

Using ROI To Evaluate Project Management Training

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Session PDS04



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Agenda

- Why Measure the Value of Project Management Training
- Phillips ROI Methodology™ Overview
- Example Business Impact & ROI Study
- How Do I Get Started?
- Q & A



Why Measure the Value of Project Management Training

- ROI is a reality for most organizations
- Value of the training to the bottom line
- Alignment of the training to business goals
- Inefficient training programs that need to be redesigned or eliminated



Why Measure the Value of Project Management Training

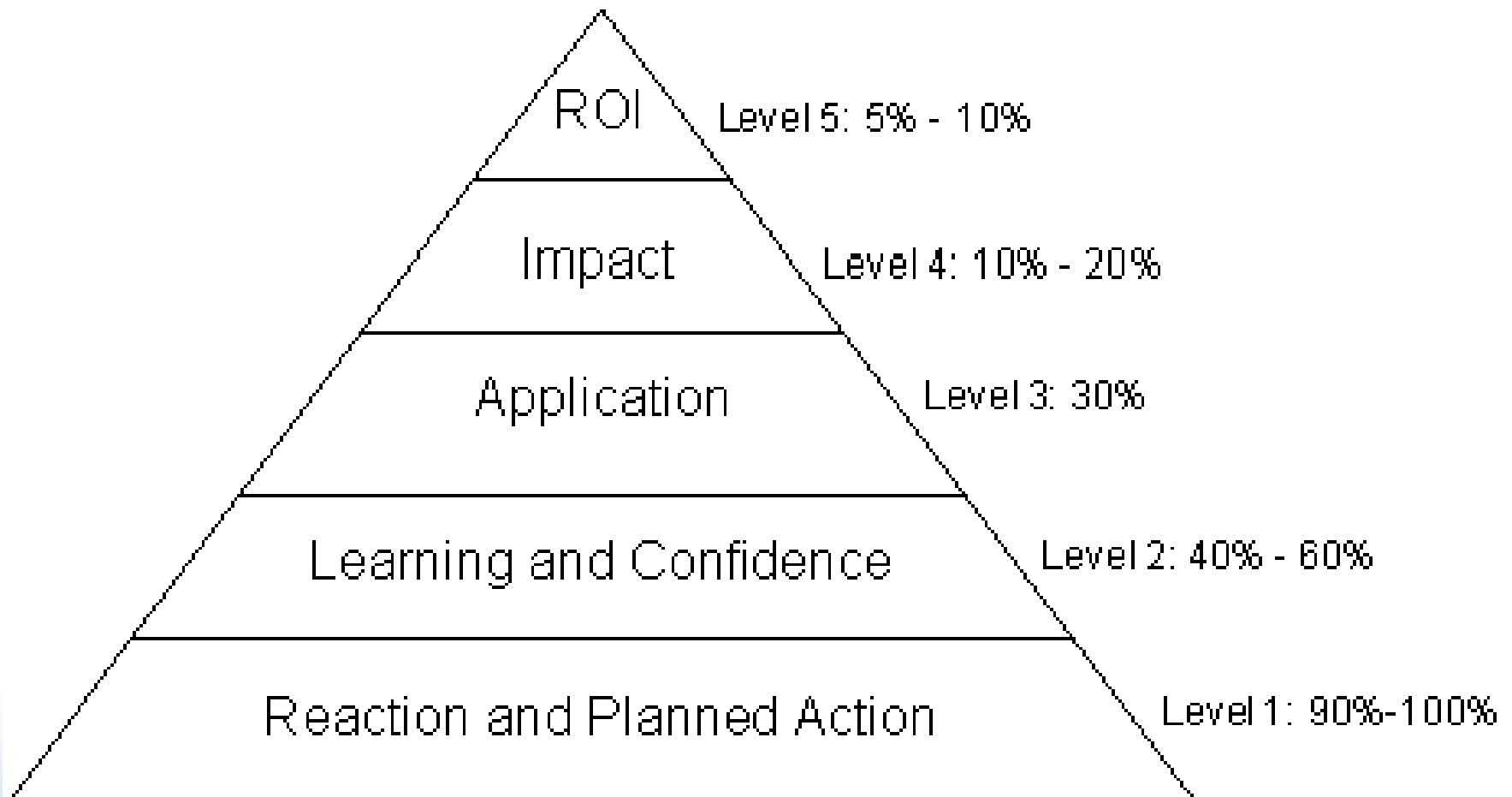
- Successful programs that can be implemented globally
- Method to drive improvement and secure funding for additional projects and for the growth of the project management function



Which Programs?

