ROI Revisited: Demonstrating The Business Case For Executive Education Programmes

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Positioning Statement

UNICON – The International University Consortium for Executive Education

UNICON is a global consortium of business-school-based executive education organizations. Its primary activities include conferences, research, benchmarking, sharing of best practices, staff development, recruitment/job postings, information-sharing, and extensive networking among members, all centered on the business and practice of business-school-based executive education.

UNICON is a diverse organization, with representation from over 100 schools. In addition to size and geography, schools are diversified by the expertise, reputation and strength of their faculty, the types and size of their customers, and increasingly the breadth and depth of their executive education portfolios. The ability to represent many perspectives in executive education is a great strength of UNICON and a source of continued learning and vitality in the field. This diversity of views and interests also means that there is no single "UNICON perspective" on its commissioned research topics, including no single perspective on the future of business education – an area which this report ably addresses. The interpretations and perspectives expressed in this report are those of the researchers, professionals who are deeply familiar with the business education field and the needs and objectives of its stakeholders.

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UNICON Research Report: ROI Revisited: Demonstrating The Business Case For Executive Education Programmes

UNICON sponsored this research initiative that was conducted by Tom Ryan. We aim to investigate ways in which university-based executive education can continue to operate in an ever-changing and evolving field for the benefit of clients.

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Executive Summary

The executive education programmes that UNICON members provide can deliver powerful results for their clients, but many require significant commitment of fees and other resources. Looking backwards, clients and other stakeholders may want to know how effective programmes have been and whether the investment was justified. Looking forward, they might reasonably expect projections of the expected outcomes before they commit to a programme.

Return on Investment (ROI) has long been proposed as the gold standard to be aimed at for evaluating the effectiveness of executive education programmes. It sits at the peak of a pyramid that moves from reaction (immediate participant feedback) through learning and behaviour to business outcomes that can be evaluated in financial terms. The most recent UNICON paper on the topic of ROI, in 2018, indicated that only 6% of executive education programmes are evaluated at this highest level. It concluded that schools should work more closely with their clients to conduct ROI-level evaluation more frequently.

This paper is intended to provoke a fresh discussion of executive programme evaluation within UNICON, within business schools and with their clients with the aim of moving towards a more pragmatic and forward-looking approach to evaluation. It suggests that schools and their clients would benefit from moving the focus from the end goal of ROI to the process and the chain of impact, and towards projecting expected outcomes rather than reviewing outcomes after a programme has been completed (less retrospective and more prospective). This would support schools in demonstrating that they are designing and delivering evidence-based programmes that will properly address their clients' 'job to be done'.

For the clients of UNICON’s members, the relevant question is no longer simply whether or not a programme is justified in and of itself, but whether it is the best choice from available alternatives including the spectrum of programme delivery modes from face-to-face via blended to online synchronous and asynchronous. This requires projecting the likely outcomes of programmes rather than just assessing them after completion.

The paper starts by reviewing the current recommended approaches to the evaluation of programme effectiveness. It then moves to consider some of the practical issues and challenges in applying them, and which may explain why evaluation is relatively rarely done to ROI-level. These include issues within the client organisation, which can be further complicated by the context of the business school / client relationship where the objectives of evaluation may differ.

This paper then suggests a new approach with three key components:

- Matching the level of evaluation to the programme objective – the job to be done
- Moving from the calculation of ROI towards a simpler comparison of identifiable programme benefits with total programme costs

- Developing the capabilities required to allow forward modelling of programme outcomes to support decisions

To enable this forward-looking perspective, schools will need to properly understand and explore with their clients the drivers of programme outcomes. These include not only programme content and learning methodology, but also programme support (from the school and within the client organisation) and, possibly less often discussed, the client's organisational context. This requires the capabilities to model likely programme outcomes, taking the modelling as learning perspective used in scenario analysis. It also requires access to reliable and context specific data from past experience, e.g., on the behavioural change delivered by a specific learning activity. Finally, those in the client-facing team will need the skills and understanding to have meaningful conversation with clients.

Taken together, these new perspective and capabilities will enable business schools to:

- Better help clients to decide what level of assessment is appropriate for a given programme – with reference to their job to be done
- Better help clients to demonstrate internally the business case for executive education before programmes run
- Better work with clients to improve the effectiveness of programmes by using evaluation proactively
- Better help clients to make informed decisions when choosing between alternative programme designs and providers
- Better assess the effectiveness and impact of programmes during and after delivery

Introduction

Most readers of this paper probably share the view that organisations should invest in the development of their people and that people should invest in their own development. Demonstrating and valuing the benefits of such investments is far more powerful than simply asserting them, particularly where sceptics have a significant say in where and how an organisation invests its resources.

Individuals who fund their own participation in open enrolment executive education programmes will likely look at the impact on their career progress and earnings to assess whether or not their investment was worthwhile. Evaluating the results of the investment is not as easy for enterprises sponsoring executive education, whether in company specific programmes or in the structured use of open enrolment programmes. Demonstrating a robust business case for executive education remains a challenge both for learning & development (L&D) functions within organisations and for business schools. The readiness of many enterprises to suspend or cut spending on executive education in recessionary times suggests that it continues to be seen by many as discretionary spend. Being able to present the payoffs can change this perception.

This paper explores reviews the standard approaches to enterprise programme evaluation and considers the issues and implications for executive education providers before moving to suggest a new approach.

For simplicity and clarity, this paper is largely framed with reference to company specific programmes. Some enterprises incorporate open enrolment programmes into their learning architecture to expose their people to different organisations, industries and issues or to address needs for which there are not enough suitable participants to justify a company specific programme. The current frameworks, issues and proposed approaches apply to both company-specific and open programmes, but there are some variations. Their application to open enrolment programmes is addressed in a section towards the end of the paper.

The expression 'demonstrating the business case for executive education programmes' has been chosen carefully. The benefits delivered and their value will vary from programme to programme and from client to client. This requires a more granular discussion on the theme of executive education return on investment than has sometimes been presented. For users, the relevant question is no longer simply whether or not a programme was (or will be) justified in and of itself, but whether it is the best choice from available alternatives including the spectrum of possible programme delivery modes from face-to-face via blended to online synchronous and asynchronous. Clients will want to consider the business case for various alternatives, and schools will need to be able to demonstrate them.

This paper has been written to be accessible to the widest possible audience within the UNICON community, including executive education staff at schools and learning & development professionals at client organisations. Schools and their clients seem to vary greatly in their experience with evaluating programme effectiveness, as do individuals. The paper recognises this by assuming limited knowledge of the topic, which requires more detailed discussion in the interests of accessibility.

Frameworks For Evaluating And Reporting The Effectiveness Of Programmes

Different Audiences And Their Needs

As a first step, it is useful to consider the audiences for reporting on programme effectiveness, impact and value. There are a number of stakeholders in executive education programmes, and they may have differing interests and questions:

- Programme sponsors who want to know how well the programme met the stated objectives – compared to the resources committed to it
- Programme participants who want to know if the time and energy they invested was justified
- Learning & development professionals who need to provide answers to the internal sponsors and participants – and also to identify opportunities to increase the effectiveness of programmes
- Business schools that wish to support their marketing efforts by demonstrating rather than simply asserting the effectiveness of the solutions they are offering

The questions suggested above are retrospective, looking back at completed programmes. Sponsors and participants likely also want to ask the same questions in a forward-looking way before they commit money and time: will the programme as designed deliver on their expectations? A more advanced version of this question is: will this programme better achieve these objectives than alternative programmes, given the investment of resources required?

While these questions are framed at the level of an individual programme, there is also a broader question for organisations and their L&D functions: does their portfolio of programmes and other activities address the development needs (1) effectively and (2) in a way that makes the best possible use of available resources. This implies questions on the choice of programmes, how they are aligned and integrated.

