MEASURING THE ROI OF A COACHING INTERVENTION, PART 2

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This article, the second of a two-part series, describes a case study application of the ROI Methodology™. In this case, a structured coaching program was implemented as part of a comprehensive performance improvement solution designed to improve efficiency, customer satisfaction, and revenue growth for Nations Hotel Corporation. This case study provides critical insights into how a project was systemically designed, delivered, and measured to create performance value, including a return on investment.

NATIONS HOTEL CORPORATION (NHC) is a large U.S.-based hotel firm with operations in 15 countries. It has maintained steady growth to include more than 300 hotels in cities all over the world. NHC enjoys one of the best-recognized names in the global lodging industry, with 98% brand awareness worldwide and 72% overall guest satisfaction.

The hospitality industry is very competitive, cyclical, and subject to swings with the economy. Room rentals are price sensitive, and customer satisfaction is extremely important for NHC. Profits are squeezed if operating costs get out of hand. NHC top executives constantly seek ways to improve operational efficiency, customer satisfaction, revenue growth, and retention of high-performing employees. Executives, particularly those in charge of individual properties, are under constant pressure to show improvement in these key measures.

To partner with executives around the challenge of improving business critical performance measures, NHC's learning and development function, the Nations Hotel Learning Organization (NHLO), conducted a brief survey to prioritize the organizational learning and performance needs required. Most of the executives surveyed indicated that they would like to work with a qualified coach to assist them through a variety of systemic challenges and issues. The executives believed that this would be an efficient way to enhance organizational performance, on multiple levels, and achieved desired business results. Consequently, NHLO developed a formal, structured coaching solution, Coaching for Business Impact (CBI), and offered it to the executives at the vice president level and above.

As the project was conceived, the senior executive team became interested in showing the value of the coaching project. Although they supported the coaching process as a method to improve executive job performance, they wanted to see the actual return on investment (ROI) in terms of organizational performance. The goal was to evaluate 25 executives, randomly selected (if possible) from the participants in CBI.

THE PROGRAM

Figure 1 shows the steps in the new coaching program from the beginning to the ultimate outcomes. This program has 14 discrete elements and processes:

1. *Voluntary participation.* Executives had to volunteer to be part of this project. Voluntary commitment translates into a willing participant who is not only open to changing, improving, and applying what is being learned, but also is willing to provide the data for evaluating the coaching process. The voluntary nature of the coaching program meant that not all executives who needed coaching would be involved. When compared to mandatory involvement, however, the volunteer effort appeared to be an important ingredient for success. It was envisioned that as

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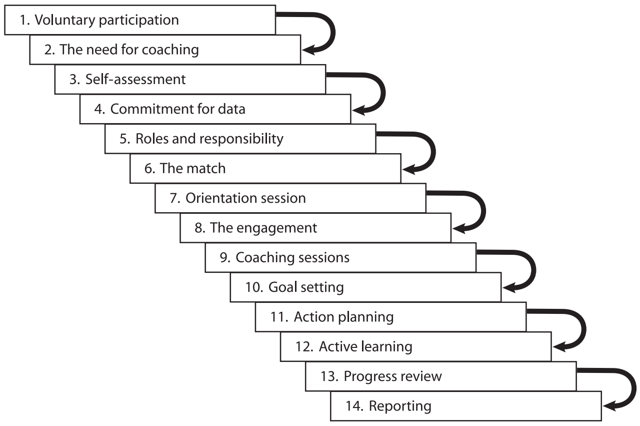

FIGURE 1. COACHING FOR BUSINESS IMPACT STEPS

improvements were realized and executives reflected on the positive perceptions of coaching, other executives would follow suit.

