

An ROI Case Study



CRACKER BOX, INC.

PERFORMANCE MANAGEMENT TRAINING

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This case study describes how evaluation is built into the learning process and is positioned as an application tool. This is a powerful approach of using action plans, developed by participants during the training program to drive application, impact, and ROI data. The program adds significant value to this restaurant store chain and shows how the evaluation process can be accomplished with minimum resources. The keys to success are planning for the evaluation, building it into learning process, and using the data to help future participants.

This case was prepared to serve as a basis for discussion rather than to illustrate either effective or ineffective administrative and management practices. All names, dates, places, and organization have been disguised at the request of the author(s) or organization.

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BACKGROUND

Situation

Cracker Box, Inc. is a large, fast-growing restaurant chain located along major interstates and thoroughfares. In the past 10 years, Cracker Box has grown steadily and now has over 400 stores with plans for continued growth. Each store has a restaurant and a gift shop. A store manager is responsible for both profit units. Store manager turnover is approximately 25% – lower than the industry average of 35%, but still excessive. Because of the store's growth and manager turnover, there is a need to develop almost 150 new store managers per year.

Store managers operate autonomously and are held accountable for store performance. Utilizing the store team, managers control expenses, monitor operating results, and take actions as needed to improve store performance. Each store has dozens of performance measures reported in a monthly operating report. Some measures are reported weekly.

Store managers are recruited both internally and externally and must have restaurant experience. Many of them have college degrees. The training program for new managers usually lasts nine months. When selected, the store manager trainee reports directly to a store manager who serves as a mentor to the trainee. Trainees are usually assigned to a specific store location for the duration of manager training. During the training period, the entire store team reports to the store manager trainee as the store manager coaches the trainee. As part of the formal training and development, each store manager trainee is required to attend at least three one-week programs offered by the company's Corporate University. One of those programs is the Performance Management Program.

Performance Management Program

The Performance Management Program teaches new store managers how to improve store performance. Program participants learn how to establish measurable goals for employees, provide performance feedback, measure progress toward goals, and take action to ensure that goals are met. The program focuses on using the store team to solve problems and improve performance. Problem analysis and counseling skills are also covered. The one-week program is residential and evening assignments are often part of the process. Skill practice sessions are integrated throughout the sessions during the week. The program is taught by both the corporate university staff and operation managers. Program sessions take place at the location of the corporate university near the company's headquarters.

Needs Assessment

The overall needs assessment for this process was in two parts. First, there was a macro-level needs assessment for the store manager position. Specific training needs were identified for new managers particularly with issues involving policy, practice, performance, and leadership. This needs assessment was the basis for developing the three programs that were required for each new manager trainee. The second part of the assessment was actually built into this program as the individual manager trainees provided input for a micro-level or store level needs assessment.

Prior to attending the program, participants are asked to provide limited needs assessment data. Each participant was asked to meet with the store manager (his or her mentor) and identify at least three operating measures that, if improved, should enhance store performance. Each measure should focus on changes that both the store manager and manager trainee feel should be made. These business impact measures may be productivity, absenteeism, turnover, customer complaints, revenues, inventory control, accidents, or any other measure that could improve performance. It is possible for each participant in a specific manager trainee group to have different measures.

To ensure that the job performance needs are met, each participant was asked to review the detailed objectives of the program and select only measures that can be improved utilizing the efforts of the team and skills taught in the program. The important point in this step is to avoid selecting measures that cannot be enhanced through the use of the input of the team and the skills covered in the program.

As participants register for the program, they are reminded of the requirement to complete an action plan as part of the application of the process. This requirement is presented as an integral part of the program and not as an “add on” data collection tool. Action planning is necessary for participants to see the actual improvements generated from the entire group of program participants. Credit is not granted until the action planning process is completed.

Why Evaluate This Program?

The decision to conduct an ROI analysis for this program was reached through a very methodical and planned approach. A corporate university team decided at the outset that data would be collected from this program. Therefore, the team built the evaluation into the program. This decision was based on three issues.