Leading Approaches To Evaluation

Within the business school executive education community, much of the thinking on how to evaluate the effectiveness of programmes references the Kirkpatrick Model. While this may be familiar to some readers, it is useful to recap to provide a consistent understanding and to bring readers up to date on the most modern version of the model. The Kirkpatrick Partners website describes it as 'The Standard for Leveraging and Validating Talent Investments™'[1], noting that 'it has evolved through over six decades of application by learning and development professionals around the world'. The original model was developed in the 1950s by Donald Kirkpatrick, who in 1993 published the book 'Evaluating Training Programmes'. In 2016, his son Jim and his partner published the book Kirkpatrick's Four Levels of Training Evaluation[2] which included the New World model. This updated the original model as follows:

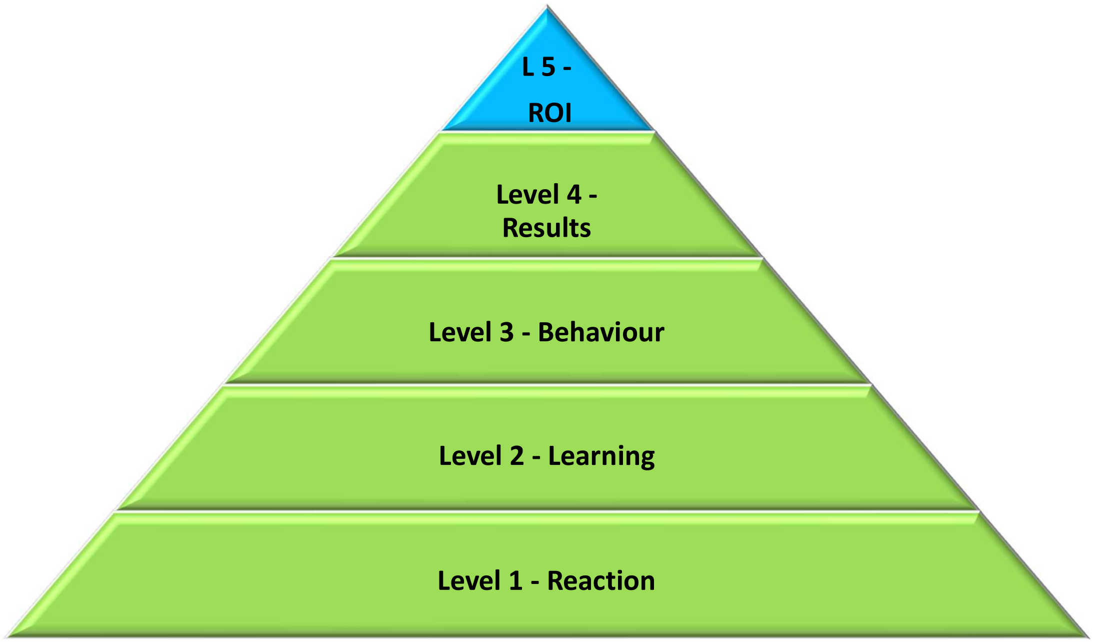
Level	Title	Description
1	Reaction	The degree to which participants find the training favourable, engaging, and relevant to their jobs
2	Learning	The degree to which participants acquire the intended knowledge, skills, attitude, confidence, and commitment based on their participation in the training
3	Behaviour	The degree to which participants apply what they learned during training when they are back on the job
4	Results	The degree to which targeted outcomes occur as a result of the training and the support and accountability package

It is important to note that while the Kirkpatrick model has never included return on investment, it does stress 'return on stakeholder expectations'. This is not a financial or other single quantitative measure. It is best regarded as a qualitative view on the extent to which a programme has met the objectives of the various stakeholders. While this model addressed the question of programme effectiveness, it did not include consideration of the business case for an individual programme.

Return on investment (ROI) was introduced to the discussion of evaluating executive education impact in 1980 by Jack Phillips[3], who included it as 'Level 5'. Phillips advocated the use of ROI for the evaluation of a broad range of non-capital investments to introduce greater rigour to such investment decisions, challenging organisations to move their thinking beyond activities and inputs towards outcomes. This allows potential discussion of the business case for a programme in a way that the Kirkpatrick model does not.

This highlights an important consideration. The business case requires a commercial justification for the programme, which is not the same as effectiveness. One way to look at this is to consider a formula that says: 'Value of programme = potential value of achieving programme job to be done x programme effectiveness'.

Combining these models suggests a pyramid that looks like this – with the Kirkpatrick components in green and the Phillips addition in blue:



There is an intuitive logic in these steps: a programme that participants find engaging and relevant is more likely to promote learning; a programme that delivers learning on the what, the why and the how is more likely to result in changes in behaviour (including decisions); changes to business outcomes are more likely to result from changes in behaviour than from wishful thinking. Kirkpatrick describes this as the chain of evidence while Phillips describes it as the chain of impact.

The work of these two pioneers is being continued by the consultancies they founded: Kirkpatrick Partners[4] and ROI Institute[5]. Both offer rigorous methodologies for implementing their models for the evaluation of programme effectiveness and both report having substantial global client bases.

The Appeal Of Roi As The Ultimate Indicator Of Programme Effectiveness

Forbes states that: "Return on investment is a simple ratio that divides the net profit (or loss) from an investment by its cost. Because it is expressed as a percentage, you can compare the effectiveness or profitability of different investment choices."[6] This can be applied to an executive education programme as (programme benefits minus programme costs) divided by programme costs – expressed as a percentage.

At first glance, this single and simple measure has considerable appeal. For the learning and development function, the ability to demonstrate a substantial return on investment can strengthen its position and potentially ease access to the resources it seeks. For the executive education arm of business schools, demonstrating a healthy return on investment can provide a compelling argument to justify their programmes and fees to clients and external commentators.

The 2018 UNICON Research Report "ROI on Executive Education: Revisiting the Past and Looking to the Future" [7] noted that: 'The topic of Return on Investment (ROI) in executive education has been of interest to client organizations, business schools and other providers for many years … the quest for effective methodologies to evaluate the returns from spending has taken on something of a search for the Holy Grail.'

That report went on to say[8]:

"The implications from our study for executive education providers are clear:

- Build your internal expertise in measuring "impact" of programs and other initiatives
- Develop the capability to act in an effective research partnership with client organizations.
- Ensure that evaluation begins at the initial design phase and continues throughout the initiative and for a period beyond.
- Work in collaboration with sponsors, participants, and HR partners to integrate an understanding of impact.

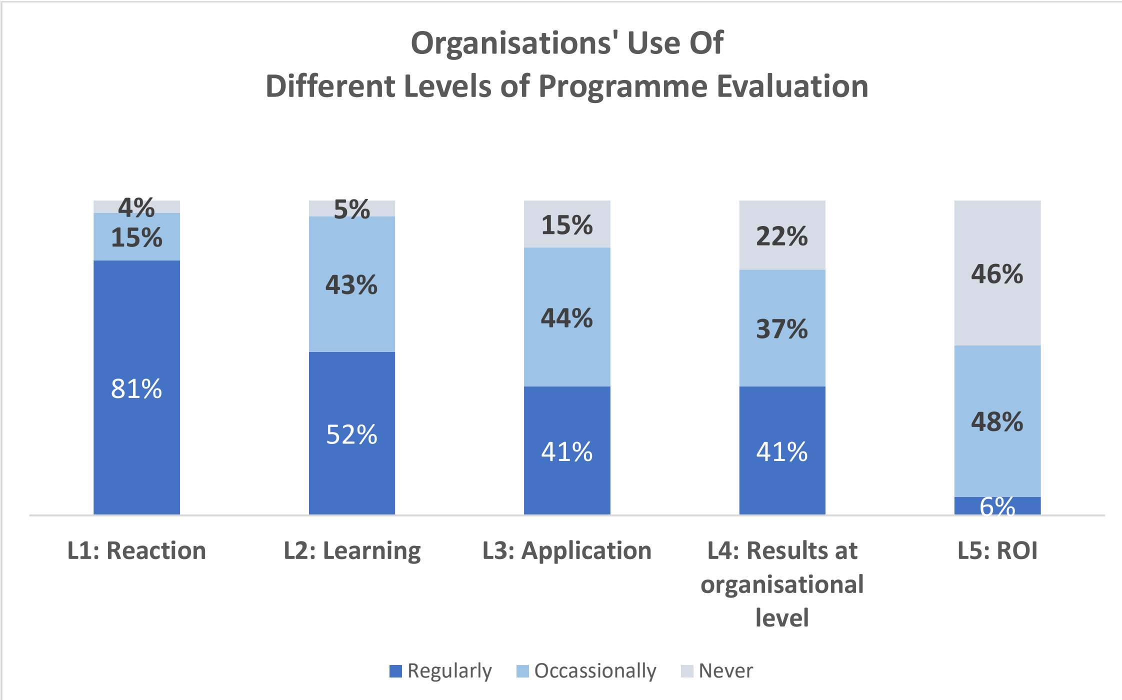
Adhering to these objectives will achieve evaluation at Kirkpatrick's Level 4 and, wherever reasonable, reach a genuine ROI measurement."

