

Measuring Impact and ROI

A Partnership Between the ROI Institute and
United Nations Systems Staff College

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ROI INSTITUTE™

Agenda

- Overview of the ROI Methodology
- Focus on the ROI in the Public Sector
- Benefits for the Learning Managers and their organizations
- Pay-off of the ROI in the UN context
- UNSSC-ROI Partnership
- Final Questions and Answers

The “New” Definition of Value

Value Must:

- Be balanced, with qualitative and quantitative data
- Contain financial and non-financial perspectives
- Reflect strategic and tactical issues
- Represent different time frames
- Satisfy all key stakeholders
- Be consistent in collection and analysis
- Be grounded in conservative standards
- Come from credible sources
- Reflect efficiency in its development
- Create a call for action

**What is Your Definition
of Value?**

Project or Program Value Chain

Level	Measurement Focus
0. Input	Measures input such as volume and efficiencies
1. Reaction & Planned Action	Measures participant reaction to the program and captures planned actions
2. Learning & Confidence	Measures changes in knowledge, skills, and attitudes
3. Application & Implementation	Measures and changes in on-the-job behavior or actions and progress with actions
4. Business Impact	Captures changes in business impact measures
5. ROI	Compares program benefits to program costs

Evaluating Learning Is More Than Telling A Story

Global Trends in Measurement and Evaluation

- Organizations are moving up the value chain in their evaluation strategies
- Investment is increasing to 3-5% of the budget
- Increase focus is driven by clients and sponsors
- ROI is the fastest growing metric

... and

Global Trends in Measurement and Evaluation

- Evaluation data is used to drive improvement and secure funding
- Evaluation is addressed early and often in the implementation cycle
- Processes are systematic and methodical, often designed into the delivery and implementation processes
- Technology is significantly enhancing processing

Evaluation Targets

Percent of Programs

Level	Current	Target	Suggested	Benchmarking*
1 Input			100%	100%
2 Reaction	_____	_____	90 – 100%	79%
3 Learning	_____	_____	40 – 60%	54%
4 Application (Behavior)	_____	_____	30 %	31%
5 Impact	_____	_____	10 – 20%	14.4%
6 Return on Investment	_____	_____	5 – 10%	4.3%

When Selecting Programs for Level 4 and 5 Evaluation, Consider the Following:

	Benchmarking*
• Life cycle of the program	14%
• Linkage of program to operational goals and issues	29%
• Importance of program to strategic objectives	50%
• Executive interest in the evaluation	48%
• Cost of the program	52%
• Visibility of the program	45%
• Size of target audience	6%
• Investment of time required	7%

Levels of Measurement - Examples

Level 0 Input and Indicators

- Number of projects
- Audiences
- Web site hits
- Request
- Attendance
- Costs
- Time to Deliver

Level 1 Reaction and Planned Action

- Relevance
- Importance
- Usefulness
- Appeal
- Emotion
- Brevity
- Uniqueness
- Concreteness
- New Information
- Motivation
- Appropriateness
- Intent to Use

Levels of Measurement - Examples

Level 2 Learning and Confidence

- Information
- Knowledge
- Understanding
- Capability
- Contacts
- Confidence
- Perceptions
- Skills

Level 3 Application and Implementation

- Use of Information
- Use of Knowledge
- Use of Skill
- Completion of Actions
- Completion of Tasks
- Implementation of Ideas
- Following the Policy
- Use of Procedure
- Use of Regulation
- Success with Application
- Barriers
- Enablers

Levels of Measurement - Examples

Level 4 Business Impact

- Productivity
 - Quality
 - Incidents
 - Efficiency
 - Compliance Discrepancies
 - Costs
 - Employee Engagement
 - Employee Retention
 - Intangible Measures
- includes a technique to isolate the effects of the communication project.

Level 5 Return on Investment

- ROI (%)
- Benefit Cost Ratio
- Payback Period

Levels of Measurement - Examples

0

1

2

3

4

5

Input

React

Learn

Apply

Impact

ROI

Shifting Paradigms

Activity Based

- No business need for the program
- No assessment of performance issues
- No specific measurable objectives
- No effort to prepare program participants to achieve results

Results Based

- Program linked to specific business
- Assessment of performance effectiveness
- Specific objectives for application & business impact
- Results expectations communicated to participants

... and

Shifting Paradigms

Activity Based

- No effort to prepare the work environment to support application
- No efforts to build partnerships with key managers
- No measurement of results or ROI analysis
- Planning and reporting is input focused

Results Based

- Environment prepared to support application
- Partnerships established with key managers and clients
- Measurement of results and ROI analysis
- Planning and reporting is outcome focused

The ROI Process

Collects Six Types of Results:

- Reaction and Planned Actions
- Learning and Confidence
- Application and Implementation
- Business Impact
- Return on Investment
- Intangible Measures

....and includes a technique to isolate the effects of the program or solution.

The use of the ROI Process is Impressive:

- Process refined over a 25-year period
- Thousands of impact studies conducted each year
- More than 200 case studies published
- More than 20,000 have attended a two-day ROI workshop
- More than 4,000 individuals attended the ROI Certification workshop
- More than 20 books developed to support the process
- ROI Process adopted by hundreds of organizations in more than 44 countries

- See ROI Fact Sheet-

The Benefits of ROI Institute/UNSSC Partnership

Reactive

- Show contributions of selected programs
- Justify/defend budgets
- Identify inefficient programs that need to be redesigned or eliminated

The Payoff:

Why Use Impact and ROI Analysis?

