

## Index

### A

Accountability  
  organizational drivers requiring  
    additional, 55  
  paradigm shift toward, 33  
  ROI applications and trend  
    toward, 38–39  
  ROI used to evaluate, 34  
Action plans, 16–17  
American Productivity and Quality  
  Center, 9, 32  
American Society for Training and  
  Development (ASTD), 9,  
  32  
Anthony, R. N., 67  
Application and implementation.  
  *See* Level 3 (Application and  
  Implementation)  
Application objectives, 111–112,  
  113

### B

Benefit-cost analysis  
  calculating benefit-cost ratio  
    (BCR), 23–24  
  comparing Phillips's five-level  
    evaluation with, 71–72  
  of intangible benefits, 22, 25,  
    75  
  of program costs, 22–23  
  *See also* Costs

Benefit-cost ratio (BCR)  
  as acceptable ROI formula, 43  
  calculating, 23–24  
Best practices. *See* ROI best practices  
Burkett, H., 84  
Business impact. *See* Level 5 (Return  
  on Investment)  
Business performance monitoring, 17  
*Business Week*, 39

### C

Case studies  
  on calculating intangible benefits,  
    25  
  on calculating program costs, 25  
  as data conversion technique, 25  
  on impact objectives (Coors and  
    X-1350 system), 114  
  on isolating program effects, 25  
  on ROI Methodology for  
    evaluations, 24–26  
  on using each individual level of  
    evaluation, 25  
  value of development of, 76  
Change  
  new leaders as catalyst for, 58–59  
  organizational use of ROI during,  
    55  
  possible through good change  
    management, 92–93  
  ROI for facilitating, 36–37

134    Index

- Clients
  - as ROI audience, 40–41
  - ROI Methodology changes for, 93
- Comments (ROI analysis plan), 124
- Communication
  - on evaluation process to management, 81
  - of ROI result to key stakeholders, 75–76
  - See also* Reporting
- Consumer value perspective, 102
- Control group, 17–18
- Coors impact objectives, 114
- Cost of quality, 20
- Costs
  - as barrier to implementation, 83–84
  - historical, 20
  - program, 23, 25, 75
  - of quality, 20
  - ROI analysis plan on categories of, 123
  - of ROI Methodology, 44
  - tips for reducing implementation, 84
  - See also* Benefit-cost analysis
- Credibility
  - Guiding Principle on enhancing, 73
  - ROI myth on ROI's, 90
- Customer program effects input, 19
- D**
- Data
  - accounting for missing, 74
  - availability of, 104
  - avoiding extreme, 74–75
  - conversion of, 19–21, 25
  - ROI myth of ROI being only one type of, 88–89
  - sources of, 11–12, 73
- Data analysis
  - benefit-cost, 23
  - conservative approach to, 73
  - converting data into monetary value for, 19–21
  - credibility issue of, 73
  - intangible benefits assessed during, 22, 25, 75
  - ROI process model phase of, 2
- Data collection
  - credibility issue of, 73
  - at the lower levels, 73
  - methods available for, 14, 16–17
  - planning timing of the, 10
  - responsibility for, 121
  - ROI best practice on, 49
  - ROI process model phase of, 2
- Data collection plans
  - questions to ask when developing, 117, 121
  - sample examples of, 10–12, 118–120
- Data conversion
  - case study technique for, 25
  - described, 19–21
  - ROI analysis plan on, 123
  - techniques used for, 20–21
- Data sources
  - credibility of, 73
  - internal and external groups as, 129
  - organizational performance records as, 127
  - participants and managers as, 127–128
  - planning for, 10, 121
  - sample data collection plan on, 11–12
  - team or peer group as, 128–129
- E**
- Economic value perspective, 103
- Errors of estimation, 74
- Evaluation framework
  - comparing Phillips's with cost-benefit analysis, 71–72
  - Kirkpatrick's, 67, 70–71
  - as part of the evaluation puzzle, 67–72
  - Phillips's five levels of evaluation, 6–7, 68–69