2. *The need for coaching.* An important part of the process was a dialogue with the executive to determine if the coaching solution was needed. In this step, NHLO staff used a checklist to review the issues, needs, and concerns about the coaching agreement. Along with establishing a need, the checklist revealed key performance areas where coaching could help. This step ensured that the coach could provide the resource assistance desired by the executive.
3. *Self-assessment.* As part of the process, a self-assessment was taken from the individual being coached, his or her immediate manager, and direct reports. This was a typical 360-degree assessment instrument that focused on areas of feedback, communication, openness, trust, and other competencies necessary for success in the competitive hospitality environment.
4. *Commitment for data.* As a precondition, executives had to agree to provide data during coaching and at appropriate times following the engagement. This commitment ensured that data of sufficient quality and quantity could be obtained. The data made evaluation easier and helped executives see their progress and realize the value of coaching.
5. *Roles and responsibility.* For both the coach and the executive, roles and responsibilities were clearly defined. It was important for the executive to understand that the coach was there to listen, provide feedback, and evaluate, but not to make decisions for the executive. This clear distinction was important for productive coaching sessions.
6. *The match.* Coaches were provided from a reputable business coaching firm with which NHLO had developed a productive relationship. Coach profiles were presented to executives, and a tentative selection was made on a priority listing. The respective coach was provided background information on the executive, and a match was made. After this match, the coaching process began.
7. *Orientation session.* The executive and coach formally met during an orientation session. Here, the NHLO staff explained the process, requirements, timetable, and other administrative issues. This was a brief session typically conducted in a group; however, it could also be conducted individually.
8. *The engagement.* One of the most important aspects of coaching as an intervention process involved making sure that the engagement was connected to a business need. Typical coaching engagements focused on behavioral issues (for example, an executive's inability to listen to employees). To connect to the business impact, the behavior change must link to a clear business consequence. In the initial engagement, the coach uncovered the business need by asking a series of questions to examine the consequences of executives' behavior change to the organization. This process involved asking "So what?" and "What if?" questions as the desired behavior changes were described. As the business consequences of improved performance were identified, they were aligned to specific categories of business needs: productivity, sales, efficiency, direct cost savings, employee retention, and customer satisfaction. Outcome targets for the engagement were then connected to corresponding changes in at least three of those business measures. Without alignment of the engagement to defined business needs, it would have been difficult to evaluate the coaching solution with an ROI level of analysis.
9. *Coaching sessions.* Individual sessions were conducted at least once a month (usually more often) lasting a minimum of one hour (sometimes more), depending on the need and issues at hand. The coach and executive met face-to-face if possible. If not, coaching was conducted in a telephone conversation. Routine meetings were necessary to keep the process on track.
10. *Goal setting.* Although individuals could set goals in any area needing improvements, the senior executives chose five priority areas for targeting results: sales growth, productivity/operational efficiency, direct cost reduction, retention of key staff members, and customer satisfaction. The executives selected one measure in at least three of these areas. Essentially they

would have three specific goals that would require three action plans.

11. *Action planning.* To drive the desired improvement, the action planning process was used. Common in coaching engagements, this process allowed executives to detail specific action steps designed to drive a particular consequence connected to a business impact measure. The executive was to complete the action plan during the first two to three coaching sessions, detailing step-by-step what he or she would accomplish to drive a particular improvement. As shown in Exhibit 3, parts A, B, and C of the analysis section of the Action Plan are completed in the initial development. The coaches distributed action plan packages that included instructions, blank forms, and completed examples. The coach explained the process in the second coaching session. The action plans could be revised as needed. Executives were required to focus on at least three of the five targeted business impact measures, noted in the Level 4 column of Table 1. Consequently at least three action plans had to be developed and implemented. Use of a completed action plan (see Exhibit 3) as a data analysis tool will be reviewed during the Results summary.
12. *Active learning.* After the executive developed the specific measures in question and the action plans, several development strategies were discussed and implemented with the help of the coach. The coach facilitated the efforts, using any number of typical learning processes, such as reading assignments, self-assessment tools, skill practices, video feedback, journaling, and other techniques. Coaching is considered to be an active learning process where the executive experiments, applies, and reflects on the experience. The coach provides input, reaction, assessment, and evaluation.
13. *Progress review.* At monthly sessions, the coach and executive reviewed progress and revised the action plan if necessary. The important issue was to continue to make adjustments to sustain the process.
14. *Reporting.* After six months in the coaching engagement, the executive reported improvement by completing other parts of the action plan. This includes parts D, E, F, and G and intangible benefits and comments in Exhibit 3. If the development efforts were quite involved and the measures driven were unlikely to change in the interim, a longer period of time was used. For most executives, six months was appropriate.

