

Global Trends in Metrics and Analytics

8 Important Trends that are Shaping the Evaluation of L&D

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After attending this Webcast, participants should be able to:

1. Identify the issues for successful M&E
2. Identify the barriers for M&E
3. Take a proactive approach to M&E
4. Plan next steps

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Trend #1

INCREASED FOCUS ON IMPACT/ROI

- Driven by client (ultimate)
- Driven by global recession
- Business impact is #1 with executives
- Soft skills are a target
- ROI forecasts have increased

The Executive View*			
Measure	We Currently Measure This	We Should Measure This in the Future	My Ranking of the Importance of This Measure
1. Inputs: "Last year, 78,000 employees received formal learning."	94%	85%	6
2. Efficiency: "Formal learning costs \$2.15 per hour of learning consumed."	78%	82%	7
3. Reaction: "Employees rated our training very high, averaging 4.2 out of 5."	53%	22%	8
4. Learning: "92% of participants increased knowledge and skills."	32%	28%	5
5. Application: "At least 78% of employees are using the skills on the job."	11%	61%	4
6. Impact: "Our programs are driving our top 5 business measures in the organization."	8%	96%	1
7. ROI: "Five ROI studies were conducted on major programs yielding an average of 68% ROI."	4%	74%	2
8. Awards: "Our learning and development program won an award from the American Society of Training and Development."	40%	44%	3

***Fortune 500 and Top Private Organizations**

- Surveys administered by top executives
- Completed directly by CEO
- 10 actions taken to increase response rate
- 96 returned
- 21% Response rates

Exercise:

1. What conclusions do you make from this data?

2. What are the barriers to doing more "business" evaluation?

3. Would these results be different for other functions? Other organizations? Other countries?

Status of Measurement

Level	Measurement Category	Current Status*	Best Practice*	Comments About Status
0	<p>Inputs/Indicators</p> <p>Measures the number of programs, participants, audience, costs, and efficiencies</p>	100%	100%	<p>This is being accomplished now</p> <p>100% †</p>
1	<p>Reaction and Planned Action</p> <p>Measures reaction to, and satisfaction with, the experience, contents, and value of program</p>	100%	100%	<p>Need more focus on content and perceived value</p> <p>79% †</p>
2	<p>Learning</p> <p>Measures what participants learned in the program – information, knowledge, skills, and contacts (takeaway from the program)</p>	30 – 40%	80 – 90%	<p>Must use simple learning measures</p> <p>54% †</p>
3	<p>Application</p> <p>Measures progress after the program – the use of information, knowledge, skills, and contacts</p>	10%	30%	<p>Need more follow-up</p> <p>31% †</p>
4	<p>Business Impact</p> <p>Measures changes in business impact variables such as output, quality, time, and cost-linked to the program</p>	5%	10%	<p>This is the connection to business impact</p> <p>14.4% †</p>
5	<p>ROI</p> <p>Compares the monetary benefits of the business impact measures to the costs of the program</p>	1%	5%	<p>The ultimate level of evaluation</p> <p>4.3% †</p>

* Percent of Programs Evaluated At This Level


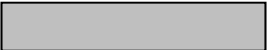
† Best Practice Benchmarking (user for 5 plus years)

» **Add your numbers in each box**







Exercise:

What concerns do you have about these percentages?

Today's ROI Reality

Is there an emphasis on ROI?	Response Percent
Yes 	88%
No 	12%

N=232

Drivers for ROI Evaluation	Response Percent
Top executive requirement 	29%
The costs of the program 	62%
Increased pressures for cost and efficiencies 	81%
Competitive pressures for funding 	48%
Lack of success in Previous efforts to show the value 	38%
Client requires it 	14%