Proactive

- Aligns learning to business needs
- Earn respect of senior management / administrators
- Improve support for projects
- Enhance design and implementation processes
- Identify successful programs that can be implemented in other areas
- Earn a “seat at the table”

Public Sector Organizations using ROI Include:

- US Department of Defense
- US Department of Navy
- US Department of Labor
- U S National Security Agency
- Central Intelligence Agency
- US Department of Veteran's Affairs
- NASA
- State of Texas
- State of New York
- Government of New Zealand
- Government of Singapore
- Government of Poland
- Government of Australia
- Government of Canada

More than 200 Public Sector Organizations

Basic Elements

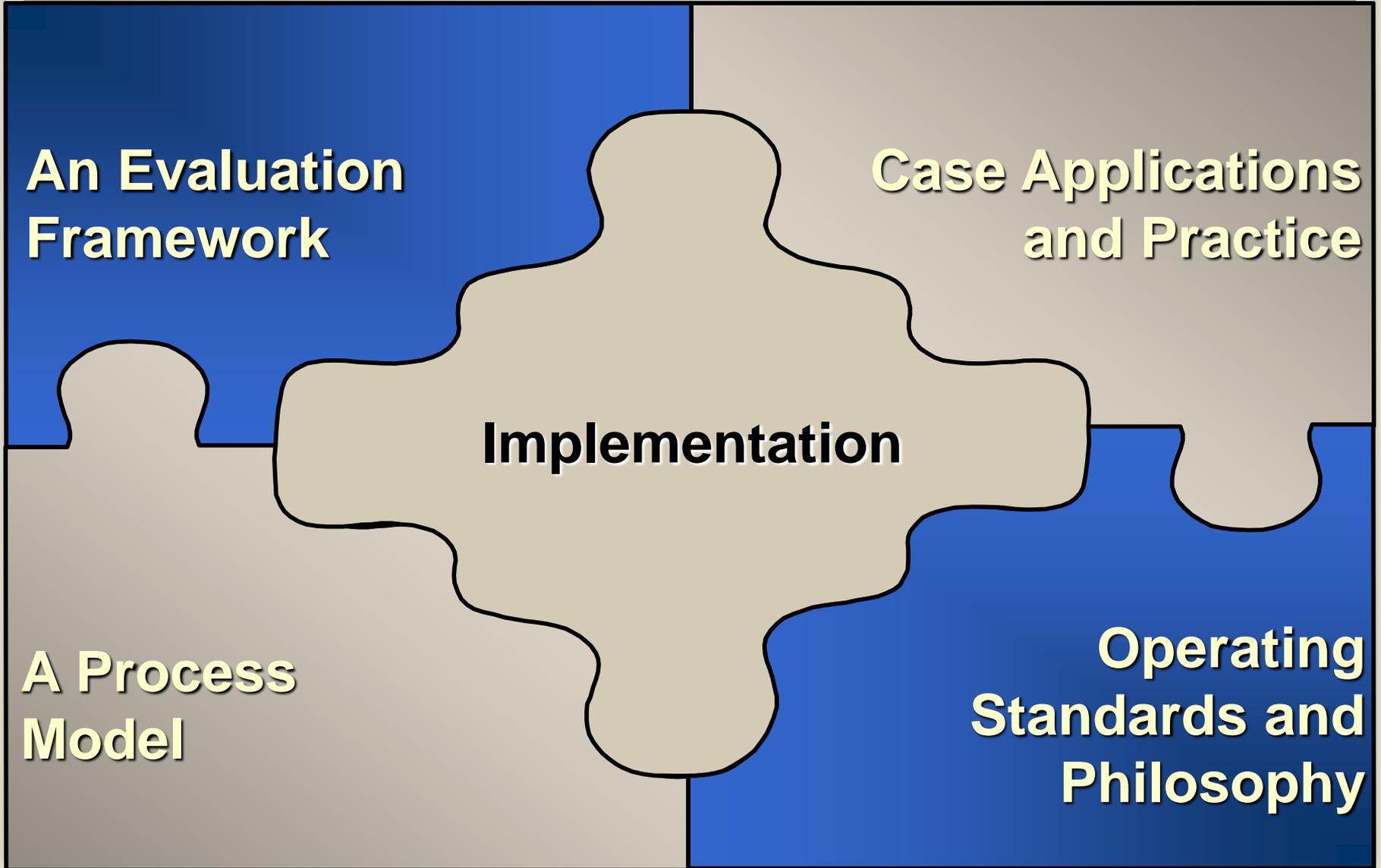
**An Evaluation
Framework**

**Case Applications
and Practice**

Implementation

**A Process
Model**

**Operating
Standards and
Philosophy**



Applications

- Learning and Development
- Career Development
- Competency Systems
- Diversity Programs
- E-Learning
- Executive Coaching
- Gainsharing
- Meetings and Events
- Leadership Development
- Organization Development
- Orientation Systems
- Recruiting Strategies
- Safety & Health Programs
- Self-Directed Teams
- Skill-Based/Knowledge-Based Compensation
- Technology Implementation
- Quality Management
- Wellness/Fitness Initiatives

