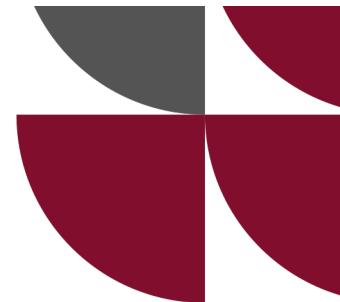


The Business Impact of Investing in Talent and Workforce Development

Patti P. Phillips, Ph.D. and Jack J. Phillips, Ph.D.
Co-founders, ROI Institute, Inc.

ROI INSTITUTE®

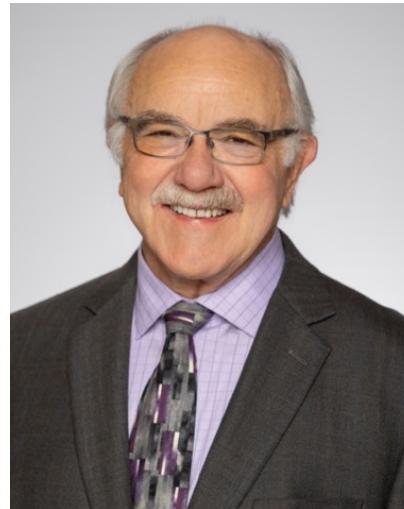




Meet Today's Speakers



Patti P. Phillips, Ph.D.
CEO, ROI Institute



Jack J. Phillips, Ph.D.
Chairman, ROI Institute



Jonathan Halls
President & CEO,
Jonathan Halls LLC



Objectives

After attending this session, you will be able to:

- Examine your organization's approach to investing in people.
- Explain the importance of investing in organization culture, employee engagement, leadership development, and change and future readiness.
- Plan next steps to align investments in people with the needs of the organization.



Workforce Development Investment Strategies

A close-up photograph of a person's hands writing in a notebook with a silver pen. The notebook has horizontal ruling. In the background, a pair of glasses with red frames lies on the table, and a green mug is visible. The lighting is soft, suggesting an indoor environment.

1. Let Others Do It



An aerial photograph of a city street featuring a prominent crosswalk. Numerous people are walking away from the viewer across the white-striped crosswalk. The street is marked with a large white diagonal line and a circular turn arrow. In the background, a person stands at the top of the crosswalk, and traffic lights are visible on poles.

3. Invest with the Rest

4. Invest Until it Hurts



5. Invest as Long as There is a Payoff

Poll: Which of the following best reflects your current workforce development investment strategy?

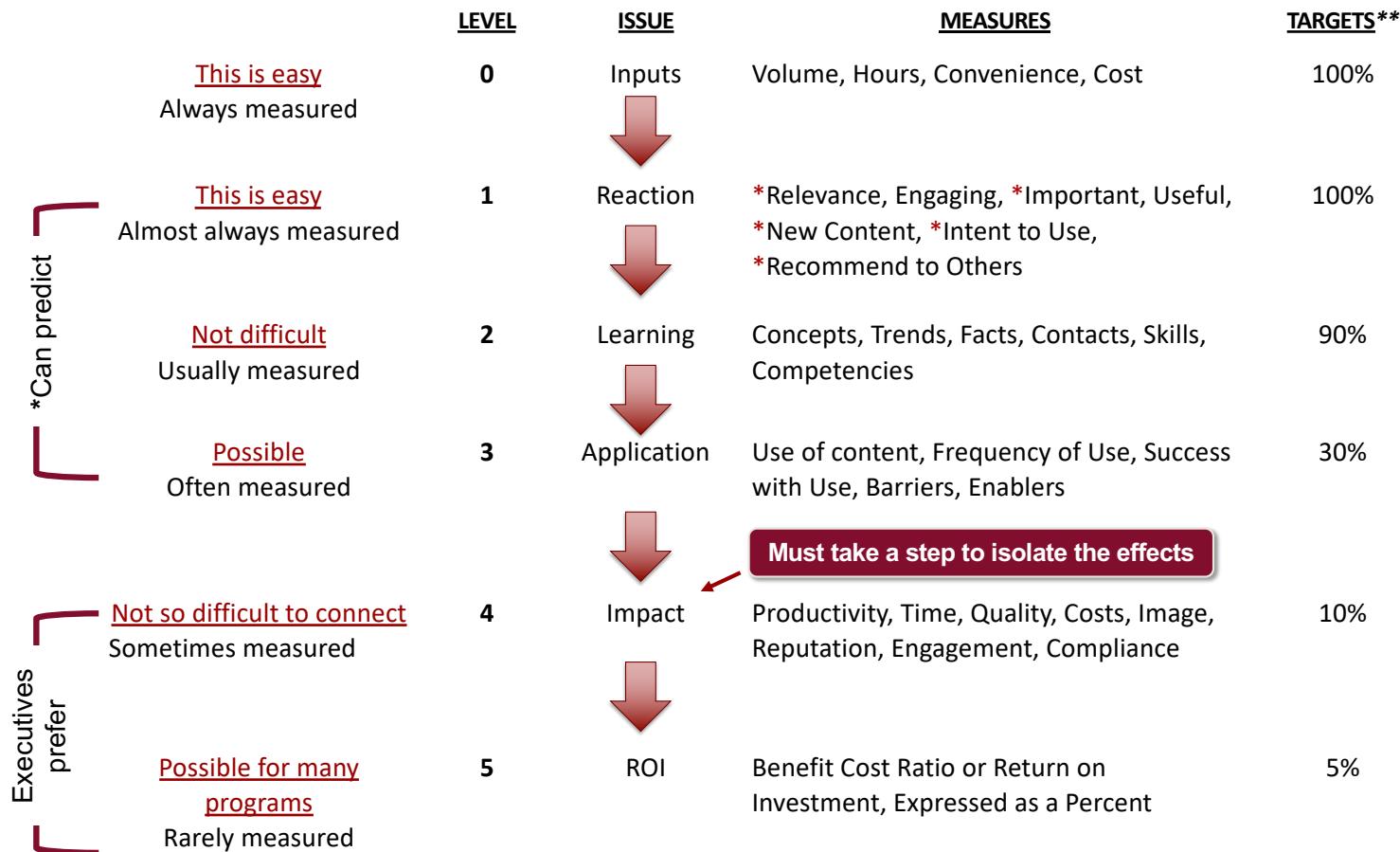
- A. Let others do it.
- B. Invest the minimum.
- C. Invest with the rest.
- D. Invest until it hurts.
- E. Invest until there is a payoff.





