

Measuring the ROI in The Annual Franchise Conference

International Franchise Company

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This case was prepared to serve as a basis for discussion rather than an illustration of either effective or ineffective administrative and management practices. All names, dates, places, and organizations have been disguised at the request of the author or organization.

Abstract

In today's business environment, management seeks hard data to compare the benefits and costs of all business operations, including meetings and events. Senior management from International Franchise Company (IFC) expressed an interest in evaluating its Annual Franchise Conference to better understand how the meeting linked to corporate objectives and delivered on attendee expectations. Specifically, IFC wanted to determine if the meeting contributed to the growth and development of its franchise units. Meeting the expectations of attendees was also important to IFC. Franchise owners are considered primary stakeholders of the meeting and contribute significantly to the financial underwriting of the conference. The case study details how to handle a negative ROI value.

Background

IFC's Annual Franchise Conference (the conference) was developed to provide franchise units with a forum for developing excellence through education, networking, and recognition. In March 2005, IFC was host to 110 franchise owners, key employees, and spouses, along with twenty-five IFC management and staff. The conference agenda reflected the importance of the franchise network in the context of the company's launch of its new brand. Conference content explored touch points where the new brand intersected with the customer experience. Education and networking sessions were designed to develop the knowledge and skills needed to use new branding materials as strategic tools driving the marketing and sales process.

Why ROI?

IFC management undertook this ROI study with four key objectives in mind:

1. To improve the meeting by using data to deliver more fully on attendee expectations.
2. To improve the meeting by using data to enhance the relevance of session content, elevate speaker skills, and expand attendee knowledge and skills development.

3. To determine the extent of knowledge and skills transfer from the meeting to the job, while also identifying barriers and enablers that inhibit or support application.
4. To measure the business impact of the meeting, including ROI, and its contribution to IFC's strategic objectives.

Evaluation Methodology

The Phillips ROI Methodology was employed for this evaluation. The methodology utilizes a five-level framework and a ten-step process model. The result of this approach to measurement is a balanced set of six measures: employee reaction to and satisfaction with the meeting, learning acquired during meeting, application of skills and knowledge learned at the meeting, impact on specific business measures due to the application of learning acquired at the meeting, return on investment (ROI) in the meeting, and intangible benefits.

Evaluation Planning

A comprehensive evaluation plan was developed to meet each of the objectives of this study. Target audience, response rate, ease of administration, and cost factors were all considered to ensure that adequate, quality input was obtained for all levels of evaluation. Objectives for Levels 1 and 2 were developed with those directly responsible for the development, facilitation, and coordination of the meeting, along with input from a representative sample of the franchise network. Objectives developed at this level were mirrored in the expectations set for attendees in pre-meeting marketing and communications. Objectives at Levels 3, 4, and 5 were developed with additional input from IFC's senior management team, including the Director of the Franchise Network and the Director of Brand and Marketing. The challenge for the evaluation team was to develop specific application and implementation objectives (Level 3), business impact objectives (Level 4), and an ROI objective (Level 5) that would represent significant benefits for both IFC and the individual franchise owners. A specific success measure was set to determine the extent to which each objective had been met.

Data Collection and Analysis

With objectives and success measures in place, the evaluation team focused on data-collection issues, including increasing response rates and collection methods. Questionnaires were considered the ideal solution from administrative, budget, and attendee response perspectives with both paper and electronic forms used at different levels of evaluation. Attendees were considered the go-to source for data at Levels 1 through 3. Management's performance records were designated the source for the Level 4 Business Impact data.

The timing of data collection for this evaluation included on-site and post-meeting options. On-site paper questionnaires were used to collect data for Levels 1 and 2. Questionnaires were administered at the end of each breakout and general session and a comprehensive questionnaire was administered at the completion of the final general session. The most critical timing issue involved data collection for Level 3, Application, and Level 4, Business Impact. These questionnaires were administered at three months and six months after

the meeting, respectively. In the case of a few measures, such as the new customer presentation, some attendees would not yet have begun to use the learning gained at the meeting within the three-month period. However, it was decided that collecting data at this point was still preferable to waiting for six-months or a full year because at that point participants might have completely disconnected from the meeting experience. Moreover, it was hoped that requesting feedback from participants at three-months might serve to reinforce the key learning points from the meeting at a crucial time interval.

A summary of data-collection plans for each level of evaluation can be seen in Table 1.