1. This program is designed to add value at the store level and the outcome is expressed in store level measures that are well known and respected by the management team. The evaluation should show the actual value of improvement.
2. This evaluation positions the data collection process from an evaluation perspective to an application process. The manager trainees did not necessarily perceive that the information they provided was for the purpose of evaluation, but saw it as more of an application tool to show the impact of their training.
3. This evaluation shows the power of the application data to continue to make improvements and adjustments and to build respect with not only the store managers, but the operating executives as well.

The ROI Process

The corporate university staff had utilized a comprehensive evaluation process in many of its programs. The approach used, called the ROI process, generates six types of data:

1. Reaction and Satisfaction
2. Learning
3. Application/Implementation
4. Business Impact
5. ROI

Intangible Measures with a technique to isolate the effects of the program.

Figure 1 shows the ROI process model utilized which had its beginning with detailed objectives for learning, application, and impact. Data collection plans and an ROI analysis plans are developed before data collection actually begins. Four different levels of data are collected which represents the first four types of data listed above. The process includes a method to isolate the effects of a program and techniques to convert data to monetary value. The ROI is calculated when comparing the monetary benefits to the cost of the program. The intangible measures, the sixth type of data, are those measures not converted to monetary value. This comprehensive model allows the organization to follow a consistent standardized approach each time it is applied to evaluate training and development programs.

THE ROI PROCESS

Calculating the Return on Investment of a Business Performance Solution

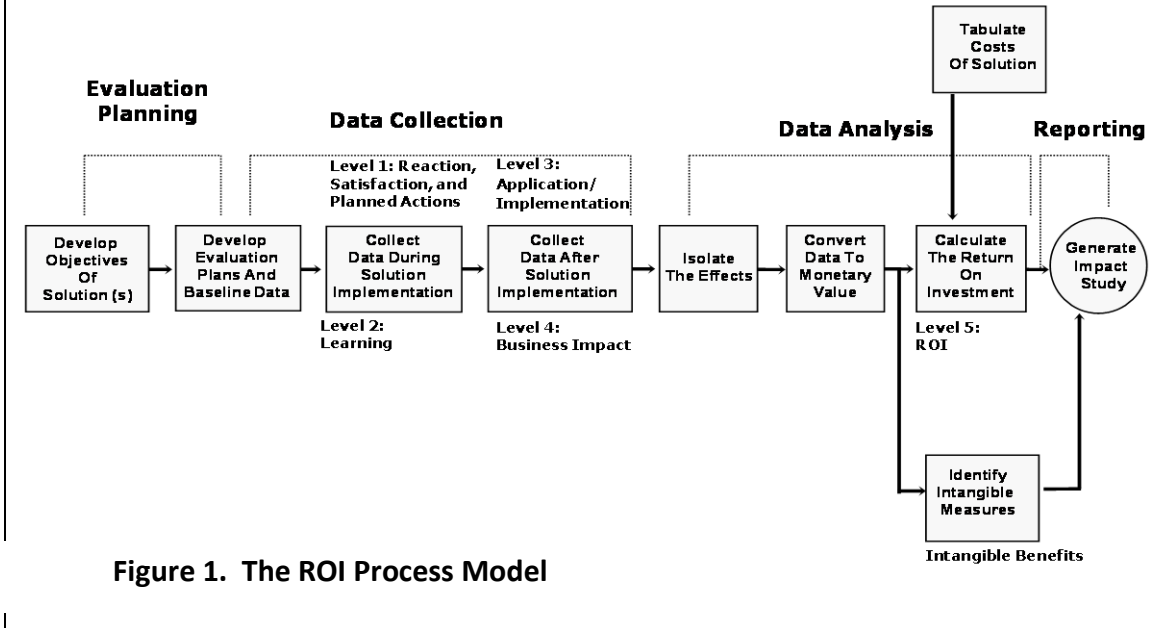


Figure 1. The ROI Process Model

Planning for Evaluation

Planning for the evaluation is critical to save costs and improve the quality and quantity of data collection. It also provides an opportunity to clarify expectations and responsibilities and shows the client group – in this case, the senior operating team – exactly how this program is evaluated. Two documents are created: the data collection plan and the ROI analysis plan.