Drivers for Increased Public Sector Accountability

- Regulations are requiring more accountability
- Increased cost of programs
- Budget shortfalls
- Taxpayer pressure
- Consistent lack of results
- New breed of government managers

Public Sector Issues (Real or Imagined)

- No profits – no ROI?
- Lack of business alignment
- Absence of hard data?
- Too much politics
- Programs are necessary
- Multiple ROI perspectives

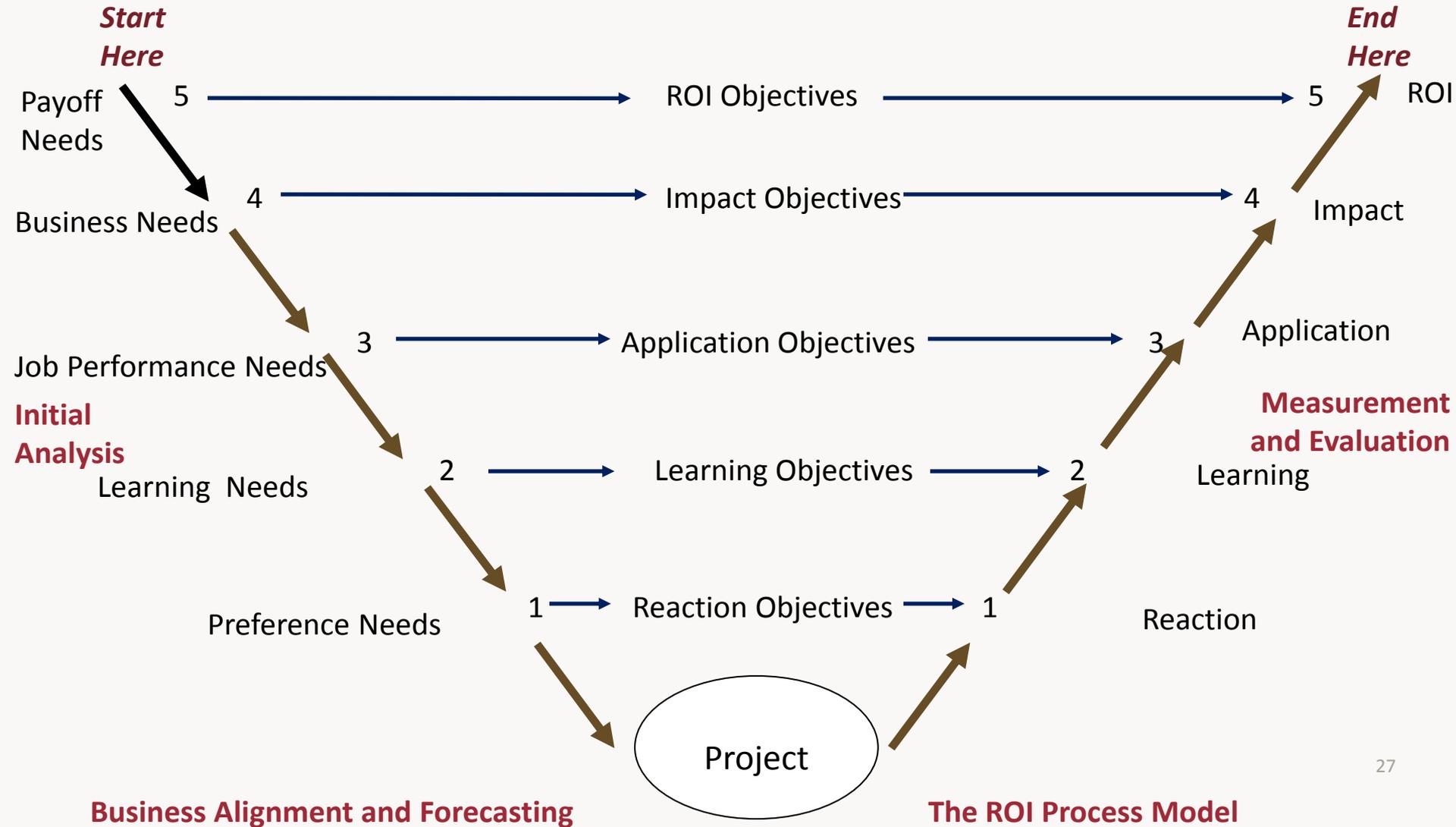
The Money Issue in the Public Sector

- No profits
- Payoff in cost savings or cost reduction

OR

- Payoff in cost avoidance
- Costs of program are fully loaded
- Impact on budget?

