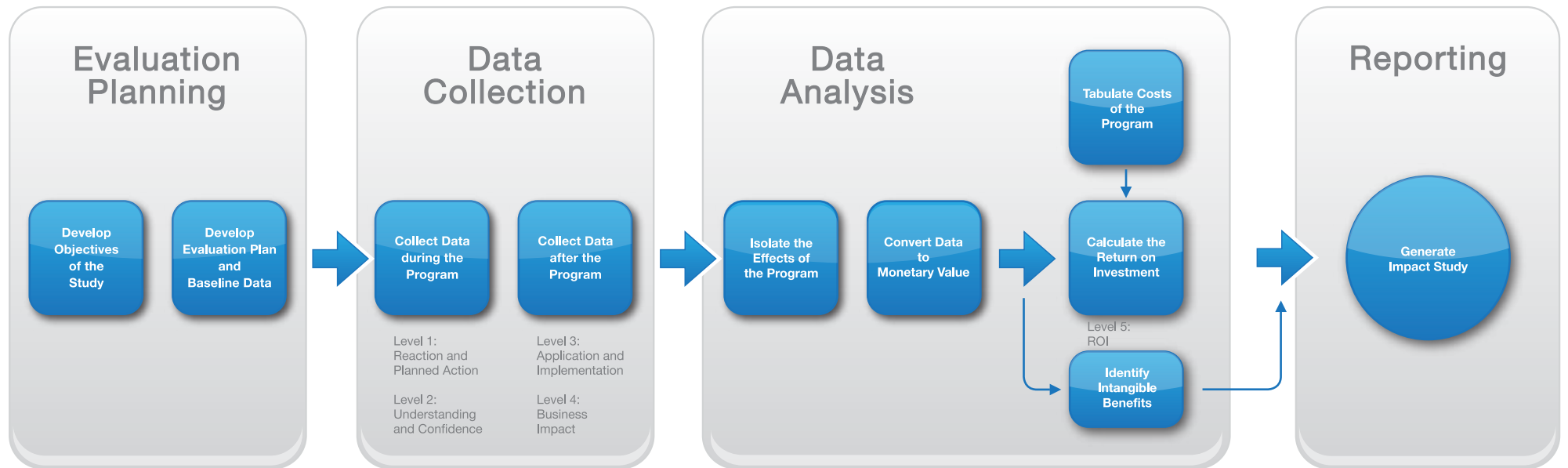


# ROI METHODOLOGY™



## Evaluation Planning

### Establish Evaluation Objectives

- Were program objectives achieved
- Identify successes and failures
- Identify barriers and enablers
- Improve future programs
- Determine benefit/cost ratio

### Develop ROI Analysis Plan

- Determine isolation technique(s)
- Establish method(s) to monetize results
- Identify cost categories
- Identify expected intangible benefits
- Determine audience for final report

### Develop Project Plan

- Create Action Item List
- Calendar Action Items
- Assign Responsibility

### Determine Measures and Develop Baseline Data

- Measures based on objectives
- Identify hard/soft measures
- Capture baseline data
- Forecast ROI as necessary

### Determine Data Sources to Use

- Organizational performance records
- Participants
- Supervisors and subordinates
- Senior management
- Team/peer group
- Internal/external group

### Match Evaluation Levels with Objectives

- Levels one through five

### Determine Evaluation Timing

- Availability of data
- Ideal time for application
- Ideal time for business impact
- Convenience of collection
- Constraints on collection

### Determine Evaluation Instruments

## Evaluation Instruments to Use

### Level 1: Reaction, Satisfaction, and Planned Action

- Questionnaires
- Surveys
- Interviews
- Assessments:
  - Peer
  - Managers
  - Self
- Focus groups

### Level 2: Understanding/Confidence

- Feedback questionnaires
- Written tests
- Performance observations
- Case studies
- Simulations
- Assessments:
  - Peer
  - Managers
  - Self
- Focus groups

### Level 3: Application/Implementation

- Follow-up:
  - Surveys
  - Questionnaires
  - Interviews
  - Focus groups
- Observations of performance/behavior
- Action planning and/or improvement plans
- Performance level agreements
- Performance/process records

### Level 4: Business Impact

- Follow-up:
  - Surveys
  - Questionnaires
  - Interviews
  - Focus groups
- Observations of performance/behavior
- Action planning and/or improvement plans
- Performance level agreements
- Performance records

## Data Analysis

### Isolating the Effects

- Control groups
- Trend line analysis
- Estimate of impact (%)
  - Participants
  - Supervisors
  - Management
- Use of experts/previous studies
- Estimate impact of other factors
- Customer input

### Converting Data to Financial Value

- Profit/savings from program output
- Cost of quality/service
- Employee time (compensation)
- Historical costs/savings
- Expert input
- External studies
- Linkage to other measures
- Participant estimation
- Supervisor/manager estimation
- Staff estimation

## Calculate ROI

### Capture Program Costs

- Cost to research, design and-develop program
- Marketing and promotion
- Cost of materials
- Cost for specialist, contributor, contractor
- Travel/lodging/meals for design and implementation staff
- Participant salary/benefit for time attending meetings, kick-off, implementation, training
- Administrative/overhead costs related to program
- Evaluation costs

### Identify Intangibles

- Increased customer satisfaction
- Increased confidence
- Improved teamwork
- Reduced complaints
- Improved communication
- Increased job satisfaction
- Improved convenience
- Unexpected application benefits

## Reporting

### General Information

- Purpose/objectives of Program
- Objectives of study
- Background

### Study Methodology

- Levels of evaluation
- ROI process
- Collecting data
- Isolating the effects
- Converting data

### Results

- Reaction/satisfaction
- Understanding
- Use of program to impact objectives
- Barriers and enablers
- Business impact
- Linkage to business measures
- ROI calculation
- Intangible benefits

### Interpretation

- Conclusions
- Recommendations

### Exhibits

## ROI Calculation Example

$$ROI = \frac{\text{Net Program Benefits}}{\text{Program Costs}} \times 100 \quad ROI = \frac{\$430,000 - \$230,000}{\$230,000} = 0.87 \times 100 = 87\%$$

Costs of program = \$230,000

Benefits of program = \$430,000