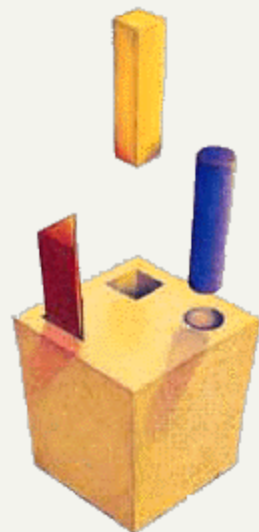


Developing Metrics that Demonstrate the Value of Training

March 2012

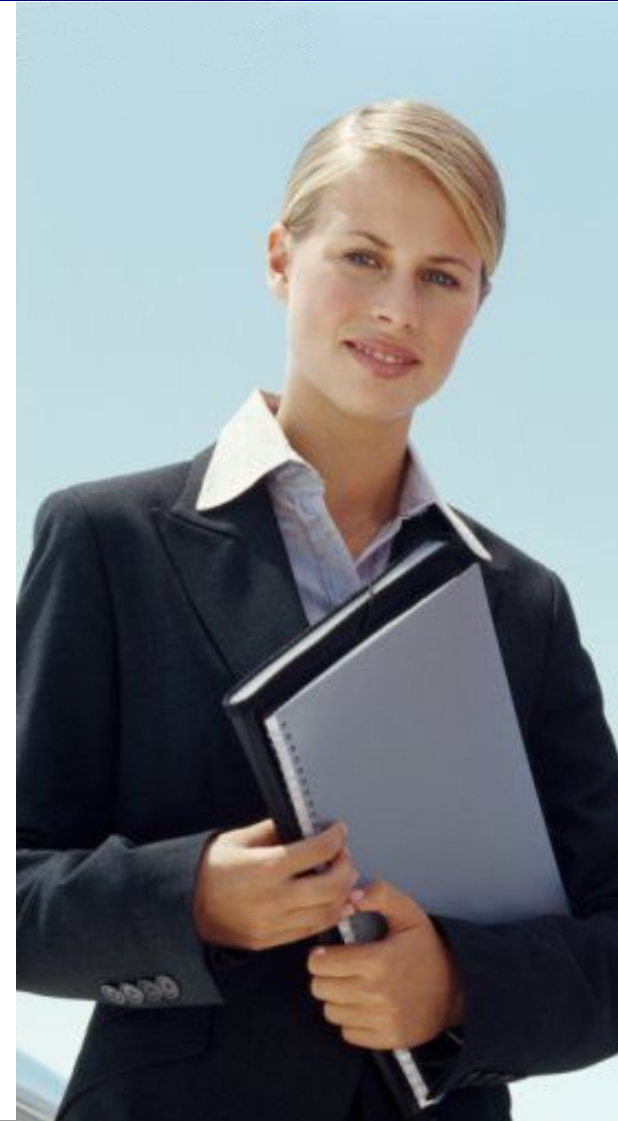
Vic Passion

TechProse



What we'll cover ...

- **What are metrics?**
- **Kirkpatrick's levels of evaluation**
- **The value of the baseline**
- **Choosing your metrics**
- **Calculating ROI**
- **Wrap-up**



What are metrics?



What does training cost?

Depends on:

- Amount and complexity of content
- Type and number of deliverables
- Frequency of updates
- Translation requirements
- Amount of customization
- Tools and techniques
- Format of source material
- Other factors

Successful learning environments budget between 9 and 17% of TOTAL PAYROLL for Change Management and Training*

**Phillips, Jack, HRD Trends Worldwide*

Budgeting for training

Up to 17% of your overall project budget*

Most likely budget item to be reduced or eliminated during project negotiations?**TRAINING**

Most likely project plan item from which money is deallocated during an implementation?**TRAINING**

Most likely post-implementation review item identified as single greatest determinant of success?**TRAINING****