The Alignment Process



THE ROI METHODOLOGY

Evaluation Planning

Data Collection

Develop Objectives of Solution (s)

Develop Evaluation Plans and Baseline Data

Collect Data During Solution Implementation

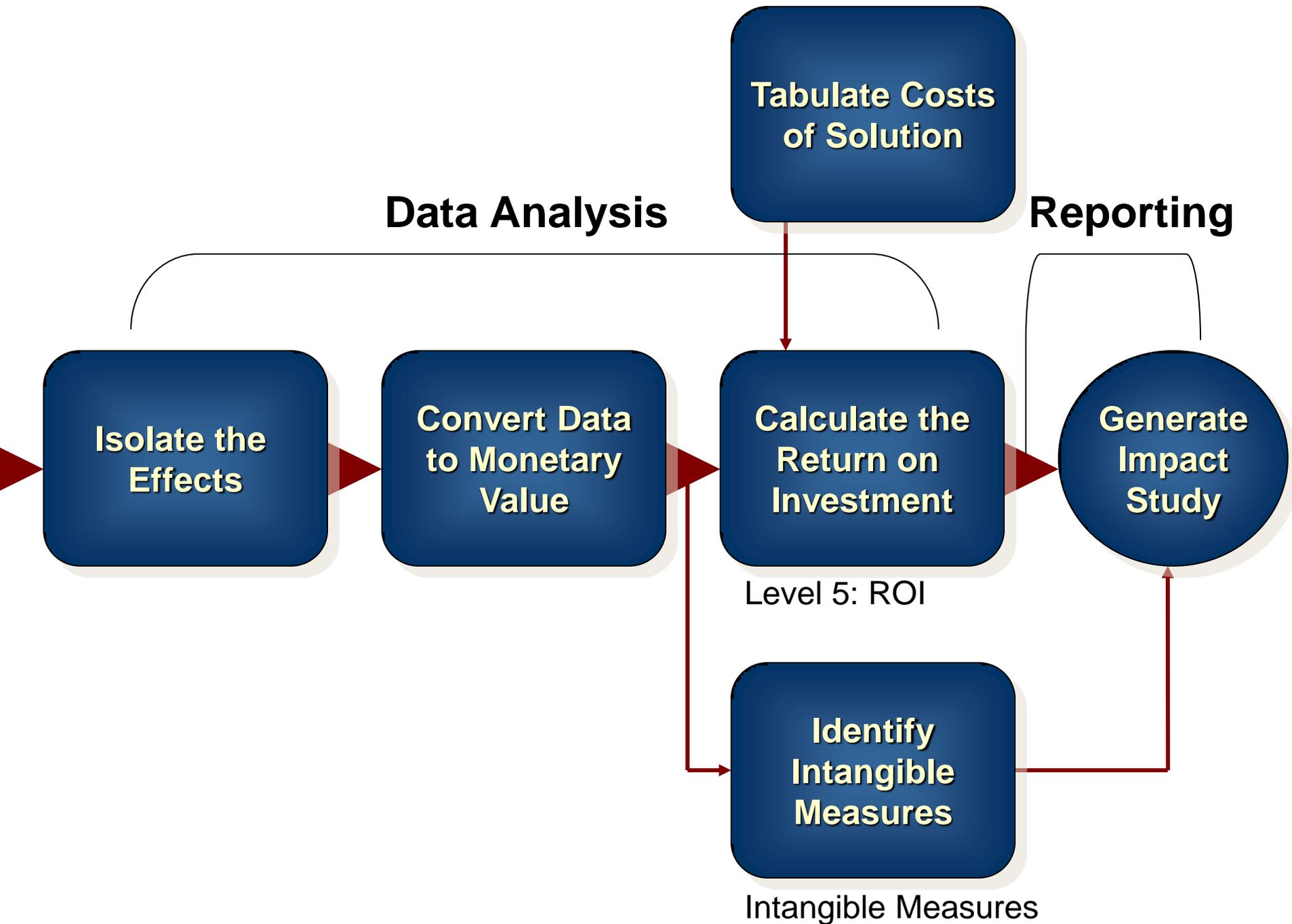
Collect Data After Solution Implementation