N= 204

Measurement in Leadership Development

Level of evaluation	Percentage of programs evaluated at this level
1. Reaction—Measures reaction to, and satisfaction with, the experience, contents, and value of the program	88.9
2. Learning—Measures what participants learned in the program: information, knowledge, skills, competencies, and contacts (takeaways from the program)	59.1
3. Application/implementation—Measures progress after the program: the use of information, knowledge, skills, competencies, and contacts	33.9
4. Business impact—Measures changes in business impact variables such as output, quality, time, and costs linked to the program	21.3
5. Return on investment —Compares the monetary benefits of the business impact measures to the costs of the program	11.3

Trend #2

BUDGET FOR MEASUREMENT, EVALUATION, METRICS, AND ANALYTICS (MEMA) IS INCREASING

- Moving from 1% to 5% of L&D budget: Best practice -5%
- Shift is justified by the results of MEMA

Trend #3

RESPONSIBILITY FOR MEMA RESTS WITH ALL THE TEAM

- Responsibility involves the entire team:

Analysts	L&D Managers
Designers	Coordinators (Administrators)
Developers	Participants
Facilitators	Managers of Participants
- Large centralized teams can be counterproductive
- Specialist vs. Generalists are defined

Responsibilities for Specialists

- Designing data collection instruments
- Providing assistance for developing an evaluation strategy
- Analyzing data, including specialized statistical analyses
- Interpreting results and making specific recommendations
- Developing an evaluation report or case study to communicate overall results
- Providing technical support in any phase of measurement and evaluation
- Assisting in communicating results to key stakeholders

Responsibilities for Generalists

- Ensure that the needs assessment includes specific business impact measures.
- Develop application objectives and business impact objectives for each program.
- Focus the content of the program on the objectives of business performance improvement; ensuring that exercises, case studies, and skill practices relate to the desired objectives.
- Keep participants focused on application and impact.
- Communicate rationale and reasons for evaluation.
- Assist in follow-up activities to capture business impact data.
- Provide assistance for data collection, data analysis, and reporting.
- Design simple instruments and procedures for data collection and analysis.
- Present evaluation data to a variety of groups.

Trend #4

FINANCE, ACCOUNTING, AND THE CFO ARE MORE INVOLVED IN L&D

- More CHRO's reporting to CFO
- CFO's the most critical executive
- CEO turning to the CFO for help with measurement

Trend #5

LEARNING LEADERS ARE MORE PROACTIVE WITH IMPACT/ROI ANALYSIS

- Waiting for the request is disastrous
- Building capability and experimenting takes time
- They want to drive the agenda, timeline, and scope

Dialogue #1

Client → Do you have any data to show the value of your program?

You → No, not exactly.

Client → The program should add business value, please show me the impact and maybe the ROI.

You → Normally, we don't measure at that level, It's a great program.

Client → I'm sure it is, but I need to see the business value.

You → This will be hard to do. We didn't plan for this.

Client → I know, but do the best that you can.

Dialogue #2

You → We both expect this program will drive business value, but we don't have any data to show it. We would like to evaluate it at that level.

Client → I think that would be great. What do we need to do?

You → If it doesn't deliver the value, We can make adjustments.

Client → What's the next step?

You → I'll need your help with data collection.

Client → No problem. Our top executives will want to see results.

You → Let's plan a briefing on the results.

You are:

1. On the Clients Timeline
2. On the Clients Agenda
3. Defensive

You are:

1. Proactive
2. Driving the Timeline
3. Controlling the Agenda

Trend #6

E-LEARNING MUST DELIVER RESULTS

- Before recession L2 evaluation, cost savings justification
- After recession L3/4 evaluation, Impact analysis
- e-Learning, blended learning, and mobile learning must deliver same or similar results as facilitator led learning
- Cost savings analysis may be misleading

The Illusive ROI for e-Learning

Each year, the Global Sales Team at a major computer company launches over a hundred new products, services, or upgrades. The challenge is to prepare the Sales force to sell them. A few years ago, facilitator led new product training was offered regionally, monthly. Now, an e-Learning module is developed for each product. For every module, Level 3 (Application) and Level 4 (Impact) objectives are developed.