Table 1. Data-Collection Plan

LEVEL	OBJECTIVES		SUCCESS MEASURES	DESIRED RESPONSE RATE	DATA COLLECTION METHOD / INSTRUMENT	DATA SOURCES	TIMING	DATA COLLECTION BY
1	REACTIONS / SATISFACTION & PLANNED ACTIONS	Is the respondent a Franchise Owner, Franchise Employee, or a IFC Employee	N/A	100% of attendees	Paper Questionnaires Forms #1 - #11: Four General Sessions and Seven Breakouts	Program attendees	End of each breakout session and at end of two general sessions	Synchronicity
		How was the presenter's delivery style, knowledge level, interaction with the attendees and choice/order of content/activities perceived by the attendees?	4.3 or higher mean score on each session					
		Were the learner outcomes understandable and achieved?	4.3 or higher mean score on each session					
		What level of knowledge/skill did the attendees have before and after each session?	N/A					
		To what degree was the content relevant to attendees' current job and future professional opportunities?	4.3 or higher mean score on each session					
		What will deter attendees from using the knowledge/skills?	N/A		Paper questionnaire: Form #12 Overall Conference Evaluation		End of final general session	
		Obtain input/suggestions for improving program through pre-work and/or special pre/post conference training sessions.	N/A					
		To what degree is the amount, format, and value of networking opportunities between franchisor and franchisee appropriate?	4.3 or higher mean score on each session					
		To what degree is the amount, format, and value of achievement recognition appropriate?	4.3 or higher mean score on each session					

LEVEL	OBJECTIVES		SUCCESS MEASURES	DESIRED RESPONSE RATE	DATA COLLECTION METHOD / INSTRUMENT	DATA SOURCES	TIMING	DATA COLLECTION BY
1	REACTIONS / SATISFACTION & PLANNED ACTIONS	Obtain a positive reaction to the overall program, faculty, networking opportunities, pre-reading materials, on-line communities, staff, registration, host property, special events, food/beverage, mentors, etc.	4.3 or higher mean score on each session (Attendee care evaluation score)	100% of attendees	Paper questionnaire: Form #12 Overall Conference Evaluation	Program attendees	End of final general session	Synchronicity
		Would the attendee recommend the program to others?	4.3 or higher mean score would recommend					
		Determine which factors caused persons to attend the program.	N/A					
		Determine the perceived value of the program to-date.	4.3 or higher mean score of these questions					
		Extent that program was a good investment for their organization/employer.	4.3 mean score on a 5 point scale					
		Extent that program was a good investment for them personally.	4.3 mean score on a 5 point scale					
		Determine which business measures will most likely be positively influenced due to program attendance.	N/A					
		How much did the attendee and the attendee's company/organization spend on the application fee, the registration fee, housing, travel, food/beverage and incidentals?	N/A					

LEVEL	OBJECTIVES		SUCCESS MEASURES	DESIRED RESPONSE RATE	DATA COLLECTION METHOD / INSTRUMENT	DATA SOURCES	TIMING	DATA COLLECTION BY
1	REACTIONS / SATISFACTION / PLANNED ACTIONS	How many hours did attendees spend preparing for the program (submitting application, registering, pre-reading, case study team work, etc.)? What percentage of these hours were done on their employer's or own companies' work time? What percentage of these hours were done on their personal time?	N/A	100% of attendees	Paper questionnaire: Form #12 Overall Conference Evaluation	Program attendees	End of final general session	Synchronicity
		How many hours did attendees spend traveling to and from the program site? What percentage of these hours were done on their employer's or own companies' work time? What percentage of these hours were done on their personal time?	N/A					
		How many hours did attendees spend on conference pre-work? What percentage of these hours were done on their employer's or own companies' work time? What percentage of these hours were done on their personal time?	N/A					
		What is the hourly rate paid to attendees by their employer? What currency is this amount expressed in?	N/A					
		What percentage of their hourly rate is awarded in the form of benefits from their employer?	N/A					
		Identify planned actions	Each attendee develops an action plan for two measures that can be positively changed/influenced as a result of the program		Paper Questionnaire: Form #13, two-part Action Plan			

LEVEL	OBJECTIVES		SUCCESS MEASURES	DESIRED RESPONSE RATE	DATA COLLECTION METHOD / INSTRUMENT	DATA SOURCES	TIMING	DATA COLLECTION BY
2	LEARNING	<p>Understanding of modular marketing kit</p> <p>Grasp of new presentation format</p> <p>Grasp of new presentation format</p>	<p>4.3 or higher mean score from respondents who expressed confidence in their ability to identify and explain importance of 10 key branding touch points</p> <p>4.3 or higher mean score from respondents who expressed or understood relationships between specific target audiences and appropriate brand stories</p> <p>4.3 or higher mean score from respondents who know why, when, and how to use a presentation during the sales process</p>	100% of attendees	Paper questionnaire: Form #12 Overall Conference Evaluation		End of final general session	
3	APPLICATION	<p>Implement new modular marketing kit</p> <p>Implement new modular marketing kit</p> <p>Implement new sales presentation</p>	<p>4.3 or higher mean score from respondents who usually or always:</p> <ul style="list-style-type: none"> • Target specific audiences • Identify individual prospects within those audiences • Utilize marketing spreadsheet to select appropriate brand stories • Utilize detailed discovery process during initial client interview <p>4.3 or higher mean score from respondents who have used the modular marketing kit process to make presentations to:</p> <ul style="list-style-type: none"> • Targeted prospects • Targeted new prospects <p>4.3 or higher mean score of respondents from the Presentation Beta test group have used the new presentation three or more times</p>	95% of attendees	On-line questionnaire: Form #14 for Franchise Owners and Employees; Form #15 for IFC Employees	Program attendees	3 months after conference	Synchronicity

