Measuring ROI:
Proving the Value of Training and Development

Jack J. Phillips, Ph.D.
Learning Objectives

• Review/discuss status and trends of ROI use – Why ROI
• Use the key steps and principles in the ROI methodology – How to do ROI
• Apply the ROI methodology to your own projects – How to use ROI
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
The ROI Process Collects Six Types of Data:

- 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 “Show Me” Evolution

**Term**

Show Me!

↓

Show Me the **Money**!

↓

Show Me the **Real Money**!

↓

Show Me the **Real Money, And Make Me Believe It’s a Great Investment**!

**Issue**

Collect Impact Data

↓

And Convert Data to Money

↓

And Isolate the Effects of the Project

↓

And Compare the Money to the Cost of the Project
Reliance Insurance Company
## Project or Program Value Chain

<table>
<thead>
<tr>
<th>Level</th>
<th>Measurement Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>0. Input</td>
<td>Measures input such as volume and efficiencies</td>
</tr>
<tr>
<td>1. Reaction &amp; Planned Action</td>
<td>Measures participant reaction to the program and captures planned actions</td>
</tr>
<tr>
<td>2. Learning</td>
<td>Measures changes in knowledge, skills, and attitudes</td>
</tr>
<tr>
<td>3. Application</td>
<td>Measures changes in on-the-job behavior or actions and progress with actions</td>
</tr>
<tr>
<td>4. Business Impact</td>
<td>Captures changes in business impact measures</td>
</tr>
<tr>
<td>5. ROI</td>
<td>Compares program benefits to the costs</td>
</tr>
</tbody>
</table>
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
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
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 behavior & business impact
• Results expectations communicated to participants

... and
## Shifting Paradigms

<table>
<thead>
<tr>
<th>Activity Based</th>
<th>Results Based</th>
</tr>
</thead>
<tbody>
<tr>
<td>• No effort to prepare the work environment to support application</td>
<td>• Environment prepared to support application</td>
</tr>
<tr>
<td>• No efforts to build partnerships with key managers</td>
<td>• Partnerships established with key managers and clients</td>
</tr>
<tr>
<td>• No measurement of results or ROI analysis</td>
<td>• Measurement of results and ROI analysis</td>
</tr>
<tr>
<td>• Planning and reporting is input focused</td>
<td>• Planning and reporting is outcome focused</td>
</tr>
</tbody>
</table>
The use of the Impact / 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 certified
- More than 20 books developed to support the process
- ROI Process adopted by hundreds of organizations in 44 countries

- See ROI Fact Sheet-
Why Use Impact and ROI Analysis?

Reactive

• Show contributions of selected programs
• Justify/defend budgets
• Identify inefficient programs that need to be redesigned or eliminated
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”
Is Your Organization a Candidate for ROI Implementation?
Private Sector Organizations using ROI

Include:

- Accenture
- Cigna Insurance
- Apple Computer
- AT&T
- Bank of America
- Banner Healthcare
- Baptist Medical Center
- Boston Scientific
- Bristol-Myers Squibb
- Children’s Hospital of Los Angeles
- Covenant Healthcare Systems
- CVS/Caremark RX
- Dell Computers
- Deloitte & Touche
- Delta Airlines
- DHL Worldwide Express
- Federal Express
- Genentech
- GlaxoSmithKline
- Hewlett-Packard
- Intel
- KPMG
- Lockheed Martin
- Memorial Foundation Hospital
- Menlo Logistics
- Merck
- Microsoft
- Motorola
- NCR
- Pricewaterhouse Coopers
- QUALCOMM
- ScrippsHealth
- Shell Oil
- Sprint/Nextel
- UPS
- Wachovia Bank
- Wal-Mart

More than 2,000 Private Sector Organizations
Public Sector Organizations using ROI Include:

- US Department of Defense
- US Department of Navy
- US Department of Labor
- US 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
ROI Quiz
# ROI Framework