For one product, a Level 4 objective was for 80% of participants to sell the product in one month. For the classroom version, this would mean that 20 participants out of 25 would sell the product in the first month. At this rate, a 150% ROI is delivered when compared to costs.

For the e-Learning version, only 20% achieved a sale in one month. This would mean that 5 of the 25 participants would sell the product in the first month. However, because of the low cost of e-Learning, the ROI is 450%.

Questions:

1. Which is the best approach?

2. What are your concerns about this situation?

3. What is your recommendation to the VP of Sales?

Trend #7

THERE ARE STILL BARRIERS TO IMPACT/ROI USE

- Fear of results (can be managed)
- Perceived complexity (myth)
- Perceived costs (myth)
- Don't know how (easily addressed)
- Client hasn't asked for it (disaster looming)

Trend #8

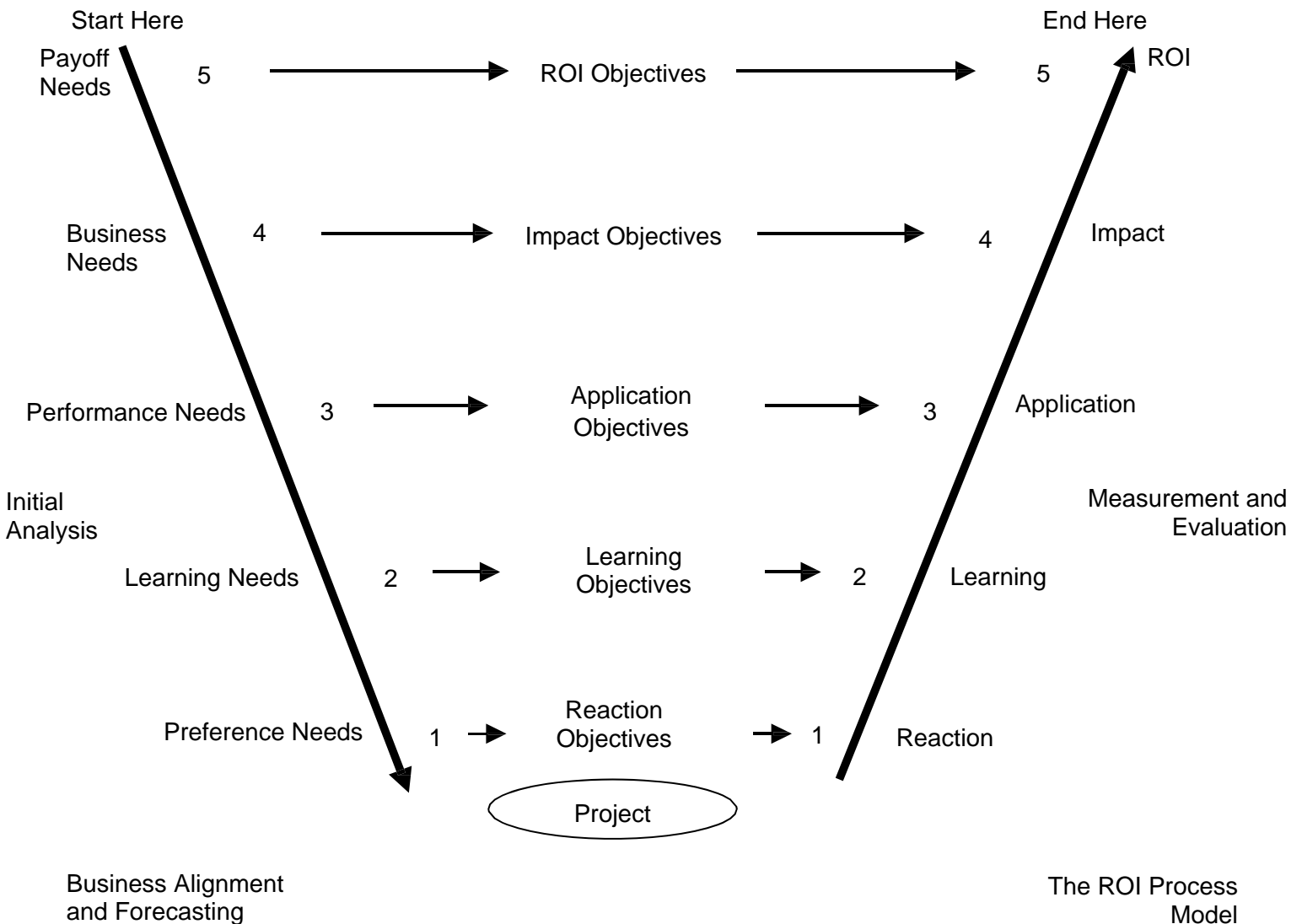
IMPACT/ROI EVALUATIONS HAVE MANY USES:

