

M311
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Getting an ROI on Your ROI Process

An Introduction to the HCA Analytics Ecosystem

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Objectives

- Define three types of analytics important to your human capital practice
- Assess your level of human capital analytics maturity
- Define an appropriate analytics approach
- Evaluate the success of your analytics practice



What is ROI?



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

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

Try it!

$$\text{BCR} = \frac{\$750,000}{\$425,000}$$

$$\text{ROI} = \frac{\$750,000 - \$425,000}{\$425,000} \times 100$$



The ROI Calculation

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$$\text{BCR} = \frac{\$750,000}{\$425,000} = 1.76:1$$

$$\text{ROI} = \frac{\$750,000 - \$425,000}{\$425,000} \times 100 = 76\%$$

Human Capital Investment Calls for ROI

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Capital Investments (15%)

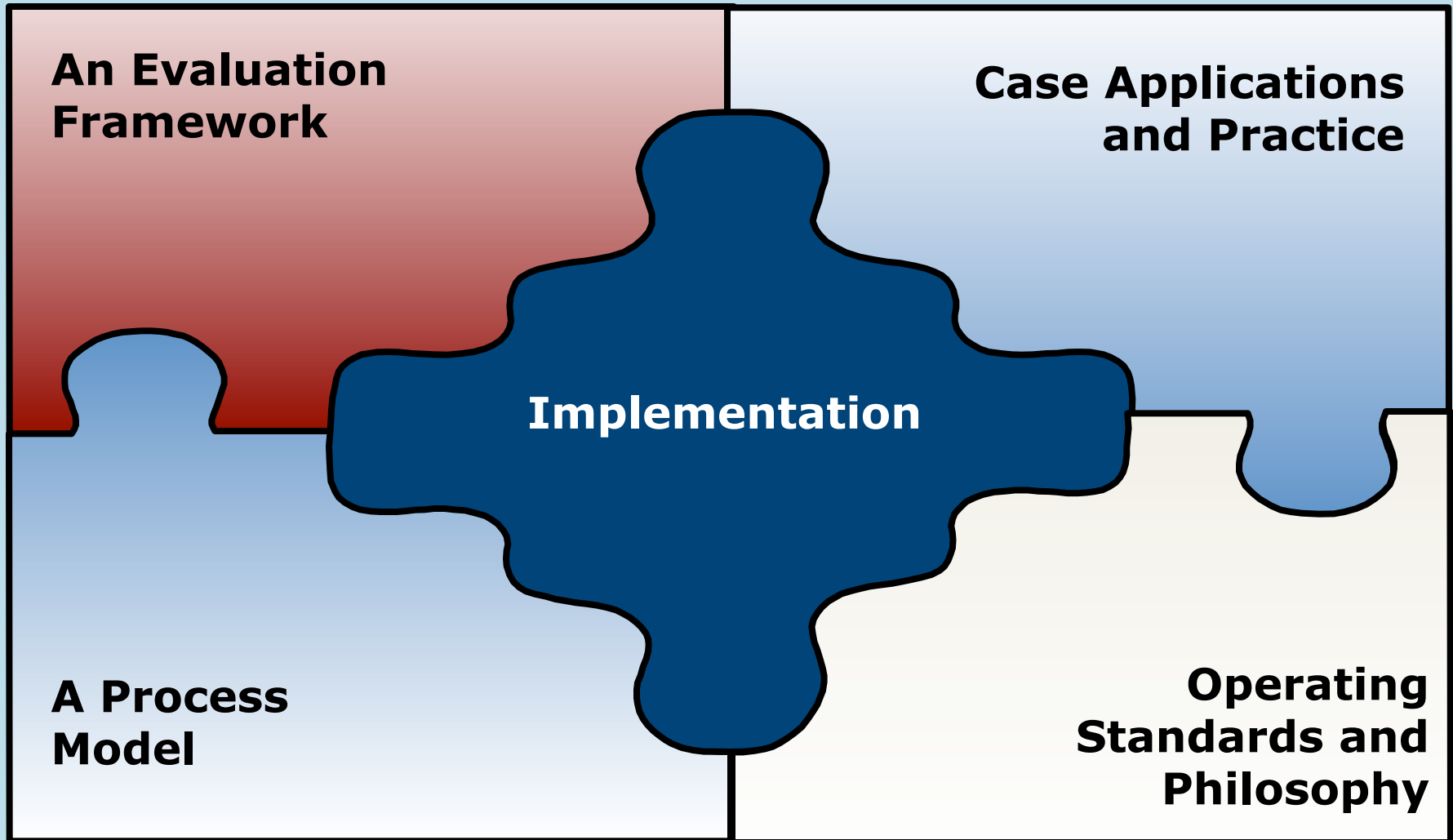
- Buildings
- Vehicles
- Equipment
- Companies
- Tools
- Some Technology