- Evaluation levels
    - comparing cost-benefit analysis and Phillips's five, 71–72
    - evaluating at both higher and lower, 72
    - overview of Phillips's five, 6–7, 68–69
    - See also specific levels*
  - Evaluation planning
    - conducting meeting for, 125–127
    - consequences of lack of, 45
    - defining program objectives, 9, 11–12, 104–116
    - on degree of comprehensive evaluation, 73
    - developing planning documents, 117–125
    - establishing feasibility, 103–104
    - establishing purpose, 99–103
    - five specific elements of, 9–10
    - identifying data sources, 127–129
    - implementation barrier of inadequate, 86
    - ROI analysis plan, 10, 13
    - ROI process model phase of, 2
    - sample project plan, 11–12
  - Evaluation puzzle
    - development of case studies element of, 76
    - evaluation framework element of the, 67–72
    - implementation element of, 77–81
    - major elements of the, 65–66
    - operating standards/guiding principles element of, 72
    - ROI process model element of, 2, 72
  - Evaluations
    - case study on using ROI Methodology for, 24–26
    - four specific steps of, 67
    - isolation of program effects problem in, 17–19, 25, 49, 74
    - linking program objectives to, 104–105
    - overview of each level of, 6–7, 68–69
    - planning, 9–13, 45
    - ROI process model of, 2, 72
    - ultimate level of, 6–7, 36
    - See also Programs; ROI Methodology*
  - Evaluators
    - checklist for ROI implementation for, 94
    - ROI Methodology changes for, 93
  - Experts
    - program effects estimates by, 19
    - value of improvement estimated by, 20
  - External databases, 20–21
  - External group data, 129
  - Extreme data, 74–75
- F**
- Fear of failure, 44–45, 85
  - Feasibility drivers
    - appropriateness for ROI measurement, 104
    - availability of data, 104
    - determining, 103
    - validation of program objectives, 103
  - Financial Times*, 39
  - Focus groups, 16
  - Forecasting model, 18
  - Fortune* (magazine), 39
- G**
- Guiding Principles. *See* ROI Guiding Principles
- H**
- Harvard Business Review* (HBR), 34, 39
  - Historical costs, 20
  - Horngren, C. T., 67
  - Howard, T., 114

136    Index

**I**

Impact objectives, 112, 114–115  
 Implementation  
     checklist for ROI, 94  
     inhibitors to, 83–93  
     ROI Quiz for assessing readiness for, 96–98  
     steps for, 77–81  
     tips for reducing cost of, 84  
 Implementation barriers  
     costs and time as, 83–84  
     faulty or inadequate initial analysis, 85  
     fear, 85  
     lack of discipline and planning, 86  
     lack of skills, 84–85  
 Implementation inhibitors  
     barriers to implementation as, 83–86  
     change management as possible, 92–93  
     ROI myths as, 86–92  
 Implementation steps  
     1: assign responsibilities, 77  
     2: develop skills, 77–78  
     3: develop an implementation plan, 78–81  
     4: prepare or revise evaluation guidelines, 81  
     5: brief managers on the evaluation process, 81  
 Intangible benefits  
     calculating measures of, 22  
     case study on calculating, 25  
     reporting, 75  
     ROI data analysis on, 123  
 Internal group data, 129  
 International Federation of Training and Development Organizations, 32  
 International Society for Performance Improvement (ISPI), 32  
 Interviews, 16

Isolating program effects

    case study techniques for, 25  
     importance of, 74  
     ROI analysis plan on, 121, 123  
     as ROI best practice, 49  
     techniques for solving problem of, 17–19

**K**

Kearsley, G., 67  
 Kirkpatrick, D., 67

**L**

Learning  
     barriers and enablers of, 111–112  
     objectives of, 11, 108–110  
 Learning objectives  
     described, 108, 110  
     guidelines for, 110  
     sample data collection plan, 11  
 Level 0 (Inputs and Indicators), 1, 3, 6  
 Level 1 (Reaction and Planned Action)  
     availability of data in, 104  
     case study on using, 25  
     consumer value perspective represented in, 102  
     data sources during, 127  
     decision making using data from, 100  
     interviews used during, 16  
     Phillips's framework on, 3, 6, 68  
     questionnaires used during, 16  
     reaction and satisfaction objectives, 105–108, 109  
     sample data collection plan on, 11  
     surveys used during, 14  
 Level 2 (Learning and Confidence)  
     availability of data in, 104  
     case study on using, 25  
     consumer value perspective represented in, 102  
     data sources during, 127, 129

