

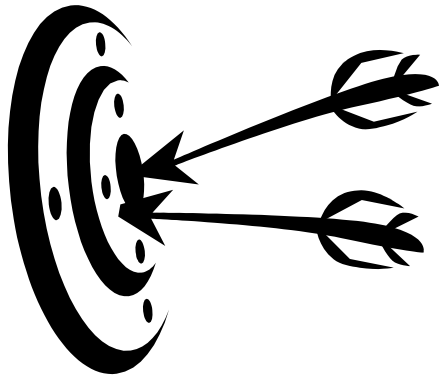
# The Value of Training

Alan Bellinger

CEdMA Meeting – MAY 2009



# Two Different Concepts



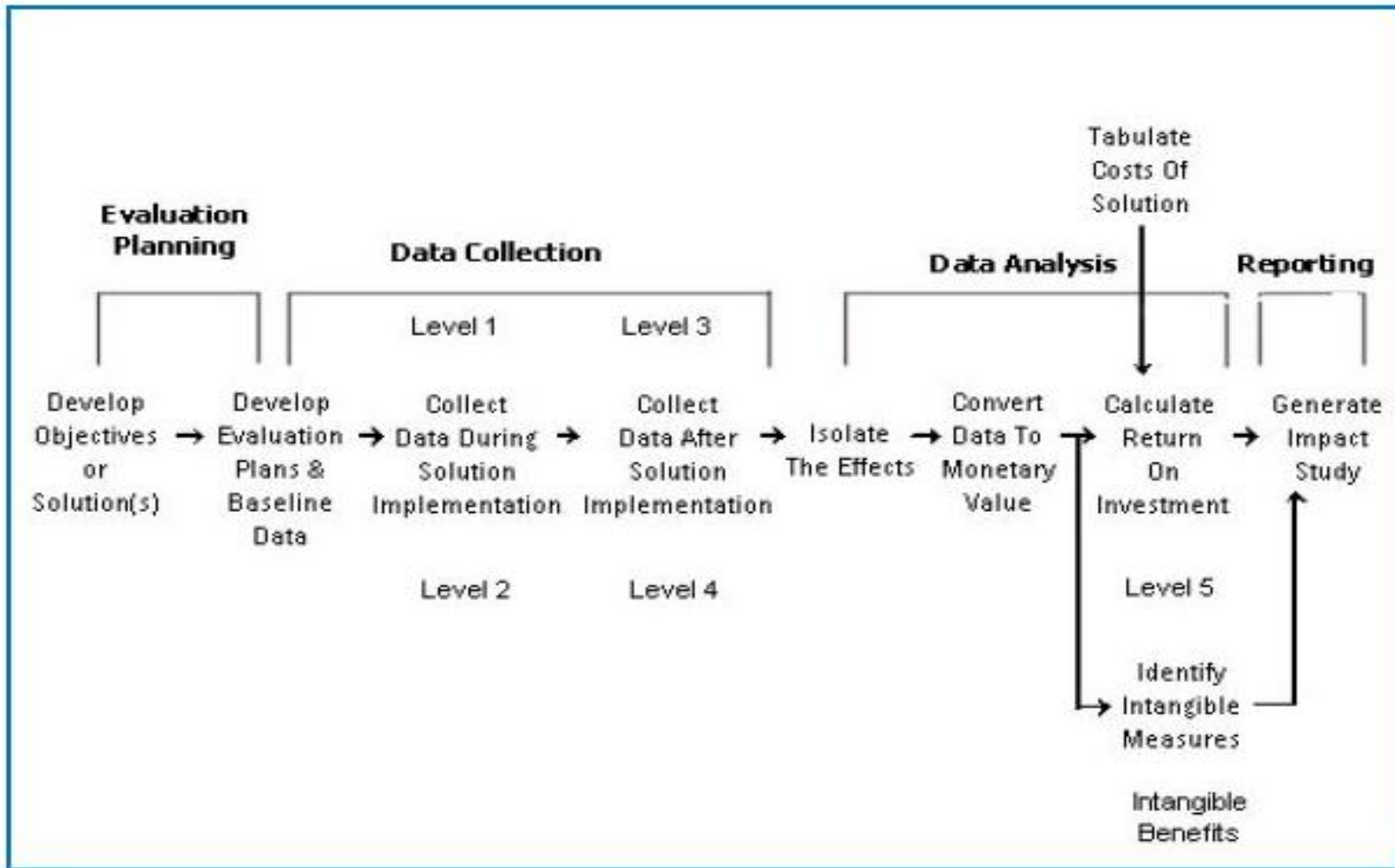
**The Value of Training**  
Before the Intervention

