

HRPAO

# Where the Rubber Hits The Road

## ***Measurement & ROI in Training and Development***



HRPAO - February 2, 2005

Mark Reno - HORN



HRPAO

## Introducing HORN

**Established in 1984**

**Specialists in Sales Force Performance  
Improvement**

**Consulting**

**Customized training**

**Coaching**

**HORN Centre for Applied Measurement**

**Humanistic Influence: high integrity selling and  
coaching**



HRPAO

## Past Clients

- Air Canada
- Air New Zealand
- Bacardi
- Bayer
- Bell Canada
- Coca Cola Ltd.
- Fidelity Investments
- GlaxoSmithKline
- Hewlett Packard
- IBM
- Kellogg
- Manulife Financial
- Microsoft
- Nortel
- Pitney Bowes
- Sanofi Aventis
- Sony
- Sun Life Financial
- Telus Mobility
- Toronto Stock Exchange
- Unilever
- University of Toronto



HRPAO

## Session Topics:

**Evaluation – Why Bother?**

**Traditional Levels of Evaluation**

**Ten-I Staged Evaluation Model**

**ROI Measurement Methodology**

**A Phased Transfer Strategy Model**



## Measurement Pros & Cons

### Benefits

- training development
- investment decisions
- “stop, start, continue”
- performance improvement

### Drawbacks

- labour intensive
- time consuming
- costly

HRPAO

## Traditional Measurement & Evaluation \*

**Level 1: Reaction and Planned Action**

**Level 2: Learning and Retention**

**Level 3: On-The-Job Application**

**Level 4: Performance Impacts**

**Level 5: Return-On-Investment (ROI)**

\* Kirkpatrick, Phillips



HRPAO

## *Ten - 1 Staged Evaluation Model* \*

A *PRACTICAL* Evaluation Model Linked to  
Performance Improvement...



\* Adapted from David Batchelor



HRPAO

*Ten - 1 Staged Evaluation Model \* for  
Performance Improvement*

**Stage 1: Impressions & Intentions**

**Stage 2: Integration & Implementation**

**Stage 3: Internalization**

**Stage 4: Impact & Isolation**

**Stage 5: Investment (ROI)**

**Stage 6: Investigation & Intervention**

\* Adapted from David Batchelor



HRPAO

## STAGE 1: Impressions & Intentions Focus

- Relevance of Content
- Training Materials
- Assignments & Exercises
- Delivery Methodology
- Facilitator Performance
- Facilities / Environment
- Overall Rating
- Suggested Improvements
- Planned Application
- Forecasted Results



HRPAO

## STAGE 1: Impressions & Intentions Methods

- **Smile Sheets**
- **Post-Training Interviews**
- **Action Plan Follow - ups**



HRPAO

## STAGE 1: Impressions & Intentions Tips

- **Plan Thoroughly and Start Early**
- **Collect Information That Aids In Improvement**
- **Use Quantifiable Scales / Ratings**
- **Don't Let Results Go To Waste**



## STAGE 2: Integration & Implementation Methods

- Self-Assessment
- Follow-Up Questionnaires
- Post-Training Interviews
- Focus Groups
- Customer Surveys
- Work Assignments
- Field Observation
- Performance Monitoring
- Performance Metrics

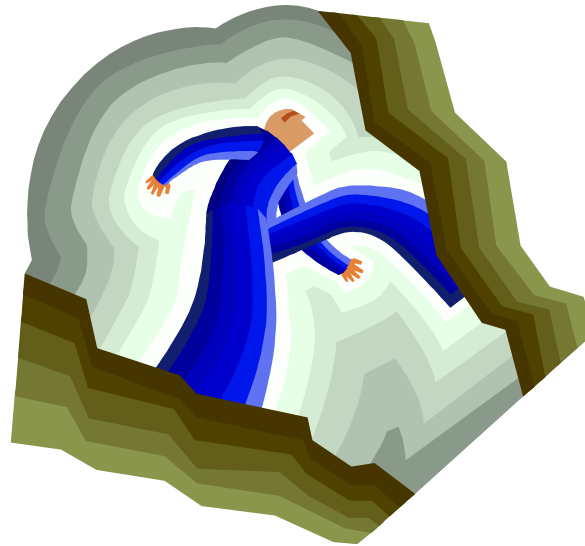
## STAGE 2: Integration & Implementation Tips