- decision making using data from, 100
    - interviews used during, 16
    - Phillips's framework on, 3–4, 6, 68
    - questionnaires used during, 16
    - sample data collection plan on, 11
    - surveys used during, 14
    - tests used during, 16
  - Level 3 (Application and Implementation)
    - action plans and program assignments used during, 16–17
    - application objectives of, 111–112, 113
    - availability of data in, 104
    - case study on using, 25
    - data sources during, 127–129
    - decision making using data from, 100
    - focus groups used during, 16
    - interviews used during, 16
    - on-the-job observation used during, 16
    - performance contracts used during, 17
    - Phillips's framework on, 4–5, 7, 68
    - questionnaires used during, 16
    - sample data collection on, 12
    - surveys used during, 14
    - system value perspective represented in, 102–103
  - Level 4 (Impact and Consequences)
    - action plans and program assignments used during, 16–17
    - availability of data in, 104
    - business performance monitoring used during, 17
    - case study on using, 25
    - data conversion during, 19–22
    - data sources during, 127–128
    - decision making using data from, 100
    - economic value perspective represented in, 103
    - examining feasibility of, 9
    - impact objectives of, 112, 114–115
    - performance contracts used during, 17
    - Phillips's framework on, 5, 7, 68
    - questionnaires used during, 16
    - sample data collection on, 12
    - selecting programs for, 8
  - Level 5 (Return on Investment)
    - case study on using, 25
    - decision making using data from, 100
    - economic value perspective represented in, 103
    - establishing target ROI, 10
    - examining feasibility of, 9
    - Phillips's framework on, 5, 7, 8, 68
    - ROI objectives of, 115–116
    - sample data collection on, 12
    - selecting programs for, 8
    - See also* ROI (return on investment)
- M**
- Managers
    - as data source, 128
    - program effects estimated by, 18
    - See also* Participants; Senior management
  - Measures
    - at each level of evaluation, 6–7
    - intangible benefits, 22, 25, 75
    - organizational focus on, 55
    - organizational investment in, 58
    - sample data collection plan on, 11–12
    - of value, 21
    - See also* ROI (return on investment)
  - Monetary values
    - data conversion to, 19–21, 25
    - ROI analysis plan on converting data to, 123
    - ROI best practice of converting program results to, 51

138    Index

**N**

- Needs assessment
  - ROI Methodology used for, 57
  - ROI results in case of faulty, 44, 85

**O**

- Objectives
  - defining program, 104–115
  - developing evaluation, 9
  - ROI, 115–116
  - sample data collection plan, 11–12
  - validation of program, 103
- Observation, 16
- On-the-job observation, 16
- Organizational performance records, 127
- Organizations
  - characteristics of those using ROI, 54–55
  - self-checking readiness of your, 60–61
  - signs of readiness for ROI
    - Methodology, 57–61
  - taking a reactive versus proactive approach, 61–62
  - typical programs using ROI
    - Methodology in, 55–57
- Output data conversion, 20

**P**

- Participants
  - as data course, 127
  - data on wages and benefits, 20
  - isolating from program effects, 18
  - ROI Methodology changes for, 93
  - See also* Managers
- Peer group data, 128–129
- Performance contracts, 17
- Phillips, J. J., 10, 67
- Phillips, P. P., 9, 10, 84
- Phillips's five-level framework
  - comparison of cost-benefit analysis and, 71–72
  - overview of, 6–7, 68–69
  - value perspectives in, 102–103

Planning documents

- data collection plans, 10–12, 117–121
- project plan, 15, 78–80, 124–125
- ROI analysis plan, 10, 13, 121–124
- See also* Sample plans

Planning meeting

- agenda for, 126
- factors for success, 126–127
- who should be involved in, 125

Practitioners

- as ROI audience, 40
- ROI process criteria for satisfying, 41–43

Program assignments, 16–17

Program costs

- benefit-cost analysis of, 22–23
- case study on calculating, 25
- Guiding Principles on accounting for, 75

Program objectives

- application, 111–112, 113
- impact, 112, 114–115
- learning, 108, 110
- linking assessment to, 104–105
- reaction and satisfaction, 105–108, 109
- validation of, 103

Program value

- consumer perspective on, 102
- economic perspective on, 103
- Phillips's five-level framework on, 101–102
- ROI for measuring, 46, 101–103
- system perspective on, 102–103

Programs

- costs of, 22–23, 25, 75
- isolating effects of, 17–19, 25, 49, 74, 121, 123
- paradigm shift toward
  - accountability in, 33
- ROI for making decision about/improving, 100–101
- ROI for measuring contributions of, 46, 101–103

- types using ROI Methodology, 55–57
- See also* Evaluations
- Project plan
  - description and purpose of, 124
  - samples of, 15, 80, 125
  - steps in developing, 78–79
- Purpose
  - improving programs and processes, 100–101
  - making decision about program, 100
  - need for establishing, 99–100
- Q**
- Questionnaires, 14, 16
- R**
- Reaction/satisfaction objectives, 105–107, 109
- Reece, J. S., 67
- Reporting
  - communicating ROI results to key stakeholders, 75–76
  - intangible benefits, 75
  - ROI data analysis on
    - communication targets for, 123
  - ROI process model phase of, 2, 24
  - See also* Communication
- Researchers
  - as ROI audience, 41
  - ROI process criteria for satisfying, 41–43
- Responsibilities
  - for data collection process, 121
  - implementation step of assigning, 77
  - sample data collection plan on, 11–12
- ROI analysis plan, 10, 13, 121–124
- ROI applications
  - across fields and sectors, 30–31
  - business mindset of support managers facilitating, 37–38
  - change, quality, and reengineering facilitating, 36–37, 55
  - false assumptions about, 45–46
  - global expansion of, 32
  - increased budgets facilitating, 35–36
  - trend toward accountability increasing, 38–39
- ROI audiences
  - practitioners as, 40
  - researchers as, 41
  - senior managers, sponsors, and clients as, 40–41, 47, 57
  - See also* Stakeholders
- ROI best practices
  - conversion of program results to monetary values as, 51
  - development of, 47–48
  - establishing evaluation targets, 48
  - isolation of the program as, 17–19, 25, 49, 74
  - microlevel evaluation as, 48
  - sampling for ROI calculations as, 49–50
  - using variety of data collection methods, 49
- ROI Guiding Principles
  - 1: report the complete story, 73
  - 2: conserve important resources, 73
  - 3: enhance credibility, 73
  - 4: be conservative, 73
  - 5: account for other factors, 74
  - 6: account for missing data, 74
  - 7: adjust estimates for error, 74
  - 8: omit the extremes, 74–75
  - 9: capture annual benefits for short-term programs, 75
  - 10: account for all program costs, 75
  - 11: report intangible benefits, 75
  - 12: communicate results, 75–76
- ROI Methodology
  - applications of, 30–31
  - barriers to, 43–46
  - benefit-cost analysis using, 22–24
  - case study on use of, 24–26
  - data collection phase of, 2, 14–17