LEVEL	OBJECTIVES	SUCCESS MEASURES	DESIRED RESPONSE RATE	DATA COLLECTION METHOD / INSTRUMENT	DATA SOURCES	TIMING	DATA COLLECTION BY	
3	APPLICATION	Implement brand identity in all customer facing activities	<p>In customer engagements, 4.3 or higher mean score from respondents who usually or always.</p> <ul style="list-style-type: none"> • Address IFC benefits relative to employee recruitment, retention and productivity • Address IFC benefits relative to IAQ and workspace related issues • Address IFC benefits relative to sustainability and other environment related issues • Address IFC benefits relative to textile care • Address IFC benefits relative to the Network of Knowledge 	95% of attendees	On-line questionnaire: Form #14 for Franchise Owners and Employees; Form #15 for IFC Employees	Program attendees	3 months after conference	Synchronicity
		Implement brand identity across all franchise collateral	<p>More than 50% of respondents have mostly or completely incorporated the new IFC brand identity in:</p> <ul style="list-style-type: none"> • Vans • Signage • Uniforms • Equipment • Collateral 					
		What percentage of your time utilizes knowledge learned during The The conference sessions	4.3 or higher mean score from respondents					
		To what degree has content been relevant to the attendee's current job? (Level 1 measure)	4.3 or higher mean score from respondents					
		Identify barriers and enablers to applying learned skills and knowledge	N/A	75% of attendees				

LEVEL	OBJECTIVES		SUCCESS MEASURES	DESIRED RESPONSE RATE	DATA COLLECTION METHOD / INSTRUMENT	DATA SOURCES	TIMING	DATA COLLECTION BY
4	BUSINESS IMPACT	<ul style="list-style-type: none"> • Pipeline Activity • Sales Cycle • Sales 	Average 10% increase per franchise in pipeline activity over prior year, same period	95% (70% minimum requirement)	On-line questionnaire: Form #16 for Franchise Owners and Employees; Form #17 for IFC Employees	Program attendees	6 months after conference	Synchronicity
Average 33% reduction in sales cycle from 6 months to 4 months								
Average 18% increase per franchise in sales over prior year, same period								
5	ROI	Measure ROI of business impacts AND benefits to cost ratio for franchisees and for IFC	25% IFC					
25% Franchise Owners								

Results: Reaction and Learning

The impact study produced an overwhelming amount of data. For purposes of this case study, only data that relates to the development of the ROI evaluation has been included.

The data collection process at the meeting yielded excellent response rates, with 100% of attendees completing individual session evaluations. Because of a misunderstanding in communications, the comprehensive, end-of-meeting questionnaire netted only about an 85% response rate. Nonetheless, Level 1 and 2 responses were generally positive and provided valuable insight for the planning of future meetings. A summary of results from the final conference questionnaire can be seen in Tables 2 and 3.

Summary of End-of-Conference Reaction			
	Mean Score	Participants Satisfied	Participants Dissatisfied

Summary of End-of-Conference Reaction

Summary of End-of-Conference Reaction			
Conference Format:			
<ul style="list-style-type: none"> Satisfied with the current conference length 	4.46	93.06%	1.39%
<ul style="list-style-type: none"> Satisfied with current balance of networking, education recognition and social activities 	4.40	87.50%	1.39%
<ul style="list-style-type: none"> Find value in the networking opportunities 	4.72	97.22%	1.39%
<ul style="list-style-type: none"> The awards reception provides a satisfactory level of recognition for franchise achievements 	4.36	86.11%	2.78%
<ul style="list-style-type: none"> The awards reception motivates/inspires me to improve performance 	4.32	80.56%	6.95%
Conference Content			
<ul style="list-style-type: none"> Satisfied with the selection of speakers 	4.34	83.33%	1.39%
<ul style="list-style-type: none"> Satisfied with selection of topics 	4.10	80.55%	5.56%
<ul style="list-style-type: none"> Would like more in-depth sessions 	3.39	47.23%	19.44%
<ul style="list-style-type: none"> Would attend pre- or post conference training sessions 	3.76	66.67%	12.50%
Conference Operations			
<ul style="list-style-type: none"> Smooth registration process (pre-conference) 	4.37	86.11%	1.39%
<ul style="list-style-type: none"> Smooth registration process (on-site) 	4.61	91.67%	0%
<ul style="list-style-type: none"> Facilities conducive to learning and networking 	4.44	93.06%	0%
<ul style="list-style-type: none"> Useful welcome packet 	4.21	83.33%	2.78%
<ul style="list-style-type: none"> Clear directional signage 	4.32	87.50%	0%
<ul style="list-style-type: none"> Satisfactory room accommodations 	4.35	86.11%	0%
<ul style="list-style-type: none"> Satisfactory food and beverage service 	3.96	70.83%	9.72%
Overall experience			
<ul style="list-style-type: none"> The program met my needs 	4.45	81.95%	0%
<ul style="list-style-type: none"> The program was a good investment for my organization/employer 	4.41	73.61%	2.78%