Level 1:
Reaction and Planned Actions

Level 3:
Application and Implementation

Level 2:
Learning and Confidence

Level 4:
Business Impact

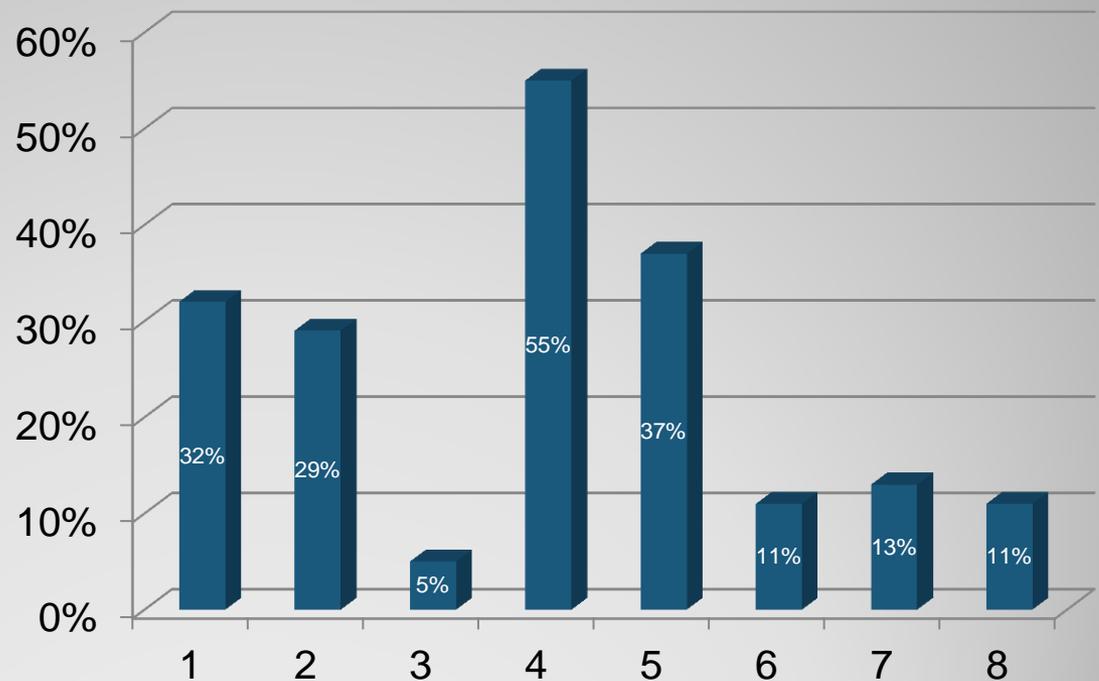


Collecting Follow-up Data

Method	Type of Data	
	Level 3	Level 4
• Surveys/Questionnaires	✓	✓
• Observation On the Job	✓	
• Interviews	✓	
• Follow-Up Focus Groups	✓	
• Action Planning	✓	✓
• Performance Contracting	✓	✓
• Performance Monitoring		✓

Isolation Techniques Used in Studies

1. Control Groups
2. Trend Line Analysis
3. Forecasting Methods
4. Participant Estimates
5. Manager Estimates
6. Sr. Management
7. Expert Input
8. Customer Input



*2007 Survey of Users, N = 235

Converting Data to Money

	Credibility	Resources Needed
Standard values	High	Low
Records/Reports analysis	High	High
Databases	Moderate	Moderate
Expert Estimation	Moderate	Low

Tabulating Program Costs

Direct

- Program Materials
- Coaching Fees
- Facilities
- Travel

Indirect

- Needs Assessment
- Program Development
- Participant Time
- Administrative Overhead
- Evaluation

Intangible Benefits

- Adaptability
- Awards
- Brand awareness
- Career minded
- Caring
- Collaboration
- Communication
- Conflicts
- Cooperation
- Corporate social responsibility
- Creativity
- Culture
- Decisiveness
- Employee complaints
- Engagement
- Execution
- Image
- Innovation
- Job Satisfaction
- Leadership
- Networking
- Organizational climate
- Organizational commitment
- Partnering
- Reputation
- Resilience
- Stress
- Talent
- Teamwork

Defining the Return on Investment

$$\text{Benefits-Cost Ratio} = \frac{\text{Monetary Benefits}}{\text{Program Costs}}$$

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

ROI Example

$$\text{BCR} = \frac{\$240,000}{\$80,000} = 3.00$$

$$\text{ROI} = \frac{\$240,000 - \$80,000}{\$80,000} \times 100 = 200\%$$

ROI Objective Options

- Set the value as with other investments – 15%
- Set slightly above other investments – 25%
- Set at break even – 0%
- Set at client expectations

Private sector organizations usually go with option #2;
public sector organizations prefer #3.

ROI is Credible for Public Sector

- Common categories of data
- Systematic, step-by-step process
- Conservative standards
- Results-based approach
- High level of use
- Client focused
- Satisfies all stakeholders

ROI is Feasible for Public Sector

- Not very expensive
- Many shortcut methods
- Time requirement can be managed
- Fits all types of programs
- Technology helps with costs/time
- Implementation is planned/systematic

Have No Fear

- ROI is a process improvement tool – designed to improve projects and programs
- ROI is not designed for performance review for individuals
- Every study reveals opportunities for changes
- Negative results represent the best opportunity to learn
- Negative results have a positive story
- Don't wait for a sponsor to ask for ROI

Implementation Strategies in the Public Sector

- Brief, train, educate
- Involve the staff – early and often
- Emphasize process improvement
- Explain why – routinely
- Build it into programs – not add it on
- Provide resources
- Use the results appropriately
- Celebrate and recognize

ROI Best Practices

1. Implemented as a process improvement tool not a performance evaluation tool
2. Impact studies are conducted involving 5-10% of the projects and programs
3. A variety of data collection methods is used
4. The effects of the program are isolated
5. Business impact data are converted