These elements reflected a results-based project appropriately called “coaching for business impact.”

OBJECTIVES

As described in last month’s part 1 feature, “Show Me the Money” (Phillips & Phillips, 2007), an effective ROI study flows from the objectives of the particular project being evaluated. For coaching, it is important to clearly indicate the objectives at multiple levels. Table 1 shows the detailed objectives associated with this project. The objectives reflect the four classic levels of evaluation plus a fifth level for ROI. Some of the levels have been adjusted for the coaching environment. With these objectives in mind, it becomes a relatively easy task to measure progress on these objectives.

PLANNING FOR EVALUATION

Exhibit 1 shows a completed data collection plan for this project. The plan captures the following techniques and strategies used to collect data for this project:

- *Objectives:* The objectives are listed as defined in Exhibit 1 and are repeated in only general terms.
- *Measures/Data:* Additional definition is sometimes needed beyond the specific objectives. The measures used to gauge progress on the objective are defined.
- *Data Collection Methods:* This column indicates the specific method used for collecting outcome data across multiple levels. In this case, action plans and questionnaires are the primary methods.
- *Data Sources:* For each data group, sources are identified. For coaches, sources are usually limited to the executive, coach, manager of the executive, and the individual or team reporting to the executive. Although the actual data provided by executives will usually come from the records of the organization, the executive will include the data in the action plan document. Thus, the executive becomes a source of the data to NHLO.
- *Timing:* The timing refers to the time for collecting specific data items from the beginning of the coaching engagement.
- *Responsibilities:* The responsibility refers to the individuals who will collect the data.

The data integration plan (Table 2) shows how the various types of data are collected and integrated to provide an overall evaluation of the program as a performance improvement solution.

Exhibits 1 and 2 show the completed plans for data analysis, up to and including ROI analysis. These documents address the key issues needed for a credible analysis of targeted outcome data and include the following:

- *Data items.* The plan shows when business measures will be collected from the one of the five priority areas.

TABLE 1 OBJECTIVES OF BUSINESS IMPACT COACHING

LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
After participating in this coaching program, the executive will: 1. Perceive coaching to be relevant to the job 2. Perceive coaching to be important to job performance at the present time 3. Perceive coaching to be value added in terms of time and funds invested 4. Rate the coach as effective 5. Recommend this program to other executives	After completing this coaching program, the executives should improve their understanding of or skills for each of the following: 1. Uncovering individual strengths and weaknesses 2. Translating feedback into action plans 3. Involving team members in projects and goals 4. Communicating effectively 5. Collaborating with colleagues 6. Improving personal effectiveness 7. Enhancing leadership skills	Six months after completing this coaching program, executives should: 1. Complete the action plan 2. Adjust the plan accordingly as needed for changes in the environment 3. Show improvements on the following items: a. Uncovering individual strengths and weaknesses b. Translating feedback into action plans c. Involving team members in projects and goals d. Communicating effectively e. Collaborating with colleagues f. Improving personal effectiveness g. Enhancing leadership skills 4. Identify barriers and enablers	After completing this coaching program, executives should improve at least three specific measures in the following areas: 1. Sales growth 2. Productivity/operational efficiency 3. Direct cost reduction 4. Retention of key staff members 5. Customer satisfaction	The ROI value should be 25%.