**The ROI**  
After the Intervention

**Positioning - Either**  
Value provides the metrics for the ROI  
**Or**  
ROI is redundant



# ROI – A Reminder



# So ... What's the Problem with ROI?



# So ... What's the Problem with ROI?

- Too Far
- Too Random
- Too Late



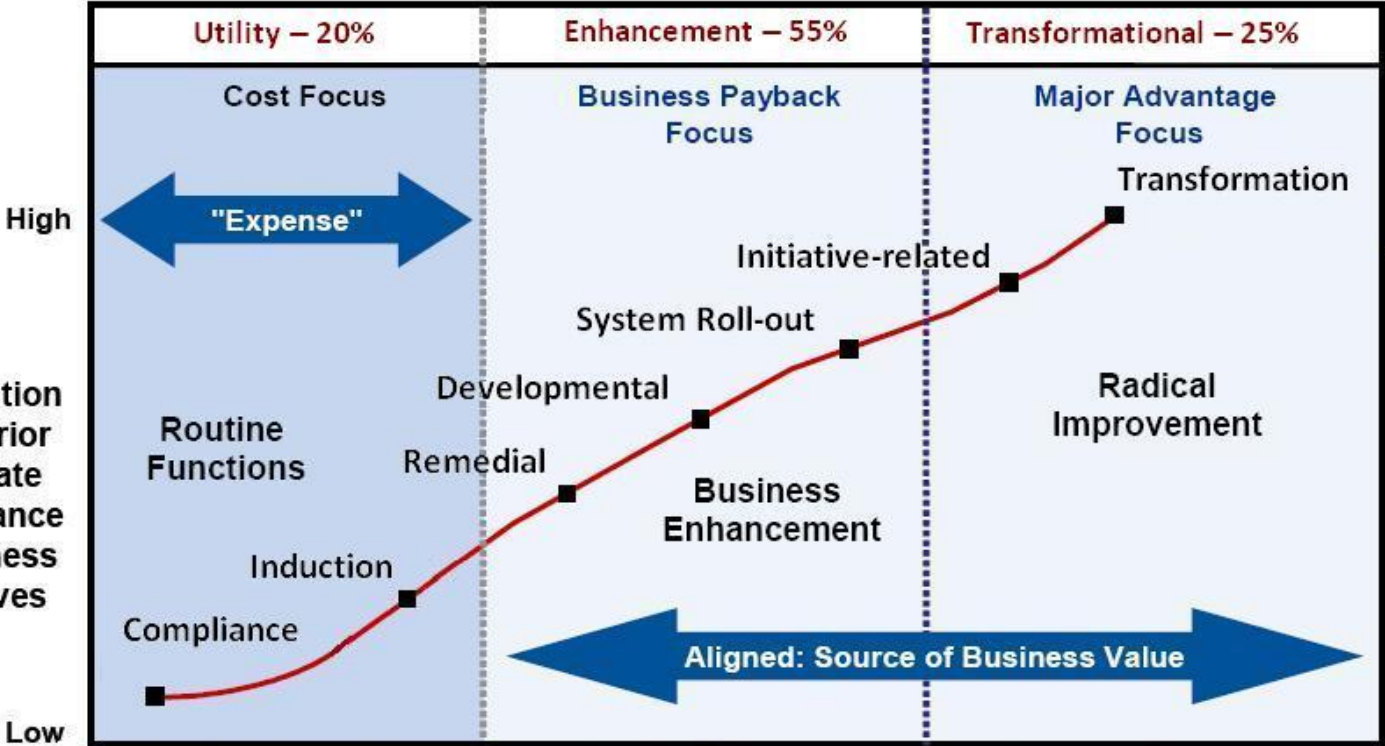
# ROI is “Too Far”