<table>
<thead>
<tr>
<th>Level</th>
<th>Measurement Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reaction &amp; Planned Action</td>
<td>Measures participant satisfaction with the program/project and captures planned actions</td>
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<td>5. Return on Investment</td>
<td>Compares program benefits to the costs</td>
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</table>
# Evaluation Targets

## Percent of Courses

<table>
<thead>
<tr>
<th>Level</th>
<th>Current</th>
<th>Target</th>
<th>Suggested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reaction</td>
<td>_______</td>
<td>_______</td>
<td>90 - 100%</td>
</tr>
<tr>
<td>Learning</td>
<td>_______</td>
<td>_______</td>
<td>40 – 60%</td>
</tr>
<tr>
<td>Application (Behavior)</td>
<td>_______</td>
<td>_______</td>
<td>30%</td>
</tr>
<tr>
<td>Impact</td>
<td>_______</td>
<td>_______</td>
<td>10 - 20%</td>
</tr>
<tr>
<td>Return on Investment</td>
<td>_______</td>
<td>_______</td>
<td>5 - 10%</td>
</tr>
</tbody>
</table>
When Selecting Programs for Level 4 and 5 Evaluation, Consider the Following:

- Life cycle of the program
- Linkage of program to operational goals and issues
- Importance of program to strategic objectives
- Top administrator interest in the evaluation
- Cost of the program
- Visibility of the program
- Size of target audience
- Investment of time required
Matching Evaluation Levels with Objectives

1. Reaction
2. Learning
3. Application
4. Impact
5. Return on Investment
Plan Your Project Evaluation
Worksheet
Chain of Impact

Reaction & Planned Action

Learning & Confidence

Application & Implementation

Isolate the Effects of the Program

Impact

ROI

Intangible Benefits
<table>
<thead>
<tr>
<th>Needs Assessment</th>
<th>Program Objectives</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Potential Payoffs</td>
<td>ROI Objectives</td>
<td>ROI 5</td>
</tr>
<tr>
<td>4. Business Needs</td>
<td>Impact Objectives</td>
<td>Business Impact 4</td>
</tr>
<tr>
<td>3. Job Performance Needs</td>
<td>Application Objectives</td>
<td>Application 3</td>
</tr>
<tr>
<td>2. Skills/Knowledge Needs</td>
<td>Learning Objectives</td>
<td>Learning 2</td>
</tr>
<tr>
<td>1. Preferences</td>
<td>Satisfaction Objectives</td>
<td>Reaction 1</td>
</tr>
</tbody>
</table>
Key Alignment Questions

Is this a problem worth solving?
Is there a potential pay off?

Needs Assessment
Potential Payoffs

Program Objectives
ROI Objectives

Evaluation
ROI

What is the actual ROI?
What is the BCR?
Key Alignment Questions

What is the specific measure?

What happens if we do nothing?

Which business measure improved?

How much is related to the program?
Key Alignment Questions

What is occurring or not occurring on the job that influences the business measure?

What has changed?
Which skills/knowledge has been applied?
Key Alignment Questions

What skills or knowledge is needed to support the job performance need?

Needs Assessment  Program Objectives  Evaluation

Skills/Knowledge Needs  Learning Objectives  Learning

What did they learn?
Who did they meet?
Key Alignment Questions

How should the solution be structured?

Needs Assessment
Preferences

Program Objectives
Satisfaction Objectives

Evaluation
Reaction

What was the reaction to the program?
Do we intend to implement the program?
THE ROI PROCESS

Calculating the Return on Investment of a Business Performance Solution

Evaluation Planning
- Develop Objectives of Solution(s)
- Develop Evaluation Plans and Baseline Data

Data Collection
- Collect Data During Solution Implementation
  - Level 1: Reaction and Planned Actions
  - Level 2: Learning and Confidence
- Collect Data After Solution Implementation
  - Level 3: Application and Implementation
  - Level 4: Business Impact
Data Analysis