*Gartner Group, 2001

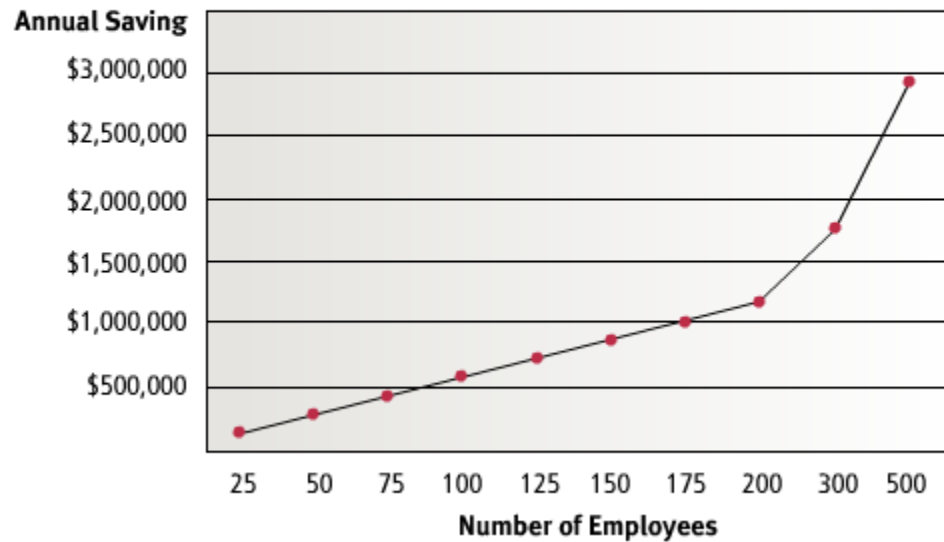
**Mark J. Sweeney, Jr.
Education Account Manager, SAP Global Accounts

Making a compelling case for training

“Every hour of needed end-user training is worth an average of five hours to the enterprise.”