## The Concept of Revenue Distance

	S&M	Cus Svc	IT	Ops	Admin	Finance	HR
Induction	2	2	3	3	3	3	3
System Roll-out	1	2	3	3	3	3	3
Development	1	2	3	3	3	3	3
Transformation	1	2	3	3	3	3	3
Initiative	1	2	3	3	3	3	3
Remedial	2	2	3	3	3	3	3
Compliance	3	3	3	3	3	3	3



# ROI is "Too Random"




Contribution to Superior Corporate Performance or Business Objectives

# ROI is “Too Late”

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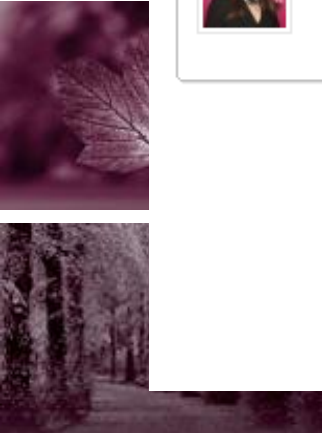
### Floor Walking - How Do You Measure The Benefits?

I was recently asked to provide KPI's and Performance Metrics for my Floor-walkers. My answer was, '..well, it's a perceptual thing and personal to the individual who benefits from the experience of the floor-walker...' The reply was along the lines of that's all well and good, but I need more than that.

So, my question to you all, How do you measure the benefits of Floor-walking within your organisations?

---

Posted 7 days ago | [Reply Privately](#)





# So – what can we do?

## The Four Training Drivers:-

- **Fix a current problem**

“Team 4 is underperforming relative to the other teams; we need to bring their performance in line with the rest.”

- **Create a new opportunity**

“We’re about to launch this new product line; we want everyone to be able to work with it following the launch”

- **Improve on current performance**

“We’re rolling out Office 2007; we want to ensure that everyone gets the most out of the system.”

