

# TRAINING IMPACT ANALYSIS USING THE PHILLIPS ROI METHODOLOGY

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# BACKGROUND

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- Many institutions are cash-strapped and face constraints in resources. The constant refrain from management is to show how an innovation, curriculum redesign or approach in communication skills, is sustainable or scalable, and made an impact to students and the institution's goals.
- Challenge: Communication skills is a soft skill and thus harder to quantify in terms of the learning outcomes.

# OBJECTIVE

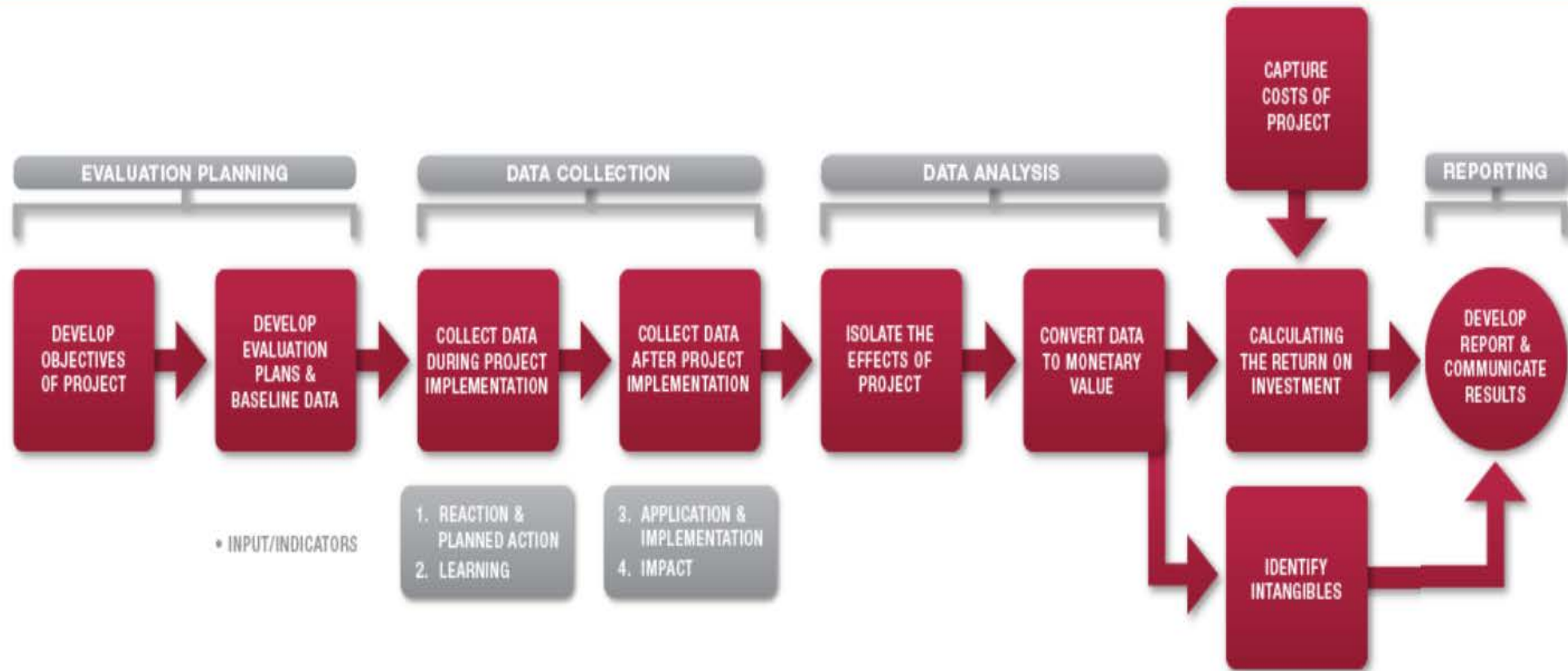
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- This paper presents an approach used to analyze the impact of training using the Phillips ROI methodology and compares it to the traditional way of measurement in terms of perspective and strategy.