Data Collection Plan

Figure 2 shows the data collection plan for this program. Broad objectives are detailed along the five levels of evaluation that represents the first five types of data collected for programs. As the figure illustrates, the typical reaction and satisfaction data are collected at the end of the program by the facilitator. Learning objectives focus on the five major areas of the program: establish employee goals, providing feedback and motivate employees, measuring employee performance, solving problems, and counseling employees. Learning measures are obtained through observations from the facilitator as they practice the various skills.

Data Collection Plan

Program: Performance Management Program **Responsibility:** _____ **Date:** _____

<u>Level</u>	<u>Objective(s)</u>	<u>Measures/Data</u>	<u>Data Collection Method</u>	<u>Data Sources</u>	<u>Timing</u>	<u>Responsibilities</u>
1	Reaction/Satisfaction <ul style="list-style-type: none"> ▪ Obtain positive reaction to program and materials ▪ Identify planned actions 	<ul style="list-style-type: none"> ▪ Average rating of 4.0 out of 5.0 on quality, quantity, and usefulness of material ▪ 100% submit planned actions 	<ul style="list-style-type: none"> ▪ Standard feedback questionnaire 	<ul style="list-style-type: none"> ▪ Participant 	<ul style="list-style-type: none"> ▪ End of program 	<ul style="list-style-type: none"> ▪ Facilitator
2	Learning <ul style="list-style-type: none"> ▪ Establishing employee goals ▪ Providing feedback and motivating employees ▪ Measuring employee performance ▪ Solving problems ▪ Counseling employees 	<ul style="list-style-type: none"> ▪ Be able to identify 100% of steps necessary to establish, monitor, and achieve goals ▪ Demonstrate ability to provide employee feedback, solve problems 	<ul style="list-style-type: none"> ▪ Skill practice ▪ Facilitator assessment ▪ Participant assessment 	<ul style="list-style-type: none"> ▪ Participant 	<ul style="list-style-type: none"> ▪ During program 	<ul style="list-style-type: none"> ▪ Facilitator
3	Application/Implementation <ul style="list-style-type: none"> ▪ Apply skills in appropriate situations ▪ Complete all steps of action plan 	<ul style="list-style-type: none"> ▪ Ratings on questions ▪ The number of steps completed on action plan 	<ul style="list-style-type: none"> ▪ Follow-up questionnaire ▪ Action plan 	<ul style="list-style-type: none"> ▪ Participant ▪ Participant 	<ul style="list-style-type: none"> ▪ 3 months after program ▪ 6 months after program 	<ul style="list-style-type: none"> ▪ Corporate University staff
4	Business Impact <ul style="list-style-type: none"> ▪ Identify 3 measures that need improvement 	<ul style="list-style-type: none"> ▪ Varies 	<ul style="list-style-type: none"> ▪ Action plan 	<ul style="list-style-type: none"> ▪ Participant 	<ul style="list-style-type: none"> ▪ 6 months after program 	<ul style="list-style-type: none"> ▪ Corporate University staff
5	ROI <ul style="list-style-type: none"> ▪ 25% 	<ul style="list-style-type: none"> ▪ Comments: _____ _____ _____ 				

Figure 2. Data Collection Plan

Through application and implementation, participants focus on two primary broad areas. The first is to apply the skills in appropriate situations and the second is to complete all steps in their action plan. In terms of skill application, a follow-up questionnaire is selected to measure the use of the skills along with certain other related issues. This was planned for three months after the program. Six months after the program, the action plan data is provided to show the actual improvement in the measures planned.

Business impact objectives vary with the individual as each store manager trainee identifies at least three measures needing improvement. These are detailed on the action plan and serve as the basic documents for the corporate university staff to tabulate the overall improvement.