Summary of End-of-Conference Reaction			
<ul style="list-style-type: none"> The program was a good investment for me personally 	4.39	76.39%	2.78%

Table 2. Summary of End-of-Conference Reaction

Summary of Learning Responses to End-of-Conference Questionnaire			
	Mean Score	Agree	Disagree
In Educational sessions, I learned new knowledge/skills regarding:			
<ul style="list-style-type: none"> Employee excellence 	3.99	69.45%	5.56%
<ul style="list-style-type: none"> Sales and marketing excellence 	4.16	79.16%	2.78%
<ul style="list-style-type: none"> Operations/technical excellence 	3.86	61.11%	6.95%
In networking situations, I learned new knowledge/skills regarding:			
<ul style="list-style-type: none"> Employee excellence 	4.03	75.00%	4.17%
<ul style="list-style-type: none"> Sales and marketing excellence 	4.14	75.00%	2.78%
<ul style="list-style-type: none"> Operations/technical excellence 	4.04	73.61%	6.95%
Overall, the new knowledge skills I have learned:			
<ul style="list-style-type: none"> Are important to my position/job 	4.31	81.94%	2.78%
<ul style="list-style-type: none"> Can effectively apply to my daily work 	4.27	80.55%	1.39%

Table 3. Summary of Learning Responses to End-of-Conference Questionnaire

Results: Application and Implementation

Fifty-five individuals, or only 56% of the franchise partners and employees attending the conference, responded to the Level 3 follow-up questionnaire. That rate is significantly lower than the target response rate of 95%, despite multiple attempts to elicit stronger feedback rates by the evaluation team, executive management, and a franchise peer board. Franchise owners responded at a rate of 75%, while franchise employees responded at a rate of 46%. Many factors can impact the response rate of a follow-up questionnaire. In this case, five factors appeared to be primary drivers of the low response rate.

- Franchise owners and their workers are not employees of IFC and do not have direct accountability to IFC management. As a result, they could not be required or mandated to participate in the study.
- Members of the franchise peer group indicated that franchise employees tended to view this study as the responsibility of their management, the franchise partners. As a result, franchise employees were not as likely to respond to the survey. This, in part, explains the especially low turnout on the employee side.
- IFC experienced significant change in its executive management team immediately following the conference. Two senior managers, both champions of this impact study, left the company, severely limiting the evaluation team’s ability to drive participation.
- From the data collected, it appears three months did not allow a significant number of franchises adequate time to implement learning acquired at the conference.
- Because the franchise owners were viewed as having a vested interest in the outcome of this study, it was determined not to offer an incentive to participants. In retrospect, a small but meaningful incentive might have increased participation among the franchise employees. However, it is more likely that in this study, the other four factors listed made the greater impact on response rates at Level 3.

The full set of Level 3 responses can be seen in Table 4.

Summary of Application Responses			
	Mean Score	Usually or Always Apply	Seldom or Never Apply

Summary of Application Responses			
Regarding the new marketing kit and my marketing/sales process, I:			
• Target specific audiences	4.12	71.00%	3.60%
• Identify individual prospects within those audiences	4.28	78.20%	0%
• Utilize the marketing spreadsheet to select appropriate brand stories for individual prospects	3.25	34.60%	20.00%
• Engage in detailed discovery to learn more about individual prospects	4.10	91.00%	3.60%
• Use the marketing kit process to make presentations to <u>new</u> prospects	3.30	36.40%	29.10%
• Using the marketing kit process to make presentations to <u>targeted</u> prospects	2.86	27.20%	36.30%
Regarding the new customer presentation, I:			
• Used the new presentation since participating the Beta Test Program	3.00	33.30%	53.30%
• Used the new presentation and did not participate the Beta Test Program	2.26	17.50%	60.5%
Regarding branding and customer engagements:			
• In customer discussion, addressed IFC benefits relative to employee recruitment, retention, and productivity	3.42	47.40%	19.90%
• In customer discussions, addressed IFC benefits relative to indoor air quality and other workspace-related issues	4.35	78.30%	3.60%