It is worth noting that much of that report appears to focus on the retrospective evaluation of programmes that have been completed, although the paper does stress the benefits of starting to think about evaluation during the programme design process.

Applying The Frameworks

Organisations' Use Of Evaluation Levels

The 2018 UNICON paper reported the following data on organisations' use of these different levels to evaluate their programmes (based on 52 organisations):



The chart highlights a striking trend: while most organisations use level 1 evaluation, this declines for the next levels before plummeting for level 5 which is ROI. Given the appeal of ROI, why is it not used more often?

A Practical Example

A practical example can support a more meaningful exploration of the application of the frameworks. It can help in understanding possible reasons for the trends shown in the chart above.

Employee engagement is an issue for many organisations at the time of writing. An internet search on measuring employee engagement took me (the author) to the Gallup website and their offering on this topic[9]. It provides a good example of how the effectiveness frameworks above might be applied in practice. Gallup asserts that employee engagement is fundamentally driven by the behaviour of their managers. For an organisation that has recognised challenges in this area, an executive education programme aimed at helping managers to understand the impact of their behaviour and to improve it would seem to be one potential solution.

The effectiveness of such a programme could be evaluated at each level, as follows:

- Level 1 – Reaction: For face-to-face programmes, collect feedback from participants at the end of the programme. For online programmes, gather data on participant engagement with the programme as it progresses and combine this with surveys of participants at the end of the programme.
- Level 2 – Learning: Include tests and assessments that could include, for example, multiple choice questionnaires and assignments on participant takeaways.

- Level 3 – Behaviour: Conduct surveys of the managers and their teams after the programme to determine whether and how the behaviour of programme participants has changed, by comparing the results with similar surveys completed before people attended the programme.
- Level 4 – Results: Compare before and after performance on key business metrics that are believed to be impacted by employee engagement. Gallup lists nine metrics such as staff turnover and shows the differences on them between organisations that rank in the top and bottom quartiles. This could provide a starting point for measuring the business outcomes.
- Level 5 – Return on Investment: Assign financial values to the results (business impact) and compare them to the costs of the programme.

In this practical example, assessing programme effectiveness at levels 1 and 2 can be done relatively easily. Gallup's Q[12] survey of employees that measures and reports engagement would seem to provide the most obvious way to assess level 3 effectiveness in this example, but any robust employee engagement survey would likely provide reliable evidence. Most organisations are likely already collecting data on many of the business metrics that Gallup lists, including items such as absenteeism, staff turnover rates and customer satisfaction. In this case, measuring the business results delivered (level 4 effectiveness) would seem to be a relatively straightforward exercise that will require little extra effort and impose limited additional cost. To the extent that the organisation already knows the cost of absenteeism or excessive staff turnover, establishing the financial benefits of the programme for level 5 (ROI) evaluation may also be relatively easy. For other factors, new data may be required, which implies a cost. For some factors there may be a greater reliance on estimates and judgements than on hard data, and this can expose the claimed return on investment to challenge from sceptics. Phillips addresses this by suggesting listing intangibles (benefits that are too difficult to value or where the cost of doing so exceeds the benefits) without seeking to include them in the calculation of ROI[10].

Potential Obstacles To Higher Levels Of Evaluation

This practical example highlights a number of potential obstacles to evaluating executive education programmes at higher levels:

- Timing: while assessment at levels 1 and 2 (reaction and learning) can probably be conducted relatively easily within the context of the programme, higher levels of assessment need to be done after the programme has finished, so creating time lags that can extend for years to determine if business results are sustained
- Cost of conducting evaluation: the cost of assessing effectiveness likely rises as we go up the levels of the pyramid – a survey of employees is more expensive than administering an end of programme survey
- Required organisational commitment: higher levels of assessment require greater and broader engagement as more people need to be surveyed and involved

- Reliance on subjective data: high levels of assessment can rely increasingly on judgements and beliefs and less on hard data than lower levels
- Confidentiality: data protection laws may restrict the sharing of relevant data on individuals; the information required to complete higher levels of evaluation likely becomes more organisationally and commercially sensitive – which may lead to resistance to sharing internally and externally
- Causality: there may be challenges in demonstrating that changes in behaviour and business outcomes are exclusively due to the programme and that other factors have not contributed

Given these challenges, it is perhaps not surprising that while organisations evaluate the effectiveness of most programmes at the lower levels (which are likely easier, cheaper and more robust), they evaluate far fewer programmes at the higher levels. Perhaps they are simply being pragmatic?

The differing levels of evaluation being applied may also properly reflect the client's job to be done, aligning the assessment level to the programme objective. While the employee engagement programme in the example above likely requires and justifies sufficient investment of money and time to warrant level 5 assessment, not all programmes do.

Technical Issues With ROI

While ROI has considerable appeal as discussed earlier, it suffers from a number of significant weaknesses as a basis for decision-making. Firstly, it does not consider the number of years taken to earn the stated return. An executive education programme that delivers a 30% ROI in one year after completion is a better investment than one that delivers an aggregate 30% ROI in the three years after completion. This weakness can be partly addressed by calculating a simple annualised ROI (10% per year in the case of the second programme).

The second weakness of ROI is that it requires determining the financial value of all benefits generated by a programme. It is easier to identify many of these in principle than it is to assign them a financial value. This uncertainty and estimation tends to be lost when a provider or other commentator reports that the ROI on executive education is X%, which might be described by a less than generous observer as an exercise in spurious accuracy, grounded in heroic assumptions. As noted earlier, Phillips suggests addressing this by listing 'intangibles' that are too difficult or expensive to include in the calculations[11].

The desire to calculate and present this single financial measure may also be making the questionable assumption that money is the limiting factor in deciding whether or not to invest in executive education. In practice, the time, energy and morale of employees might be even more important key resources in certain cases.

Finally, much of the literature on ROI on executive education appears to assume once-off investment in programmes, but in many larger organisations there is a continuing portfolio of development activities of which business school programmes are just one component.

Complications Resulting From The Client / Business School Relationship

The practical example discussed above made no mention of whether the programme is created and delivered by an inhouse team or by an external provider such as a business school. The use of an external provider for a company-specific programme raises a number of new issues:

- The costs and benefits of assessing programme effectiveness, impact and value may be asymmetric: while the school may value higher levels of evaluation, most of the incremental costs may be borne by the client
- Any attempt to assess the impact of an executive education programme at higher levels may require the use of information which the client views as confidential. Sharing this information with the business school may expose the client to increased risks with little reward to it, so it may be reluctant to share – particularly if the school would like to use this information for marketing purposes
- The client and the school may prefer different metrics, benchmarks and methodologies. There may also be an issue around consistency of definition and the measurement of costs and benefits. While a school may wish all its clients to adopt a similar methodology so it can present generalisable insights, larger clients may prefer to use their own internal methodology for the same reason and expect all their providers to comply.
- Any pay-for-performance component to the commercial agreement between the client and programme provider may create incentives that compromise the reliability of the data collected and presented. Schools may be tempted to over-estimate the benefits of the programme while clients may be tempted to attribute a considerable part of the improved business outcomes to factors other than the classroom component.