ROI Best Practices

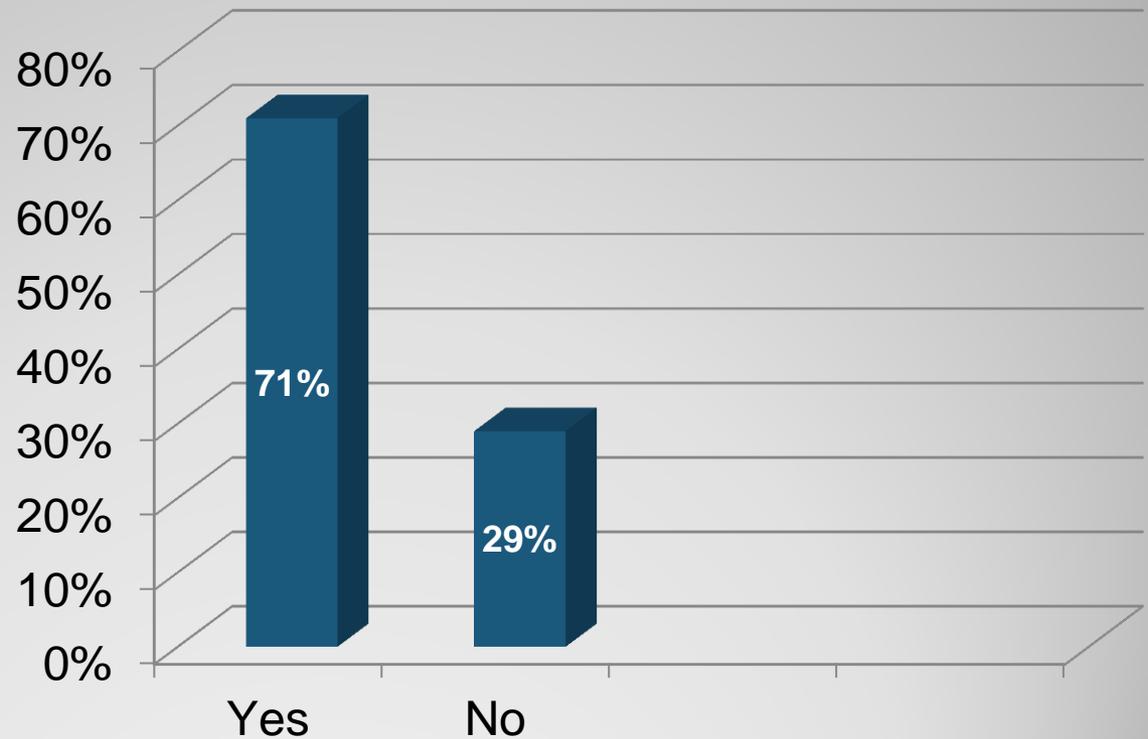
6. ROI evaluation targets are developed
7. The ROI methodology generates a micro level scorecard
8. Data are being integrated to create a macro scorecard
9. Implemented for about 3-5% of the budget
10. Routine ROI forecasting
11. Used as a tool to strengthen/improve

Status of ROI Use*

*2007 Survey of Users, N = 235

Is your leadership and/or clients asking about ROI?

1. Yes
2. No

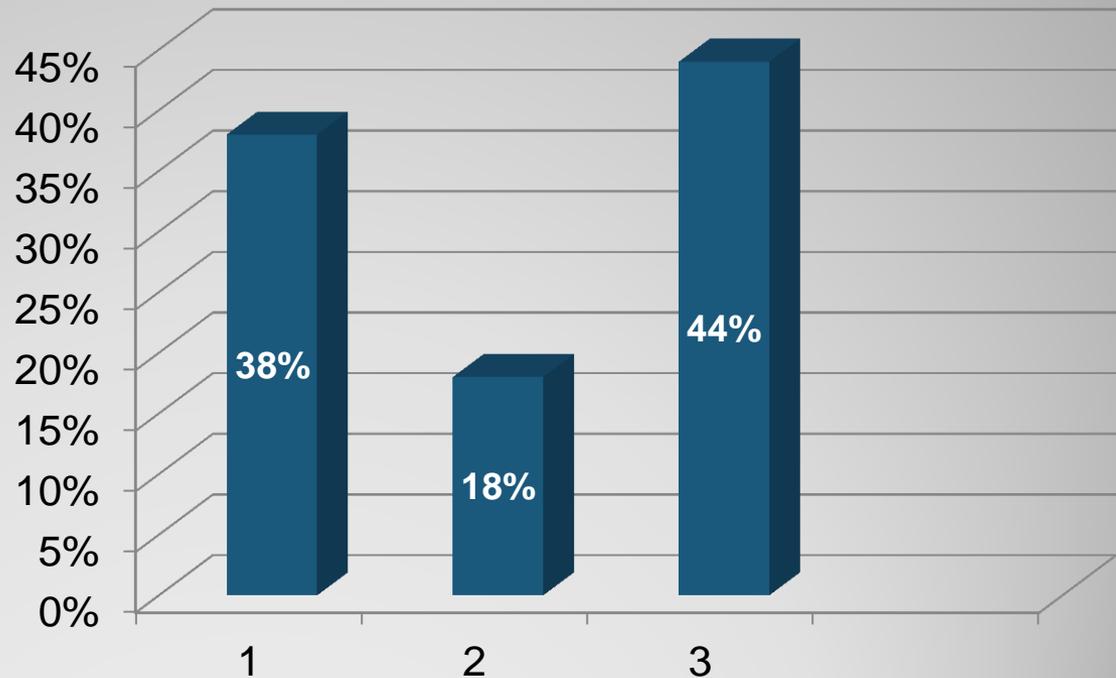


Does your company have a measurement/evaluation strategy?