TABLE 2 DATA INTEGRATION PLAN FOR EVALUATING THE PROGRAM

DATA CATEGORY	EXECUTIVE QUESTIONNAIRE	SENIOR EXECUTIVE QUESTIONNAIRE	ACTION PLAN	COMPANY RECORDS
Reaction	X			
Learning	X	X		
Application	X	X	X	
Impact			X	X
Costs				X

EXHIBIT 1 **COMPLETED DATA COLLECTION PLAN**

Data Collection Plan

Program: Coaching for Business Impact **Responsibility:** Jack Phillips **Date:**

Level	Broad Program Objective(s)	Measures	Data Collection Method/Instruments	Data Sources	Timing	Responsibilities
1	**REACTION/SATISFACTION** • Relevance to job • Importance to job success • Value added • Coach's effectiveness • Recommendation to others	• 4 out of 5 on a 1 to 5 rating scale	• Questionnaire	• Executives	• 6 months after engagement	• NHLO staff
2	**LEARNING** • Uncovering strengths/weaknesses • Translating feedback into action • Involving team members • Communicating effectively • Collaborating with colleagues • Improving personal effectiveness • Enhancing leadership skills	• 4 out of 5 on a 1 to 5 rating scale	• Questionnaire	• Executives • Coach	• 6 months after engagement	• NHLO staff
3	**APPLICATION/IMPLEMENTATION** • Complete and adjust action plan • Identify barriers and enablers • Show improvements in skills	• Checklist for action plan • 4 out of 5 on a 1 to 5 rating scale	• Action plan • Questionnaire	• Executive • Coach	• 6 months after engagement	• NHLO staff
4	**BUSINESS IMPACT (3 OF 5)** 1. Sales growth 2. Productivity/efficiency 3. Direct cost reduction 4. Retention of key staff members 5. Customer satisfaction	1. Monthly revenue 2. Varies with location 3. Direct monetary savings 4. Voluntary turnover 5. Customer satisfaction index	• Action plan	• Executive	• 6 months after engagement	• NHLO staff
5	**ROI** • 25 percent	**Comments:** Executives are committed to providing data. They fully understand all the data collection issues prior to engaging in the coaching assignment.				

EXHIBIT 2 THE ROI ANALYSIS PLAN FOR COACHING FOR BUSINESS IMPACT

Data Collection Plan

Program: Coaching for Business Success **Responsibility:** Jack Phillips **Date:**

Data Items (Usually Level 4)	Methods for Isolating the Effects of the Program	Methods of Converting Data to Monetary Values	Cost Categories	Intangible Benefits	Communication Targets for Final Report	Other Influences/ Issues During Application	Comments
• Sales growth • Productivity/ operational efficiency • Direct cost reduction • Retention of key staff members • Customer satisfaction	Estimates for executive (method is the same for all data items)	• Standard value • Expert input • Executive estimate (method is the same for all data items)	• Needs assessment • Coaching fees • Travel costs • Executive time • Administrative support • Administrative overhead • Communication expenses • Facilities • Evaluation	• Increased commitment • Reduced stress • Increased job satisfaction • Improved customer service • Enhanced recruiting image • Improved teamwork • Improved communication	• Executives • Senior executives • Sponsors • NHLO staff • Learning and Development Council • Prospective participants for CBI	A variety of other initiatives will influence the impact measure including our Six Sigma process, service excellence program, and efforts to become a great place to work.	It is extremely important to secure commitment from executives to provide accurate data in a timely manner.

- *Isolating the effects of coaching.* Other organizational influences with performance were accounted for during the performance analysis process and addressed as a data collection issue in the ROI analysis plan (Exhibit 2). In this case study, estimation was defined as the method for isolating the effects of the coaching solution on data improvement measures. Here, the executives allocated an estimated proportion of improved job and organizational performance to the coaching process (more on the consequences of this later). Although there are more credible isolation methods, such as control groups and trend analysis, they were not appropriate for this situation. Although estimates are subjective, they were developed by those individuals who should know them best (the executives), and the results were adjusted for the error of the estimate.
- *Converting data to monetary values.* Data are converted using a variety of methods. For most data items, standard values are available. When standard values are not available, the input of an in-house expert is pursued. This expert is typically an individual who collects, assimilates, and reports the data. If neither of these approaches is feasible, the executive estimates the value.
- *Cost categories.* The standard cost categories included were the typical costs for a coaching assignment.
- *Communication targets.* Several audiences were included for communicating solution results, representing the key stakeholder groups: the executive, the executive's immediate manager, the sponsor of the program, and the NHLO staff. Other influences and issues are also detailed in this plan.