- Increase funding (#1 since recession)
- Meet executive requests (#1 before recession)
- Improve programs (preferred #1)
- Increase support for L&D (Target: managers of participants)
- Build business partnerships (Target: operating executives)
- Improve clients relationships (Target: real clients)
- Earn a “seat at the table” (Target: top executives)

Side Effects of the Trends

- MEMA use increases the need for a more robust front end analysis
- Shift from focus on learning to focus on learning and performance
- Shift from activity based programs to results based programs
- Business Accountability is here to stay...after the recession

Program Alignment – V Model



Paradigm Shift in Programs

Activity Based – Characterized by:

1. No business need for the program
2. No assessment of performance issues
3. No specific measurable objectives
4. No effort to prepare program participants to achieve results
5. No effort to prepare the work environment to support program
6. No efforts to build partnerships with key managers
7. No measurement of results or cost benefit analysis
8. Planning and reporting is input focused

Results Based – Characterized by:

1. Program linked to specific business needs
2. Assessment of performance effectiveness
3. Specific objectives for application and business impact
4. Results expectations communicated to participants
5. Environment prepared to support program
6. Partnerships established with key managers and clients
7. Measurement of results or cost benefit analysis (ROI)
8. Planning and reporting is outcome focused

For Additional Resources, Refer to These ASTD Publications:

- Patricia Pulliam Phillips and Jack J. Phillips. *10 Steps to Successful Business Alignment*. Alexandria: ASTD and ROI Institute, Inc. 2012.
- Patricia Pulliam Phillips and Jack J. Phillips. *Measuring ROI in Learning & Development (Case Studies from Global Organization)* Alexandria: ASTD and ROI Institute, Inc. 2012.
- Jack J. Phillips and Patricia Pulliam Phillips. *Measuring for Success: What CEOs Really Think About Learning Investments*. Alexandria: ASTD, 2010.
- Jack J. Phillips and Patricia Pulliam Phillips. *Beyond Learning Objectives: Develop Measurable Objectives That Link To The Bottom Line*, Alexandria: ASTD, 2008.
- Patricia Pulliam Phillips and Jack J. Phillips. *Return on Investment (ROI) Basics: A Complete, How-to Guide to Help You: Understand and Apply Basic Principles and Practices; Select Appropriate Programs To Measure; Communicate Results and Sustain Momentum*, Alexandria: ASTD, 2005.
- Jack J. Phillips, Patricia Pulliam Phillips, and Toni Krucky Hodges. *Make Training Evaluation Work: Show Value and Communicate Results; Select the Right Model and Find Resources; Get Management Buy-In and Overcome Resistance*, Alexandria: ASTD, 2004.

Questions?

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Dr. Jack J. Phillips is a world-renowned expert on accountability, measurement, and evaluation. Phillips provides consulting services for Fortune 500 companies and major global organizations. The author or editor of more than fifty books, he conducts workshops and presents at conferences throughout the world.