- **Use Multiple Evaluations**
- **Measure What You Impact**
- **Focus on Observable Application and Behaviours**
- **Set Expectations Early**
- **Set a “Coaching” Context**
- **Establish a Performance Improvement Culture**

HRPAO

## *The Phased Transfer Model*

### **Facilitating *STAGE 2: Integration & Implementation***



**We shall discuss the PTS Model at the end of the presentation.**



## STAGE 3: Internalization Assessment Methods

- **Written Tests**
- **Performance Demonstrations**
- **Work Assignments**
- **Self-Assessment**
- **Peer Assessment**
- **Supervisor Assessment**
- **Facilitator Observation**
- **Coach Observation**
- **SME Observation**

HRPAO

## STAGE 3: Internalization Tips

- **Use Complementary Evaluations**
- **Employ Multiple Methods**
- **Avoid “Testing” Culture**
- **Consider “Certification” Approach**



## STAGE 4: Impact & Isolation Measurement Principles

- **A Critical Stage**
- **Research and Analysis Oriented**
- **Pre & Post Measurement is Required**
- **Planning is Critical**
- **The Isolation Challenge**

## STAGE 4: Impact “Hard” Impacts Metrics

### Output

- Production Volume
- Sales

### Costs

- Variable / Fixed Costs
- Direct / Indirect Costs

### Time

- Downtime / Overtime
- Processing Time

### Quality

- Rework / Scrap / Returns
- Defections / Complaints

## STAGE 4: Impact “Soft” Impacts Metrics

### Work Environment

- Absenteeism
- Grievances
- Turnover
- Frequency of Raises

### Skills

- Problem Solving
- Decision Making
- Leadership/Coaching
- Communication

### Feelings/Attitudes

- Customer Satisfaction & Loyalty
- Employee Satisfaction & Loyalty

## STAGE 4: The Isolation Challenge

- **Many Factors are at Work, Positive and Negative**
- **Factors Interact with One Another in Complex Relationships**
- **Factors are Changing and Often Subtle**
- **Workplace is not a Laboratory – Cannot Control all Factors**
- **Difficult to Prove Causal Link Between Training and Changes**
- **Training Impacts are Often Soft / Intangible / Unquantifiable**
- **Training Cannot Take Sole Credit for Positive Changes**
- **Training Should Not Take Sole Blame for Negative Changes**

HRPAO

## STAGE 4: Isolating the Effects of Training

- **Pilot Testing**
- **Control Groups**
- **Trend Analysis**
- **Research-Based Estimation Processes**



## STAGE 4: Isolation Research-Based Estimation

- 1) Poll relevant stakeholders on key factors contributing to the performance change.**
- 2) Generate a master list of factors.**
- 3) All stakeholders estimate the relative impact (%) of each factor on the performance change and estimate their relative confidence in their estimations.**
- 4) Calculate the confidence-weighted percentage impact of each factor on the performance change.**

HRPAO

STAGE 4:  
Isolation  
Research-Based Estimation  
For example ...

**After a *Consultative Selling Skills* program, ABC Financial realizes a monthly increase in credit card accounts of 175 units, measured 6 months after training.**

**A comprehensive impact study determined the following estimations through 360° surveys:**



HRPAO

STAGE 4:  
Isolation  
Research-Based Estimation  
For example ...

Factor	Average Impact Estimate	Average Confidence
Sales Training	32%	83%
Incentive Programs	41%	87%
Management Reinforcement	14%	62%
Market Fluctuations	11%	75%
Other	2%	91%
	100%	

*What number of new credit card accounts is attributable to sales training?*



HRPAO

STAGE 4:  
Isolation  
Research-Based Estimation  
For example ...

$$175 \text{ accounts} \times 32\% \times 83\% \\ = 46.5 \text{ accounts}$$

Therefore, it is “strongly plausible” to say that approximately 46 new accounts per month are due to the sales training.