These issues would appear to be amplified for open enrolment programmes involving participants from multiple organisations with different contexts.

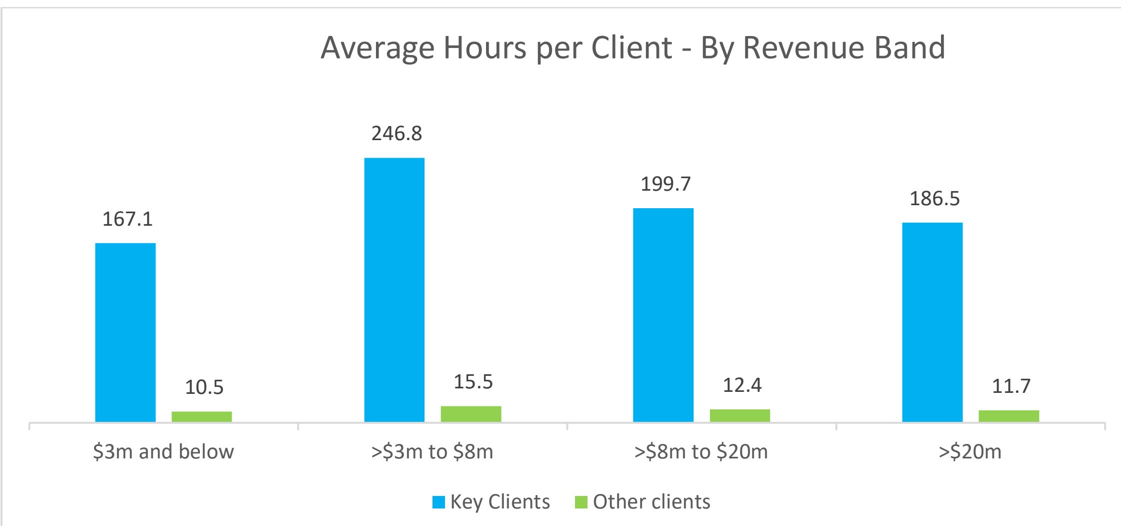
Context – The Reality Of Business School / Client Relationships

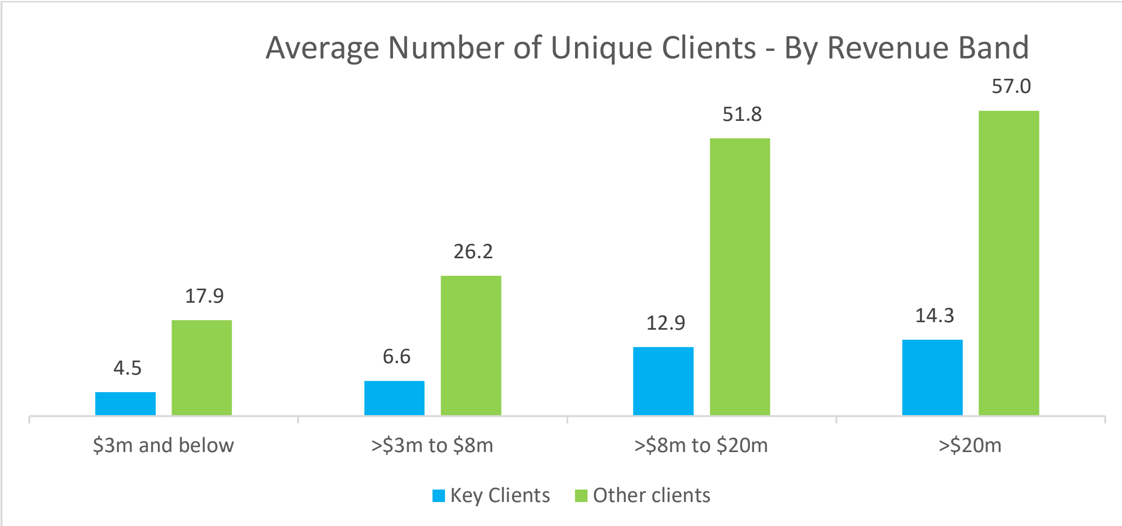
It is tempting to believe that all schools have deep relationships with each of their clients that will allow them to work together to evaluate programmes up to and including level 5. Data from UNICON's Benchmarking Survey suggests otherwise.

Based on the 2022 UNICON Benchmarking Survey[12]. the table below shows the average number of unique clients, unique programmes and programme hours for schools, banded by revenue. These numbers have been used to calculate averages of programmes per client, hours per programme and hours per client. They suggest that schools typically run 1.5 programmes for each client in any given year, with an average of between 42 and 62 hours delivered per client. In considering these numbers, it is worth remembering that at least some programmes repeat (more than one intake / cohort).

Revenue Band	$3m and below	>$3m to $8m	>$8m to $20m	>$20m
Number of schools	27	30	24	15
Average Unique Clients	22.4	32.8	64.7	71.3
Average Unique Programmes	24.8	47.7	95.7	99.4
Average Programme Hours	939.8	2,036.3	3,219.5	3,333.3
Average Programmes Per Client	1.1	1.5	1.5	1.4
Average Hours Per Programme	37.9	42.7	33.6	33.5
Average Hours Per Client	42.0	62.1	49.8	46.8

It is not obvious that clients will want to actively partner with schools to undertake comprehensive evaluation of what look like relatively small programmes. However, it would not be unreasonable to assume that the 80/20 rule applies to company-specific executive education programmes at business schools, with 80% of programme hours coming from just 20% of clients. This would suggest that, for some clients, schools are delivering more substantial programmes that could warrant rigorous evaluation. The charts below, calculated on this basis, prompt some interesting observations.





The first chart suggests that schools are delivering between an average of between 167 and 247 hours of programmes for each of the key 20% of their clients. These programmes may well merit comprehensive evaluation. On the other hand, it would seem unreasonable to suggest high level evaluation to those clients for whom a school is delivering 10 to 15 hours of programmes in a year. The second chart indicates that most schools have relatively few clients with programmes large enough to warrant higher level evaluation.

Some Implications For Business Schools

Perhaps it is now time to reconsider the search for the 'Holy Grail' of ROI on Executive Education for several reasons:

- The focus on ROI as the single measure risks suggesting that the return on all executive education programmes is the same. In practice, we know that programmes vary in their impact.
- Issues around who bears the cost of conducting assessment at each level and what benefits they perceive, together with questions of confidentiality and consistency of processes, create significant barriers to developing and disseminating credible information on ROI. This is exacerbated by the relatively small number of programmes delivered by any given school for which level 5 assessment can be justified.
- Programmes vary in their job to be done and many can be evaluated effectively at lower levels without progressing to level 4 or 5.

Given these many challenges, a more nuanced and granulated approach seems appropriate.

Perhaps business schools should be asking themselves some different questions:

- How can we help clients to decide what level of assessment is appropriate for a given programme?
- How can we help our clients to demonstrate the business case for executive education?

- How can we work with clients to improve the effectiveness of programmes by using evaluation proactively?
- How can we help clients to make informed decisions when choosing between alternative programme designs and providers?

This raises a challenge: what evidence do schools have of the drivers of programme outcomes? Are programmes treated as black boxes that produce desired outcomes without quite knowing why? Do we really understand the causality? Is it time to do a better job on lifting the hood?