Table 4. Summary of Application Responses

Summary of Application Responses			
	Mean Score	Usually or Always Apply	Seldom or Never Apply
Regarding branding and customer engagements: (continued)			
<ul style="list-style-type: none"> In customer discussions, addressed IFC benefits relative to sustainability and other environment related issues 	4.00	65.50%	7.30%
<ul style="list-style-type: none"> In customer discussions, addressed IFC benefits relative to textile care 	4.17	72.80%	5.40%
<ul style="list-style-type: none"> In customer discussions, addressed IFC benefits relative to our Network of Knowledge 	3.42	42.30%	22.10%
Regarding the overall application of knowledge from the annual conference:			
<ul style="list-style-type: none"> What percent of your total work time did you spend on tasks that require the knowledge/skills learned at the annual conference? 	3.41	12.70%	40.10%
<ul style="list-style-type: none"> On a scale of 0% (not at all) to 100% (critical), how critical is applying what you learned at the annual conference to your job success 	5.76	47.30%	21.90%
Regarding the marketing kit and my marketing/sales process:			
<ul style="list-style-type: none"> I have incorporated the new brand identity in franchise <ul style="list-style-type: none"> Vans Signage Uniforms Equipment Collateral Stationery I have separated IFC from my other businesses 	3.28	68.00%	0%
	2.86	48.00%	4.00%
	3.47	57.00%	9.00%
	2.65	47.00%	4.00%
	4.08	84.00%	4.00%
	3.79	72.00%	8.00%
	4.32	76.60%	8.00%

Table 4. Summary of Application Responses, continued

Results: Business Impact

Data for the Level 4 evaluation (Impact) was originally to be obtained from both franchise partners and employee responses to a six-month post-conference follow-up questionnaire. Resulting response rates were even poorer than those received at Level 3. The questionnaire was re-issued solely to franchise partners, with additional management and peer group entreaties. Unfortunately, the response rate continued to remain low. Only seven of thirty-five franchise owners responded or 20% of all franchise owners who attended the conference. Consequently, the business impact data for this study is significantly understated.

In the Level 4 follow-up questionnaire, franchise owners were first asked to provide data regarding sales revenue, pipeline activity, and length of sales cycle. Of the seven respondents, only one franchise had data for all three measures. Accordingly, the decision was made to eliminate pipeline and sales cycle measures from the study and focus solely on sales revenue.

Results: Isolating for the Effect of the Conference

The isolation technique utilized for this study was the attendee or performer's estimate of impact. It is worth noting that when asked what other factors might have contributed to the business improvement, four of the seven respondents, or 57%, noted that much of the revenue increase in this period was due to contracts signed in the six-month period prior to, or before, the conference took place. This suggests that perhaps another reason for the poor response rate could be that franchises did not yet have any results directly attributable to the conference. Perhaps the study should have been delayed for one year or longer.

At the same time, two respondents cited targeting the right customers and extending the new brand as other factors contributing to their improvement. Ironically, both those factors relate directly to the learning objectives and focus of the conference content.

Results: Data Conversion

The monetary business impact figure still needed to be adjusted with two significant calculations before a benefit could be attributed to the conference.

- First, standard profit margins were used to downwardly adjust the monetary benefit to reflect only that portion of the revenue that represented company profit. Factoring in the standard profit margin accomplished this step and discounted for job costs, sales and marketing expenses, and general overhead. In the case of IFC, the standard profit margin from franchise operations is 13% of revenue (6% from royalty fees and 7% from product purchases). In the case of the franchise network, the standard profit margin for franchise operations is 60%. Tables 7 and 8 show how each dollar of business improvement that already has been isolated for effect is further adjusted downward to allow for the appropriate standard profit margin.
- A final adjustment involves the use of annual values. Since the conference represented a short-term intervention, the ROI methodology requires that only the first year of benefits be used in calculating ROI value. Because the data collected in this study represented only a six-month value, the benefit is multiplied by a factor of two, converting it to an annual value. Table 5 shows the annualized converted data from each respondent. The aggregate converted data is \$50,688.09 for IFC and \$233,945.02 for the franchise network.