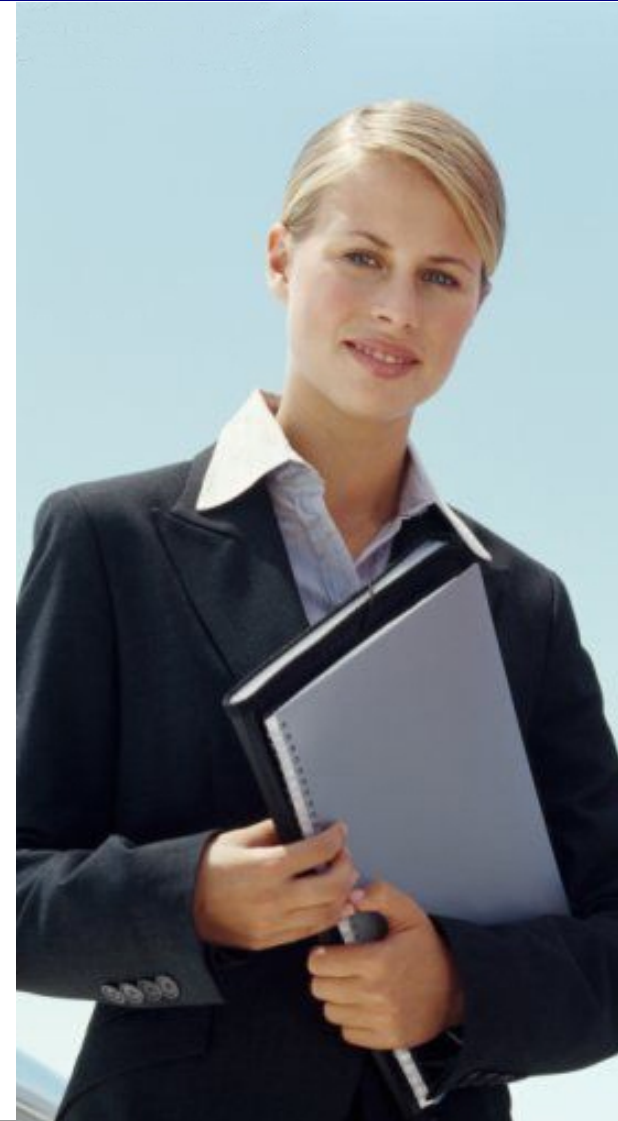
- Gartner Group Research Note

Estimated Savings Due to Needed End-User Training