Aligning Evaluation To The Client's Job To Be Done

Categories Of Programmes

Clients commission executive education programmes for many different reasons. For the purposes of this paper, it is helpful to distinguish between (1) those intended to address current needs and opportunities and (2) those intended as an investment in the future leaders of the organisation. To best explore the suggested approach, the following sections focus on programmes targeted at current needs and opportunities. The approach is applied to leadership talent pool development programmes later in the paper.

The job to be done now by a given programme might be in one or more of the following broad categories:

Category	Example
Sharing insights	• A one-day programme to introduce senior leaders to the concepts and issues around artificial intelligence
Developing skills	• Finance for non-financial managers programme • A corporate finance programme for client relationship directors in the commercial banking arm of a global bank that aims to increase revenue and income by better understanding client needs and having more effective discussions with them
Behaviour (leading a team or organisation)	• The earlier example on increasing employee engagement by helping managers to understand the impact of their current behaviours and adopt more effective ones
Applied learning leading to a tangible outcome	• Developing a business or action plan • A programme where participants learn core strategy and execution frameworks and skills before working in teams to develop actionable plans to address key business opportunities or challenges

Supporting a significant cultural change initiative	• A programme commissioned by a client that wishes to become more innovative by developing supporting mind sets and skill sets. A programme designed to designed to develop these attributes might usefully include an applied learning component, challenging participants to identify and explore an innovation opportunity using the perspectives and tools provided by the programme.

This selection of programmes with their different objectives should lead us to question the assumption that it is desirable to identify and value the business outcomes from every executive education programme, progressing sequentially through the five levels from the combined Kirkpatrick / Phillips model. Instead, clients and providers may be better served by taking a more granular perspective:

- Developing views on which levels of assessment are appropriate for given programme objectives and when they are best conducted
- Developing methodologies for applying them

Choosing The Level Of Evaluation

Consideration of how best to evaluate each of the illustrative programmes described above would appear to confirm the benefits of applying a more granular approach:

- Insights: introduction to artificial intelligence. The enterprise may anticipate no observable changes in participants' behaviour and expect no attributable business outcomes in the short-term. It would seem sufficient to confirm that participants found the programme engaging and understood the key messages.
- Skills 1: finance for non-financial managers programme: the effectiveness might be adequately assessed at level 1 (reaction) during and at the end of the programme and at level 2 (learning) during the programme, at programme end and three months later
- Skills 2: a corporate finance programme for client relationship directors. Level 1 and level 2 assessment could be conducted as described for the finance for non-financial managers programme. Gathering information on an informal and anecdotal basis in the months following completion of the programme would provide quick feedback on Level 3 (behavioural) and Level 4 (business outcomes). While surveys of participants and their clients might be used to consider behavioural changes, the most valued assessment is likely to be a comparison of revenue and income from clients, bankers and the division before and after the programme. This will support level 5 evaluation.
- Behavioural: The programme to improve employee engagement can be evaluated at all levels as discussed earlier.

- Applied Learning: applying core strategy and execution skills. Success could be considered at three stages: developing a credible action plan; effectively implementing that plan; long-term payoffs from repeatedly applying what was learned on the programme. Again, each has a different time frame, cost and benefits.
- Cultural Change 1: programme to build innovative culture and practices. Effectiveness could be assessed by the short-term contribution from innovations that immediately result from the programme and / or those that emerge in the longer term as the mind set and skill sets become embedded in the enterprise. Each set of outcomes has different time frames, costs and benefits associated.

This would suggest that there may be considerable benefits in unbundling the evaluation of programmes and not seeking to pursue ROI as a necessary goal for all. A decision not to measure at level 5 (ROI) should not be presumed to be a missed opportunity when assessment beyond lower levels would seem superfluous.

Mapping Evaluation Approach And Timing

The section above suggests the broad approach that could be taken for each category of programme. Translating this into something more specific and actionable for a given executive education programme will require dialogue between the client and the business school on: the options available; their costs and benefits; who should conduct them; when. This can be usefully supported with a template to be completed during the design phase and updated regularly.

Such a template can be best explored by applying it to a specific programme. The programme to improve employee engagement by improving the behaviour of line managers can provide a good example.

The school may propose a three-day face-to-face programme that uses lectures to introduce key concepts and demonstrate the value of higher levels of employee engagement, combined with individual and small group coaching based on feedback from 360-degree surveys. The face-to-face coaching would be complemented by a virtual one-hour individual coaching session four weeks after returning to the workplace. There will be five cohorts of thirty participants, at 2-monthly intervals.

A preliminary version of the template might look like this, with explanations below the table:

Timing	Engagement / Reaction - L1	Learning – L2	Behaviour - L3	Business Outcomes - L4	Financial Benefits - L5
Pre-programme			360-degree survey on key behaviours (1)	Benchmark key metrics (2)	
During programme	Informal assessment by delivery team				
At end of F2F module and overall programme	Formal survey (3)	Survey / quiz on key messages (4)			
3 - 6 months after programme end		Survey / quiz on key messages (5)	360-degree survey on key behaviours for those who have completed programme (6)	Employee engagement survey – for those managed by participants who have completed (7)	
1 year after programme end			360-degree survey on key behaviours (8)	Compare key metrics with benchmarks (9)	Compare financial value of benefits with costs (10)
3 years after programme end			360-degree survey on key behaviours (11)	Compare key metrics with pre-programme benchmarks (12)	Compare financial value of benefits with costs (13)

1. 360-degree feedback provides a basis for understanding the broad patterns of behaviour within the participant pool and provides data to support feedback to and coaching for individual participants – survey designed by school and client, administered by school, client or third-party specialist provider (to be agreed)

2. Benchmarking relevant behaviour and key business metrics sets a baseline against which the programme can be evaluated. Business metrics include employee engagement, absenteeism, staff turnover, customer satisfaction. Uses existing systems and processes within client organisation (and their other service providers) – with any necessary adaptations
3. Formal survey on relevance and value of overall programme and individual components plus questions on suggestions for improvement – designed by school in consultation with client, administered by school, results shared with client and participants
4. Have participants understood the what, why and how? Designed in collaboration and administered by school online. Results shared with client and participants.
5. Have participants remembered? Also serves as a reminder to review programme content. Designed in collaboration and administered by school online. Results shared with client and participants.
6. The first follow up 360-degree survey can be compared against the pre-programme results to assess the effectiveness of the programme in stimulating behaviour more in line with the client's expectations of its managers – can highlight need / opportunities for improvement as well as supporting business case for the programme
7. Improved behaviour by managers might be expected to improve employee engagement within a matter of months so it is worth reviewing this – using existing client systems and processes – with any necessary adaptions to isolate people managed by those who have completed the programme to allow meaningful comparison
8. The second follow up 360-degree survey can be compared against both the pre-programme results and the three-month data to consider if behaviour is changing initially and then either becoming habit or reverting to previous norms
9. As noted under point 7, the client should start assessing the impact on relevant employee engagement from 3 – 6 months of cohort completion. However, there is likely to be a delay between completion of the programme by each cohort and an identifiable impact on certain key business outcome metrics (such as staff turnover) – so evaluation here can be delayed for a year. This evaluation will be conducted by the client (L&D, sponsor, finance function) who will share and discuss the outcomes and conclusions with the business school
10. This is discussed in the next section.
11. After three years, it is likely that many of the programme participants will have either been promoted within the organisation or left. A survey of behaviour after three years can show whether those who have stayed have internalised the desired behaviour, whether there has been a change in behavioural norms such that those promoted to manager from within or hired externally demonstrate the desired behaviour – or if the programme can be usefully offered to those new to the manager role. Conducted by client and shared with business school.
12. After three years, have there been sustained improvements in employee engagement and business outcomes?

13. After three years, the client should be well placed to consider whether or not the programme has been justified in financial terms – as discussed in the next section.