EVALUATION RESULTS

The careful data collection planning allowed the coaching program to be evaluated at all five levels.

Reaction

Reaction to the coaching program exceeded expectations of the NHLO staff. Comments received for level 1 evaluation included these:

> "This program was very timely and practical."

> "My coach was very professional."

On a scale of 1 to 5 (1 = unacceptable and 5 = exceptional), the average rating of five items was 4.1, exceeding the objective of 4.0. Table 3 shows the items listed.

TABLE 3

EXECUTIVE REACTION TO COACHING

LEVEL 1 EVALUATION	RATING
Relevance of coaching	4.6
Importance of coaching	4.1
Value of coaching	3.9
Effectiveness of coach	3.9
Recommendation to others	4.2

Note: The rating was a scale of 1 to 5, where 1 = unacceptable and 5 = exceptional.

Learning

As with any other process, the executives indicated enhancement of skills and knowledge in certain areas:

> "I gained much insight into my problems with my team."

> "This is exactly what I needed to get on track. My coach pointed out things I hadn't thought of, and we came up with some terrific actions."

Table 4 shows seven items with inputs from both the executives and their coaches. For this level, it was considered appropriate to collect the data from both groups, indicating the degree of improvement. The accurate, and probably more credible, is the input directly from the executive. The coach may not be fully aware of the extent of learning.

Application

For coaching to be successful, the executive had to implement the items on the action plans. The most important measure of application was the completion of the action plan steps. Eighty-three percent of the executives reported completion of all three plans. Another 11 percent completed one or two action plans. Also, executives and the coach responded to questions about changes in behavior from the use of skills. Here are some comments they offered on the questionnaires:

TABLE 4

LEARNING FROM COACHING

MEASURES	EXECUTIVE RATING	COACH RATING
Understanding strengths and weaknesses	3.9	4.2
Translating feedback into action plans	3.7	3.9
Involving team members in projects and goals	4.2	3.7
Communicating effectively	4.1	4.2
Collaborating with colleagues	4.0	4.1
Improving personal effectiveness	4.1	4.4
Enhancing leadership skills	4.2	4.3

Note: *The rating was a scale of 1 to 5, where 1 = unacceptable and 5 = exceptional.*

TABLE 5

APPLICATION OF COACHING

MEASURES	EXECUTIVE RATING	COACH RATING
Translating feedback into action plans	4.2	3.9
Involving team members in projects and goals	4.1	4.2
Communicating more effectively with the team	4.3	4.1
Collaborating more with the group and others	4.2	4.2
Applying effective leadership skills	4.1	3.9

Note: *The rating was a scale of 1 to 5, where 1 = no change in the skill and 5 = exceptional increase.*

> "It was so helpful to get a fresh, unique point of view of my action plan. The coaching experience opened my eyes to significant things I was missing."
>
> "After spending a great deal of time trying to get my coach to understand my dilemma, I felt that more effort went into this than I expected."
>
> "We got stuck in a rut on one issue, and I couldn't get out. My coach was somewhat distracted, and I never felt we were on the same page."

The response rates for questionnaires were 92% and 80% for executives and coaches, respectively. Table 5 shows a listing of the skills and the ratings, using a scale of 1 to 5 where 1 was "no change in the skill" and 5 was "exceptional increase."

Barriers and Enablers

With any HPT intervention, process improvement, change effort, or program implementation, there are barriers and enablers to success. The executives were asked to indicate the specific barriers (obstacles) to their use of learned knowledge or skills from coaching sessions back on the job. Overall the barriers were weak, almost nonexistent. Also, they were asked to indicate what supported (enablers) the process. The enablers were very strong. Table 6 shows a list of the barriers and enablers.