The overall ROI objective is 25%, which was the standard established for internal programs at Cracker Box. This was slightly above the internal rate of return expected from other investments such as the construction of a new restaurant and gift shop.

ROI Analysis

The ROI analysis plan shows how data are actually processed and reported. Business impact data are listed and form the basis for the rest of the analysis. The method for isolating the effects of the program in this situation was participant estimation. Other techniques such as control group arrangements, trend line analysis, and others available in the ROI process, would not be feasible in this setting. The method to convert data to monetary values relied on three techniques: standard values (if they are available), expert input, or participant's estimate. Cost categories represent a fully loaded profile of costs, anticipated intangibles are detailed, and the communication targets are outlined. The ROI analysis plan basically represents the approach to process business impact data to develop the ROI analysis and to capture the intangible data. Collectively, these two planning documents outline the approach for evaluating this program.

ROI Analysis Plan

Program: Performance Management Program Responsibility: _____ Date: _____

<u>Data Items (Usually Level 4)</u>	<u>Methods for Isolating the Effects of the Program/ Process</u>	<u>Methods of Converting Data to Monetary Values</u>	<u>Cost Categories</u>	<u>Intangible Benefits</u>	<u>Communication Targets for Final Report</u>	<u>Other Influences/ Issues During Application</u>	<u>Comments</u>
<ul style="list-style-type: none"> ▪ 3 measures identified by manager trainee and manager 	<ul style="list-style-type: none"> ▪ Participant estimation 	<ul style="list-style-type: none"> ▪ Standard values ▪ Expert input ▪ Participant estimation 	<ul style="list-style-type: none"> ▪ Needs assessment ▪ Program development ▪ Program material ▪ Travel & lodging ▪ Facilitation & coordination ▪ Participant salaries plus benefits ▪ Training overhead ▪ Evaluation 	<ul style="list-style-type: none"> ▪ Achievement ▪ Confidence ▪ Job satisfaction ▪ Permanent store assignment 	<ul style="list-style-type: none"> ▪ Store managers ▪ Participants ▪ Corporate University staff ▪ Regional operating executives ▪ VP store operations ▪ Senior VP Human resources 		

Client Signature: _____ Date: _____

Figure 3. ROI Analysis Plan

Action Planning: A Key to ROI Analysis

Figure 4 shows the sequence of activities as the action planning process is introduced to participants and reinforced throughout the program. The requirement for the action plan is communicated prior to the program along with the request for needs assessment information. On the first day of training, the action planning process is described in a 15-minute discussion. Participants are provided with specially prepared notepads for them to capture specific action items throughout the program. They are instructed to make notes when they learn a technique or skill that can be useful in improving one of the measures on their list of three. In essence, this notepad becomes a rough draft of the action plan.

The action planning process is discussed in greater detail in a one-hour session on Thursday afternoon. This discussion includes three parts:

1. The actual forms are provided and discussed.
2. The guidelines for developing action plans are presented. The SMART (Specific, Measurable, Achievable, Realistic, and Time-Based) requirements are utilized.
3. Examples are presented to illustrate what a complete action plan should look like.

BEFORE	<ul style="list-style-type: none"> ▪ Communicate the action plan requirement early. ▪ Require operating measures to be identified by participants.
DURING	<ul style="list-style-type: none"> ▪ Describe the action planning process at the beginning of the program. ▪ Teach the action planning process. ▪ Allow time to develop the plan. ▪ Have the facilitator approve the action plan. ▪ Require participants to assign a monetary value for each proposed improvement. ▪ If possible, require action plans to be presented to the group.
AFTER	<ul style="list-style-type: none"> ▪ Explain the follow-up mechanism. ▪ Require participants to provide improvement data. ▪ Ask participants to isolate the effects of the program. ▪ Ask participants to provide a level of confidence for estimates. ▪ Collect action plans at the pre-determined follow-up time. ▪ Summarize the data and calculate the ROI.