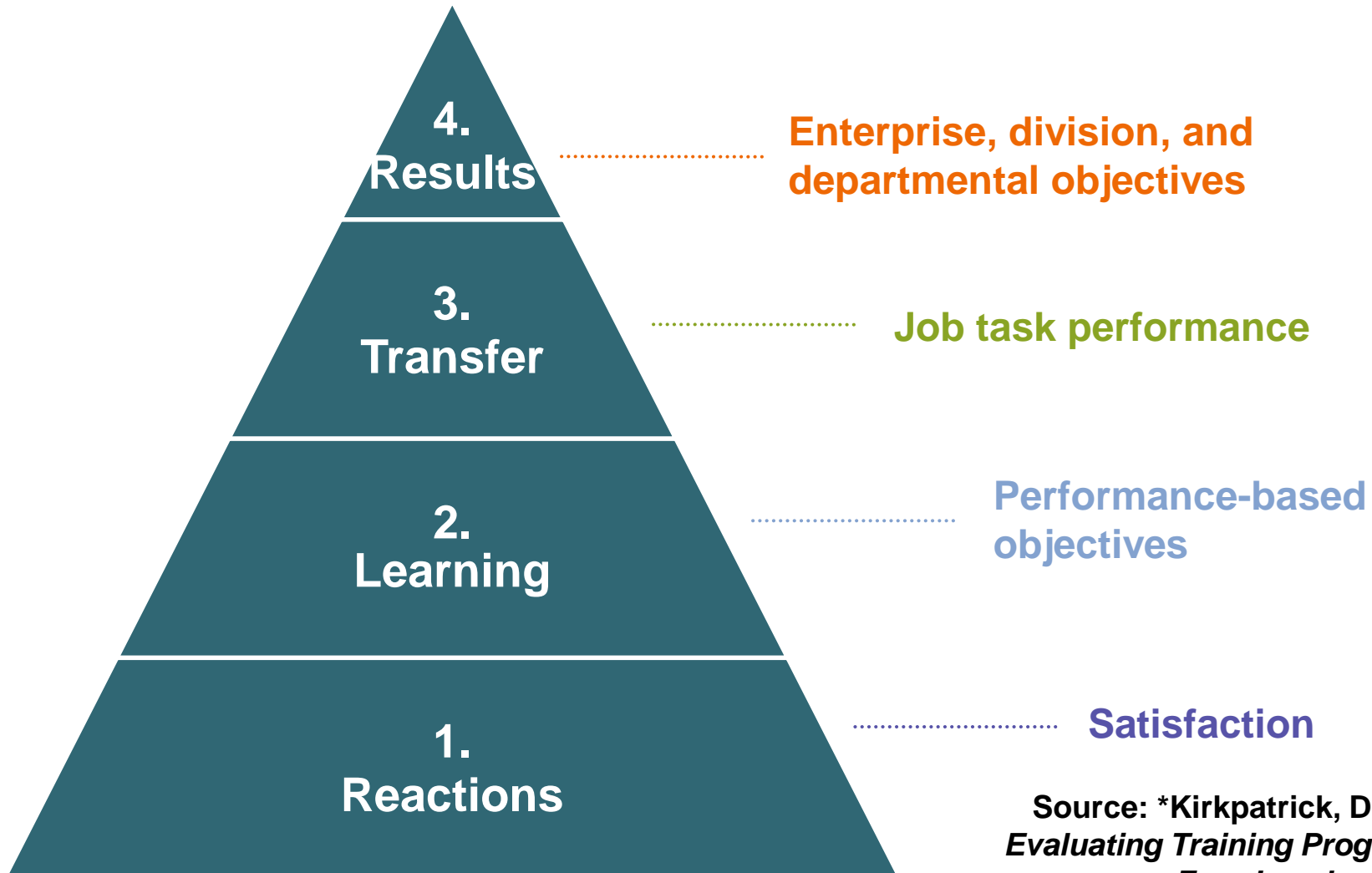


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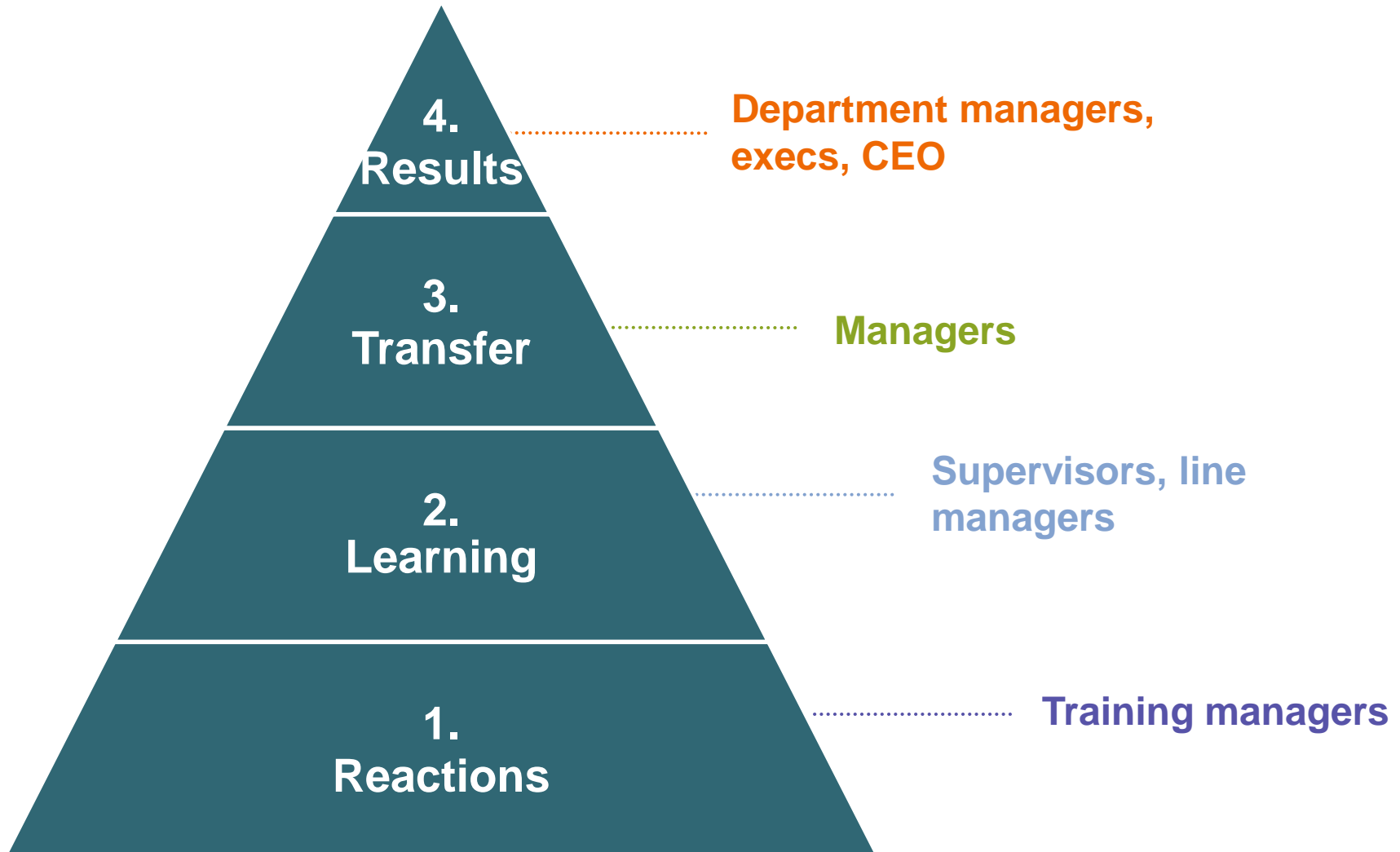