- Isolate the Effects
- Convert Data to Monetary Value
- Calculate the Return on Investment

Reporting

- Generate Impact Study
- Identify Intangible Measures

Level 5: ROI

Intangible Measures
# Collecting Post Program Data

<table>
<thead>
<tr>
<th>Activity</th>
<th>Level 3</th>
<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Follow-Up Surveys</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Follow-Up Questionnaires</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Observation On the Job</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Interviews with Participants</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Follow-Up Focus Groups</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Program Assignments</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Action Planning</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Performance Contracting</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Project Follow-Up Session</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Performance Monitoring</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>
Factors to Consider When Selecting Data Collection Methods Include:

- Type of data
- Time – Participant / Supervisor
- Costs
- Accuracy – Validity / Reliability
- Utility
- Culture / Philosophy
Data Collection Plan
Methods to Isolate Program Effects

- Use of a control group arrangement
- Trend line analysis of performance data
- Use of forecasting methods of performance data
- Participant’s estimate of program impact (percent)
- Supervisor’s estimate of program impact (percent)
- Manager’s estimate of program impact
- Use of expert/previous studies
- Calculate/estimate the impact of other factors
- Customer input
International Sales
Example - Use of Control Groups

- Measure: sales from existing customers
- Six sites chosen for program evaluation
- Each site had a control group and an experimental group randomly selected
- Experimental group received training - control group did not
- Observed performance for both groups at the same time
Use of Trend Line Analysis

Sales from Existing Customers

- Actual Average: 94.4%
- Average of Trend: 92.3%
- Pre Program Average: 87.3%
- Trend Projection

Percent of Goal

J  F  M  A  M  J  J  A  S  O  N  D  J

Months
Example of a Participant’s Estimation

<table>
<thead>
<tr>
<th>Factor that Influenced Improvement</th>
<th>Percent of Improvement Caused By</th>
<th>Confidence Expressed as a Percent</th>
<th>Adjusted Percent of Improvement Caused By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>60%</td>
<td>80%</td>
<td>48%</td>
</tr>
<tr>
<td>System Changes</td>
<td>15%</td>
<td>70%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Market Changes</td>
<td>5%</td>
<td>60%</td>
<td>3%</td>
</tr>
<tr>
<td>Inventives</td>
<td>20%</td>
<td>80%</td>
<td>16%</td>
</tr>
<tr>
<td>Other</td>
<td>____%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Isolating the Effects of the Program

<table>
<thead>
<tr>
<th>Method</th>
<th>Best Practice Use²</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Comparison Group Analysis</td>
<td>35%</td>
</tr>
<tr>
<td>2. Trend/Forecasting Analysis</td>
<td>20%</td>
</tr>
<tr>
<td>3. Expert Estimation</td>
<td>50%</td>
</tr>
<tr>
<td>4. Other</td>
<td>20%</td>
</tr>
</tbody>
</table>

¹ Listed by credibility  
² Percentages exceed 100%
Converting Data to Money

- Converting output to contribution – standard value
- Converting the cost of quality – standard value
- Converting employee’s time – standard value
- Using historical costs
- Using internal and external experts
- Using data from external databases
- Linking with other measures
- Using participants’ estimates
- Using supervisors’ and managers’ estimates
- Using staff estimates
## Converting Data to Money

<table>
<thead>
<tr>
<th>Method</th>
<th>Credibility</th>
<th>Resources Needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard values</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Records/Reports analysis</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Databases</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>Expert Estimation</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>
Example of Converting Data Using External Database

Cost of one turnover*

Middle Manager $70,000 annual salary
Cost of turnover 150%
Total cost of turnover $105,000

* External data - value obtained from industry related study
Cost of a Sexual Harassment Complaint

- 35 Complaints
- Actual Costs from Records
  - Legal Fees, Settlements, Losses, Material, Direct Expenses
- Additional Estimated Costs from Staff
  - EEO/AA Staff Time, Management Time
- $852,000 Annually