Non-Capital Investments (85%)

- Marketing
- Some Technology
- Human Resources
- Staff Support
- Quality
- Processes

Levels of Evaluation	Measurement Focus	Typical Measures
0. Inputs and Indicators	The input into the project in terms of scope, volume, efficiencies, costs	Participants, Hours, Costs, Timing
1. Reaction & Perceived Value	Reaction to the project or program, including the perceived value	Relevance, Importance, Usefulness, Appropriateness, Intent to use, Motivation to take action
2. Learning	Learning to use the content and materials, including the confidence to use what was learned	Skills, Knowledge, Capacity, Competencies, Confidence, Contacts
3. Application & Implementation	Use of content and materials in the work environment, including progress with actual items and implementation	Extent of use, Task completion, Frequency of use, Actions completed, Success with use, Barriers to use, Enablers to use
4. Business Impact	The consequences of the use of the content and materials expressed as business impact measures	Productivity, Revenue, Quality, Time, Efficiency, Customer Satisfaction, Employee Engagement
5. ROI	Comparison of monetary benefits from program to program costs	Benefit-Cost Ratio (BCR), ROI%, Payback Period

To make ROI work, five pieces of the puzzle come together.





Successful implementation requires an ecosystem that supports the overall human capital strategy.

A Research Working Group

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A **research working group** is a gathering of corporate leaders who commit to addressing a critical challenge, framed as a research question, within a limited scope and then creating the research & insights to address that challenge. It is a process of limited duration led by a team of researchers with expertise in the area. The outcome is a research report and, where applicable or desired, related support materials. Guiding Principles:

1. Explore the research question from a **practical application** perspective
2. Engage all members of the RWG as **active researchers**
- 3. Build on the foundation** of earlier research
4. Focus on **emerging trends and practices** that will yield the greatest wisdom for ourselves and our fellow human capital practitioners

Human Capital Strategy

To evaluate

- Predict ROI
- Launch & monitor progress
- Report results

Look for

- Connections to business outcomes/ goals
- Hidden connections in the data
- Trends and the drivers behind them
- Cost, time, quantity, human reaction
- Practicality
- Ease of use
- Impact of improvement of decision -making

Strive For

- High quality
- Alignment
- Transparency
- Credibility
- Stakeholder input and buy in

Integrate Results

Invest & Evaluate

Assess Situation

Assess

- Internal and external environment
- Connections and trends
- Probability of future events

Find Cause

Is it related to

- Talent?
- Work process?
- Policy?
- Operations?