Kirkpatrick's levels of evaluation and objectives

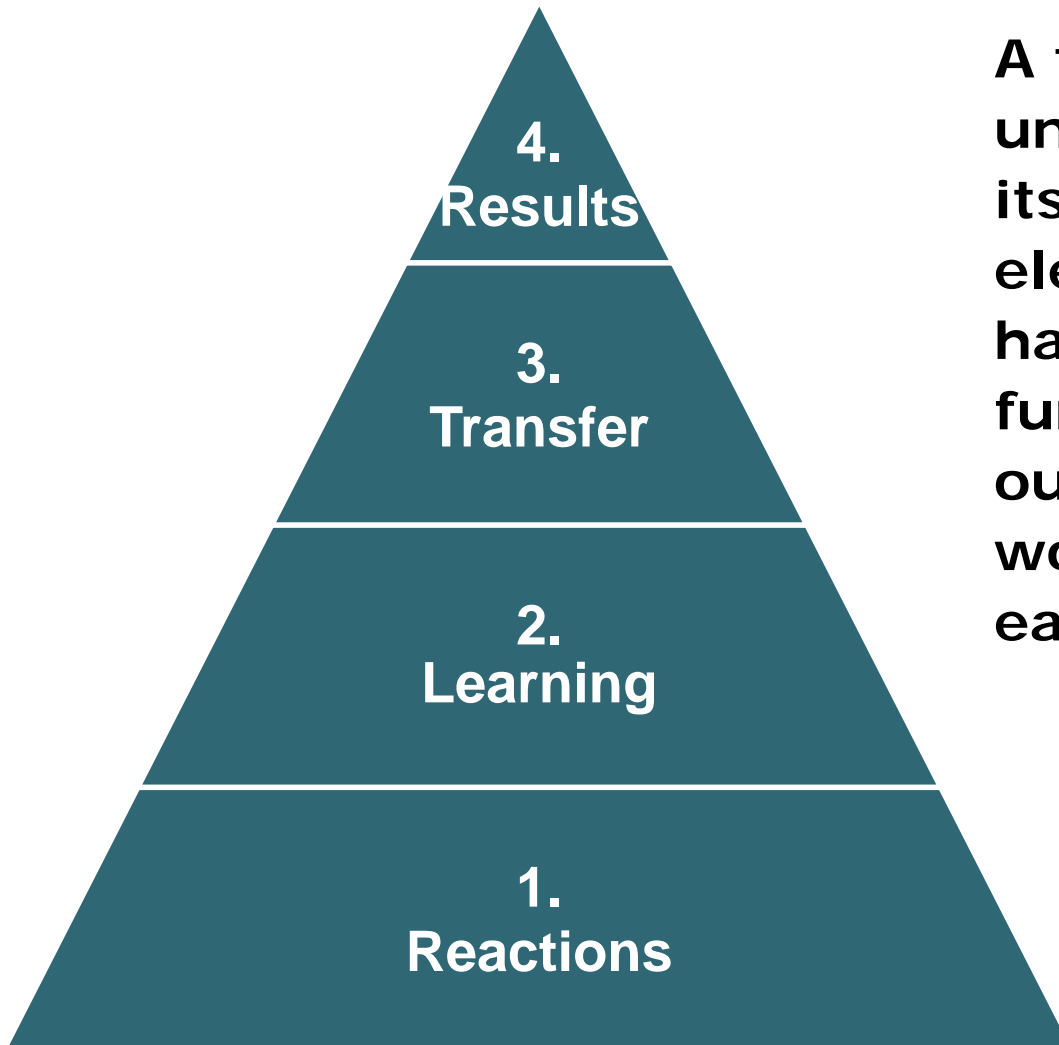


Source: *Kirkpatrick, Donald L,
*Evaluating Training Programs: The
Four Levels*

Who wants to know the results?



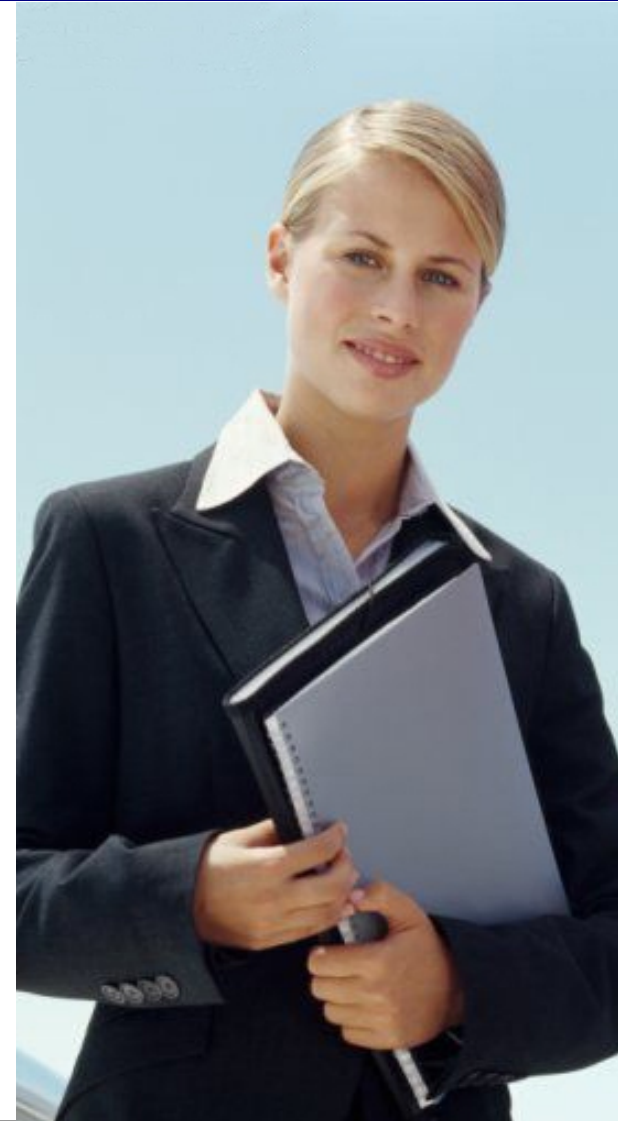
Business case



A transit provider has unacceptable outages for its subway escalators and elevators. Management has designated training funds to help reduce time out of operation. What would you measure for at each level?