Level 4 Business Impact Isolated for Effect and Converted - IFC

BUSINESS IMPACT	Respondent #1	Respondent #2	Respondent #3	Respondent #4	Respondent #5	Respondent #6	Respondent #7
Sales figures for the six month period between March 1, 2004 - September 1, 2004 as measured by "gross revenues"	\$267,426.00	\$352,846.00	\$240,000.00	\$305,539.58	\$142,576.00	\$364,010.00	\$1,700,000.00
Sales figures for the six month period between March 1, 2005 - September 1, 2005 as measured by "gross revenues"	\$366,512.00	\$368,114.00	\$276,000.00	\$419,633.71	\$261,354.00	\$376,110.00	\$2,800,000.00
Business Improvement	\$99,086.00	\$15,268.00	\$36,000.00	\$114,094.13	\$118,778.00	\$12,100.00	\$1,100,000.00
ISOLATION TECHNIQUE (From the Participants)							
Percent of improvement attributed to the conference	25.00%	0.00%	50.00%	0.00%	10.00%	0.00%	20.00%
Confidence estimate (0-100%)	75.00%	100.00%	50.00%	100.00%	20.00%	100.00%	75.00%
Isolation Factor Adjusted Amount	18.75%	0.00%	25.00%	0.00%	2.00%	0.00%	15.00%
Business improvement isolated for effect	\$18,578.63	\$0.00	\$9,000.00	\$0.00	\$2,375.56	\$0.00	\$165,000.00
DATA CONVERSION							
Standard profit margin - 13%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
Data converted for monetary value	\$2,415.22	\$0.00	\$1,170.00	\$0.00	\$308.82	\$0.00	\$21,450.00
Annualized converted data	\$4,830.44	\$0.00	\$2,340.00	\$0.00	\$617.65	\$0.00	\$42,900.00
RESPONSE AGGREGATE	\$50,688.09						

Level 4 Business Impact Isolated for Effect and Converted - Franchise Network

DATA CONVERSION							
Standard profit margin - 60%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%
Data converted for monetary value	\$11,147.18	\$0.00	\$5,400.00	\$0.00	\$1,425.34	\$0.00	\$99,000.00
Annualized converted data	\$22,294.35	\$0.00	\$10,800.00	\$0.00	\$2,850.67	\$0.00	\$198,000.00
RESPONSE AGGREGATE	\$233,945.02						

Table 5. Business Impact Isolated and Converted

Meeting Costs

Separate cost profiles were developed for IFC and for the franchise network to develop distinct ROI streams later in the analysis. Using a fully-loaded costs approach, consideration was given to the time participants spent at the meeting and the cost of time spent preparing for and traveling to and from the meeting. The determination of this cost is based upon the participant's annual salary plus bonuses and benefits, and was assessed with a series of questions on the final page of the comprehensive, end-of-meeting survey that also collected Level 1 and Level 2 data.

From that data, a worksheet was created that summarized the total cost per registrant to attend the conference. Tables 6 and 7 show the total cost for franchise attendees and IFC employee attendees, respectively, broken down according to registration fees, travel and incidental expenses, and the cost of time based on salary plus benefits.

SUMMARY OF PARTICIPANT COSTS from PARTICIPANT ESTIMATES ON COMPREHENSIVE, END-OF-MEETING QUESTIONNAIRE				
Attendee Type	Registration Fee	Participant's T&E Costs to Attend (not including registration)	Value of Time	Total Costs to Attend
Aggregate Franchise Partners Costs	\$39,750.00	\$114,885.00	\$190,702.00	\$345,337.00
Aggregate Franchise Employees Costs	\$12,750.00	\$65,508.00	\$52,107.80	\$130,365.80
Aggregate Spouse Costs	\$2,500.00			\$2,500.00
TOTAL FRANCHISE ATTENDEE COSTS	\$55,000.00	\$180,393.00	\$242,809.80	\$478,202.80

Table 6. Summary of Participant Costs, Franchise Network

SUMMARY OF PARTICIPANT COSTS from PARTICIPANT ESTIMATES ON COMPREHENSIVE, END-OF-MEETING QUESTIONNAIRE				
Attendee Type	Registration Fee	Participant's T&E Costs to Attend (not including registration)	Value of Time	Total Costs to Attend
Aggregate IFC Staff Costs	0.00	\$28,600.00	\$55,200.00	\$83,800.00

TOTAL IFC STAFF COSTS	0.00	\$28,600.00	\$55,200.00	\$83,800.00
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Table 7. Summary of Participant Costs, IFC Employees

A fully-loaded cost profile also includes all direct expenses of the meeting. Table 8 lists IFC’s direct expenses for the conference under the category headings of Program Costs, Contribution from Budget, Evaluation Costs, and Franchise Overhead. Program Costs includes all the direct expenses incurred by the meeting from the venue, third party producers and organizers, awards, and miscellaneous including the cost of conducting the front-end needs assessment, designing the meeting, and project managing the development of the meeting.

Direct Expenses - IFC	
Program Costs	
Creative Services	29,245.00
Recognition	8,450.00
Speaker Costs	9,500.00
Production	13,150.00
Food, Beverage & Entertainment	48,000.00
Registration	7,380.00
Hotel/Master Bill	5,000.00
Miscellaneous	2,000.00
Conference Management	20,600.00
Subtotal	\$143,325.00
Contribution from Budget	
Contribution from Operations budget	38,500.00
Subtotal	\$38,500.00
Evaluation Costs	
ROI Impact Study	30,000.00
Subtotal	\$30,000.00

Table 8. Direct Expenses – IFC

The franchise network bore a direct expense of its own. A percentage of franchise revenue funds, an IFC promotional budget, and a portion of that budget is used each year to help fund the conference. The portion of the budget that is used for the conference becomes a direct expense to the franchise network, listed as Franchise Overhead. These expenses were \$32,000.

