



TenStep Supplemental Paper

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ROI

Companies do ROI on training for the following reasons:

- To validate training as a business tool
- To justify the costs incurred in training
- To help improve the design of training
- To help in selecting training methods

The ideal type of training for calculating ROI is one-time training on a specific skill. This is the easiest and most clear-cut way to calculate an ROI.

To measure ROI, you start by isolating the impact of training as much as possible. For this, you can train one group several months ahead of another, and have a control group to test by. Or you can narrowly focus the training to do a before-and-after comparison. Then you must decide the impact the training should have. If learning the computer program should shorten each customer-service inquiry, then you must attach a cost to that extra productivity.

The bottom line: Calculate the productivity effect. There are several criteria for measuring the success of training, and they include:

- Number of employees trained
- Direct costs of training
- Indirect costs & efficiency
- Performance to schedule & income received
- The extent to which trainees mix & their reactions
- Learning & behavior change
- Performance change

By adopting the above measures, it is relatively simple to calculate return on investment:

$$\% \text{ ROI} = (\text{benefits} / \text{costs}) \times 100$$

Summary

Many companies have benefited through ROI, though there are several ways to evaluate training's success. Choose the one that will work best for the training you're doing. Ultimately, that is the best ROI.