Investing in Workforce Development Payoff

The Workforce Development Value Chain



**Best Practice: Percent of programs evaluated at this level each year.

Poll: Are these statements mostly true or mostly false?

- A. Most workforce development is not applied.
- B. The workforce development outcome desired by executives is rarely measured.
- C. Most workforce development providers do not have data showing that they make a difference in the organization.
- D. Most executives see workforce development as a cost and not an investment.
- E. Most executives view hard skills more valuable than soft skills.



Poll: Are these statements mostly true or mostly false?

- A. Most workforce development is not applied.
- B. The workforce development outcome desired by executives is rarely measured.
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- E. Most executives view hard skills more valuable than soft skills.

It's much worse for virtual.





What CEOs Want

Measures	Currently Measure	Should Measure	Importance
Inputs and Indicators	94%	86%	6
Efficiency	78%	82%	7
Reaction	53%	22%	8
Learning	32%	28%	5
Application	11%	61%	4
Impact	8%	96%	1
ROI	4%	74%	2
Awards	40%	44%	3

ROI Institute and ATD research show that the data CEOs receive are not demonstrating what they want out of their talent investment. (N=96)



Measurement Targets

*Benchmarking Percentages

Level	Recommended % of Programs	**Benchmarking %
0 Input	100%	100%
1 Reaction	100%	80%
2 Learning	80-90%	70%
3 Application	30%	49%
4 Impact	10%	37%
5 ROI	5%	18%

