



## ROI is the Key to Success

June 24-25, 2008

SHRM 2008 Conference and Exposition



[www.aboutepi.com](http://www.aboutepi.com)

Presented by:

Michelle Kelly

President/CEO, EPI

[mkelly@aboutepi.com](mailto:mkelly@aboutepi.com)

303-395-0885



## Why Calculate Return on Investment (ROI)?


### *Influencing Factors*



What are the influencing factors?

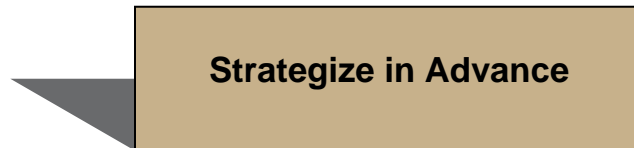

### Quantitative vs. Qualitative Information




## Ensure Your Programs are on PAR



P	
A	
R	



### *Plan – Develop Evaluation Plan*

#### **Tips**

- Develop the strategic evaluation questions and identify key metrics to answer those questions.
  
- Identify baseline data needed for comparison purposes.
  
- Ensure buy-in and agreement up-front with stakeholders or others involved in the process.
  
- Determine how findings will be used and reported to stakeholders.
  
- Select data collection methods and get approval (as appropriate) in advance.



## Mapping of Strategic Evaluation Questions to Evaluative Metrics

The following matrix shows the relationship between the Strategic Questions identified in the Assessment Plan with metrics. Some metrics are listed several times because they may contribute to answering several Strategic Questions.

Strategic Evaluation Questions	Identified Metrics	How it is Measured
I. How is this program benefiting the organization?	<ul style="list-style-type: none"> <li>▶ Time to assimilation</li> </ul>	<ul style="list-style-type: none"> <li>▶ Perception survey (solicit info from focus groups, and surveys)</li> <li>▶ Analyze scorecards and participant portfolios</li> <li>▶ Time to achieving sales goals</li> </ul>
	<ul style="list-style-type: none"> <li>▶ Reduction in business unit involvement in training</li> <li>▶ Completion rates</li> </ul>	<ul style="list-style-type: none"> <li>▶ How much involvement (time or overhead) before and after program implementation</li> <li>▶ Count of completed courses and rotations</li> </ul>
	<ul style="list-style-type: none"> <li>▶ Retention rates</li> <li>▶ Engagement levels</li> <li>▶ Workforce balance</li> </ul>	<ul style="list-style-type: none"> <li>▶ HR data, workforce demographics</li> <li>▶ Perception survey (also need to know why; satisfaction with job/happiness; relationship to coach influence and nature of work)</li> <li>▶ “Stay interviews” – Why do participants stay?</li> <li>▶ Exit interviews – Why do participants leave?</li> <li>▶ Example stories of benefits/impact with respect to new ideas, new or refined processes, etc.</li> </ul>



## ROI Plan – Outline Sample

**EPI** Empowering People.  
Accelerating Performance.

**ROI Plan – Outline Sample**

I. Rationale

A. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

II. Strategic Evaluation Questions

A. Program perspective

1. \_\_\_\_\_

B. Participant perspective

1. \_\_\_\_\_

III. Assessment Design

A. Performance assessment


1. \_\_\_\_\_

B. Program assessment

1. \_\_\_\_\_

IV. Implementation

A. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_





## **Act – Implement the Evaluation Plan**

### **Tips**

- Develop data collection tools and related communication materials.
- Communicate with stakeholders and others involved in the evaluation process.
- Execute the evaluation plan and collect data.
- Provide updates to stakeholders as appropriate.

### **Tools**




## Report – Share and Utilize Results

### Tips

- Report all the data
  - Summarized
  - Anonymous
  
- Use the data to demonstrate value-add of the program, make adjustments to the program, and provide recommendations on next steps.
  
- Follow up on recommendations or changes to ensure desired results.

### Formula

$$\text{ROI} = \frac{\text{Net Program Benefits (Total Benefits - Program Costs)}}{\text{Program Costs}} \times 100\% =$$



Empowering People.  
Accelerating Performance.



## Development and Delivery Costs

Tangible Costs	Instructor Led (IL)	Every Year (IL)	Adc
Cost to Develop	\$46,000.00		
Cost to Send Employee to Training	\$4,821.43	\$4,821.43	
Facilitator Delivery Cost	\$2,857.14	\$2,857.14	
Facilitator Preparation Cost	\$1,428.57	\$1,428.57	
Facilitator Travel Costs	\$0.00	\$0.00	
Miscellaneous Expenses (lunch, materials, training rewards)	\$300.00	\$300.00	
<b>Total Instructor Led</b>	<b>\$55,407.14</b>	<b>\$9,407.14</b>	
Tangible Costs	Current Instructor Led (IL)	Year 1 (Blended Course)	Year 2 (Blended Course)
Employee Cost for Blended Course		\$2,410.71	\$2,410.71
Facilitator Cost for Delivering the Blended Cost		\$89.29	\$89.29
Out of Pocket Expenses for Development of the Blended Course		\$27,830.00	
Employee Cost to Review Blended Course			\$178.57
EPI Cost to Update Blended Course			\$460.00
<b>Total Blended Course</b>		<b>\$30,330.00</b>	<b>\$3,138.57</b>

## No Baseline Data...Then What?

- Capture at the end of a course or program
- Reach out to others
- More qualitative




**Activity**

<b>Initiative</b>	
<b>Purpose/Goal(s)</b>	
<b>Strategic Questions</b>	
<b>Baseline Data Needed</b>	
<b>Data Collection Methods</b>	



*Mapping of Strategic Evaluation Questions to Evaluative Metrics*

Strategic Evaluation Questions	Identified Metrics	How it is Measured



## About EPI

EPI is a consulting firm that works with companies to strategically analyze all factors that drive organizational performance. EPI helps organizations create a place where people want to come to work, are engaged, and are contributing to bottom line results. EPI provides expertise in assessment, hiring, onboarding, skill development, and learning through technological innovation and customized performance-driven initiatives. To learn more about EPI, go to [www.aboutepi.com](http://www.aboutepi.com).

EPI ■ 468 Mesa View Way ■ Golden, CO 80403

303.395.0885 ■ [www.aboutepi.com](http://www.aboutepi.com)