Turnover**
  - Value of one turnover statistic: $20,887
  - Prevented over one year: 136

Remember, when it comes to maximizing the value of consulting:

- Hope is not a strategy.

- Luck is not a factor.

- Doing nothing is not an option.

Change is inevitable. Progress is optional.

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

Questions?

Visit us online:
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Connect with Us

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- Fellow, ATD Certified Professional in Talent Development
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