Cost per complaint: $24,343

\[
\frac{852,000}{35} = \boxed{24,343}
\]
Example of Linkage with Other Measures

- A Compelling Place to Work
  - Attitude About the Job
  - Service Helpfulness
  - Customer Recommendations
  - Customer Impression
  - Merchandise Value
  - Employee Retention
  - Drives 5-Unit Increase in Employee Attitude

- A Compelling Place to Shop
  - Employee Behavior
  - Drives 1.3-Unit Increase in Customer Impression

- A Compelling Place to Invest
  - Return on Assets
  - Operating Margin
  - Revenue Growth
  - 0.5 Increase in Revenue Growth

- Attitude About the Company
- Employee Retention
- Drives 1.3-Unit Increase in Customer Impression

Example of Linkage with Other Measures
Defining the Return on Investment

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

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

BCR = \frac{\€240,000}{\€80,000} = 3.00

ROI = \frac{\€240,000 - \€80,000}{\€80,000} \times 100 = 200\%
ROI Target Options

• Set the value as with other investments, e.g. 15%
• Set slightly above other investments, e.g. 25%
• Set at break even - 0%
• Set at client expectations

Private sector organizations usually go with option #2; public sector organizations prefer #3.
ROI Analysis Plan
ROI Best Practices

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

- ROI evaluation targets are developed
- The ROI methodology generates a micro level scorecard
- Data are being integrated to create a macro scorecard
- Implemented for about 3-5% of the budget
- Routine ROI forecasting
- Used as a tool to strengthen/improve
Cost-Saving Approaches

- Plan for evaluation early in the process
- Build evaluation into the process
- Share the responsibilities for evaluation
- Require participants to conduct major steps
- Use short-cut methods for major steps
- Use sampling to select the most appropriate programs for ROI analysis

and . . .
Cost-Saving Approaches

• Use estimates in the collection and analysis of data
• Develop internal capability to implement the ROI process
• Streamline the reporting process
• Utilize web-based software to reduce time
Evaluation Targets

- **ROI**: Level 5: 5-10%
- **Impact**: Level 4: 10-20%
- **Application**: Level 3: 30%
- **Learning**: Level 2: 40-60%
- **Reaction and Satisfaction**: Level 1: 90-100%
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
ROI Process Flexibility

Look Forward
• Pre-program ROI forecast
• End-of-program ROI estimation

Examine Accomplishments
• Application data (Level 3)
• Impact data (Level 4)
# Common Target Audiences

<table>
<thead>
<tr>
<th>Reason for Communication</th>
<th>Primary Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secure approval for program</td>
<td>Client, top executives</td>
</tr>
<tr>
<td>Gain support for the program</td>
<td>Immediate managers, team leaders</td>
</tr>
<tr>
<td>Build credibility for the training staff</td>
<td>Top executives</td>
</tr>
<tr>
<td>Enhance reinforcement of the program</td>
<td>Immediate managers</td>
</tr>
<tr>
<td>Enhance results of future programs</td>
<td>Participants</td>
</tr>
<tr>
<td>Show complete results of the program</td>
<td>Key client team</td>
</tr>
<tr>
<td>Stimulate interest in HR programs</td>
<td>Top executives</td>
</tr>
<tr>
<td>Demonstrate accountability for client expenditures</td>
<td>All employees</td>
</tr>
<tr>
<td>Market future HR programs</td>
<td>Prospective clients</td>
</tr>
</tbody>
</table>
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
Impact / ROI Standards
Implementation Issues

- Resources (staffing / budget)
- Leadership (individual, group, cross functional team)
- Timing (urgency, activities)
- Communication (various audiences)
- Commitment (staff, managers, top executives)
Key Implementation Actions