Figure 4. Sequence of Activities for Action Planning

The action planning forms are distributed in a booklet containing instructions, five blank action plans (only 3 are required – one for each measure), and the examples of completed action plans. On Thursday evening, the booklets are completed in a facilitated session lasting approximately 90 minutes. Participants work in teams to complete all three action plans. Each plan takes about

Action Plan

Name: _____ Instructor Signature: _____ Follow-Up Date _____

Objective: _____ Evaluation Period: _____ to _____

Improvement Measure: _____

Current
Performance

Target
Performance

Action Steps	Analysis
1. _____ _____	A. What is the unit of measure? _____
2. _____ _____	B. What is the value (cost) of one unit? \$ _____
3. _____ _____	C. How did you arrive at this value? _____ _____
4. _____ _____	_____
5. _____ _____	_____
6. _____ _____	D. How much did the measure change during the evaluation period? (monthly value) _____
7. _____ _____	E. What percent of this change was actually caused by this program? _____ %
_____	F. What level of confidence do you place on the above information? (100% = Certainty and 0% - No Confidence) _____ %
Intangible Benefits: _____	

Comments: _____

Figure 5. Action Plan Form

20-30 minutes to complete. Figure 5 shows a blank action plan. The top portion of the plan is completed along with the left side where the action steps are listed. Also, parts A, B, and C on the right side are completed during the session. The remainder of the form, parts D, E, and F as well as intangible benefits and comments, are completed in a six-month follow-up. The session is monitored by the senior facilitator and sometimes an operations executive. Having the operations executive involved provides an additional benefit of keeping the participants focused on the task. Also, this involvement usually leaves operating executives impressed with the focus of the program and the quality of the action planning documents.

The action plan could focus on any specific steps as long as they are consistent with the skills required in the program and are related to the business improvement measures. The most difficult part of developing the plan is to convert the measure to a monetary value. Three approaches are offered to the participants. First, standard values were used if they were available. Fortunately, for Cracker Box, standard values are available for most of the operating measures. Operations managers had previously assigned a cost (or value) to a particular measure for use in controlling costs and to develop an appreciation for the impact of different measures. Second, if a standard value is not available, the participants are encouraged to use expert input. This option is a matter of contacting someone in the organization who may know the value of a particular item. Participants are encouraged to call the expert on Friday morning and include the value to the action plan. Third, if a standard value or expert input is not available, participants are asked to estimate the cost or value using all of the knowledge and resources available to them. Fortunately, the measure is a concern to the trainee and the store manager so there is some appreciation for the actual value. An estimation was possible in every case when standard values and expert input was not available. It was important to require this value to be developed during the program or at least have it developed soon after the program is completed.

The next day, Friday, the participants briefly review the action planning process with the group. Each action plan takes about 5 minutes. To save time, the best action plans from each team are presented to the entire group to underscore the quality of the action planning process. The follow-up steps are explained to the group that usually requires manager trainees to submit completed plans to the corporate university staff, leaving a copy with the store manager. It is recommended that the manager trainee and the store manager discuss the document before sending a copy to the corporate university staff. Contact information is included in case there is some question about the data.

Results

The results were reported in all six categories developed by the ROI process beginning with reaction and moving through ROI and the intangibles. Each are reported below with additional explanation about how some of the data were processed.

Reaction and Learning

Reaction data are collected at the end of the program using a standard questionnaire, which focuses on issues such as relevance of the material, the amount of new information, and intention to actually use the skills. The content, delivery, and facilitation are also evaluated. Figure 6 shows a summary of the reaction data.