- Lifecycle of the program
- Linkage of the solution to organizational goals
- Executive interest in the evaluation
- Cost of the program
- Visibility of the program
- Size of the target audience





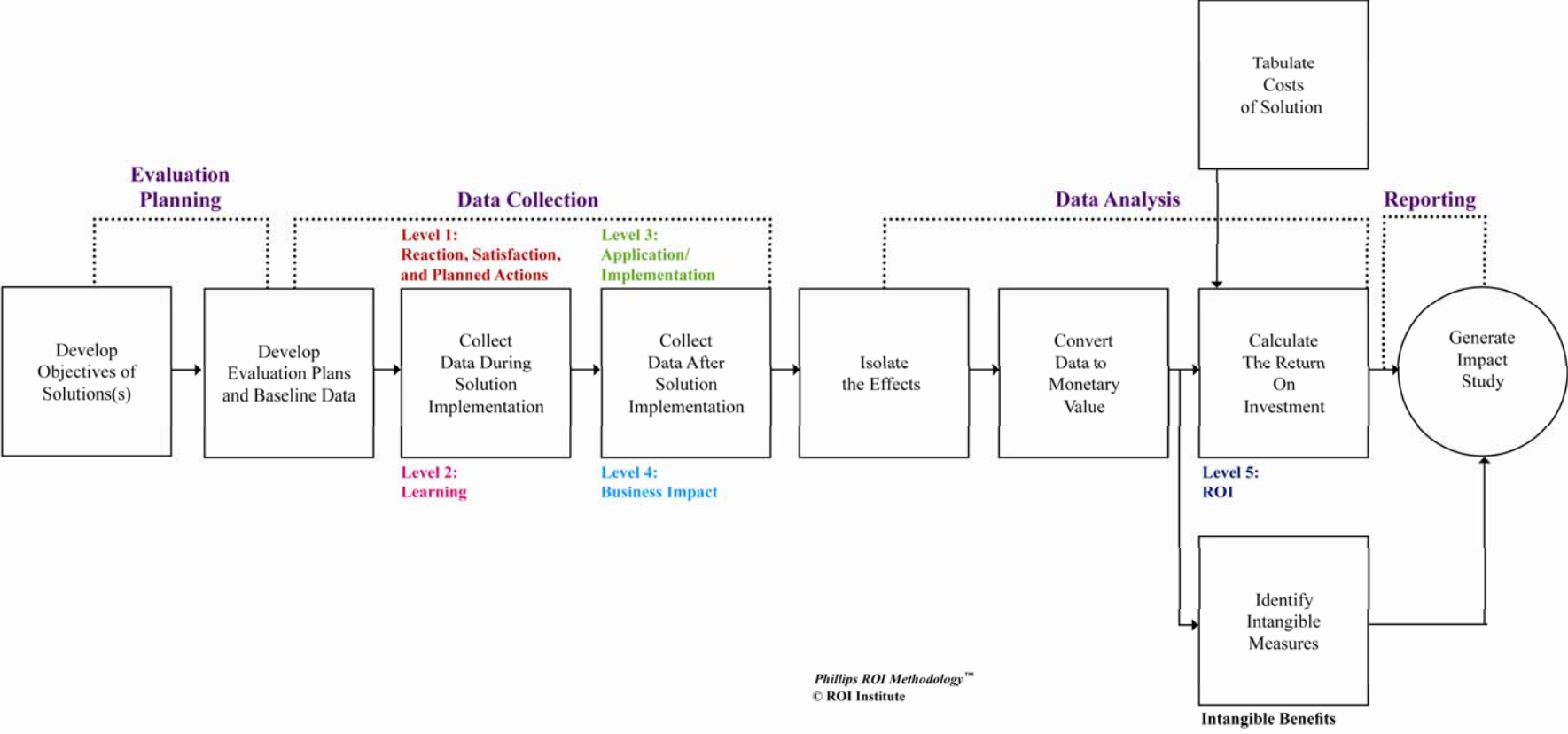
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Phillips ROI Methodology™