*Percentage of programs evaluated at each level each year

**Benchmarking 2020

Characteristics of Programs Suitable for Impact & ROI



Cost of the program



Linkage of program to operational goals and issues



Importance of program to strategic objectives



Top executive interest in the evaluation



Visibility of the program



Size of target audience



Investment of time required

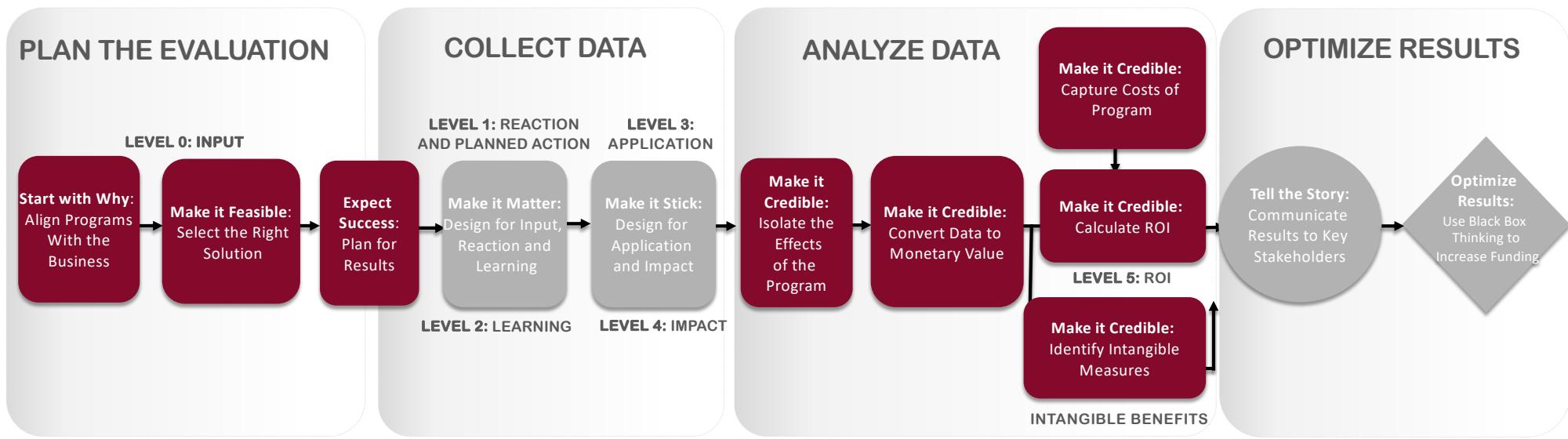


ROI Facts

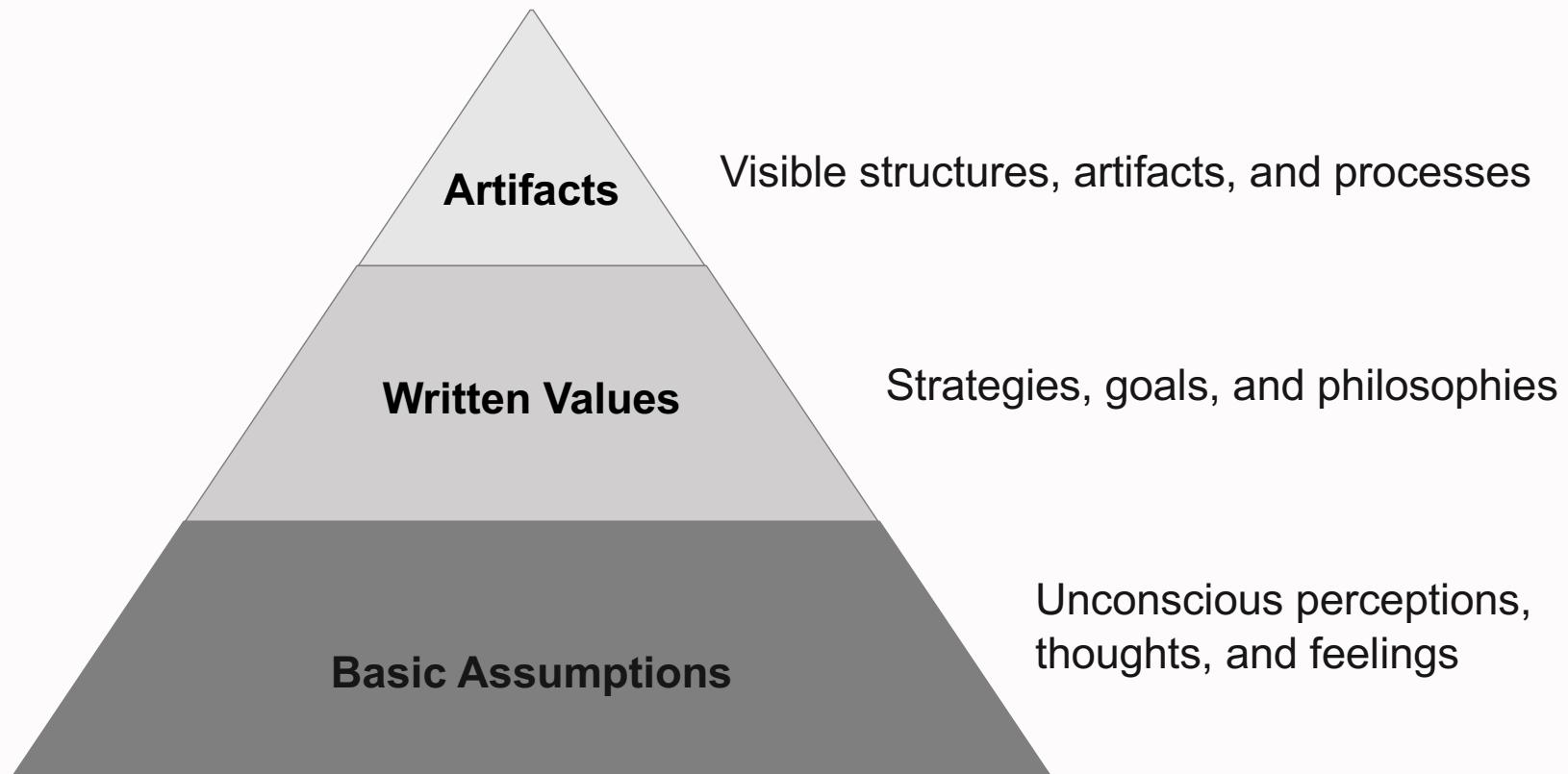
- Most used evaluation system globally; Implemented in over 70 countries
- Endorsed by the United Nations in 2008
- Used by over 300 healthcare systems, over 150 colleges and universities
- Used by three-fourths of Fortune 500 organizations
- Used by 40 of the top 50 Best Managed Companies
- Used by major foundations such as the Gates Foundation
- Supported by over 75 books in 38 languages; Over 400 published case studies
- Implemented in all types of organizations (business, government, nonprofit, and NGO).
- Used in 22 professional fields ranging from L&D to innovation and public relations.