140    Index

- ROI Methodology (*Cont.*)
    - data conversion phase of, 19–21
    - described, 1
    - evaluation planning phase of, 9–14
    - Guiding Principles of, 72–76
    - illustrated diagram of, 2
    - implementation of, 77–97
    - isolating of program effects, 17–19, 25, 49, 74
    - organizational use of, 54–63
    - origins and development of, 53
    - reactive versus proactive approach to, 61–62
    - reporting phase of, 24
    - as results-based process, 46–47
    - self-checking your organization’s readiness for, 60–61
    - summary of the current status of the, 35
    - See also* Evaluations; Sample plans; *specific levels*
  - ROI myths
    - controversy over, 86–87
    - isolating effects of external influences as not possible, 91
    - on measuring on-the-job activities, 91–92
    - ROI is a passing fad, 88
    - ROI is appropriate only for large organizations, 92
    - ROI is not a credible process, 90
    - ROI is not future-oriented, 89
    - ROI is only for manufacturing/service organizations, 90–91
    - ROI is only one type of data, 88–89
    - ROI is rarely used by organizations, 89
    - ROI is too complex for most users, 87
    - ROI is too expensive, 87
    - ROI Methodology cannot be easily replicated, 89
    - ROI Methodology has no standards, 92
    - ROI not needed without senior management demand, 87–88
  - ROI Network, 32
  - ROI objectives, 115–116
  - ROI Quiz, 96–98
  - ROI (return on investment)
    - as accepted business tool, 34–39
    - applications across fields and sectors, 30–31
    - barriers to implementation of, 43–46
    - benefits of using, 46–47, 75
    - best practices for, 47–51
    - concerns about using, 39–43
    - global expansion of applications of, 32
    - growth as conference topic, 32
    - increasing focus on measuring, 27–28
    - reviewing global trends in use of, 29–30
    - shift from activity to results like, 33–34
    - See also* Level 5 (Return on Investment); Measures
- S**
- Sample plans
    - data collection plan, 11–12
    - project plan, 15, 80, 125
    - ROI analysis plan, 13, 122
    - See also* Planning documents; ROI Methodology
  - Senior management
    - communicating about the evaluation process to, 81
    - estimating impact of program, 19
    - ROI applications demanded by, 39, 58
    - as ROI audience, 40–41, 47, 57
    - ROI Methodology changes for, 93
    - ROI myth regarding lack of demand by, 87–88

ROI process criteria for satisfying,  
41–43  
*See also* Managers  
Sibbet, D., 34  
Skills/capabilities  
  development of, 77–78  
  implementation barrier due to  
  lack of, 84–85  
Sponsors, 40–41  
Staff value estimates, 21  
Stakeholders  
  communicating ROI results to  
  key, 75–76  
  practitioners, 40  
  researchers, 41  
  ROI Methodology changes for,  
  93  
  senior management, 19, 39–43,  
  47, 57, 58  
  sponsors and clients, 40–41, 47,  
  57  
  *See also* ROI audiences  
Supervisors. *See* Managers  
Surveys, 14  
System value perspective, 102–103

**T**  
Team group data, 128–129  
Tests, 16  
Timing  
  as implementation barrier, 83–84  
  planning data collection, 10, 121  
  as ROI Methodology cost, 44  
  sample data collection plan on,  
  11–12  
Training Director's Forum, 32  
*Training* (magazine), 32  
Trend lines, 18  
**U**  
*USA Today*, 39  
**V**  
Van Buren, M. E., 9  
**W**  
*Wall Street Journal*, 39  
**X**  
X-1350 system impact objectives,  
114