Impact

As described earlier in the Goal Setting element of the CBI program (Step 10), executives were required to align their performance goals—along with consequences of improved performance—with at least three of five targeted impact measures (productivity/efficiency, sales, direct cost savings, employee retention, customer satisfaction). Subsequently, specific business impact measures varied with the individual but, for the most part, were in the categories representing the five priority areas. Table 7 shows the listing of the actual data reported in the action plans

> *The most important measure of application was the completion of the action plan steps. Eighty-three percent of the executives reported completion of all three plans.*

TABLE 6

BARRIERS AND ENABLERS OF THE COACHING PROCESS

BARRIERS	ENABLERS
Not enough time	Coach
Not relevant	Action plan
Not effective when using the skill	CBI structure
Manager didn't support it	Support of management

for the first measure only. The table identifies each executive, their defined areas of improvement, its monetary value, the basis of the improvement, the method of converting the monetary value, the contribution from coaching, the confidence estimate of the contribution, and the adjusted value. Since action plan data identified three targeted business measures as areas of improved organizational performance, a table reflecting the total performance improvement value of all three measures was developed. The total for the three is $1,861,158.

Exhibit 3 shows a completed action plan from one participant, Caroline Dobson (executive 11). In this example, item D of the Analysis section, shows Caroline's report that her improved coaching performance influenced a reduction in annual turnover by 11% during the evaluation period. This represented four turnovers on an annual basis. Using a standard value of 1.3 times base salaries for the cost of one turnover and adding the total base salaries yields a total cost savings of $215,000.

As previously noted, estimates were used to isolate the benefits of coaching. After the estimates were obtained, the value was adjusted for the confidence of the estimate. Essentially the executives were asked to list other systemic factors that could have contributed to performance improvement and allocate the amount (on a percentage basis) that was directly attributable to coaching. Then, using a scale of 0 percent (no confidence) to 100 percent (total certainty), executives provided the confidence levels for their estimates.

ROI

As described in part 1, an ROI calculation requires fully loaded solution costs and includes the direct and indirect costs. Estimates were used in some cases. Table 8 shows the costs of coaching for all 25 executives in the study.

Only a small amount of initial assessment cost was involved, and the development cost was minor as well, because the coaching firm had developed a similar coaching arrangement previously. The costs for sessions conducted on the telephone were estimated, and sometimes a conference room was used instead of the executive offices. Using the total monetary benefits and total cost of the program, two ROI calculations can be developed. The first is the benefit-cost ratio (BCR), which is the ratio of the monetary benefits divided by the costs:

$$\text{BCR} = \frac{\$1{,}861{,}158}{\$579{,}800} = 3.21$$

This value suggests that for every dollar invested, $3.21 was returned. The ROI formula for investments in training, coaching, or any other human performance intervention is calculated in the same way as for other types of investments: earnings divided by investment. For this coaching solution, the ROI was calculated in this way:

$$\text{ROI (\%)} = \frac{\$1{,}861{,}158 - \$579{,}800}{\$579{,}800} \times 100 = 221\%$$

In other words, for every dollar invested in the coaching program, the invested dollar was returned and another $1.21 was generated. In this case, the ROI exceeded the 25% target.

Intangibles

As with any other HPT project, there were many intangibles revealed by this analysis. Intangibles were collected on both the follow-up questionnaire and the action plan. Two questions were included on the questionnaire: one about other benefits from this process and the other asking for comments about the program. Some individuals indicated intangibles when they listed the comments. Also, the action plan contained a place for comments and intangibles. The intangible benefits identified through these data sources included:

- Increased commitment
- Improved teamwork
- Increased job satisfaction
- Improved customer service
- Improved communication

Note that this list includes only measures that were identified as being an intangible benefit by at least 4 of the 25 executives. In keeping with the conservative nature of the ROI methodology, it was decided that intangibles identified by only a couple of executives would be considered extreme data items and not credible enough to list as an actual benefit of the program.