This template can also support a more transparent discussion between the school and the client of the question ‘what does success look like?’ What results are expected for each level of evaluation? What are the minimum acceptable scores for participant feedback on the relevance and value of the programme – over-all and for each component? What level of improvement in manager behaviour is expected, how quickly and for how long? What improvement in employee engagement and other chosen business outcomes – how quickly and how sustained? This can effectively drive greater shared clarity on the client’s job to be done.

This template can also be used to discuss what feedback will be provided to which audiences, when, how and by whom. The audiences include L&D, sponsor, past and future participants along with the school.

In some respects, this remains a backward-looking conversation that is focused on the benefits that have been achieved or will have been achieved. It would not be unreasonable for a client to ask a business school what evidence it can provide in advance to support its confidence that the desired outcomes at all levels will be achieved. I return to this issue later in the paper.

Demonstrating The Financial Pay-off – An Alternative Approach

Reframing The Question

There is no reason to believe that return on investment has not proven a useful tool in moving organisations from an activity focus for non-capital investments towards a greater focus on demonstrable results. It also sits well within a framework for measuring the effectiveness of programmes. However, as noted above there are limitations.

As an alternative to asking ‘what was the return on investment for the programme?’, a client might simply ask if the financial value of the programme benefits outweighed its costs. To answer this question, it will need to be able to identify and quantify **sufficient** benefits to justify the programme cost. This is very different from needing to identify and quantify all benefits as is implied by a purist return on investment approach. As noted earlier, Philips recognises the challenges in valuing all benefits by suggesting simply listing as ‘intangibles’ those benefits where the cost of valuation is excessive. There is a risk in this approach that people assume ROI to be comprehensive and that a partial ROI with the implied nuances will not be fully understood. Equally, using my approach increases the transparency of what is included and what is not - supporting discussion.

At the simplest level, this alternative approach can be visualised as a seesaw with costs on one side and identified benefits on the other: if the benefits outweigh the costs, then the programme is justified.

Relevant Costs

In order to make sound decisions on executive education programmes, organisations need to identify and assign monetary values to all relevant costs – the total cost to the organisation. This is easier for some costs than for others. Out-of-pocket costs such as design and delivery fees to business schools can be agreed in advance of a programme. Reliable information on likely travel and accommodation costs should not be difficult to access.

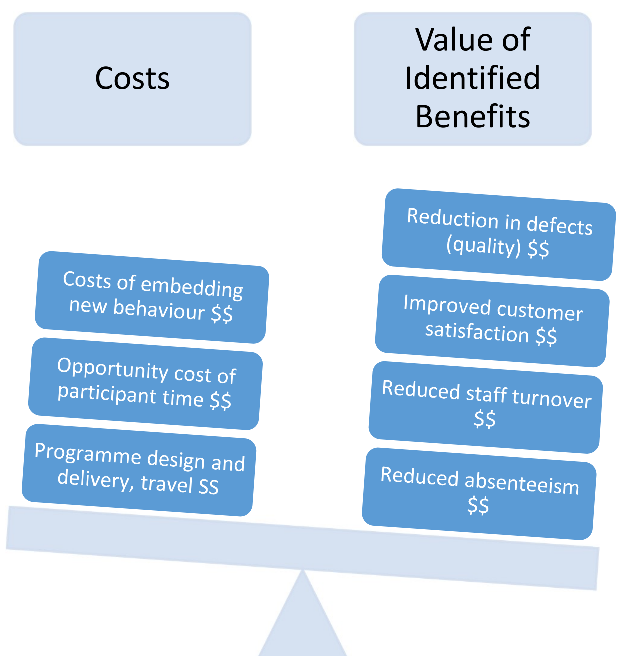
Organisations also need to factor in the opportunity cost of time spent on the programme by participants: what normal activities do not get done because the employee is attending, preparing for or otherwise working on a programme. In addition, there are time and other costs associated with learning and experimenting after returning to work before the new perspectives, skills or behaviours are internalised and become automatic.

Finally, clients will also need to include in the calculations the appropriate share of their L&D function costs.

Programme Outcomes And Results

The starting point for identifying and valuing the benefits of a programme must surely be 'the job to be done': what is the desired outcome and what does success look like?

Returning to the earlier example of a programme intended to improve employee engagement through changes in the behaviour of their managers, the business outcomes of the programme are expected to include reduced absenteeism, reduced staff turnover rates and improved customer satisfaction. Each of these can be valued and added to the benefits side of the seesaw or scales.



A programme can also deliver secondary benefits that while not sufficient in themselves to justify running a programme can tilt the balance in favour of what might otherwise be a marginal programme. They can be seen as ‘freebies’ from programmes whose primary goals and benefits already exceed the costs of the programme.

There are two key benefits in this approach, when compared to a purist ROI approach:

- It can reduce the potential cost of performing financial evaluation of programmes by avoiding the costs of valuing the most challenging benefits
- It avoids the challenge of ‘spurious accuracy’ by focusing on the most tangible benefits

As the employee engagement programme example demonstrated, the benefits of many programmes are expected to persist over several years while costs may be incurred over an extended period. In this context, simply comparing lifetime programme benefits against total costs may not be enough as it fails to consider risk and the time value of money (US$1 in a year is worth less than US$1 now). Appendix 1 explores how this can be addressed using net present value, distinguishing between evaluating programmes before and after they are delivered.

A Forward-Looking View

The Need To Support Assertions

When considering a potential programme, a client might reasonably ask what evidence the business school can provide to support its assertion that the proposed programme will deliver the desired outcomes at the relevant evaluation levels. It is useful to remember that the client L&D people with whom a school is dealing are facing a decision that is now more complex than a yes / no to a programme proposal. They need to compare programme proposals from different potential providers and in a range of delivery formats from face-to-face via hybrid to online live or asynchronous. They may also be operating in a context where the L&D budget means they cannot offer all the programmes that are being demanded by the businesses they support.

As noted earlier, it is important to align the programme evaluation level with the client’s job to be done. Simple level 1 evaluation of relevance and engagement will suffice for a programme intended to deliver insights, while skills programmes also justify level 2 assessment for learning. Given the statistics from the 2018 UNICON paper, it seems reasonable to assume that most schools have good data on level 1 and 2 evaluation that they can share with a client to support a proposed programme and delivery team, subject to ensuring alignment with the client learning objectives and industry. Schools are learning how to optimise programme design for engagement and learning and possibly behavioural change.

For programmes intended to deliver more tangible business outcomes and where level 4 and modified 5 evaluations are appropriate, it is less obvious how well-placed business schools are to provide evidence in advance to support their assertion that a programme will meet the client's expectations. With a retrospective view at these levels, there may be no attempt or need to understand in a meaningful way which components of a programme and broader learning experience most impacted the business outcomes achieved: we possibly are simply demonstrating that overall it worked. How many schools or clients fully understand how different programme and learning experience components translate into business outcomes, other than at a conceptual / intuitive level? How many schools can present robust data to demonstrate causality (what Kirkpatrick describes this as the chain of evidence and Phillips describes it as the chain of impact)?

Modelling Programme Choices And Outcomes

Ideally, schools would be able to share with a client a model than demonstrates the chain of evidence / impact that links choices on programme design and components with business outcomes and programme costs. This needs to be dynamic, so the school and client can together explore the implications of say using coaching compared to lectures, and of providing virtual coaching after the face-to-face component of a programme finishes.

At the highest level, the output of such a model would present:

- Quantitative information on the target business outcomes – with comparison to the pre-programme benchmarks
- The financial value of these improvements
- The total programme costs

Using the employee engagement programme discussed earlier as an example, the outcomes would include increased employee engagement with consequent reductions in absenteeism and staff turnover along with improvements in customer satisfaction. Each of these can be converted into a financial value. Equally, the total cost of the programme can be projected for comparison with the financial benefits.

