

Return on Investment

Getting Input from Stakeholders for an Effective ROI Model

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Bob Hughes, Bob Hughes and Associates

Considering ROI for Project Finish Line

Important to Understand the Value of ROI – follow the money!

- ROI is about seeing the impact of expended resources – it's a VALUE calculation
- At its most simple (as per the ROI Institute) ROI Methodology incorporates five steps of cost-benefit analysis.
 - 1. Identify program benefits;
 - 2. Convert benefit to monetary value;
 - 3. Tabulate fully-loaded costs of the program;
 - 4. Identify intangible benefits; and
 - 5. Compare the monetary benefits to the costs.

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- It's in seeking that simplicity that this can be **useful** or **disastrous**
- **Useful:** A tool that helps makes decisions
- **Disastrous:** A reduction to numbers that create the illusion of informed decisions
- ***Why care?*** This is the kind of information that affects resource allocation (i.e., where colleges spend the decreasing dollars they have)

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In Project Finish Line (or other college efforts), the considerations are:

- Revenues Generated
- Costs
- Impact

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- Revenues are:
 - Per student FTE allocation
 - Tuition
 - Fees
 - SAI/momentum points – additional funding

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- Costs are:
 - Completion coach salary
 - A percentage of supervisor's salary and support staff salaries
 - Ancillary services (cost basis of overhead for educating each student)
 - Supplies, equipment, and expenses
 - Training and professional development for staff and faculty

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Impacts are complex and where many ROI models fall short

- Length
 - Short-term impacts
 - Long-term impacts

Constituency Impact

- Impacts on students
- Impacts on the college
- Impacts on the community and region

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Short-term Impact Factors

	College budget costs	College budget revenues	Transfer rates	Terminal certificate and degree completion rates	Four-year completion rates	Efficiency matriculation rate	Equity Impact - succeeding with representative populations of students
<i>For College</i>	X	X	X	X	X	X	X
<i>For Students</i>							X
<i>For Community & Region</i>			X	X	X	X	X

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For the technical folks among us, the Calculation for *Short-term* ROI will include:

- Net Present Cost
- Net Present Value
- Short-term Rate of Return
- Benefit/Cost Ratio
- Payback Period

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For the technical folks among us, the Calculation for *Long-term* ROI will include:

- Net Long-term Cost
- Net Long-term Value
- Long-term Rate of Return
- Benefit/Cost Ratio
- Payback Period

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The evaluation team is using all of this information to develop the ROI for Project Finish Line, and we need your help to make it a useful model.

Work as a team with others from your college or organization.

On the worksheets you have, add anything that you see as missing that would make the Project Finish Line ROI useful for analysis.