Human Capital Analytics Ecosystem

Analyze Maturity

Determine

- Capabilities
- Skills
- Tools
- Analytical culture

Execute

Define Analytical Approaches

Consider

- Methodologies
- Consistency
- Information management
- Project management
- Technology
- Governance

Assess the Situation

- Scan the internal environment
- Scan the external environment
- Identify business issues, problems, or opportunities facing the organization
- Identify the organization's key business strategies, initiatives, and priorities
- Align human capital efforts against these efforts



Sample Situational Assessment Framework

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Organizational Capital	Human	Relational	Structural
External Forces			
Labor Changes	Acquire Key Skills and Retain	Make New Source Contacts	Remodel Work Spaces
Economy Slow	Incent Service	Retain Customers	Sell RE - Agility
Globalization	Local HC Sources	Expand Suppliers	Reorganize
Regulations	Modify Benefits	Lobby Government	Go Green
New Technology	Train	Update to Compete	Invest
Competitors	Skill Competition	Speed to Market	New Products
Internal Factors			
Vision	Translate	Advertise	New Signage
Culture	Inside Branding	Customer Service	Protocol Review
Brand	Communicate	Market Materials	Facility Design
Capabilities	Facilitate	Build Service Skills	Work Processes
Leadership	Survey Employees	Executive Visibility	Span of Control
Finances	Freeze New Hires	Less Travel	Manage Cost