- Determine /establish responsibilities
- Develop skills /knowledge with ROI
- Develop transition / implementation plan
- Conduct ROI studies
- Prepare /revise/evaluation /policy/procedures/guidelines
- Train/brief managers on the ROI Process
- Communicate progress/results
Building an ROI Scorecard

- Provides macro-level perspective of success
- Serves as a brief report versus detailed study
- Shows connection of training’s contribution to business objectives
- Integrates various types of data
- Demonstrates alignment between programs, strategic objectives, and operating goals
The Scorecard Includes Seven Types of Data

Indicators / Scope / Volume

Level 1 – Reaction / Satisfaction

Level 2 – Learning

Level 3 – Application / Barriers / Enablers

Level 4 – Business Impact

Level 5 – ROI

Intangibles
Reporting for a Corporate University
What barriers will prevent you from implementing ROI?
Increasing Response Rates

• Provide advance communication
• Clearly communicate the reason for the questionnaire
• Indicate who will see the results
• Show how the data will be integrated
• Keep the questionnaire simple and brief
• Make it easy to respond
• Use the local manager to help distribute the questionnaires and show support
• Let the target audience know that they are part of a carefully selected sample

and . . .
Increasing Response Rates

- Use one or two follow-up reminders
- Have the introduction letter signed by a top executive
- Enclose a giveaway item with the questionnaire
- Provide an incentive for quick response
- Send a summary of results to target audience
- Distribute questionnaire to a captive audience
- Consider an alternative distribution channel
- Have a third party gather and analyze data.

and . . .
Increasing Response Rates

- Communicate the time limit
- Consider paying for the time it takes to complete the questionnaire
- Review the questionnaire at the end of the formal session
- Carefully select the survey sample
- Allow completion of the survey during work hours
- Add emotional appeal

and . . .
Increasing Response Rates

- Design questionnaire to attract attention, with a professional format
- Let participants know what actions will be taken with the data
- Provide options to respond
- Use a local coordinator to help distribute and collect questionnaires
- Frame questions so participants can respond appropriately and make the questions relevant
The Wisdom of Crowds

• In this case, the average estimate is near perfect
• Estimates are used everywhere
• Set up your own experiment
• Estimates should be adjusted
• Estimates are okay – defend them; don’t prefer them
Action Plan
Barriers to ROI include:

- Resources
  - Funding
  - Time
  - People
- Support
  - Managers
  - Colleagues
  - Participants
- Skills
- Systems
- Culture
Actions to Make ROI Work

- Adapt versus adopt
- Planning and discipline
  - Establish goals and targets
  - Assign responsibilities
- Improve needs analysis process
- Implement cost-savings approaches
- Communicate progress

- Develop staff skills
  - ROI Network
  - International ROI Networks
  - Workshops
  - CSTD ROI Network
  - ROI Certification
  - Competency groups
  - Read books/case studies/articles
  - Develop your own case study
  - Teach others
Key Points to Remember

The Basics:

- ROI is the ultimate measure of profitability of our projects, programs, and processes.
- Reporting ROI alone is insufficient.
- The ROI process develops a balanced set of measures representing a chain of impact.
- Not all programs should be evaluated to ROI.
Key Points to Remember

The Barriers:

- Resources
  - Funding
  - Time
  - People
- Support
  - Managers
  - Colleagues
  - Participants
- Skills
Key Points to Remember

Solutions to Barriers:

- Adapt versus adopt
- Planning and discipline
- Improve needs analysis process
- Implement cost savings approaches
- Communicate progress
- Develop staff skills
Key Points to Remember

The Benefits:

- Show the contribution of programs
- Earn respect of senior management
- Gain the confidence of clients
- Improve support for training and performance improvement
- Enhance training and performance improvement processes
- Identify inefficient programs that need to be redesigned
- Identify successful programs
What if you do nothing?
Retail Merchandise Company
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)
ROI Analysis Profile

**Post Program Data Collection**
- (4) Performance Monitoring 3 months
- (3) Questionnaire 3 months
- (3) Program Follow-up Session 3 weeks (last session)

