



TenStep Supplemental Paper

10 December 2007

Can't Measure, Can't Manage!

Training analytics meet the goals of strategic e-learning

When it comes to training, in the past organizations tended to focus on cost savings and the amount of e-learning usage. Today, they demand more training analysis. In a survey conducted by Bersin & Associates, 30 companies were asked, “*How many of you would like to spend more time and money measuring your training investments?*” An overwhelming 70 percent wanted to improve their measurement efforts.

Most organizations recognize a gap between training investments and business results. Hence, they are now interested in ROI of e-learning and multilevel measurements. But why measure e-learning? *Because training is a huge investment.*

What to measure?

Every major training decision falls within the boundaries of efficiency, effectiveness and compliance. Training vendors have successfully established benchmarks to measure these three critical training issues.

Measuring efficiency:

- Training budget as a percentage of profits
- Training budget per employee
- Training budget per class
- Revenue per training program
- Cost of training per trainee hour/day

Measuring effectiveness:

- Enrollment rates
- Completion rates
- Certification rates
- Reduction in turnover
- Improvement in sales
- Improvement in quality of training programs

Measuring compliance:

- Completion rate of programs
- Certification rates
- Certified trainees in each department
- Risk of failing to comply



TenStep Supplemental Paper

- Expiry of compliance training

How to measure?

The standard ROI equation is Return on Investment = Benefits / Cost

When this equation is applied to e-learning, the following cost savings can be calculated: reduction in training budgets and materials; administrative time; travel costs; instructor costs; and hours of lost productivity when employees are out training. However, it is difficult to measure the soft ROI factors (employee retention, improvement in productivity, learning curve and even employee morale). Training analytics come to the rescue here!

Easy measuring!

Enrollments, fees, certifications, completion data and scores are a part of a *Learning Management System (LMS)*. Because analysis requires data, all of these would form the basis for the analytic system. The LMS and e-learning system should establish standards to facilitate easy tracking and completion of scores. Although most LMS's have built-in reports, they are usually insufficient to support measuring efforts.

To create a report, a training manager needs to conduct an in-depth study of all the available information. He should then separate training initiatives and their results to discover their working relationship. This will help him keep track of new and existing information. A meaningful report is the outcome of an analysis.

Analytics provides a measuring solution that lets any business person - from a statistician to a software programmer - understand how e-learning and training operates. It helps the training manager answer the following questions:

- How much did any component in training cost?
- What were the cost constituents?
- Who completed the learning course?
- What can be done to improve it?

Training analytics provide information to executives, line managers and training executives so they can arrive at decisions.

Analytic needs

The analytic needs of an executive are overall metrics, compliance and training efficiency, and financial information. A training analytic solution helps executives make decisions that drive compliance, employee training, and development initiatives.

A line manager lists his analytic needs as training compliance, skills development, and completion of mandatory programs. His responsibilities include developing employees, ensuring that they complete training courses and ensuring feasible training costs.

The analytic needs of a training manager are vendor and program effectiveness, training volumes, overall cost and completion rates. He decides on what courses should be



TenStep Supplemental Paper

offered, which vendor content works on which audience, optimizing training resources and choosing what media to use.

With varied analytics needs, these distinct groups also need information in different formats. Executives are comfortable with charts, while line managers need tabular reports and charts. Training managers prefer formats in which they can continually filter, add or delete information. The analytics system should be open and flexible enough to accommodate information from other sources.

Measuring trouble!

A profile of organizations revealed that only one-third have tried to measure learning effectiveness. A measly 12 percent measure job and business impact. These dismal figures can be attributed to the fact that most organizations lack the tools and infrastructure to do so. Another hurdle is their unwillingness to invest in training measurement.

A recent survey of best practices revealed that 40 to 50 percent of a training budget is spent on content development, while 8 to 10 percent is spent on infrastructure, and the rest is spent on salaries and other facilities. A Bernin & Associates research concluded that organizations that spent \$2 to \$10 per learner on a training analytics system could measure learning ROI better. Can organizations cost-justify an investment in measuring tools?

With the advent of e-learning and blended learning, training budgets are increasing manifold. Therefore, there more reasons today than ever before to apply training analytics to understand the activities, effectiveness and impact of e-learning.