Action Plan

Name: John Mathews Instructor Signature: _____ Follow-Up Date 1 September
 Objective: Reduce Weekly Absenteeism Rate for Team Evaluation Period: March to April
 Improvement Measure: Absenteeism Rate Current Performance 8% Target Performance 5%

<u>Action Steps</u>	<u>Analysis</u>
<ol style="list-style-type: none"> 1. <u>Meet with team to discuss reasons for absenteeism – using problem solving skills..</u> 10 March 2. <u>Review absenteeism records for each employee – look for trends and patterns..</u> 20 March 3. <u>Counsel with “problem employees” to correct habits and explore opportunities for improvement..</u> 4. <u>Conduct a brief “performance discussion” with an employee returning to work after an unplanned absence.</u> 5. <u>Provide recognition to employees who have perfect attendance.</u> 6. <u>Follow-up with each discussion and discuss improvement or lack of improvement and plan other action.</u> 31 March 7. <u>Monitor improvement and provide recognition when appropriate.</u> 	<ol style="list-style-type: none"> A. What is the unit of measure? <u>One Absence</u> B. What is the value (cost) of one unit? <u>\$ 41.00</u> C. How did you arrive at this value? <u>Standard Value</u> D. How much did the measure change during the evaluation period? (monthly value) <u>2.5%</u> E. What percent of this change was actually caused by this program? <u>65%</u> F. What level of confidence do you place on the above information? (100% = Certainty and 0% - No Confidence) <u>80%</u>
Intangible Benefits: <u>Less Stress, Greater Job Satisfaction</u>	

Comments: Great Program – it kept me on track with this problem

Figure 6. Action plan.

Learning improvement is measured at the end of the program using a self-assessment and a facilitator assessment. Although these measures are subjective, they provide an indication of improvements in learning. In a typical program, significant improvements in both the self-assessments and facilitator-assessments are usually reported. In this study, the facilitator assessment data reported that all participants had acquired the skills at a satisfactory level.

Application and Implementation

To determine the extent to which the skills are actually being utilized and to check progress of the action plan, a questionnaire was distributed three months following participation in the program. This two-page, user-friendly questionnaire covered the following areas:

1. Skill Usage
2. Skill Frequencies
3. Linkage to Store Measures
4. Barriers to Implementation
5. Enablers for Implementation
6. Progress with Action Plan
7. Quality of the Support from the Manager
8. Additional Intangible Benefits
9. Recommendations for Program Improvements

Progress was reported in each of the areas with participants indicating they had significant use of the skills even beyond the projects involving action plans. Also, the store manager trainees indicated linkage of this program with many store measures beyond the three measures selected for action planning. Typical barriers of implementation were reported, including lack of time, understaffing, changing culture, and lack of input from the staff. Typical enablers were the support from the store manager and early success with the application of the action plan. This follow-up questionnaire allowed manager trainees an opportunity to briefly summarize the progress with the action plan. In essence, this served as a reminder to continue with the plan as well as a process check to see if there were issues that should be explored. The manager trainees also gave the store manager very high marks in terms of support provided to the program. Several suggestions were made for improvements – although minor – and these were routinely implemented if they were considered value-added changes. Additional intangible benefits were identified and these reported in a later section.

Business Impact

Business impact data were very specific to the manager trainees and were collected through the action plan. Although the action plan contains some Level 3 application data (the left side of the form), the primary value of the action plan was business impact obtained from the planning documents.

A six-month follow-up was planned and the participants were required to furnish five items.

1. The actual change in the measure on a monthly basis is included in part D of the action plan. This value is used to develop an annual (first year) improvement.
2. The only feasible way to isolate the effects of the program is to obtain an estimate directly from the participants. As they monitor the business measures and observe their improvement, the participants probably know the actual influences driving a particular measure – at least the portion of the improvement related directly to their actions, which are detailed on the action plan. Realizing that other factors could have influenced the improvement, the manager trainees were asked to estimate the percent of improvement resulting from the application of the skills required in the training program (the action steps on the action plan). Each manager trainee was asked to be conservative with the estimate and express it as a percentage (part E on the action plan).
3. Recognizing that the above value is an estimate, the manager trainees were asked to indicate the level of confidence in their allocation of the contribution to this program. This is included in part F on the action plan, using 100% for certainty and 0% for no confidence. This reflects the degree of uncertainty in the value and actually frames an error range for the estimate.
4. The participants were asked to provide input on intangible measures observed or monitored during the six months that were directly linked to this program.
5. Participants were asked to provide additional comments including explanations.