Continuing with that example, it is clear that the programme benefits are expected to continue for several years so we need to calculate them year by year for an appropriate horizon period. While the year 1 value of each of these benefits might be straightforward to calculate, we need to consider how long they will endure. There is a risk that, over time, some people who attended the programme will drift back into former (and bad) habits. Others will leave and be replaced by people being promoted from within or hired from outside. This would suggest that the benefits will decline over time. As a result, the benefits will need to be modelled in a table or spreadsheet that shows their value by year over the horizon period expected to benefit from the programme and sums their discounted values. The top level of the model might look like this.

	Value of Outcomes					
Outcome	Present Value	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5
Reduction in absenteeism						
Reduction in staff turnover						
Improved customer satisfaction						
Reduction in defects (quality)						

We can consider the data needed to populate this table at a number of levels.

The easy starting point is objective data provided by the client. For example, to establish the value of the reduction in absenteeism in year 1, we would need to know the anticipated percentage decrease multiplied by the number of employee workdays and multiplied by the fully-loaded cost to the organisation of an employee day. Of course, this assumes that all managers have completed the programme. As suggested earlier, the 150 managers for whom the programme is designed will complete it in five cohorts spread over a year and the model will need to reflect this. Equally, as some of the managers will be promoted or leave the organisation, the proportion of managers who have completed the programme will gradually drop from 100% over time – unless the programme is continued to include all new hires / internal promotions. So the model will need to include a facility to capture the drivers of the proportion of managers who have attended this programme – likely including some indicators of percentage of managers being promoted or leaving each year. This will likely suggest the need to continue the programme into the future for new hires and internal promotions. The model needs to include a facility to consider the impact of continuing to offer the programme on both outcomes and costs.

Developing a template to capture this data would appear to be a relatively straight-forward and mechanical task, so schools might want to consider developing standardised templates for potential business outcomes that clients might want. Of course, most of the data will need to come from the client which means issues of confidentiality will need to be resolved.

The next task is to explore causality: in this case, how much does the programme change manager behaviour in a constructive way, how does this translate to employee engagement and how does that convert to the final business outcomes, including those listed earlier. Working backwards, the model needs to include a step that links employee engagement to outcomes and another that links specific elements of manager behaviour (using 360-degree survey) to employee engagement. The data from Gallup or similar can be used as a guideline to populate these steps, but they do need to allow consideration of variations to these ‘conversion’ factors. These relationships and the relevant data may come from the client, the school or a third-party source with relevant expertise. Moving down a level in the model, it will need to show the change in manager behaviour that is expected to result from different and alternative programme components e.g., how will quantitative measures of manager behaviour from the 360-degree survey change as a result of different learning approaches. The school may be able to provide some internal evidence on this, possibly supported by reference to published research from credible sources.

In developing a model of programme choices and outcomes, it is worth noting that the client’s organisational context will play a significant role in the outcomes delivered by a programme. Consider for example, the percentage decrease in the staff turnover rate that can be expected. Gallup quotes different employee turnover rates for enterprises with high vs low employee engagement scores, but also distinguishes between high turnover and low turnover organisations (sectors). Organisational context is likely a contributing factor: enterprises paying below market averages may well see different results to those that pay above market rates. Discussion with clients of the potential impact of organisational factors would appear to be essential in creating reasonable expectations of programme outcomes, but these conversations may be difficult. So the model needs to incorporate a facility to include the impact of organisational factors on the programme outcomes: are the seeds of the programme falling on stony ground where they are likely to wither or on fallow ground where they are likely to prosper?

Understanding The Drivers Of Programme Outcomes

The outline consideration of what is required to model the business outcomes of a programme makes it clear that a programme cannot a be treated as a black box. To properly project the likely outcomes, we need to understand the drivers of programme outcomes:

- Programme content and learning methodology
- Programme support - from provider and within organisation
- The organisational context

Executive education programmes were once seen as a stand-alone experience: participants attended a face-to-face programme and were then largely left to themselves to apply what they had learned when they returned to work. As experience with executive education programmes increased, schools and their clients recognised that effectiveness can be enhanced by providing support before, during and after the face-to-face experience. This realisation, combined with the possibilities offered by new technologies, have changed how programmes are designed and delivered. However, to properly project behavioural and business outcomes, perhaps schools could do better at understanding the impact of the organisational context. This becomes more important as the job to be done moves from transferring knowledge to supporting significant change – whether strategic, operational or behavioural. This may require some difficult conversations with clients on how their internal context and culture can fundamentally limit what can be achieved through an executive education programme.

Schools also need to accumulate data on the links between drivers and outcomes. This partly echoes one of the findings from the UNICON 2018 Paper[13]. Organisations were asked which of the following three areas where business schools could work with clients on research would be most valued: 'Establishing generic links between the development of individuals' competencies and organisational performance – 16%; Developing methodologies to attempt to calculate the financial ROI of specific executive education activities – 42%; Understand the factors in the organisational climate that influence how well participants can apply and transfer learning from executive programmes – 44%.'

This can help to make programme design increasingly data-driven, supporting the credible presentation of the business case to key decision-makers across the client organisation.

Modelling As Learning

Completing this template will likely be challenging. While that can be seen as a reason not to do so, I suggest the opposite: attempting to complete it will promote a valuable dialogue. There is a parallel with scenario planning as described by De Geus in his HBR article[14] on planning as learning. Developing a model that identifies the target outcomes and includes estimates of the drivers of those outcomes can enrich the dialogue between the client (sponsors, target participants and L&D) and the school. It can help better align the programme to both the organisation's objectives (what does success look like) and its context. This can also suggest ways in which the context will need to be modified to support the programme (e.g., changing performance measures and rewards). Conducting sensitivity analysis on different assumptions can help better design a programme that delivers the desired outcomes, without necessarily requiring precise data and metrics.

This can help inform programme design, looking at the bigger picture beyond what the business school delivers.

Modelling As Client Decision Support

As noted earlier, a good forward-looking approach will help clients to make more informed choices between programme alternatives. Schools will need to develop models that explore the business outcome and total cost implications of alternative programme formats, content and learning approaches.

Closing The Loop – Comparing Actual Outcomes With Expectations

When developing the business case for a future programme, there is necessarily a strong reliance on hypotheses / assumptions. Schools and their clients can and should review these as the programme progresses and across the years expected to benefit. Closing the feedback loop in this way can help gather data to improve programme design and support while it is still running as well as informing future decisions on programme design.

New Capabilities Required

Working with clients to reliably project programme outcomes and explore the implications of alternative designs will require schools to develop new capabilities in

- Capturing and analysing programme evaluation data (business analytics skills)
- Using this data in programme design discussions internally and with clients

Schools might usefully consider the scale of the changes needed using the diagnostic provided at Appendix 2 at three levels: what capabilities do we require now to compete successfully for our target clients by demonstrating that we can meet their needs; what are our current capabilities; and what capabilities will we need to develop as the market and our clients evolve and become more sophisticated.

Related to this, schools might also consider what information they will likely need in the future and if they are capturing it today in a format that will facilitate the necessary analysis.

Leadership Talent Pool Development Programmes

The discussion above has focused on programmes designed to address current needs or opportunities within the client organisation.

Many organisations are also looking forward and seeking to build their leadership talent pool for a number of reasons. The first is the recognition that in the future they will need leaders not only to replace current incumbents who leave the organisation or are promoted / moved internally, but also to seize new opportunities that may arise. Hiring capable leaders externally is perceived as becoming increasingly difficult in the era of 'the war for talent'. Hiring externally implies time lapses between identifying a vacancy and filling it, executive search fees, time required for the new hire to become effective (with the opportunity costs of sub-par performance) and the risks of failure or early departure due to a poor cultural fit. These costs and risks can potentially be avoided by having a leadership talent pool of people ready to step into any vacancy. A leadership talent pool development process can also help in retention of high-potential staff through a signalling effect. A sound process will also focus on developing those capabilities likely to be needed in the future, which may differ from those that contribute to success today.