The ROI Methodology Process Model

Designing for the Delivery of Business Results



Three Levels of Culture



Source: Adapted from John P. Kotter and James L. Heskett

Culture

- Reaction
- Knowledge
- Behavior/Skills Change
- Impact



The Importance of Culture

- Organizations **live or die** based on culture.
- **Culture is the difference** between long-term sustainable success and failure.
- Culture is the difference between the **least** and **most** admired organizations.
- Culture facilitates **attracting** and **retaining talent**.
- Culture **adds value** to an organization.



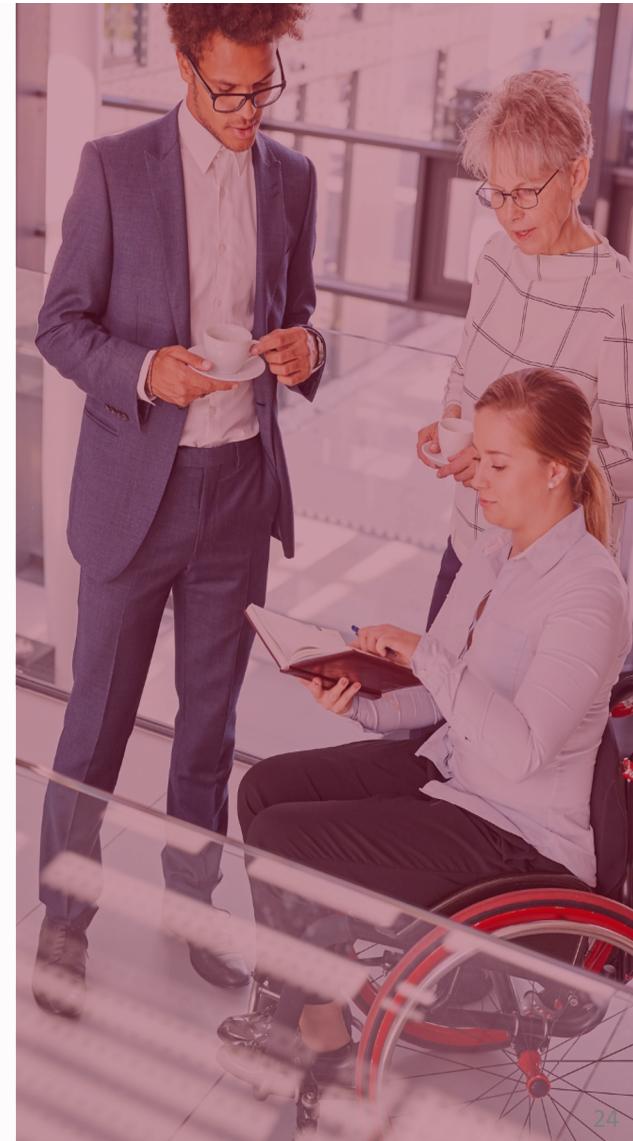
Leadership

- Potentials
- First Level
- Middle Level
- Top Level

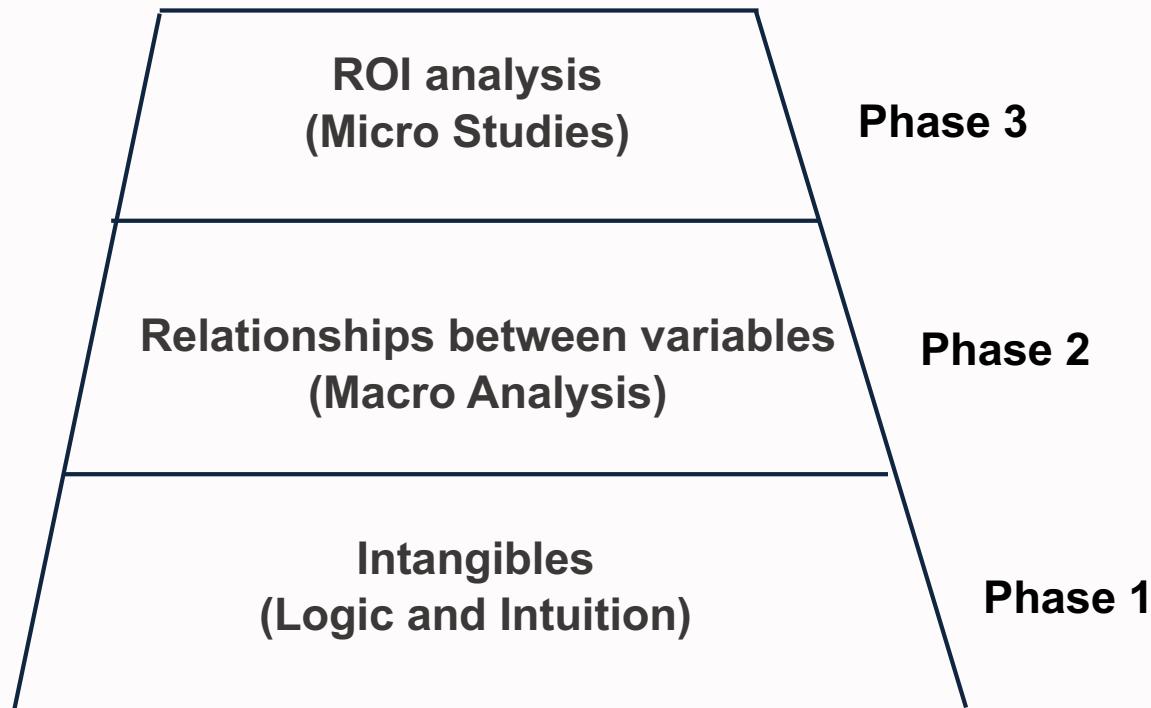


Leadership Development Issues

- Number 1 issue with executives
- Leadership at the first level is crucial
- Record amount of investment
- Much of it not connected to the business
- Increased accountability is needed (value chain)



● Why do executives invest in employee engagement?



The Power of Engagement

Engagement links with:

- Retention
- Productivity
- Quality
- Sales
- Customer Satisfaction
- Innovation
- Safety...



Start with Why

Align Programs with the
Business

Design Thinking Principle 1

A problem-solving approach to
handle problems on a systems levels



Make it Feasible

Select the Right Solution

Design Thinking Principle 2
A mind-set for curiosity and inquiry



Case Study

Results

First-year benefits

\$3,172,500

Program costs

\$941,596

ROI: 237%



PAYOUT NEEDS

Patient satisfaction scores were at an all-time low. Employee turnover was 57%.

BUSINESS NEEDS

Turnover for their frontline employees was 71% or 336 employees per year. Cost per departure is **\$16,650** or **\$5,594,400** per year.

JOB PERFORMANCE NEEDS

Lack of opportunity to advance/learn, inadequate pay, little autonomy, and lack of recognition

