

Are You Ready for ROI?

Take this quiz to find out • BY JACK J. PHILLIPS AND PATTI P. PHILLIPS



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Using the ROI Methodology to measure the success of major programs has increased in recent years, driven in part by the chief financial officer. In good economic times, expenditures increase, and leaders work to properly allocate investments. In tough economic times, programs and processes that yield the best results are most likely to survive restructuring efforts.

Several revealing symptoms indicate an organization is ready to implement ROI.

- 1. Pressure from senior management to measure results.** This pressure can be a direct requirement or a subtle expression of concern about program and/or process value.
- 2. Extremely low investment in measurement, evaluation and analytics.** Chief learning officers spend about 1 percent of their budget on measurement and evaluation processes. Investments lower than this amount may indicate there is little, if any, measurement or evaluation taking place. Expenditures in the 3 to 5 percent range represent best practice for serious evaluation.
- 3. Recent program disasters.** Every organization has major programs that were implemented without success. When there are multiple program failures, the program's owner often bears direct responsibility or blame. These failures may prompt an ROI forecast prior to implementing new programs.

CLOs currently spend about 1 percent of their budgets on measurement and evaluation.

- 4. A new CLO or leader in the function.** A new CLO often serves as a catalyst to objectively review previous programs' success rates with fresh eyes.
- 5. Managers' desire to build centers of excellence.** Some managers strive to build leading-edge functions, and they may build comprehensive analytics processes into the strategy. They set the pace for analytics by emphasizing they are serious about accountability to their functions.
- 6. Lack of management support.** In some cases, the learning function's image suffers to the point that management no longer supports its efforts. A bad image may be caused by a number of factors but a lack of credible results is often a cause. **CLO**

TAKE THE QUIZ

Is your organization a candidate for ROI implementation?

1 2 3 4 5
Strongly Disagree Strongly Agree

- My organization is considered a large organization with a large variety of programs.
- We have a large budget attracting the interest of senior management.
- Our organization has a culture of measurement and is focused on establishing a variety of measures in all functions and departments.
- My organization is undergoing significant change.
- There is pressure from senior management to measure results of our programs.
- My function currently has a very low investment in measurement and evaluation.
- My department has a new leader.
- My clients are demanding that our processes show bottom-line results.
- My function competes with other functions with our organization for resources.
- There is increased focus on linking our process to the strategic direction of the organization.
- My function is a key player in change initiatives currently taking place in the organization.
- TOTAL**

SCORING

- 11–21** You are not yet a candidate for ROI.
- 22–33** You are not a strong candidate for ROI; however, it is time to start pursuing some type of measurement process.
- 34–45** You are a candidate for building skills to implement the ROI process. At this point, there is no real pressure to show ROI, which is the perfect opportunity to perfect the process within the organization.
- 46–55** You're late. You should already be implementing a comprehensive measurement and evaluation process, including ROI.