**Isolating the Effects of Training**
- Control Group Arrangement
- Participant’s Estimate (For Back-up)

**Converting Data to Monetary Values**
- Profit Contribution of Increased Output
<table>
<thead>
<tr>
<th>Category</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success with Objectives</td>
<td>4.3</td>
</tr>
<tr>
<td>Relevance of Material</td>
<td>4.4</td>
</tr>
<tr>
<td>Usefulness of Program</td>
<td>4.5</td>
</tr>
<tr>
<td>Exercises/Skill Practices</td>
<td>3.9</td>
</tr>
<tr>
<td>Overall Instructor Rating</td>
<td>4.1</td>
</tr>
</tbody>
</table>
All Participants Demonstrated That They Could Use The Skills Successfully
### Level 3 – Selected Data

*(Two Questions out of 20)*

<table>
<thead>
<tr>
<th>I utilize the skills taught in the program</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither Agree Nor Disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>78%</td>
<td>22%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Frequency of use of skills</th>
<th>With Each Customer</th>
<th>Every Third Customer</th>
<th>Several Times Each Day</th>
<th>At Least Once Daily</th>
<th>At Least Once Weekly</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>52%</td>
<td>26%</td>
<td>18%</td>
<td>4%</td>
<td>0%</td>
</tr>
</tbody>
</table>
## Level 4 – Average Weekly Sales

### Post Training Data

<table>
<thead>
<tr>
<th>Weeks After Training</th>
<th>Trained Groups</th>
<th>Control Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$9,723</td>
<td>$9,698</td>
</tr>
<tr>
<td>2</td>
<td>9,978</td>
<td>9,720</td>
</tr>
<tr>
<td>3</td>
<td>10,424</td>
<td>9,812</td>
</tr>
<tr>
<td>13</td>
<td>$13,690</td>
<td>$11,572</td>
</tr>
<tr>
<td>14</td>
<td>11,491</td>
<td>9,683</td>
</tr>
<tr>
<td>15</td>
<td>11,044</td>
<td>10,092</td>
</tr>
</tbody>
</table>

Average for Weeks 13, 14, 15:

- Trained Groups: $12,075
- Control Groups: $10,449
### Annualized Program Benefits

*(46 participants were still in job after 3 months)*

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Weekly Sales per Employee (Trained Groups)</td>
<td>$12,075</td>
</tr>
<tr>
<td>Average Weekly Sales per Employee (Untrained Groups)</td>
<td>10,449</td>
</tr>
<tr>
<td>Increase</td>
<td>1,626</td>
</tr>
<tr>
<td>Profit Contribution (2% of Store Sales)</td>
<td>32.50</td>
</tr>
<tr>
<td>Total Weekly Improvement (x 46)</td>
<td>1,495</td>
</tr>
<tr>
<td><strong>Total Annual Benefits (x 48 Weeks)</strong></td>
<td><strong>$71,760</strong></td>
</tr>
</tbody>
</table>
Cost Summary

(48 participants in 3 courses)

Facilitation Fees: 3 courses @ $3,750  $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 Cost  $ 32,984
Level 5 data

BCR = ___ = ___

ROI (%) = ___ X 100 = ___
ROI Example: Retail Merchandise Company

Collecting Post Program Data
- Follow-up Session
- Questionnaire
- Performance Monitoring

Isolating the Effects of the Program
- Control Groups
- Participants’ Estimates

Converting Data to Monetary Value
- Standard Values

Calculating the Return on Investment
- ($71,760)

Tabulating Program Costs
- ($32,984)

Identifying Intangible Benefits

(118%)
The ROI process takes a balanced view of evaluation by measuring and reporting:

- Reaction to program
- Learning and attitudes
- Application on the job
- Impact in work unit
- Impact on the customer
- The financial results
- Intangible benefits
- Nature and source of problems and opportunities
Southeast Corridor Bank