1. Yes

2. No and no plans for it in the near future

3. No, but is it in process of being developed

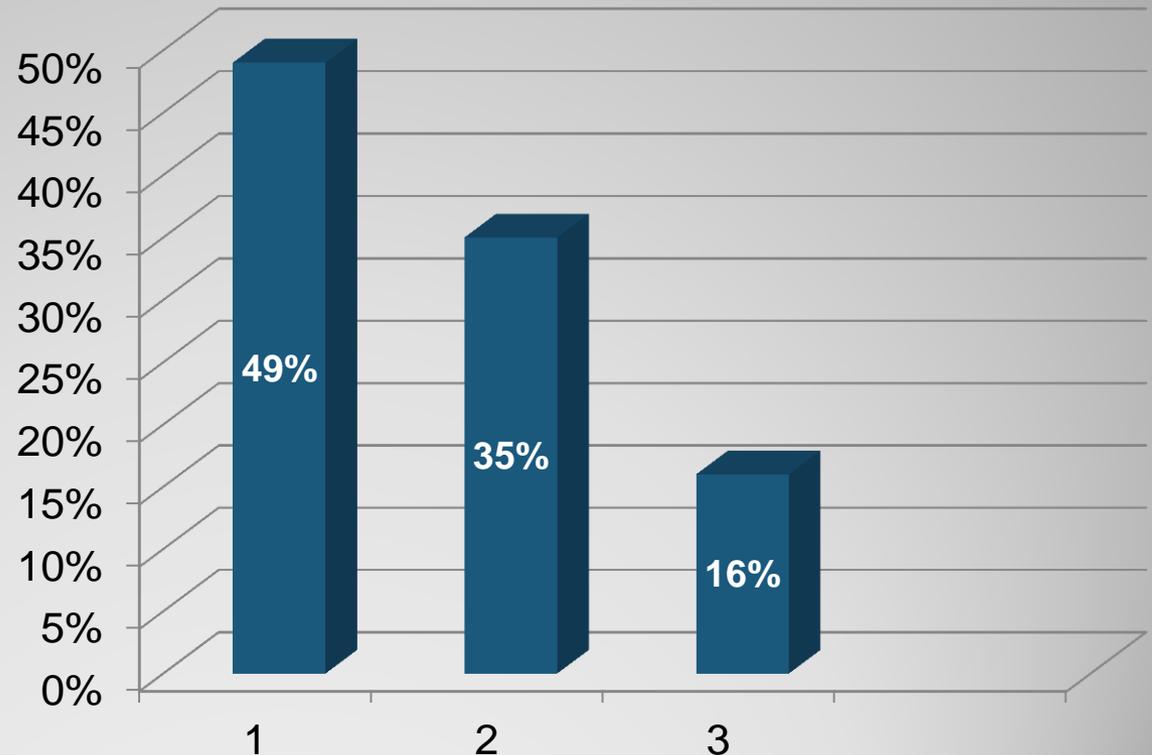


Does your company have a measurement or evaluation function?