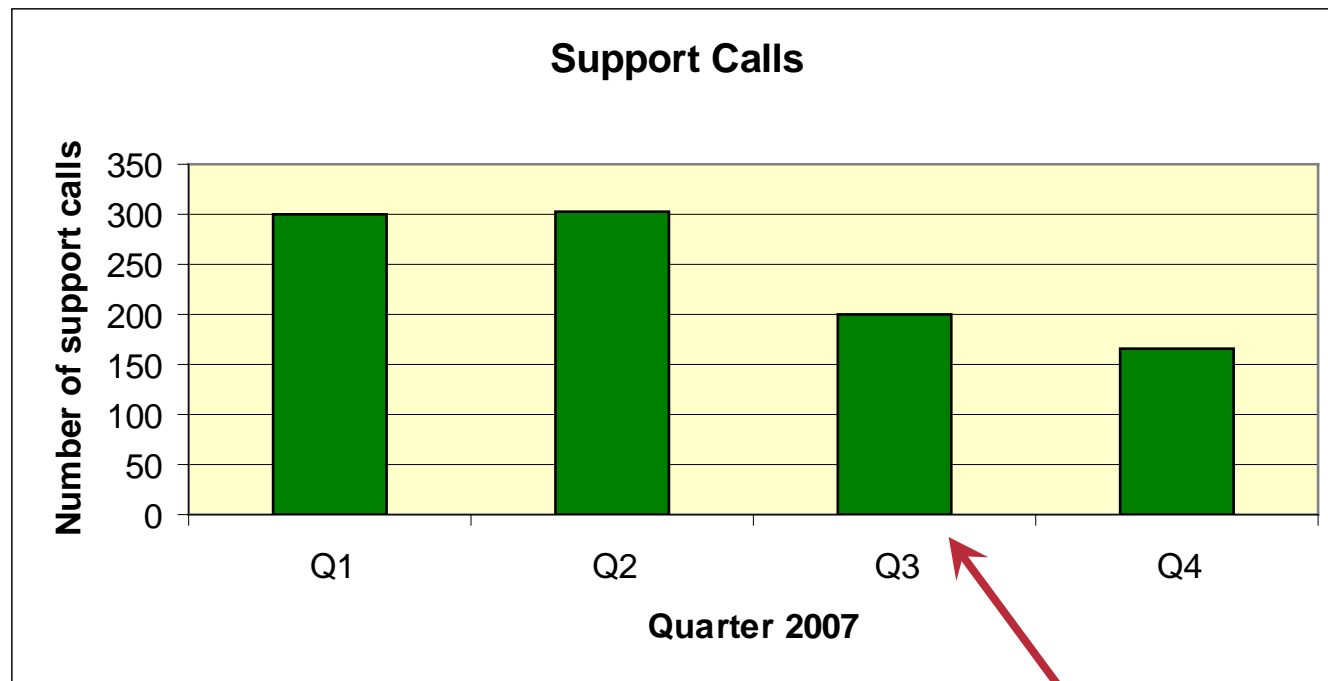
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The value of the baseline

Compelling metrics show the delta between the baseline and the post-training data



Training launched in Q3

The ABCs of performance-based metrics

- **Build all deliverables around what you want end users to be able to *do*, integrated with corporate strategy**
- **Define what they can do before the release—the baseline**
 - Number of errors
 - Revenue generated
 - Orders processed
 - Stock shipped
 - Stock returned
 - Etc.