4 Major Phases in Process

- Evaluation Planning
- Data Collection
- Data Analysis
- Reporting



Phase 1: Evaluation Planning

- Develop/review the objectives of the program
- Develop evaluation plans and baseline data
 - Establish evaluation purposes
 - Develop data collection plan
 - Develop ROI analysis plan
 - Develop project plan



Phase 2: Data Collection

- Collect data during program implementation
 - Level 1: Reaction and Planned Action
 - Level 2: Learning and Confidence
- Collect data after program implementation
 - Level 3: Application and Implementation
 - Level 4: Business Impact



Phase 3: Data Analysis

- Isolate the effects of the program
- Convert data to monetary value
- Capture the costs of the program
- Calculate the ROI
- Identify intangible benefits



Phase 4: Reporting

Six types of results collected and reported on:

- Reaction and Planned Action
- Learning and Confidence
- Application and Implementation
- Business Impact
- Return on Investment
- Intangible Benefits



Example: School District

- Project management training program
 - Increase likelihood of successful projects
 - Implement strategic plans into practice
 - Better monitor and control projects
 - Proactively manage risk
 - Standard approach through the District
 - Share information/best practices



Example: Training Goals

- Improved project performance
- Status reporting to School Board/stakeholders
- Efficient utilization and tracking of resources
- Improved teamwork



Example: Training Goals

- Higher percentage of successful projects
- Knowledge sharing
- Implementation of best practices and standard processes



Example:

Major Projects in the Works

- Long range capital and education program planning
- Graduation requirements
- District restructuring/reorganization
- Grades 1 – 12 assessment program



Example:

Phase 1: Evaluation Planning

- 5-day project management training program
- Collected baseline data on:
 - Success of past project-based initiatives
 - Budget
 - Time
 - Scope
 - Resource utilization



Example:

Phase 1: Evaluation Planning

- Data Collection Plan
 - Level 1: Satisfaction survey to participants
 - Level 2: Test administered to participants to measure learning from 5-day class
 - Level 3: Action Plan follow-up + Questionnaires
 - Level 4: Collection of data for business impact



Example:

Phase 1: Evaluation Planning

- ROI Analysis Plan
 - Data items to be collected at Level 4: Impact measures targeted for improvement
 - Improved performance on projects
 - Efficient utilization and tracking of resources
 - Increased percentage of successful projects
 - Implementation of best practices/standard processes
 - Set hurdle rate at 20%



Example:

Phase 2: Data Collection

- 10 teachers/administrators trained – pilot group
- Level 1: 100% satisfaction with program
- Level 2: 100% pass rate on exam
(80% or higher on exam)



Example:

Phase 2: Data Collection

- Level 3: 100% submitted Action Plans and completed follow-up questionnaires
- Level 4: Collected data from participants and managers on impact to business
 - 25% increase in number of successful projects
 - On time and within/under budget allocated
 - Resources tracked/effectively allocated
 - Standard processes implemented across district



Example:

Phase 3: Data Analysis

- Isolation Technique: Pilot group
- Converted data to a monetary value
 - Cost savings (Program Benefits)
 - Savings for projects under allocated budget: \$120,000 (taxpayer money)
 - Savings due to improved allocation of project resources: \$95,000
 - Savings due to projects coming in on time: \$85,000



Example:

Phase 3: Data Analysis

- Total costs of program: \$70,000
- Intangible benefits:
 - Less stress on teachers/administrators
 - Improved teamwork
 - Reduced conflicts – no one is overcommitted
 - Board is pleased with Status Reports



Example:

Phase 3: Data Analysis

Benefits/Cost Ratio = Program Benefits /
Program Costs

BCR = \$300,000/\$70,000 = 4.29:1

For every \$1.00 spent on training, \$4.29 is
returned



Example:

Phase 3: Data Analysis

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

$$\text{ROI} = \$230,000 / \$70,000 \times 100$$

$$\text{ROI} = 329\%$$

For every \$1.00 invested, \$3.29 is returned
AFTER the costs are recovered.