SOLUTION

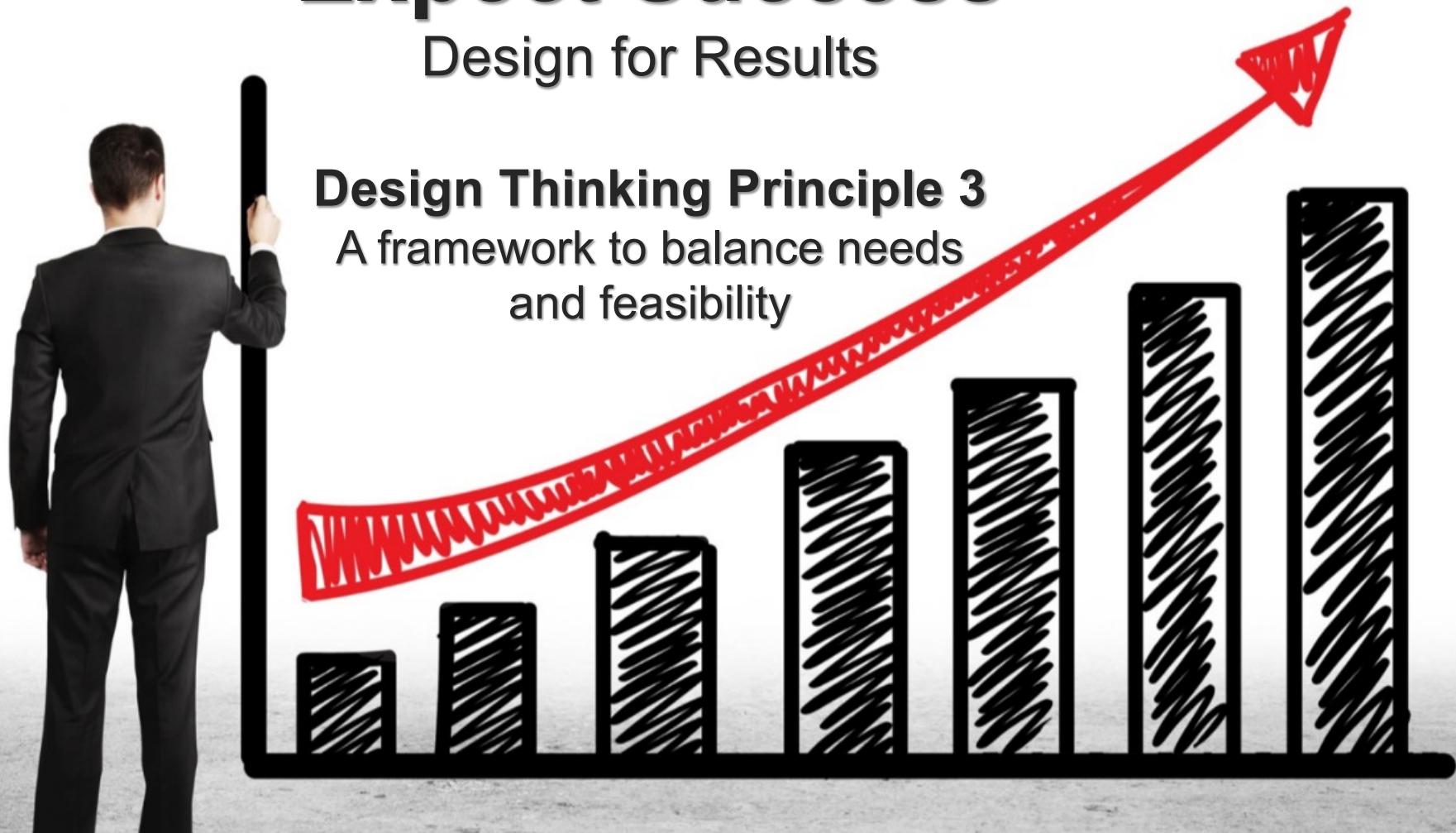
Skill-based pay program

Expect Success

Design for Results

Design Thinking Principle 3

A framework to balance needs
and feasibility



A close-up photograph of a person's hands. The person is wearing a light-colored, long-sleeved shirt. They are holding a dark green pen with a gold clip and are in the process of writing on a large, white sheet of paper. The paper is positioned diagonally across the frame. The background is blurred, showing what appears to be a green wall or a window with green foliage outside.

Make it Matter

Design for Input, Reaction, and Learning

Design Thinking Principle 4

A way to take on design challenges by applying empathy

Make it Stick

Design for Application and Impact

Design Thinking Principle 5

A culture that fosters exploration
and experimentation



Make it Credible

Measure Results and Calculate ROI

Design Thinking Principle 6

A fixed process and a tool kit

Common Intangibles

- Agility
- Ambiguity
- Alliances
- Awards
- Brand
- Burnout
- Capability
- Capacity
- Carbon emissions
- Clarity
- Collaboration
- Communication
- Compassion
- Complexity
- Compliance
- Conflict
- Corporate social responsibility
- Creativity
- Culture
- Customer service
- Decisiveness
- Emotional intelligence
- Employee attitudes
- Engagement
- Food security
- Grit
- Happiness
- Human Life
- Image
- Intellectual capital
- Job satisfaction
- Leadership effectiveness
- Loyalty
- Mindfulness
- Mindset
- Net promoter score
- Networking
- Organizational commitment
- Partnering
- Patient satisfaction
- Poverty
- Reputation
- Risk
- Social Capital
- Stress
- Sustainability
- Team effectiveness
- Timeliness
- Trust
- Uncertainty
- Volatility
- Work/life balance

What is ROI?

$$BCR = \frac{\text{Program Benefits}}{\text{Program Costs}}$$

$$ROI = \frac{\text{Benefits} - \text{Costs}}{\text{Program Costs}} \times 100$$



ROI Calculation Example

Program: Emerging Leadership

Program Benefits = \$2,016,290

Program Costs = \$589,386

Data taken from an emerging leadership case study.

What is ROI?

$$\text{BCR} = \frac{\$2,016,290}{\$589,386} = 3.42$$

$$\text{ROI} = \frac{\$2,016,290 - \$589,386}{\$589,386} \times 100 = 242\%$$



Tell the Story

Communicate Results to Key Stakeholders

Design Thinking Principle 7

A storytelling process to inspire senior executives

Healthcare, Inc.

BUSINESS NEEDS

Cost of one complaint: \$24,343
Cost of one turnover: \$20,887

SOLUTION

Two-day senior executive workshop including data and policy reviews.
Program cost: \$277,987

IMPACT

Complaints prevented: 14.8
Turnover prevented: 136



SOLUTION HIGHLIGHTS

Content disseminated throughout the organization during routine staff meetings to avoid additional cost.