While executive education programmes may make a significant contribution to the development of future leaders, organisations will likely also include in their process assignments (projects / roles) with increasing scope and scale that develop the required range of perspectives and capabilities, together with coaching and mentoring.

In this context, there would appear to be a number of challenges to credibly establishing the return of investment on such executive education programmes. Firstly, the benefits will likely not be realised for many years, so it is difficult to attach a value to having a talent pool until years later.

Secondly, given that the pool is developed through a multi-faceted process, it is difficult to attribute a specific proportion of that uncertain value to a specific executive education programme.

One simplistic solution could be to compare the total cost of the relative executive education programme with the projected value of having a leadership talent pool. This can be presented as the proportion of the value of having a talent pool that would need to be attributable to relevant executive education programmes to make them worth doing. Many people will likely have an intuitive sense of whether the number is within a reasonable range.

For clients that have a robust process for projecting what is likely to be required in terms of capabilities, location, numbers and timing a more sophisticated approach can be adopted. These organisations likely have a good understanding of the capabilities that make up a high-performing leader, e.g., achieving results with and through others, strategic thinking, customer focus, financial skills. Linking the development of these capabilities with specific elements of programmes will likely provide a more fruitful approach to making the business case. Seen through this lens, the evaluation of programmes sees the 'job to be done' as delivering one or more components of the clients' overall process, rather than the entire process. This perspective can facilitate more helpful conversations with clients on their needs and how a school's executive education programmes can support them, using a similar approach to that described earlier in relation to programmes designed to address current needs and opportunities.

Open Enrolment Programmes

Particular Issues And Challenges

As noted at the start of the paper, while much of the discussion above has been in the context of company specific programmes, it also applies to open enrolment programmes. However, there are a number of challenges in demonstrating the business case for the use of open programmes as part of an enterprise's learning architecture.

The first issue is that enterprises may have different objectives when using the same programmes. For example, one may place relatively greater emphasis on the programme content and skills learned while another may place greater value on exposing their employees to participants from different regions, industries and organisations.

The second issue is the implications of the number of participants an enterprise sends to any one programme and over what period. Organisations that use a programme extensively may see a greater benefit to conducting and supporting programme evaluation and impact assessment than organisations that use that programme less often. Smaller numbers of participants may also have implications for the reliability of conclusions drawn, as with any small sample. There are also administrative and cost implications for schools. To the extent that there are fixed costs associated with measuring and valuing impact at any given client, the cost of assessing impact at say ten enterprise users of an open programme may create concerns about the value to the school.

There are also questions of confidentiality. Where an enterprise has commissioned a company specific programme, it may be willing to share confidential information with the provider school in the interests of demonstrating internally and improving the business case for the programme. Some clients may be less willing to share certain relevant information if there are concerns about where and how it will be used.

Consistency of definition, assessment and valuation can also be a greater issue for open programmes. To draw generalisable insights, the school will need enterprise users to apply and report the school's approach and metrics. Not all may be willing to do.

Application Of Key Ideas

Despite these challenges there remains a strong case for schools seeking to demonstrate the business case for their open enrolment programmes.

As in the case of company specific programmes, it makes sense to align the level of assessment with the job to be done by each individual programme, recognising the different categories of programmes that were proposed earlier.

Schools might gain valuable benefits from simply mapping out how they would ideally like to evaluate each programme at all levels. This exercise can provide useful insights on the users' job to be done and the school's value proposition to them.

Conclusions

Business schools would benefit from being able to demonstrate the effectiveness, impact and value of executive education to the success of their clients. Return on investment has long been seen as a 'holy grail' that would address this ambition and provide a compelling business case for executive education. Despite considerable interest and research, it is not widely used.

This paper has explored some potential reasons why ROI has not been widely adopted. It has suggested that business schools might better serve the needs of their clients by aligning evaluation levels to the client's job to be done, rather than assuming that the highest level of evaluation is aways desirable or feasible. This paper has also suggested asking the question 'has this programme been financially justified?', rather than attempting to calculate a precise ROI that may rely on heroic assumptions and smack of spurious accuracy, so undermining its credibility.

The paper challenges schools to build the capabilities and resources to model in advance the learning and business outcomes their programmes will deliver. This requires better understanding the drivers of such results and the implications of the client's context, together with accumulated evidence from previous programmes. This enhanced capability will support richer discussions with clients and enable schools to better demonstrate the business case to their clients, whether L&D functions or business sponsors.

This paper is intended as a call to action. It is hoped that the approaches proposed will provoke a fresh discussion of executive education programme evaluation within UNICON, within business schools and with their clients with the aim of moving towards a more pragmatic and forward-looking approach to the topic.

Appendix 1 - Demonstrating The Financial Pay-off - A More Sophisticated View

As noted in the body of the paper, the benefits of many programmes are expected to persist over several years while costs may be incurred over an extended period. In this context, simply comparing lifetime programme benefits against total costs may not be enough as it fails to consider risk and the time value of money (US$1 in a year is worth less than US$1 now).

For a forward-looking view and evaluating potential programmes, this can be addressed by calculating the present value of expected benefits and cost. Most finance faculty at business schools likely teach net present value (NPV) as the default methodology for valuing future cashflows, whether that be making investment decisions or valuing businesses. While NPV may not be quite as intuitive as ROI, it may be reasonable to assume that enough senior managers within client organisations are now sufficiently familiar with the approach that it can be used in the discussion of executive education programmes – which that may not have been the case when Phillips introduced ROI to the field of executive education. This provides a strong argument for using the present value of identified programme benefits and costs, reflecting risk and the time value of money. The difference between the two sides of the seesaw is then effectively the net present value (NPV) of the programme. The organisation simply needs to reach sufficient benefits so that the NPV of benefits vs. costs is positive, with the seesaw tipped in favour of benefits. If the present value of identified and valued benefits does not exceed the present value of costs, the organisation will need to consider if the difference can be justified by those benefits which can be reasonably believed to result from the programme, but which are too difficult to value.

Net present value is typically used as a forward-looking method to support investment decisions. It is less obvious that it works well for a programme that has been completed and where the expected benefits have been substantially achieved. However, there are two arguments against simply comparing the nominal value of benefits and costs. The first is the potential impact of inflation, particularly in economies or times where it is significant. This can be addressed by indexing benefits and costs to current values. The other issue is discounting the benefits and costs of programmes to be delivered in the future but not those which have been completed will typically suggest that programmes have outperformed expectations – because future benefits will be discounted. For those programmes considered worthy of level 5 evaluation, this issue is probably best handled on a client-by-client basis, working with relevant finance personnel.

Appendix 2 – Capabilities Diagnostic Template

Key Capabilities	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
The school has a clear process for aligning the level of programme evaluation with the client's job to be done.					
The school captures information on programme evaluation at levels 1 (engagement and reaction) and 2 (learning) in a granular format that can be presented to clients to support programme proposals.					
The school captures information on behavioural changes as demonstrated by 360 degree or other reliable evidence that can be shared with other potential clients (level 3).					
The school captures reliable information on typical business outcomes (level 4).					
The school has templates and models that can be used to explore with clients how programme design will act to deliver the target learning and business outcomes – including discussion of the client context.					
These models include the valuation of benefits.					
School staff who interact with clients on programme design etc are comfortable using such models in live sessions in a dynamic way.					
The school closes the feedback loop by comparing programme outcomes with expectations as appropriate.					
The school has processes for working with clients and third-party providers to project, monitor and evaluate programmes at all appropriate levels.					
The school has robust processes to protect confidential data shared with it by clients.					
The school is able to work with and influence clients who have their own models and approaches to projection and evaluation.					
Relevant school faculty are involved in evaluation to ensure the rigour of research on causality between programme components and outcomes.					

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