# TRADITIONAL METHOD OF MEASUREMENT

Levels	Definitions	Perspective/Principles	Strategy
<b>1: Reaction</b>	The degree to which participants find the training favorable, engaging and relevant to their jobs	<ol style="list-style-type: none"> <li>1. The end is the beginning.</li> <li>2. Return on expectations (ROE) is the ultimate indicator of value.</li> <li>3. Business partnership is necessary to bring about positive ROE.</li> <li>4. Value must be created before it can be demonstrated.</li> <li>5. A compelling chain of evidence demonstrates your bottom-line value.</li> </ol>	Feedback form on course, observations
<b>2: Learning</b>	The degree to which participants acquire the intended knowledge, skills, attitude, confidence and commitment based on their participation in the training		Ability to perform the tasks set
<b>3: Behavior</b>	The degree to which participants apply what they learned during training when they are back on the job		Usually not tracked
<b>4: Result</b>	The degree to which targeted outcomes occur as a result of the training and the support and accountability package		Usually not tracked

# PHILLIPS RETURN ON INVESTMENT METHODOLOGY





# IMPACT STUDY USING PHILIPS ROI METHODOLOGY

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- Perspective: 12 principles of ROI methodology
- Strategy: Data collection, analysis and impact calculation

# I 2 PRINCIPLES OF ROI METHODOLOGY

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1. When a higher-level evaluation is conducted, data must be **collected** at lower levels.
2. When an **evaluation** is planned for a higher level, the previous level of evaluation does not have to be comprehensive.
3. When collecting and analyzing data, use only the **most credible sources**.
4. When analyzing data, choose the **most conservative** among alternatives.
5. At least one method must be used to **isolate** the effects of the solution.
6. If no improvement data are available for a population or from a specific source, it is assumed that **no improvement** has occurred.

# 12 PRINCIPLES OF ROI METHODOLOGY

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7. Estimates of improvements should be adjusted for the potential **error** of the estimate.
8. Extreme data items and unsupported claims should **not** be used in ROI calculations.
9. Only the **first year** of benefits (annual) should be used in the ROI analysis of short-term solutions
10. Costs of the solution should be **fully-loaded** for ROI.
11. **Intangible measures** are defined as measures that are purposely not converted to monetary values
12. The results from the ROI methodology must be communicated to **all key stakeholders**.



# METHODOLOGY FOR IMPACT STUDY

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1. Participant Profile
2. Data Collection
3. Data Analysis based on the 12 guiding principles
  - A. Participant Satisfaction and Planned Actions – level 1 (course feedback questionnaire)
  - B. Learning – level 2 (observations on tasks performed)
  - C. Impact on Job Performance – level 3 (self-rating questionnaire by participant and supervisor, statements of enablers and barriers by participants)

# METHODOLOGY FOR IMPACT STUDY

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## D. Business impact – level 4

- Isolating effects of the program based on participants' estimates
- Cycle time reduced due to the following factors (identify what are the factors besides training)
  - 1) Training \_\_\_\_\_%
  - 2) Factor 2 \_\_\_\_\_%
  - 3) Factor 3 \_\_\_\_\_%
  - 4) Factor 4 \_\_\_\_\_%

# METHODOLOGY FOR IMPACT STUDY

Key Influence	Unit of Measure	Reported Value of One Unit	Monthly Change Reported in Measure	% of Change Caused by the Workshop	Confidence Level Reported	Total Monthly Workshop Benefit	Annualised Workshop Benefit
Reduction in time in writing minutes Reduction in time in revising minutes	Time saved	\$x per hour	\$xxx.00 (xx man- hours improvement in processing time)	x%	x% (conservative figure based on participants' estimates)	\$x.00	\$x.00

For example, the annualized benefit for a fictional scenario could be determined as follows:

*Value of One Unit:* \$8.00 per hour

*Monthly Change:* \$8 x 8 hours monthly = \$64.00

*Factor for Training Impact:* \$64.00 x 70% = \$44.80

*Confidence Level:* \$44.80 x 100% = \$44.80 monthly benefit

*Annualized Impact:* \$44.80 x 11 months = \$492.80.00

# METHODOLOGY FOR IMPACT STUDY

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**E.** ROI Calculation – net benefits/cost of program (ratio) – level 5

Note: ROI is reserved for programs that are expensive, have a broad reach, drive business impact, have the attention of senior managers, or are highly visible in the organization.

**F.** Intangible Benefits (higher job satisfaction, higher commitment, lower stress)

# CONCLUSION

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- Training is most impactful when
  - supported by management
  - when there is a clear and specific customer service benchmark to meet.