ROI

Benefits

Complaints: \$360,276.40
Turnover: \$2,840,632

Cost

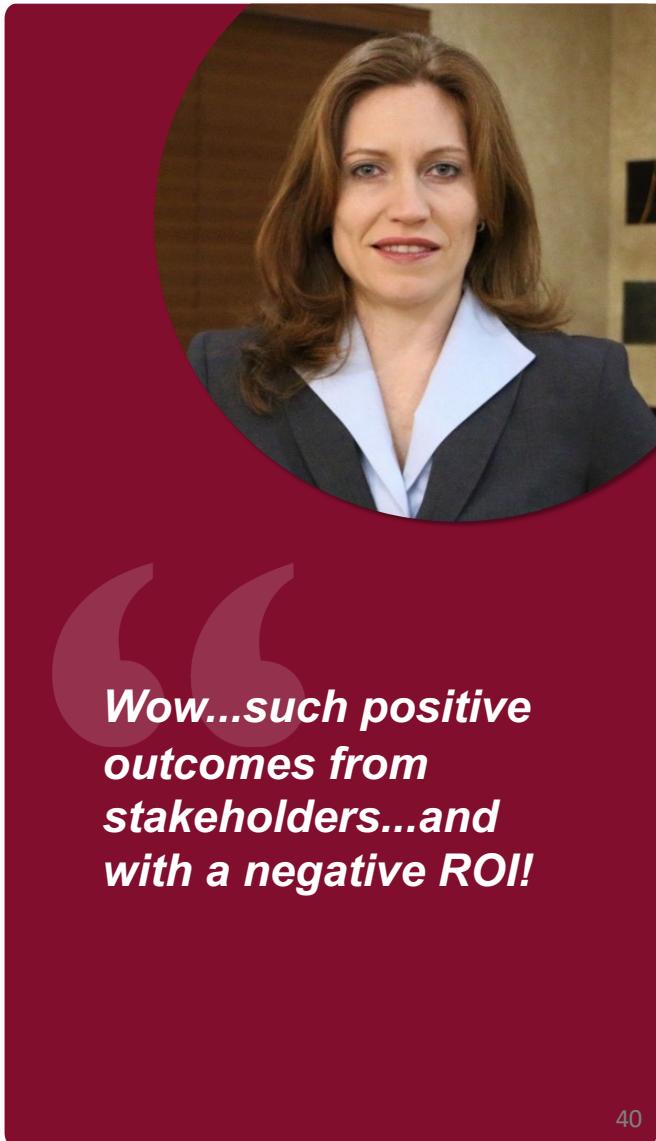
\$277,987

ROI = 1,051%

Positive Benefits from a Negative ROI

With more than 20 years of experience in the L&D space, **Kaycee Buckley is Director of Global Commercial Talent**. She works with organizational leaders to define talent development strategies, develop and deploy learning events, and measure the impact for these training initiatives.

*Just wanted to let you know that I presented the Coaching ROI results to my DVP and the Area Directors. It was AMAZING! They were surprised and not surprised by the results. That is, **they were not surprised that the ROI was negative** because they are all aware that the Sales Managers are not coaching and **agreed with the barriers** I outlined in the study. **They were surprised at what a negative impact “not applying Coaching” was making to the business, which sparked a very productive conversation as to what to do to fix it.***



Wow...such positive outcomes from stakeholders...and with a negative ROI!

Optimize Results

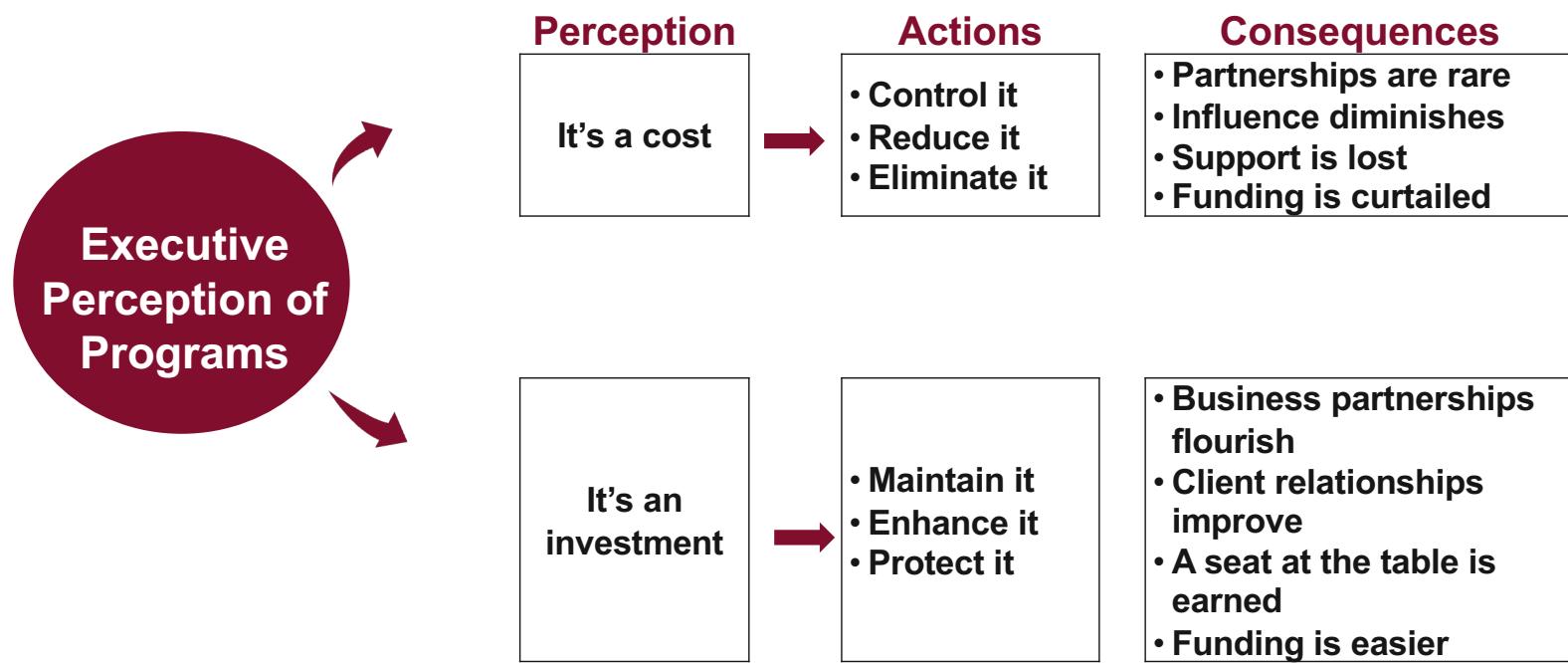
Use Black Box Thinking to Increase
Funding

