

ROI for the Training Function

Introduction

Return on investment sometimes seems to be the last thing that is considered when businesses plan training; the pressures to be seen to be doing something; the everyday pressures of running a training department and the need to collect favourable comments from participants can sometimes mask the real reason why we do what we do: to improve the performance of our people and our organisation.

The evaluation of training is inherently a good thing. However, if training evaluation is undertaken, it is usually at the easiest and lowest level - the measurement of reactions through “happy sheets”. Reactions are important but reliance on the “happy sheet” can actively damage the value that an organisation gets for its training investment.

What training managers and purchasers need is solid information to back up their arguments for investment in developing people and to be able to demonstrate that the investment produces real returns and real value for money.

In this high-level course, we will look at the pressures upon the training manager, assess current training remedies, fads and proven interventions, plan how to measure the return on training investment and ensure that training both contributes to the performance of the organisation and is valued for that contribution.

Objectives

By the end of this course participants will be able to:

- Plan training to meet previously agreed financial, contribution and performance objectives
- Use testing to establish learning is taking place
- Be able to evaluate training results in the work place
- Measure the return on investment for training activities
- Plan how to report training effectiveness

Content

A sample of what is covered includes:

Key skills for training purchasers and managers

- Needs assessment
- Programme development and evaluation
- Marketing programmes
- Cost benefit analysis

Why evaluate training?

- Justify and validate training as a business tool
- Justify and account for the costs incurred in training
- Improve the design of training
- Help in selecting training methods

Organisational impact

- Drivers for training & development

- The importance of corporate objectives, policies and plans
- It all starts with strategy
- Vision, mission and objectives
- Aligning training with the business needs
- Training scorecard

The role of training and involving managers

- A consultancy approach
- The responsibilities of managers in the delivery of measurable results and in measuring impact

The cost of training

- Direct costs
- Indirect costs
- Opportunity costs

The impact of training

- Criteria
- Numbers - days / people / courses what else?
- Efficiency
- Performance against project plans
- Income?
- The curse of “happy sheets” - how they work to reduce ROI
- Kirkpatrick’s model

The effectiveness of training interventions and approaches

- Critical review of training trends, tools and theories
- Critical thinking
- Beware unproven fads
- Assessing what you are being offered or sold
- What really works - assessing claims
- Popularity is not proof of effectiveness
- Beware zealots!
- Review of current evidence for popular training interventions and tools
- Judging the effectiveness as opposed to the claims
- Getting great and measurable results

Forecasting and measuring ROI - costs

- Research, design and development
- Training team development
- Training department and infrastructure
- Administration
- Promotional costs
- Fixed and variable costs
- Intangible costs
- Costs to the business

Forecasting and measuring ROI - returns

- Business results - productivity / quality etc
- Others

Calculating ROI

- Payback period
- Break even

- Cost / benefit analysis
- Contingency planning

“Selling” training to the business

- Who is the customer?
- The concept of adding value
- Maintaining performance after training
- Designing training
- Types of training programme and their effectiveness - best practice and benchmarking
- Alternatives and their cost / impact effectiveness

Getting and measuring results

- Evaluation
- Effective evaluation starts in planning
- Making learning stick
- Involving the rest of the business

Presenting the business case

- Preparing the business case
- Presenting the business case
- Responding to counter-arguments - common criticisms

Strategies to use after training