Figure 6 shows the completed action plan used for this program. The example focuses directly on absenteeism from participant number three. This participant has a weekly absenteeism rate of 8% with a goal to reduce it to 5%. Specific action steps are indicated on the left side of the form. The actual value is \$41 per absence. This represents a standard value. The actual change on a monthly basis is 2.5%, slightly below the target. The participant estimated that 65% of the change is directly attributable to this program and that he is 80% confident in this estimate. The confidence estimate frames a range of error for the 65% allocation, allowing for a possible 20% +/- adjustment in the estimate. In order to be conservative the estimate is adjusted to the low side, bringing the contribution rate of this program to absenteeism reduction to 52%.

$$65\% \times 80\% = 52\%$$

This particular location, which is known because of the identity of the store manager trainee, has 40 employees. Also, employees work an average 220 days. The actual improvement value for this example can be calculated as follows:

$$40 \text{ Employees} \times 220 \text{ Days} \times 2.5\% \times \$41 = \$9,020$$

This is a total first-year improvement before the adjustments. Table 1 shows the annual improvement values on the first measure only for the 14 participants in this group. (Note that participant number five did not return the action plan so that person's data was omitted from

the analysis.) A similar table is generated for the second and third measures. The values are adjusted by the contribution estimate and the confidence estimate. In the absenteeism example, the \$9,020 is adjusted by 65% and 80% to yield \$4,690. This same adjustment is made for each of the values, with a total first-year adjusted value for the first measure of \$68,240. The same process is followed for the second and third measures for the group, yielding totals of \$61,525 and \$58,713, respectively.

Table 1 - Business Impact Data

Participant	Improvement (Dollar Values)	Measure	Contribution Estimate from Manager Trainees	Confidence Estimate
1	\$5,500	Labor Savings	60%	80%
2	15,000	Turnover	50%	80%
3	9,020	Absenteeism	65%	80%
4	2,100	Shortages	90%	90%
5	0		-----	
6	29,000	Turnover	40%	75%
7	2,241	Inventory	70%	95%
8	3,621	Procedures	100%	80%
9	21,000	Turnover	75%	80%
10	1,500	Food Spoilage	100%	100%
11	15,000	Labor Savings	80%	85%
12	6,310	Accidents	70%	100%
13	14,500	Absenteeism	80%	70%
14	3,650	Productivity	100%	90%

Total Annual Benefit for First Measure is \$68,240
 Total Annual Benefit for Second Measure is \$61,525
 Total Annual Benefit for Third Measure is \$58,713

Program Cost

Table 2 details the program costs reflecting a fully loaded cost profile. The cost of the needs assessment is prorated over the life of the program, which is estimated to be three years with 10 sessions per year. The program development cost is prorated over the life of the program as well. The program materials and lodging costs are direct costs. Facilitation and coordination costs were estimated. Time away from work represents lost opportunity and is calculated by multiplying 5 days times daily salary costs adjusted for 30% employee benefits factor. Training and education overhead was estimated. Actual direct costs for the evaluation are included. These total costs of \$47,242 represent a very conservative approach to cost accumulation.

Table 2 - Program Cost Summary

◆ Needs Assessment (Prorated over 30 Sessions)	\$1,500
◆ Program Development (Prorated over 30 Sessions)	1,700
◆ Program Materials – 14 @ \$40	560
◆ Travel & Lodging – 14 @ \$900	12,600
◆ Facilitation & Coordination	8,000
◆ Facilities & Refreshments – 5 days @ \$350	1,750
◆ Participants Salaries Plus Benefits – 14 @ 521 x 1.3	9,482
◆ Training & Education Overhead (Allocated)	900
◆ ROI Evaluation	10,750
	\$47,242

ROI Analysis

The total monetary benefits are calculated by adding the values of the three measures, totaling \$188,478. This leaves a benefits-to-cost ratio (BCR) and ROI as follows:

$$\text{BCR} = \$188,478 / \$47,242 = 3.98$$
$$\text{ROI} = (\$188,478 - \$47,242) / \$47,242 = 298\%$$

This ROI value of almost 300% greatly exceeds the 25% target value. The ROI value was considered to be credible although it is extremely high. It's credibility rests on these principles on which the study was based.