To create a distinct cost profile for each organization, the participant costs were then combined with the direct expenses to produce two separate, fully-loaded cost models. Tables 9 and 10 show the result.

Fully-Loaded Costs – IFC

Attendee Costs	
Cost of time (IFC staff only)	55,200.00
Travel expenses (IFC staff only)	28,600.00
Subtotal	\$83,800.00
Program Costs	
Creative Services	29,245.00
Recognition	8,450.00
Speaker Costs	9,500.00
Production	13,150.00
Food, Beverage & Entertainment	48,000.00
Registration	7,380.00
Hotel/Master Bill	5,000.00
Miscellaneous	2,000.00
Conference Management	20,600.00
Subtotal	\$143,325.00
Contribution from Budget	
Contribution from Operations budget	38,500.00
Evaluation Costs	
ROI Impact Study	30,000.00
TOTAL	\$295,625.00

Table 9. Fully Loaded Costs – IFC

Fully-Loaded Costs – Franchise Network	
Attendee Costs	
Cost of time (Franchise personnel only)	242,809.80
Travel expenses (Franchise personnel only)	180,393.00
Registration Fees	55,000.00
Subtotal	\$478,202.80
"Overhead" Costs	
Franchise dollars from Promotional Fund used for the conference	32,000.00
TOTAL	\$510,202.80

Table 10, Fully-Loaded Costs – Franchise Network

ROI

For the franchise network, the business impacts discussed above under Level 4, Business Impacts, represent its entire benefit, based on existing data. However, the conference generated two additional revenue streams for the IFC that must be included in the ROI calculation. The first of these revenue streams is the \$55,000 in fees generated by the conference registration process. Similarly, an infusion of \$32,000 from the franchise promotional fund also must be counted as revenue in the IFC ROI calculation.

Table 11 shows the full benefit picture for IFC and the full benefit picture for the Franchise Owners Network.

5. Total conference 2005 Benefits – IFC and Franchise Network	
IFC	
Level 4 Business Impact isolated for effect, adjusted for profit margin, and annualized	\$ 50,688.09
Registration fees	55,000.00
Contribution from franchise promotional fund	32,000.00
TOTAL	\$137,688.09
Franchise Network	
Level 4 Business Impact isolated for effect, adjusted for profit margin, and annualized	\$233,945.02
TOTAL	\$233,945.02

Table 11. Total conference Benefits for Franchise Network

Calculating the net benefit is now a simple matter of subtracting the fully-loaded costs from the total benefits discussed above.

For IFC

$$\text{ROI (\%)} = \frac{\$137,688.09 - 295,625.00}{\$295,625.00} \times 100 = 53\%$$

For The Franchise Network

$$\text{ROI (\%)} = \frac{\$233,945.02 - 510,202.80}{\$510,202.80} \times 100 = 54\%$$

Not surprisingly, the calculation resulted in a negative evaluation for both groups. Lack of response at Level 4 created a data gap that negatively impacted the results of this study. In order to maintain the highest possible level of credibility, the Phillips ROI Methodology takes an ultra-conservative approach and mandates an assumption of zero business impact for all non-

responders. With only four franchise partners reporting positive business impact and an assumption of zero results for the other 31 franchise partners, this study was virtually assured to produce a negative ROI value. Indeed, given the available data, no other conclusion can be confidently and credibly drawn.

Other Scenarios

While the amount of Level 4 data collected was small, the numbers were significant enough to suggest that it might be an interesting exercise to use the data collected to *speculate* about other potential outcomes, generating "what-if" scenarios. For instance, because of the low response rate to the Level 4 questionnaire, we only considered a total business improvement of \$1,495,326.13 for the study. And yet, we know from IFC corporate records that the aggregate franchise business improvement in sales between the two periods from March 1, 2004 through September 1, 2004 and March 1, 2005 through September 1, 2005 was actually \$2,305,000 business improvement in sales figures. That data alone is enough to create a positive ROI for the Franchise Network.

As in the earlier ROI calculation, the business improvement of \$2,305,000 first needs to be isolated for effect, then downwardly adjusted by a margin rate of 60%, and finally multiplied by two to annualize the results. Using a conservative isolation factor assumption of 20% (meaning that 20% of the business improvement was due to the application of knowledge and skills gained at the conference), the Franchise Network realizes a positive ROI of 8%. If we increase the isolation factor to 25% (the highest rate mentioned by any of the respondents to the Level 4 questionnaire), the Franchise Network realizes a positive ROI of 35.5%.