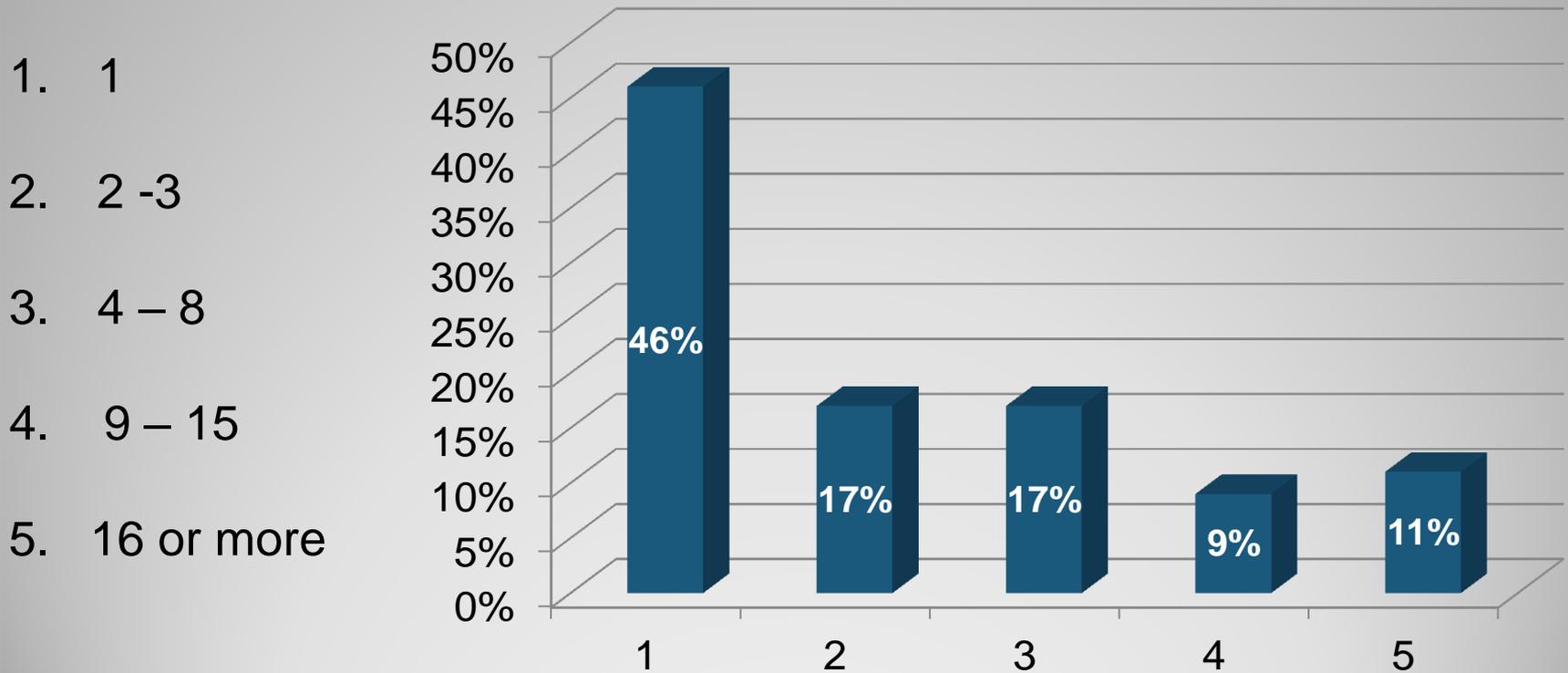
1. Yes

2. No and no plans for it in the near future

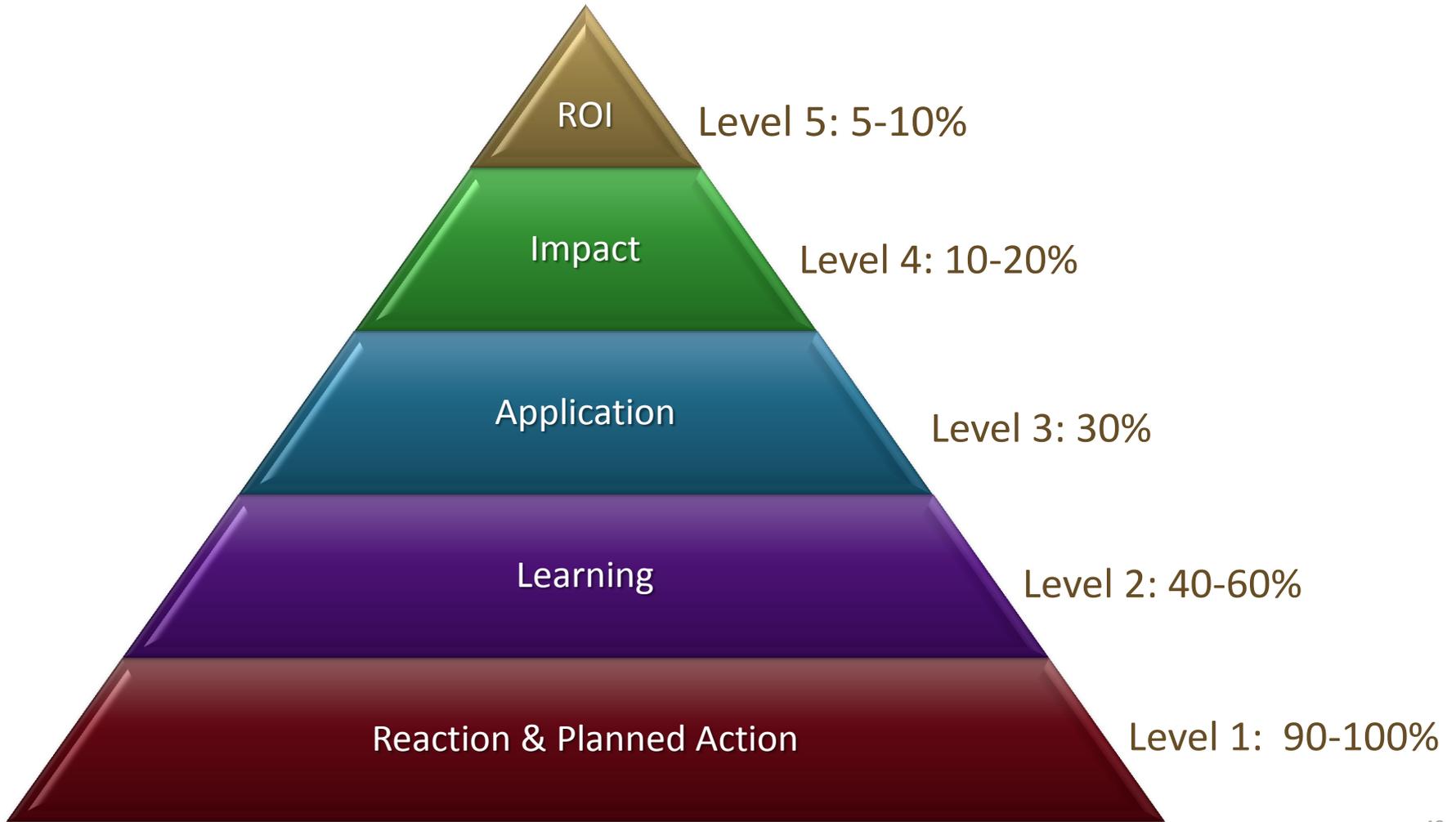
3. No, but being developed



How many ROI studies has your company completed to date?



Evaluation Targets



Criteria for Selecting Programs for Levels 4 & 5

- Expected life cycle of the program
- The importance of the program in meeting the organization's goals
- Cost of the program
- Visibility of the program
- The size of the target audience
- Extent of management interest

What Happens If We Maintain a Status Quo?

Budget?

Influence?

Support?

Other
Issues?

ROI Reality

- Information is desired by clients/executives
- The process provides a balanced, credible approach with six types of data
- All types of organizations are routinely using Impact/ROI
- The process can be implemented without draining resources
- The process is a long-term goal for many organizations

ROI Institute/UNSSC Partnership

- Capability Building
- Policies / Procedures Update
- Tools / Templates
- Coaching / Consulting
- Networking / Sharing
- Benchmarking
- Publishing
- Conferences