TABLE 7 BUSINESS IMPACT FROM COACHING

EXECUTIVE NUMBER	MEASUREMENT AREA	TOTAL ANNUAL VALUE	BASIS	METHOD FOR CONVERTING DATA	CONTRIBUTION FACTOR	CONFIDENCE ESTIMATE	ADJUSTED VALUE
1	Revenue growth	$ 11,500	Profit margin	Standard value	33%	70%	$ 2,656
2	Retention	175,000	Three turnovers	Standard value	40%	70%	49,000
3	Retention	190,000	Two turnovers	Standard value	60%	80%	91,200
4	Direct cost savings	75,000	From cost statements	Participant estimate	100%	100%	75,000
5	Direct cost savings	21,000	Contract services	Standard value	75%	70%	11,025
6	Direct cost savings	65,000	Staffing costs	Standard value	70%	60%	27,300
7	Retention	150,000	Two turnovers	Standard value	50%	50%	37,500
8	Cost savings	70,000	Security	Standard value	60%	90%	37,800
9	Direct cost savings	9,443	Supply costs	N/A	70%	90%	5,949
10	Efficiency	39,000	Information technology costs	Participant estimate	70%	80%	21,840
11	Retention	215,000	Four turnovers	Standard value	75%	90%	145,125

(continues on next page)

TABLE 7 BUSINESS IMPACT FROM COACHING (continued)

EXECUTIVE NUMBER	MEASUREMENT AREA	TOTAL ANNUAL VALUE	BASIS	METHOD FOR CONVERTING DATA	CONTRIBUTION FACTOR	CONFIDENCE ESTIMATE	ADJUSTED VALUE
12	Productivity	13,590	Overtime	Standard value	75%	80%	8,154
13	Retention	73,000	One turnover	Standard value	50%	80%	29,200
14	Retention	120,000	Two annual turnovers	Standard value	60%	75%	54,000
15	Retention	182,000	Four turnovers	Standard value	40%	85%	61,880
16	Cost savings	25,900	Travel	Standard value	30%	90%	6,993
17	Cost savings	12,320	Administrative support	Standard value	75%	90%	8,316
18	Direct cost savings	18,950	Labor savings	Participant estimate	55%	60%	6,253
19	Revenue growth	103,100	Profit margin	Participant estimate	75%	90%	69,592
20	Revenue	19,500	Profit	Standard value	85%	75%	12,431
21	Revenue	21,230	Profit %	Standard value	80%	70%	18,889
22	Revenue growth	105,780	Profit margin	Standard value	70%	50%	37,023
	TOTAL	$1,716,313				TOTAL Second measure Total Third measure Total Total Benefits	$817,126 $649,320 $394,712 $1,861,158

EXHIBIT 3 AN EXECUTIVE'S COMPLETED ACTION PLAN

Action Plan

Name: Caroline Dobson **Coach:** Pamela Mills **Follow-Up Date:** September 1

Objective: Improve retention for staff **Evaluation Period:** January to July

Improvement Measure: Voluntary turnover **Current Performance:** 28% Annual **Target Performance:** 15% Annual

Action Steps		Analysis
1. Meet with team to discuss reasons for turnover; using problem-solving skills.	Jan 31	A. What is the unit of measure? *One voluntary turnover*
2. Review exit interview data with HR; look for trends and patterns.	Feb 15	B. What is the value (cost) of one unit? *Salary × 1.3*
3. Counsel with "at-risk" employees to correct problems and explore opportunities for improvement.	Mar 1	C. How did you arrive at this value? *Standard value*
4. Develop individual development plan for high-potential employees.	Mar 5	D. How much did the measure change during the evaluation period? *11% (annual %) (4 turnovers annually)*
5. Provide recognition to employees with long tenure.	Routinely	E. What other factors could have contributed to this improvement? *Growth opportunities, changes in job market*
6. Schedule appreciation dinner for entire team.	May 31	F. What percentage of this change was actually caused by this program? *75%*
7. Encourage team leaders to delegate more responsibilities.	May 31	G. What level of confidence do you place on the above information? (100% = certainty and 0% = no confidence) *90%*
8. Follow-up with each discussion and discuss improvement or lack of improvement, and plan other action.	Routinely	
9. Monitor improvement, and provide recognition when appropriate.	May 11	