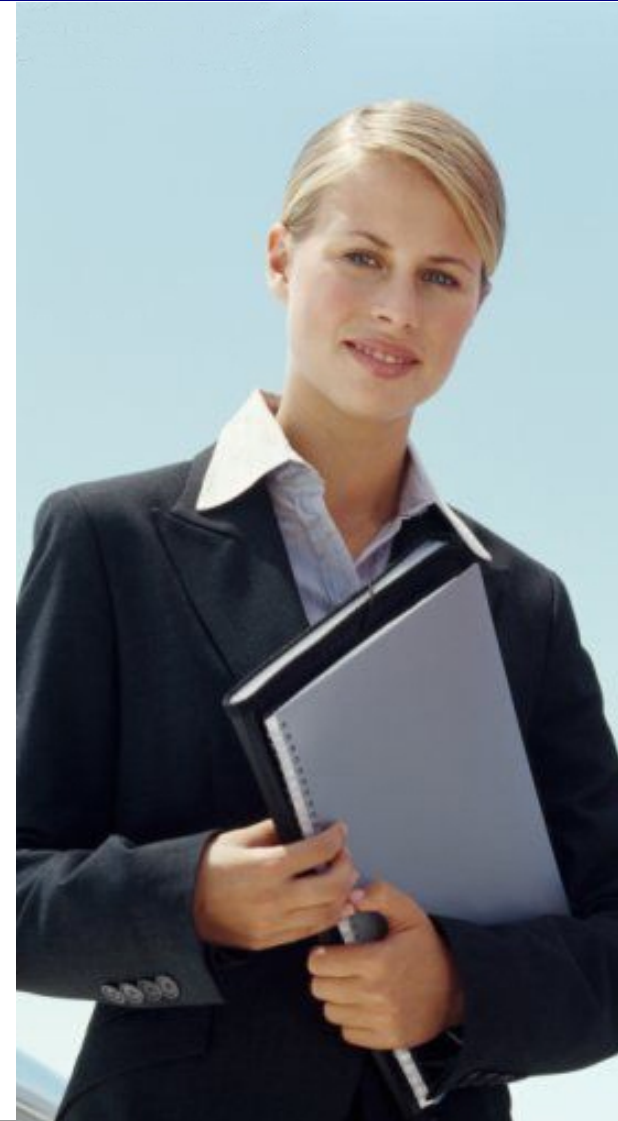
Choosing the right metrics

- **You get what you measure**
- **Easy to capture...**
 - Performance after release (but what was it before?)
 - Performance of groups with most access to training vs. groups with least access (but what about complexity of tasks?)
 - Improvement/degradation over time (but what about upgrades?)
- **Characteristics of good metrics**
 - A baseline
 - Near-term benefits
 - Meaningful, tangible
 - Careful analysis



What we'll cover ...

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Building a compelling case

- Break into groups.
- Read your case study and decide what you would measure *to build a compelling case*.
- Choose a group leader to present your measures.

Business cases



10 mins



#1: As a result of Sarbanes Oxley, a retailer requires all 150,000 employees to attend training on their sexual harassment policy. Topics include discrimination, retaliation, and harassment.

#2: A technology company delivers training to its employees and partners on a new enterprise software system for quoting and ordering.

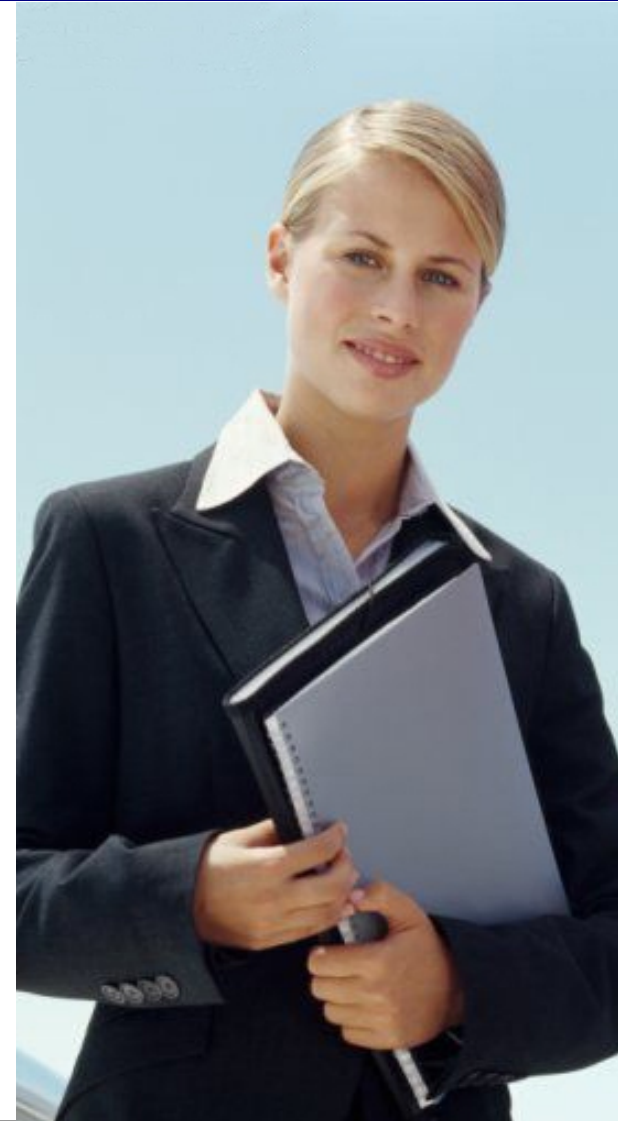
#3: An auto manufacturer requires all middle managers and above to attend leadership training.