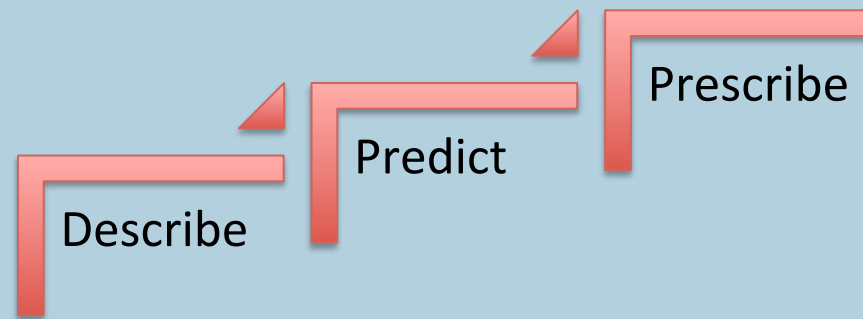
Find a Cause

- Talent
- Process
- Policy
- Organization systems
- Culture



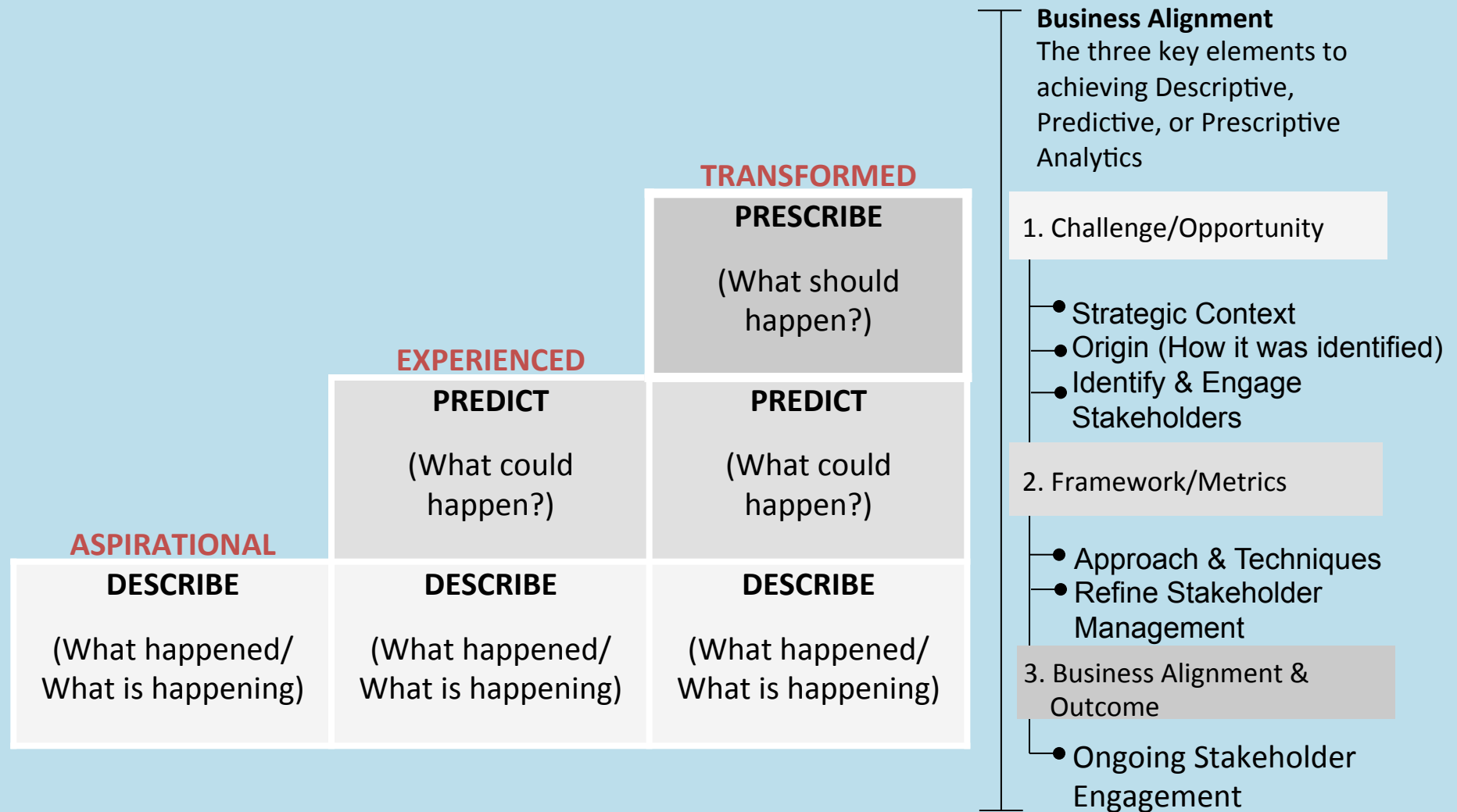
Analyze Maturity

- Capabilities
- Skills
- Tools
- Analytical culture



Analytics Maturity

Organizations mature along a continuum of three levels of analytics capability.



Source: This graphic representation was designed by several members of The Conference Board Human Capital Analytics Research Working Group. The concept of the three levels of analytics capability is adopted from: Steve LaValle, Eric Lesser, Rebecca Shockley, Michael S. Hopkins, and Nina Krushwitz. "Big Data, Analytics, and the Path from Insights to Value," *MIT Sloan Management Review* 62, no. 2 (2011): 21-32