*So, now how do we determine ROI?*



## STAGE 5: Investment ROI Measurement Steps

1. **Determine Evaluation Objectives**
2. **Develop Data Gathering Methods**
3. **Perform Impact Studies**
4. **Identify Benefits - “Hard” and “Soft”**
5. **Conduct Isolation Analysis**
6. **Determine Costs - Direct and Indirect**
7. **Convert Benefits and Costs to Monetary Values**
8. **Calculate Return On Investment**

## STAGE 5: Investment Calculating ROI

### ROI Example:

**Realized Program Benefits (1<sup>st</sup> Year) = \$230,000**

**Total Program Costs = \$88,000**

**ROI = Net Program Benefits ÷ Net Program  
Costs X 100**

**ROI = (\$230,000 – \$88,000) ÷ \$88,000 × 100  
= 161%**

## STAGE 5: Investment ROI Tips

- ROI measurement builds upon previous stages and requires the most time and resources.
- If earlier stages are not done properly, then ROI measurement is compromised.
- If ROI is not seen as important by all stakeholders, it is doomed to fail.
- If Senior Management asks for ROI information after the fact, it is already too late.
- Impact and Isolation analyses are critical and not a quick fix.
- Impact and Isolation studies require a great deal of planning, cooperation and communication.

## STAGE 6: Investigation & Intervention

**If ROI is Negative / Low, Investigate:**

- ✓ **Intention**
- ✓ **Integration**
- ✓ **Implementation**
- ✓ **Impact Factors**

**To Achieve an Acceptable ROI, Intervene:**

- ✓ **Improve**
- ✓ **Stop, Start, Continue**
- ✓ **Support**

HRPAO

*Ten - 1 Staged Evaluation Model*  
More...

- **Plan, plan, plan.**
- **Start early.**
- **Make measurement a core element.**
- **Start with the end in mind.**
- **Only do what will yield high value.**
- **Consider the cost of the evaluation relative to ROI**



## References

Handbook of Training and Evaluation and Measurement Methods (3<sup>rd</sup> ed.), Jack J. Phillips, Gulf Publishing, Houston Texas, 1997.

In Action: Implementing Evaluation Systems and Processes, Jack J. Phillips, (Editor), ASTD, Alexandria, Virginia, 1998.

In Action: Measuring Return on Investment, (Volumes 1 and 2), Jack J. Phillips, (Editor), ASTD, Alexandria, Virginia, 1994 and 1997.

Evaluating the Impact of Training, Scott B. Parry, ASTD, Alexandria, Virginia, 1997.

Evaluating Training Programs (2<sup>nd</sup> Edition), Donald L. Kirkpatrick, Berrett-Koehler Publishers, San Francisco, California, 1998.

Training for Impact, Dana Gaines Robinson and James C. Robinson, Jossey-Bass, San Francisco, California, 1989.

Figuring Things Out, R. Zemke and T. Kramlinger, Addison-Wesley Publishing Co., Reading, Massachusetts, 1982.

Evaluating Training Effectiveness (2<sup>nd</sup> Edition), Peter Bramley, McGraw-Hill Book Company, London, 1996.



## References

Evaluating Human Resources, Programs, and Organizations, Byron R. Burnham, Krieger Publishing Company, Malabar, Florida, 1995.

Return on Quality, Roland T. Rust, Anthony J. Zahorik and Timothy L. Keiningham, Irwin Publishers, Chicago, Illinois, 1994.

Make Training Worth Every Penny, Jane Holcomb, Pfeiffer & Company, San Diego, California, 1994.

The Training Evaluation Process, David J. Basarab, Sr. and Darrell K. Root, Kluwer Academic Publishers, Norwell, Massachusetts, 1992.

Training Evaluation Handbook, A. C. Newby, Pfeiffer & Company, San Diego, California, 1992.

Evaluation: A Tool for Improving HRD Quality, Nancy M. Dixon, University Associates, San Diego, California, 1990.

Evaluation: Relating Training to Business Performance, Terence Jackson, University Associates, San Diego, California, 1989.

Forecasting Financial Benefits of Human Resource Development, Richard A. Swanson and Deane B. Gradous, Jossey-Bass, San Francisco, California, 1998.

HRPAO

# Where the Rubber Hits The Road

## ***Measurement & ROI in Training and Development***



HRPAO - February 2, 2005

Mark Reno - HORN



HRPAO

*The Phased Transfer Model* \*

**Facilitating *STAGE 2: Integration & Implementation***



\* Adapted from David Batchelor