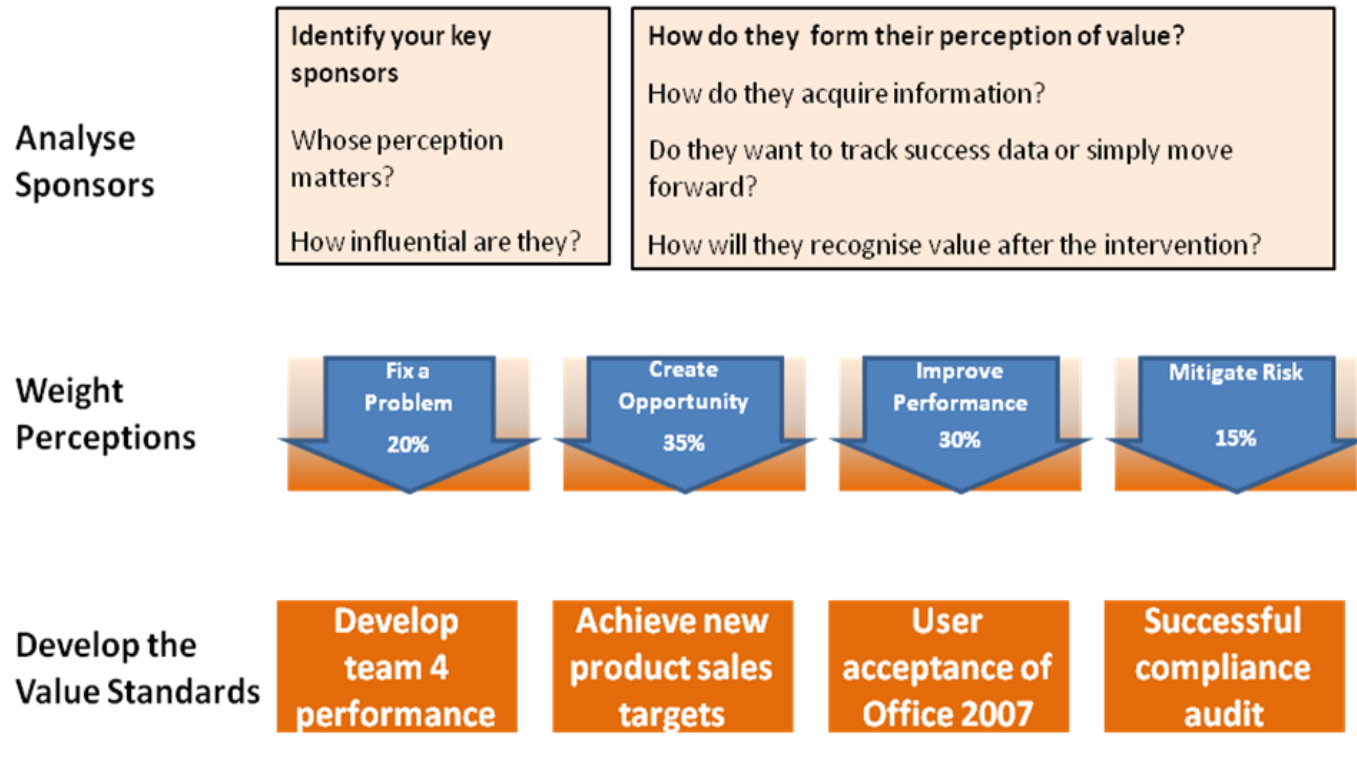
- **Mitigate risk**

“We have a compliance audit coming up next month; we need to ensure that we pass.”



# So – what can we do?

Fig 4 – Example of a Perception Index Framework



# The Weighted Indices

- **Fix a current problem**  
Cost £70K
- **Create a new opportunity**  
Cost £100K
- **Improve on current performance**  
Cost £140K
- **Mitigate risk**  
Cost £90K



# The Weighted Indices

- **Fix a current problem**  
Cost £70K; PI = 4.4
- **Create a new opportunity**  
Cost £100K ; PI = 6.0
- **Improve on current performance**  
Cost £140K ; PI = 4.0
- **Mitigate risk**  
Cost £90K ; PI = 3.5



# PI Calculation (Team 4)

Perspective	Weight	Score	Weighted Score
Problem	20%	60	12.0
Opportunity	35%	10	3.5
Performance	30%	25	7.5
Risk	15%	30	4.5
Total			27.5
Learners/ Value Add	0.8 / 1.4		30.8
Cost	£70K = 7 Units		
Value Index			4.4



# PI Calculation (New Product)

Perspective	Weight	Score	Weighted Score
Problem	20%	8	1.6
Opportunity	35%	75	26.2
Performance	30%	40	12.0
Risk	15%	2	0.3
Total			40.1
Learners/ Value Add	1.0 / 1.4		57.4
Cost	£100K = 10 Units		
Value Index			5.7



# PI Calculation (Office 2007)

Perspective	Weight	Score	Weighted Score
Problem	20%	10	2.0
Opportunity	35%	25	8.8
Performance	30%	75	22.5
Risk	15%	10	1.5
Total			34.8
Learners/ Value Add	1.4 / 1.0		48.7
Cost	£140K = 14 Units		
Value Index			3.5



# PI Calculation (Compliance)

Perspective	Weight	Score	Weighted Score
Problem	20%	20	4.0
Opportunity	35%	5	1.8
Performance	30%	10	3.0
Risk	15%	90	13.5
Total			22.3
Learners/ Value Add	1.0 / 1.0		22.3
Cost	£90K = 9 Units		
Value Index			2.5





# The Weighted Indices


- **Fix a current problem**  
Cost £70K; PI = 4.4
- **Create a new opportunity**  
Cost £100K ; PI = 5.7
- **Improve on current performance**  
Cost £140K ; PI = 3.5
- **Mitigate risk**  
Cost £90K ; PI = 2.5