Design Thinking Principle 8

A new competitive logic of business strategy



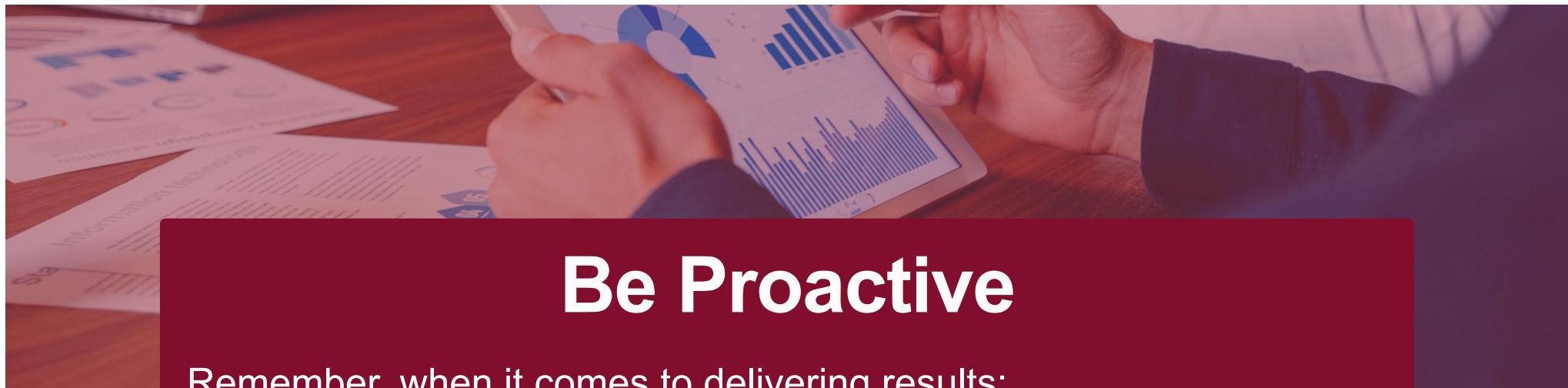
Costs Versus Investment Perception: The Reality



The Payoff

- Justify/defend budgets.
- Align projects to business needs.
- Show contributions of selected projects.
- Earn respect of senior management and administrators.
- Build staff morale.
- Improve support for projects.
- Enhance design and implementation processes.
- Identify inefficient projects to be redesign or eliminate.
- Identify successful projects to implement in other areas.
- Earn a “seat at the table.”





Be Proactive

Remember, when it comes to delivering results:

- Hope is not a strategy.
- Luck is not a factor.
- Doing nothing is not an option.

**Change is inevitable.
Progress is optional.**

Continue Your Learning

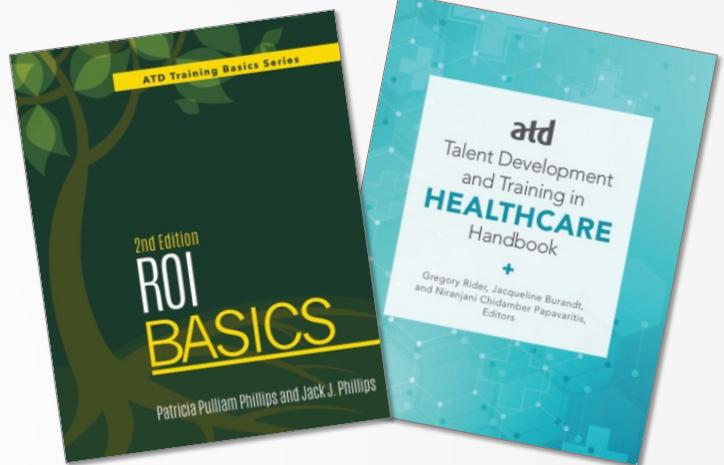
ATD Education Programs



Research Reports



Books





Questions?

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