Because IFC's profit margin is considerably lower than the franchise profit margin, it would appear that a 50% isolation factor would have to apply before IFC could break even. But there are other factors to consider. Remember that the ROI Methodology uses only first-year benefits because the intervention (the meeting) is of a short term nature. However, the sales contracts that franchises negotiate are almost always long-term, multi-year affairs. Making the conservative assumption that the contracts are for a two-year period would mean the ROI calculation for IFC must include two years of benefits and not just an annual benefit. With this change in the calculation, IFC breaks even at a conservative isolation factor of 17.5% and shows a positive 11% ROI at an isolation factor of 20%. Higher isolation rates (unlikely) or longer term contracts (very likely) would push the ROI even higher.

Finally, it must also be remembered that due to a lack of franchise record-keeping, the study abandoned its original intent to evaluate the impact of the conference on pipeline activity and sales cycle. Had these measures been included in the business impact data collection as planned, the resulting ROI might have been higher.

Intangibles

The same follow-up questionnaire used to collect data for Level 4 business impacts was also designed to gather information regarding intangible values associated with the conference. The low response rate to that questionnaire again makes it difficult to draw firm conclusions from the data. Nonetheless, it is interesting to consider the responses offered. Table 12 summarizes the results from the seven respondents when asked about the influence of the conference on intangibles.

Summary of Intangibles			
	Mean Score	Agree	Disagree
To what extent did the conference also influence			
• Employee morale	3.00	57.14%	28.57%
• Enhancement of job skills	2.86	42.85%	42.86%
• Job satisfaction	2.57	28.57%	42.86%
• Customer satisfaction	2.71	28.57%	28.57%
• Operational efficiencies	2.28	0.00%	42.86%
• Time savings	2.00	28.57%	71.43%
• Cost savings	1.57	0.00%	71.43%

Table 12. Intangibles

Lessons Learned

In hindsight, the conference planning team and the evaluation team both could have benefited from soliciting additional input from the franchise network during the planning stages. Input from the network most likely would have revealed that most franchises were not collecting data on pipeline activity and sales cycle. Network input certainly would have revealed that most franchises would not have sufficient impact data to share at six months.

Recommendations and Use of Results

Interestingly, this impact study influenced the conference before any attendee completed a questionnaire and before any results were tabulated. The process of working through Evaluation Planning, including the work of setting measurable objectives, resulted in direct changes to the conference format and content during the design and planning stages: all *before* the conference actually took place.

While the study did not reach its goals of evaluating the application or the impact of knowledge learned at the conference, it generated a list of fourteen supportable conclusions and eight recommendations for management to consider. Most of the recommendations were implemented in the design and format of the conference in the following year. Recommendations were based largely upon the results of Level 1 and Level 2 data and primarily addressed conference format, educational content, and marketing. As a result of this study, IFC has committed to evaluate all future conferences at Levels 1 and 2 as part of a continuous improvement program.

References

Phillips, J.J. *Return on Investment in Training and Performance Improvement Programs*, 2nd Edition. (Burlington, MA: Butterworth-Heinemann, 2003).

Questions for Discussion

1. What could have been done to increase response rates to the questionnaires?
2. Discuss the role of an executive champion in a Level 5 ROI impact study. What could the evaluation team have done to fill the gap when the champions for this study left the company?
3. Would additional input from attendees have helped improve the meeting and/or the impact study?
4. Consider the decision to develop one ROI stream for IFC and another for the franchise network? How meaningful is the latter?
5. What do you make of the author's attempt to develop "what-if" scenarios based on the limited Level 3 and Level 4 data collected? Does it impact the credibility of the study? What value does it provide for the stakeholder groups?

About the Author

Mike Hamilton is president of Synchronicity, Inc., a creative agency specializing in meetings, trade shows, and face-to-face events. He has more than twenty-five years of industry experience, including nearly every aspect of creative production and concept development, writing, producing, staging, and, especially, measurement and evaluation. Mr. Hamilton is certified by the ROI Institute in the Phillips ROI Methodology and is a well-known speaker and evangelist for evaluation in the events industry. He can be contacted by phone at 1.815.464.1252 or by email at mike@GetSynchronicity.com .

Editor's Notes

This case study is an excellent example of an ROI process and strategy used to evaluate a meeting from multiple ROI perspectives: the meeting organizer and the meeting attendee. It underscores the need for high response rates to data-collection tools, such as questionnaires, or the resulting ROI from the meeting could be negative. The case also points out the importance of balancing the need for timely results against allowing sufficient time for meeting attendees to apply the knowledge and skills learned from the meeting and subsequent business results to occur before collecting data. The detail in the data-collection plan is helpful, as is the ability to impact other scenarios on ROI.