# Calculating Value

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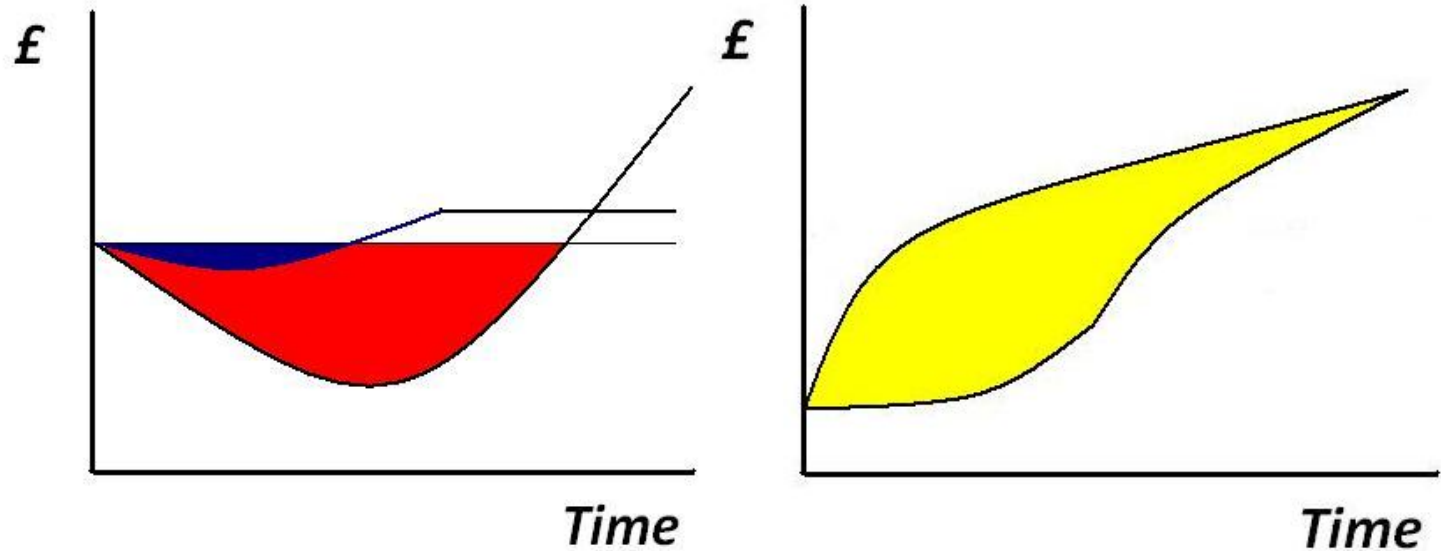
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# The Concept of Value

- Cost to Benefit Profile
- Business Value of Skills



*Time to Competence*

# What do we need to know to calculate value?



## Just 5 Numbers

or possibly 3!



# Calculating Value - Performance

1. Audience Size = 50 people
2. Learner Costs = £30K p.a. salary
3. Plus Overheads at 66%;  
so their *Average annual costs = £50K each*
4. Productivity Benefit = 20%;  
so *Value = £500,000*  
*(50 people \* £50K p.a. \* 20%)*
5. Delivery Costs = £125K;  
so *ROI = 4:1*



# Calculating Value - Risk

1. **Cost of Risk Exposure = £1m**
2. **Current Exposure to Risk = 15%;**  
**New Exposure after Intervention = 5%**  
***So Value of Intervention = £100,000***
3. **Delivery Costs = £50K**  
***So ROI = 2:1***



# Adopting a Value-Based Approach

	Planning	Execution	Follow-up
Financial Focus	Analysing the costs of delivery	Tracking of costs versus budget	Benefits based on Kirkpatrick
Value Focus	Perception Index to determine priorities	Checkpoint-based monitoring	Verification of expectations



Source: IITT Survey NOV 2007