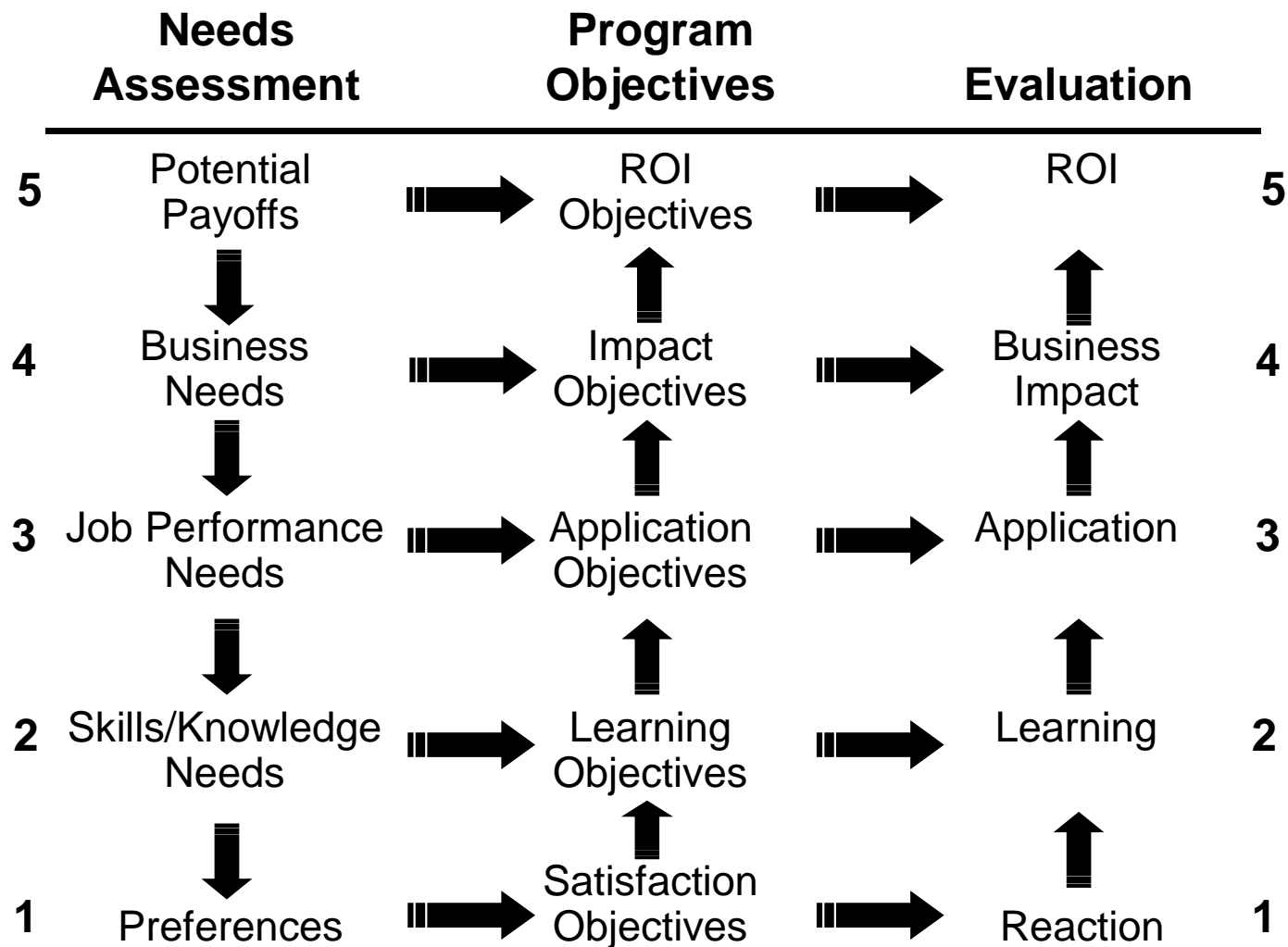


Example:

Phase 4: Reporting

- Final report of results provided to Senior Administrative staff and School Board
 - Will be presented at a Town Meeting





Getting Started

- What significant influences might impact the study?
- What project management programs make sense for Level 4 and Level 5 evaluation?
- Get management commitment
- Plan for evaluation early in the process and build it into the process



Getting Started

- What implementation issues exist?
- What are the barriers faced?
- Who are your champions?
- Manage the ROI study like any other project!



Summary

- Select the right project management program for a business impact and ROI study
- Help secure management buy-in
- Plan, implement and manage the entire study process