#4: A national real-estate company replaces a mixed bag of new employee orientation mechanisms (such as documents to read, meetings, and online training) with an integrated web-based training.

Wrap-Up

What we'll cover ...

- **What are metrics?**
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Calculating ROI

$$\text{(Benefit - Cost) / Cost = ROI}$$

Example: Reduce transit technician repair time by 30 minutes per repair

$$30 \text{ min} \times \$100/\text{hour} = \$50$$

$$\$50 \times 1,500 \text{ repairs per year} = \$75,000$$

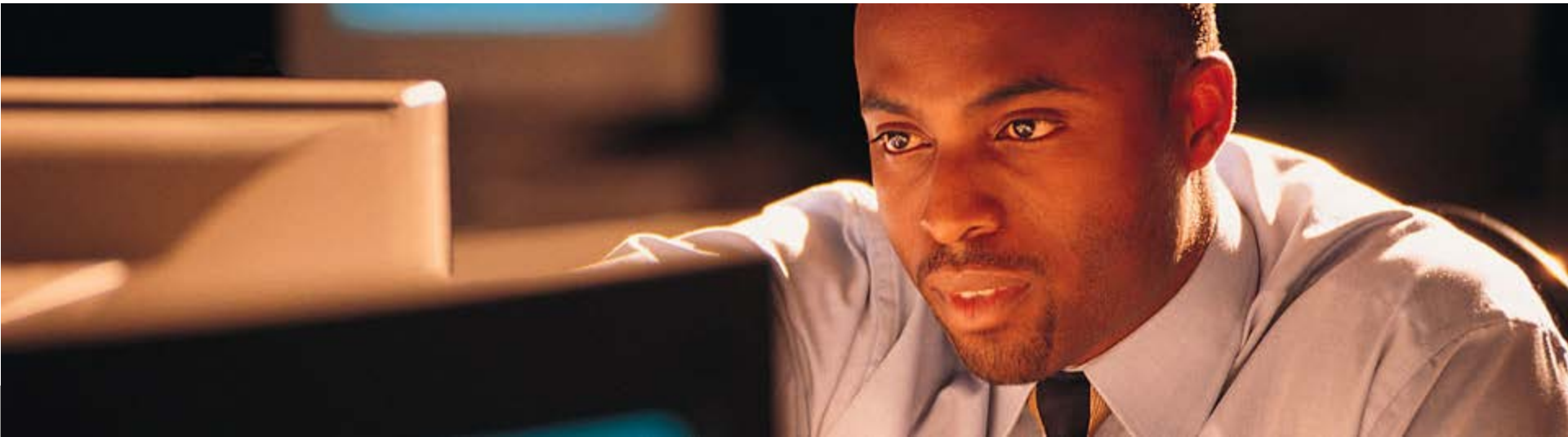
$$\text{Cost of training} = \$50,000$$

$$\text{\$ } (\$75,000 - \$50,000) = \$25,000 \text{ savings}$$

$$\text{\$ } \$25,000 / \$50,000 \text{ investment} = 50\% \text{ ROI}$$

Building a case for a training program

- Use conservative assumptions
- Focus on only one or two compelling metrics
- Keep it simple
- Document your assumptions



Calculating ROI

- **Break into the same groups.**
- **Using the same case study, calculate the ROI.**
- **Document your assumptions.**
- **Choose a group leader to present your ROI.**

Business cases



15 mins



#1: As a result of Sarbanes Oxley, a retailer requires all 150,000 employees to attend training on their sexual harassment policy. Topics include discrimination, retaliation, and harassment.

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#3: An auto manufacturer requires all middle managers and above to attend leadership training.

#4: A national real-estate company replaces a mixed bag of new employee orientation mechanisms (such as documents to read, meetings, and online training) with an integrated web-based training.

Wrap-Up

Key points to take home

- **Don't take your budget for granted**
- **Use higher levels of evaluation to speak to execs in your organization**
- **Capture the baseline before measuring**
- **Capture meaningful, tangible metrics with near-term benefits**
- **Estimate proposed ROI by:**
 - Documenting your assumptions clearly
 - Using conservative assumptions
 - Focusing on only one or two compelling metrics
 - Keeping it simple
- **$(\text{Benefit} - \text{Cost}) / \text{Cost} = \text{ROI}$**

Thank you!



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