Program Title: Managing Retention
Target Group: Bank Tellers
Solution: Skills Based Pay System to Reduce Employee Turnover
Southeast Corridor Bank

Level 1: Reaction

• Composite Rating: 4.2 out of 5

Level 2: Learning

• Positive self-assessment on program understanding
• Positive self-assessment on each course with few exceptions (only two failed to be promoted because of performance in training)
Southeast Corridor Bank

Level 3: Application

- 95% participation rate
- 86 requests for training compared to 46 the year before
- 138 review situations
- 257 promotions compared to 139 the year before

Level 4: Impact

- Turnover reduced from 71% to 35%
- Staffing level reduced by 4%
Southeast Corridor Bank

Level 5: ROI

- BCR: 3.58
- ROI: 258%

Intangible Benefits

- Customer Satisfaction
- Job Satisfaction
- Product Sales
- Cross Selling
Southeast Corridor Bank

• Technique to Isolate Effects of Program:
  Estimates from branch managers and branch staff, adjusted for error

• Technique to Convert Data to Monetary Value:  
  External studies at similar institutions and standard values (for staffing)

• Fully-loaded Program Costs:  
  $857,196 First year; $433,200 Second year
Program Title: Diversity
Target Group: Managers and Employees
Solution: All-Inclusive Workforce Program (AIW)
Sprint/Nextel

Level 1: Reaction
• Composite Rating: 4.39 out of 5 (for six items)

Level 2: Learning
• Averaged 4.28 out of 5 (for learning on six objectives)
Sprint/Nextel

Level 3: Application

- **Managers:**
  - Supports AIW (87%)
  - Addresses Problems (81%)
  - Encourages Staff (78%)

- **Employees:**
  - Supports AIW (65%)
  - Identifies Differences (63%)
  - Encourages Staff (60%)

- 91% of Managers successful completed action plans
Sprint/Nextel

Level 4: Impact

- Attrition Rate Improvement = 9.77%

Level 5: ROI

- BCR: 2.6
- ROI: 163%
Intangible Benefits

- Employee Satisfaction
- Communication
- Cooperation
- Diversity Mix
- Teamwork
Sprint/Nextel

- Technique to Isolate Effects of Program: Manager’s estimate, adjusted for error
- Technique to Convert Data to Monetary Value: Standard cost item ($89,000 per Turnover)
- Fully-loaded Program Costs: $1,216,836
Healthcare, Inc.

Program Title: Preventing Sexual Harassment

Target Group:
- Primary First and Second Level Managers (655)
- Secondary: All employees through group meetings (6,844)

Solution:
Workshops and meetings on company policy and sexual harassment
Healthcare, Inc.

Level 1: Reaction
- Overall rating 4.11 out of 5
- 93% provided action items

Level 2: Learning
- 65% increase post-test versus pre-test
- Skill practice demonstration
Healthcare, Inc.

Level 3: Application

- 96% conducted meetings and completed meeting record
- 4.1 out of 5 on behavior change survey
- 68% report all action items complete
- 92% report some action items complete

Level 4: Impact

- Turnover reduction: $2,840,632
- Complaint reduction: $360,276
- Total improvement: $3,200,908
Healthcare, Inc.

Level 5: ROI

- 1,051%

Intangible Benefits

- Job Satisfaction
- Absenteeism
- Stress Reduction
- Better Recruiting
Technique to Isolate Effects of Program: Trendline analysis; participant estimation

Technique to Convert Data to Monetary Value: Historical costs; internal experts

Fully-loaded Program Costs: $277,987
Sample of Published ROI Studies

Performance Management  Stress Management Program
Process Improvement  Executive Leadership Development
Skill-Based Pay  E-Learning
Sexual Harassment Prevention  Internal Graduate Degree Program
Safety Incentive Plan  Executive Coaching
Diversity  Competency Development
Retention Improvement  First Level Leadership Development
Absenteeism  Control/Reduction Program