Phillips has received several awards for his books and work. On three occasions, Meeting News named him one of the 25 Most Powerful People in the Meetings and Events Industry, based on his work on ROI. The Society for Human Resource Management presented him an award for one of his books and honored a Phillips ROI study with its highest award for creativity. The American Society for Training and Development gave him its highest award, Distinguished Contribution to Workplace Learning and Development for his work on ROI. His work has been featured in the *Wall Street Journal*, *BusinessWeek*, and *Fortune* magazine. He has been interviewed by several television programs, including CNN. Phillips served as President of the International Society for Performance Improvement, 2012-2013.

His expertise in measurement and evaluation is based on more than 27 years of corporate experience in the aerospace, textile, metals, construction materials, and banking industries. Dr. Phillips has served as training and development manager at two Fortune 500 firms, as senior human resource officer at two firms, as president of a regional bank, and as management professor at a major state university.

This background led Dr. Phillips to develop the ROI Methodology—a revolutionary process that provides bottom-line figures and accountability for all types of learning, performance improvement, human resource, technology, and public policy programs.

Dr. Phillips regularly consults with clients in manufacturing, service, and government organizations in 44 countries in North and South America, Europe, Africa, Australia, and Asia.

Phillips and his wife, Dr. Patti P. Phillips, have recently published books such as *10 Steps to Successful Business Alignment* (ASTD Press, 2011); *Measuring the Success of Coaching* (ASTD Press, 2012); *Measuring Leadership Development: Quantify your Program's Impact and ROI on Organizational Performance* (McGraw-Hill, 2012); *The Green Scorecard: Measuring the Return on Investment in Sustainability Initiatives* (Nicholas Brealey, 2011); and *Project Management ROI* (John Wiley, 2011). They also recently served as authors and series editors for the Measurement and Evaluation Series published by Pfeiffer (2008), which includes a six-book series on the ROI Methodology and a companion book of 14 best-practice case studies. Other books recently authored by Phillips include *ROI for Technology Projects: Measuring and Delivering Value* (Butterworth-Heinemann, 2008); *Return on Investment in Meetings and Events: Tools and Techniques to Measure the Success of all Types of Meetings and Events* (Butterworth-Heinemann, 2008); *Show Me the Money: How to Determine ROI in People, Projects, and Programs* (Berrett-Koehler, 2007); *The Value of Learning* (Pfeiffer, 2007); *How to Build a Successful Consulting Practice* (McGraw-Hill, 2006); *Investing in Your Company's Human Capital: Strategies to Avoid Spending Too Much or Too Little* (Amacom, 2005); *Proving the Value of HR: How and Why to Measure ROI* (SHRM, 2005); *The Leadership Scorecard* (Elsevier Butterworth-Heinemann, 2004); *Managing Employee Retention* (Elsevier Butterworth-Heinemann, 2003); *Return on Investment in Training and Performance Improvement Programs*, 2nd ed. (Elsevier Butterworth-Heinemann, 2003); *The Project Management Scorecard*, (Elsevier Butterworth-Heinemann, 2002); *How to Measure Training Results* (McGraw-Hill, 2002); *The Human Resources Scorecard: Measuring the Return on Investment* (Elsevier Butterworth-Heinemann, 2001); *The Consultant's Scorecard* (McGraw-Hill, 2000); and *Performance Analysis and Consulting* (ASTD, 2000). Phillips served as series editor for ASTD's In Action casebook series, an ambitious publishing project featuring 30 titles. He currently serves as series editor for Elsevier Butterworth-Heinemann's Improving Human Performance series.

Dr. Phillips has undergraduate degrees in electrical engineering, physics, and mathematics; a master's degree in Decision Sciences from Georgia State University; and a Ph.D. in Human Resource Management from the University of Alabama. He has served on the boards of several private businesses—including two NASDAQ companies—and several nonprofits and associations, including the American Society for Training and Development and the National Management Association. He is chairman of the ROI Institute, Inc., and can be reached at (205) 678-8101, or by e-mail at jack@roiinstitute.net