1. The data comes directly from the participants in concert with their store manager.
2. Most of the data could be audited to see if the changes were actually taking place.
3. To be conservative, only the first year of improvements is used. With the changes reported in the action plans, there should be some second and third year value that has been omitted from the calculation.
4. The monetary improvement has been discounted for the effect of other influences. In essence, the participants take credit only for the part of the improvement related to the program.
5. This estimate of contribution to the program is adjusted for the error of the estimate, adding to the conservative approach.
6. The costs are fully loaded to include both direct and indirect costs.
7. Only data for individuals who completed and returned the action plans were utilized. For example, in the table on Figure 8, participant number five did not return the action plan so his or her data was omitted from the analysis.
8. The business impact does not include value obtained from using the skills to address other problems or to influence other measures. Only the values from three measures taken from the action planning projects were used in the analysis.

The ROI process develops very convincing data connected directly to store operations. From the viewpoint of the chief financial officer, the data can be audited and monitored. It should be reflected as actual improvement in the stores. Overall, the results were considered to be very credible and fully supported by the senior management team.

Intangible Data

As a final part of the complete profile of data, the intangible benefits were itemized. The participants provided input on intangible measures at two time frames. The follow-up questionnaire provided an opportunity for trainees to indicate intangible measures they perceived to represent a benefit directly linked to this program. Also, the action plan had an opportunity for trainees to add additional intangible benefits. Collectively, each of the following benefits were listed by at least two individuals.

- A Sense of Achievement
- Increased Confidence
- Improved Job Satisfaction
- Promotion to Store Manager
- Stress Reduction
- Improved Teamwork

To some executives these intangible measures are just as important as the monetary payoff.

The Payoff: Balanced Data

This program drives six types of data items: satisfaction, learning, application, business impact, ROI, and intangible benefits. Collectively these six types of data provide a balanced, credible viewpoint of the success of the program.

Communication Strategy

Figure 7 shows the communication strategy for communicating results from the study. All key stakeholders received the information. The communications were routine and convincing. The information to store managers and regional managers helped to build confidence in the program. The data provided to future participants was motivating and helped to select measures for action plans.

Timing	Communication Method	Target Audience
Within one month of follow-up	Detailed impact study (125 pages)	Program participants; Corporate University staff <ul style="list-style-type: none">▪ Responsible for this program in some way▪ Involved in evaluation
Within one month of follow-up	Executive summary <ul style="list-style-type: none">▪ Including business impact data	Corporate and regional operation executives
Within one month of follow-up	Report of results (1 page) <ul style="list-style-type: none">▪ In-store manager magazine	Store managers
After registration	Report of results (1 page) <ul style="list-style-type: none">▪ In pre-work material	Future participants

Figure 7 – Communication Strategy

Lessons Learned

It was critical to build evaluation into the program, positioning the action plan as an application tool instead of a data collection tool. This approach helps secure commitment and ownership for the process. It also shifts much of the responsibility for evaluation to the participants as they collect data, isolate the effects of the program, and convert the data to monetary values, the three most critical steps in the ROI process. The costs are easy to capture and the report is easily generated and sent to the various target audiences.

This approach has the additional advantage of evaluating programs where a variety of measures are influenced. This situation is typical of leadership, teambuilding, and communication programs. The application can vary considerably and the actual business measure driven can vary with each participant. The improvements are integrated after they are converted to monetary value. Thus, the common value among measures is the monetary value representing the value of the improvement.

Discussion Questions

1. Is this approach credible? Explain.
2. Is the ROI value realistic?
3. How should the results be presented to the senior team?
4. What can be done to ease the challenge of converting data to monetary values?
5. How can the action planning process be positioned as an application tool?
6. What type of programs would be appropriate for this approach?