Define Analytics Approach

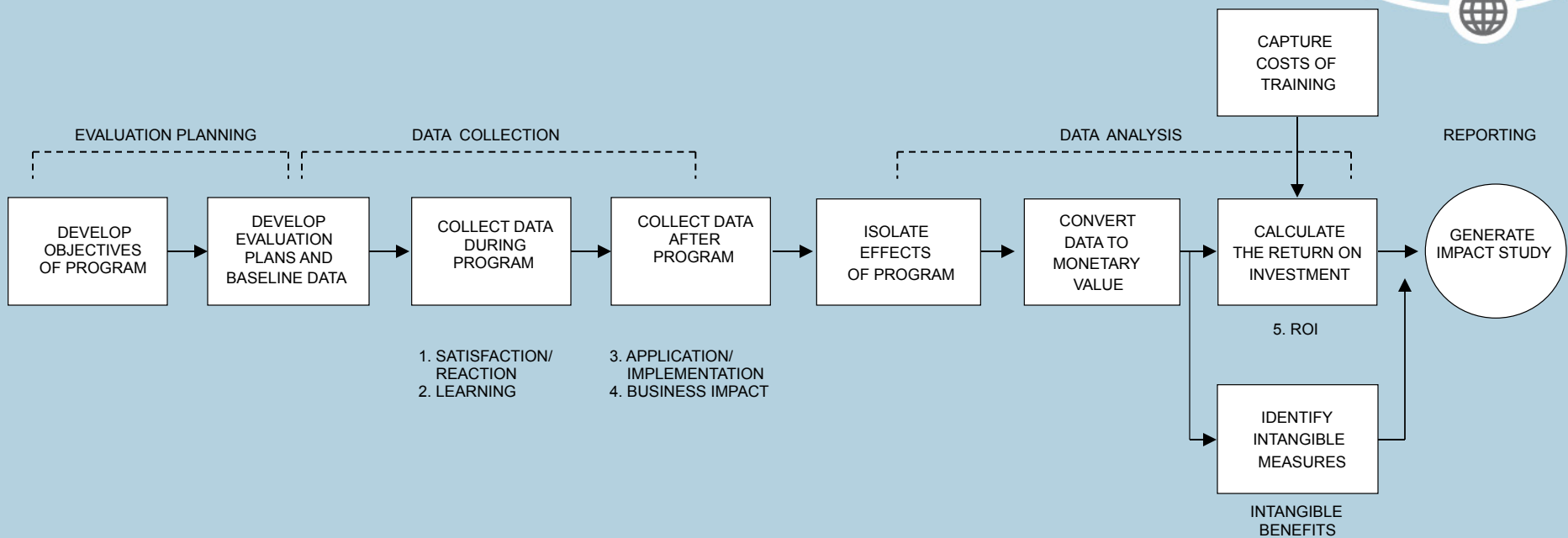
- Methodologies
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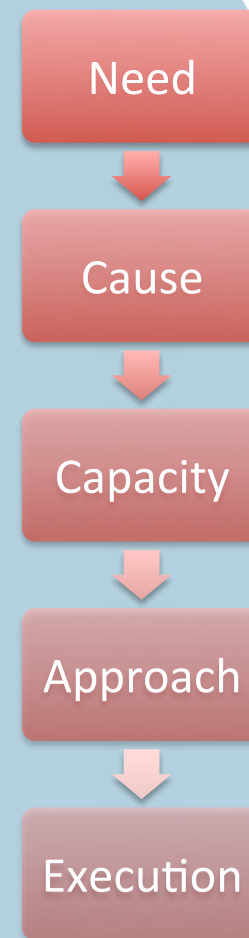
ROI Methodology™

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Execute

- High quality
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- Transparency
- Credibility
- Stakeholder input and buy-in



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Integrate Results

- Connections to business outcomes/goals
- Hidden connections in the data
- Trends and drivers behind the data
- Cost, time, quantity, and human reactions
- Practicality of the recommendations
- Ease of applying and integrating results
- Impact of improvement on decision making