Intangible Benefits: *Less stress on team, greater job satisfaction*

Comments: *Great coach. He kept me on track with this issue.*

CREDIBILITY OF THE ROI ANALYSIS

The critical issue in this study is the credibility of the data. The data were perceived to be very credible by the executives, their immediate managers, and the coaches. Credibility rests on eight major issues:

- The information for the analysis was provided directly by the executives. They had no reason to be biased in their input.
- The data were taken directly from the records and could be audited.
- The data collection process was conservative, with the assumption that an unresponsive individual had realized no improvement. This concept—no data, no improvement—is ultraconservative for data collection. Three executives did not return the completed action plans.
- The executives did not assign complete credit to this program. Executives isolated only a portion of the data that should be credited directly to this program.
- The data were adjusted for the potential error of the estimate.
- Only the first year's benefits were used in the analysis. Most of the improvements should result in second- and third-year benefits.

TABLE 8

COSTS OF COACHING 25 EXECUTIVES

ITEM	COST
Needs assessment/development	$ 10,000
Coaching fees	480,000
Travel costs	53,000
Executive time	9,200
Administrative support	14,000
Administrative overhead	2,000
Telecommunication expenses	1,500
Facilities (conference room)	2,100
Evaluation	8,000
Total	**$ 579,800**

- The costs of the program were fully loaded. All direct and indirect costs were included, including the time away from work for the executives.
- The data revealed a balanced profile of performance success. Very favorable reaction, learning, and application data were presented along with business impact, ROI, and intangibles.

Collectively, these issues made a convincing case for the CBI program.

COMMUNICATION STRATEGY

To communicate appropriately with the target audiences outlined in the ROI analysis plan, three documents were produced. The first report was a detailed impact study showing the approach, assumptions, methodology, and results using all the data categories. In addition, barriers and enablers were included, along with conclusions and recommendations. The second report was an eight-page executive summary of the key points, including a one-page overview of the methodology. The third report was a brief five-page summary of the process and results. These documents were presented to the different groups according to the plan in Table 9.

Because this was the first ROI study in this organization, face-to-face meetings were conducted with the sponsor and other interested senior executives. The purpose was to ensure that executive sponsors had a clear understanding of the evaluation methodology, the conservative assumptions, and each level of data. The barriers, enablers, conclusions, and recommendations were an important part of the meeting. In the future, after two or three studies have been conducted, this group will receive only a one-page summary of key data items.

A similar meeting was conducted with the learning and development council. The council consisted of advisers to NHLO—usually middle-level executives and managers. Finally, a face-to-face meeting was held with the NHLO staff at which the complete impact study was described and used as a learning tool.

As a result of this communication, the senior executive decided to make only a few minor adjustments in the

TABLE 9

NHLO'S PLAN FOR COMMUNICATING EVALUATION RESULTS

AUDIENCE	DOCUMENT
Executives	Brief summary
Managers of executive (senior executives)	Brief summary
Sponsor	Complete study, executive summary
NHLO staff	Complete study
Learning and development council	Complete study, executive summary
Prospective participants	Brief summary

program and continued to offer CBI to others on a volunteer basis. They were very pleased with the progress and were delighted to have data connecting coaching to the business impact.

FINAL THOUGHTS AND IMPLICATIONS FOR HPT PRACTICE

This case study presents a real-world application of the systemic elements and strategic steps in the ROI methodology described in part 1. The methodology is a comprehensive process improvement tool by design and practice. It collects data at various process points to evaluate how things are—or are not—working. When things are not where they should be, as when projects are not proceeding as effectively as expected, data are available to the various stakeholders to indicate what must be changed to make the solution more effective. When things are working well, data are available to show what else could be done to improve an HPT project or solution. This continuous feedback cycle is inherent in the ROI methodology approach; it is critical to standards of human performance technology and essential to the HPT professional who seeks to drive results and add organizational value.

Reference

Phillips, J.J., & Phillips, P.P. (2007). Show me the money: The use of ROI in performance improvement, part 1. *Performance Improvement*, *46*(9), 8–22. [DOI: 10.1002/pfi.160.]

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