

# Measuring the Return On Investment of Training



Today's economy has seen many changes, with the recession affecting almost every industry, training is one of those hit. IT training budgets have been cut and employee retention and development is the last thing on an organisations mind, yet training is now more vital than ever. Although measuring the return on investment from training is difficult in monetary terms, there is also the return on value to consider. In this guide we explore the reasons why training is important and the return it can provide to your organisation.

## Consultative approach

When trying to measure the return on investment from training it is necessary to fully understand what the training can and will deliver. It is important for all organisations to work out what they hope to gain from the training at the start and also the amount they are willing to invest. Customers should ask for training that is aligned with their business needs and ensure that these are met. It is important for companies to fully understand what a course or certification can bring to their organisation and this can only be achieved through consultation. Training should be seen as a necessity rather than an unnecessary cost and must form an essential part of your business strategy and continual service improvement plans.

Often companies will be put off by the cost of an employee's time away from the office. Tailored packages can help solve this issue; a two day intensive course may be more expensive however it removes the cost of an employee being away from their desk for a whole week. It is vital that organisation's discuss their training needs, time frames and costs with their training provider as training providers are now more able to offer tailored packages to suit a client's needs.

## Training Needs Analysis

Planning your training is essential for all organisations. It determines, prior to the training being undertaken, what training is actually needed. By planning your training you can determine the training needs of your staff, assessed in the context of your companies' IT plans, and training delivered which covers their specific needs. This is a more efficient approach to training a group of people and the level of benefit/time far outweighs that of a pre-constructed "one size fits all" programme. The training needs analysis also helps with the understanding of what the outcomes of training are and whether they were achieved, which will ultimately help gain an insight in to the return on investment the training has achieved.

The first stage is for the training provider to fully understand your business, the market you operate in and ultimately what you hope to achieve from training, this will help set the objectives of your training. The second stage would be to decipher the technologies or solutions that your organisation is taking or are in the pipeline and how this will affect your IT plan. By understanding the current network infrastructure and future plans this will focus the training effectively. The third stage is used to gain an understanding of the IT department, the roles and responsibilities of staff and also the workflow processes. This helps with the understanding of the amount of staff that require training and in which areas. The next stage involves understanding the individual requirements including specific areas of interest, timings and locations. In addition to this is where bespoke packages could also be offered. The fifth stage is where the highly

tailored plan is compiled and then presented along with the costs. The sixth stage will measure the success of the training plan and whether the objectives have been met.

Training as part of an IT project should be considered as part of the cost within the design of any new implementation, and training needs analysis will be vital to success of any IT project.

## Quality of Training

Ensuring that your training is of the highest quality is extremely important. Organisations should aim to have their training provided by accredited instructors. More importantly instructors should have real hands on experience. Being taught theory is one thing however the importance of real working experience is second to none as instructors can apply their working knowledge to the classroom. This will help with your staff being able to utilise the skills they have gained in the classroom directly into the workplace as soon as they return.

Smaller class sizes can also be a vital factor in the quality as these allow for more individual time with the instructor ensuring that all delegates completely understand what they are being taught and the course materials they have received.

In addition to ensure the quality of your training you should adopt fully authorised courses. By taking an authorised course all delegates will be provided with course materials directly from the vendor and therefore the quality and information delivered will be of the highest standard. Delegates should be provided with access to a certified instructor after the course. This enables delegates to ask instructors questions on the course content via the phone or email to ensure they can utilise the information in the work place and ensure they are fully prepared to take the certification exam.

## Competitive advantage

Many organisations believe that training is an unnecessary cost. However, training is not a cost. It's an investment<sup>1</sup>. In troubled times the best way to jeopardise and organisations future is to look at training as a cost, what is important is what we get in return.

Many organisations have unfortunately made cuts within their businesses, training allows for those smaller departments to be competent, stable and more effective within their positions, which will ultimately lead to a major competitive advantage and a return on your investment. Sending employees out on training exercises will help infuse your organisation with new and creative ways of solving problems.

Training should always form part your organisations growth plans and can be seen as one of the easiest ways to boost profit margins.

## Retention of employees

Training is a must for each employee in each position. Training is seen as a key factor in retention of employees. 80% of IT professionals worldwide consider increasing their skills vital to job satisfaction<sup>2</sup>. This is a key figure when analysing the importance of keeping your most talented employees, especially those that are young and aspiring. Staff turnover is a time consuming and a costly task, investing in your current employees will lead to a return on investment many times over.

Satisfied and happy employees are vital to a company's growth plans, encouraging employees to better their skills, gain a further insight into their company and ultimately giving them something other than their

---

<sup>1</sup> Price of not training, Dr Don Wetmore

<sup>2</sup> Acquiring new skills boosts staff retention and demonstrates ROI, Global Knowledge, 2010

normal daily work life to look forward to is paramount to their success and the success of your organisation. Learning new skills and interacting with new people will have a direct impact on productivity and the working environment. Developing the talent you currently have in place will become vital when the economy rebounds and the job market opens up, which is a time when you will want to retain your key talent. Employees that feel respected, satisfied and developed are more likely to stay loyal to a company that treats them well.

## Return on Investment through Commitment to Learning

By committing to the development and learning of your employees you will see a return on your investment in many different ways. By first compiling the objectives of your training you will now easily be able to measure the success and the return on investment of the training programme.

Training will have an impact on an organisation's bottom line; research shows that employee productivity and their ability to carry out their normal day to day tasks increases by 230%<sup>3</sup>. Employee performance is much improved and IT staff are more able to carry out their workloads, through fully understanding the solutions they currently have in place or about to put in place.

Investing in your employees will lead to staff retention which will ultimately save you money recruiting and training new staff, when current staff become despondent and choose to leave. Training programmes for some companies have seen staff turnover drop by 70% and led to a return on investment of over 7,000%<sup>4</sup>.

Another key to the return on investment of training programmes is the improvement of quality and productivity you will see. By implementing a training needs analysis you will have successfully met both an employer and employee need, you will now be able to increase the flexibility of your product offering. This will be achieved through better accuracy and efficiency, better working practices and customer satisfaction, in an IT scenario this will be less down time and reduced costs that may be passed onto the end user.

Training also has a way of flowing through to all departments within an organisation. Training can help with cutting down on wasted time and materials through a better understanding of the way to do things, which a trained employee can then pass on to fellow employees. Maintenance costs can also be saved, if a server is going down then a trained employee may be able to solve the issue.

Return on investment for training is hard to measure, and one of those is the culture of your workforce. Ultimately a positive culture that believes in their workforce, strives to better their skills, respects them and also invests in their talent will lead to a culture where there is a happy, innovative and successful workforce.

Innovise ESM Training enables organisations and individuals to gain more from their investment and invest in their skills, contact one of our learning advisors on + 44 (0)845 850 8060 for more information.

## About Innovise ESM Training

Innovise ESM Training is an independent, specialist IT solutions training company experienced in the delivery of Enterprise Service Management training solutions from key partners including CA, Cisco, HP, IBM, Novell, Tave and Service-now.com

---

<sup>3</sup> Understanding the business benefits of an employee training programme can sometimes be of an art than a science, Carl Dunker, 2006

<sup>4</sup> Understanding the business benefits of an employee training programme can sometimes be of an art than a science, Carl Dunker, 2006

Learn more at [www.innoviseesmtraining.com](http://www.innoviseesmtraining.com) or contact one of our learning advisors on + 44 (0)845 850 8060 for further information.