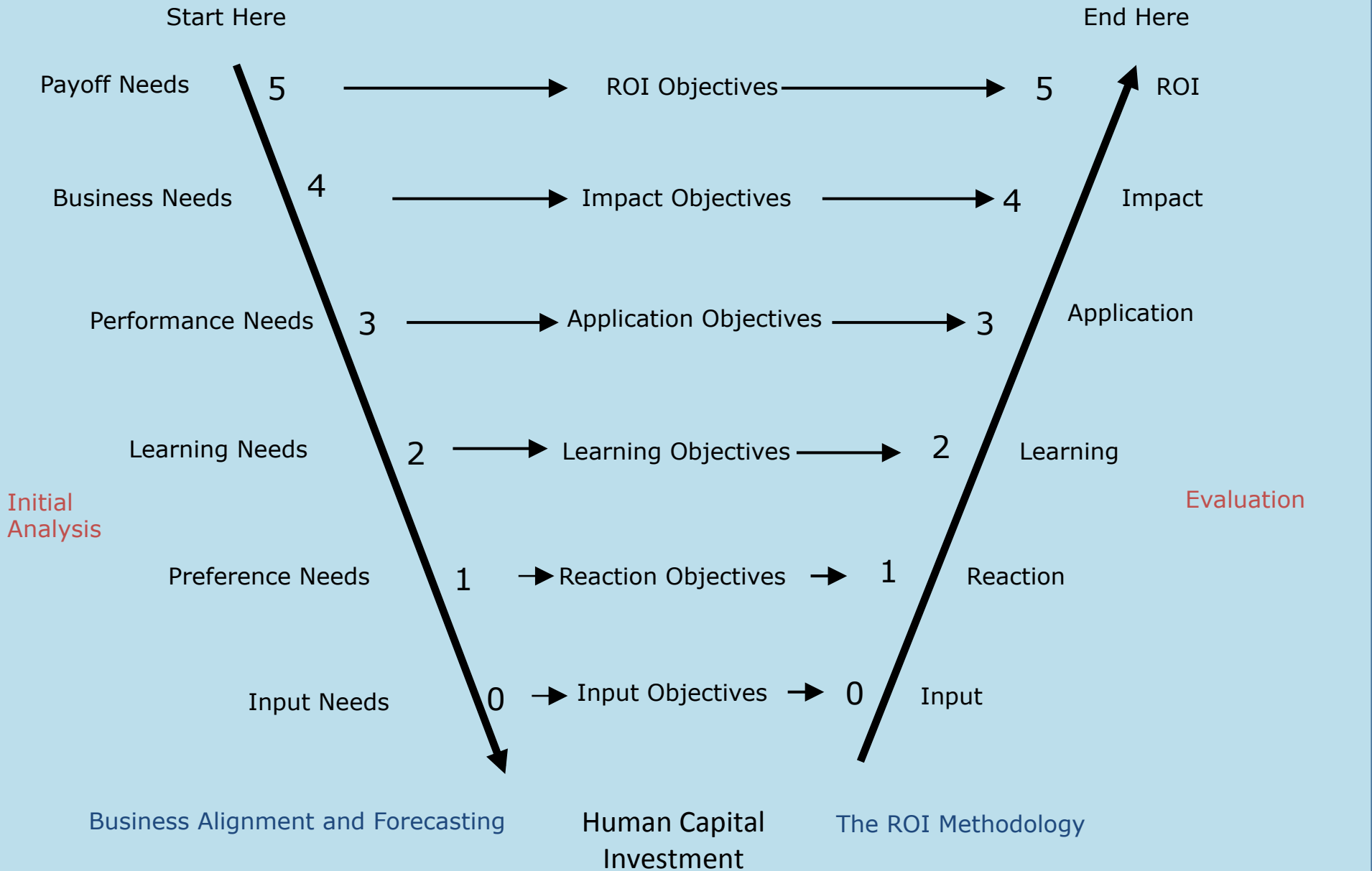


Invest and Evaluate



- Consider the ROI of performing analysis
- Forecast ROI for future investments
- Document necessary adjustments
- Monitor progress of results
- Continually report new results as data become available

Business Alignment



Next Steps

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Assess your analytics maturity level

Identify stakeholders and their data needs

Determine the purpose of your analytics practice

Identify programs suitable for ROI

Develop capability in ROI and human capital analytics

About the Speakers

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Dr. Rebecca Ray is senior vice president, human capital at The Conference Board and the leader of the Human Capital Practice. Ray was named “Chief Learning Officer of the Year” by Chief Learning Officer magazine and one of the “Top 100 People in Leadership Development” by Warren Bennis’ s Leadership Excellence magazine.

She serves on the Advisory Boards for New York University’ s Program in Higher Education/Business Education at The Steinhardt School of Education, and the University of Pennsylvania’ s Executive Program in Work-Based Learning Leadership. Ray is the author of numerous articles and books, as well as several plays, and she holds a doctorate from New York University.

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About the Speakers

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Dr. Patti Phillips is president and CEO of the ROI Institute, Inc., the leading source of ROI competency building, implementation support, networking, and research. A renowned expert in measurement and evaluation, she helps organizations implement the ROI Methodology in 40 countries around the world.

She has authored or edited over 30 books on measurement and evaluation including ROI. Her current work includes research and application of the ROI Methodology in workforce development, community development, and social sector programs. Phillips teaches others to implement the ROI Methodology through the ROI Certification process. She serves on numerous doctoral dissertation committees and professional association boards.

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