

The ROI of E-learning

Look at any major e-learning or learning conference today, and you cannot possibly escape sessions with ROI in the title. The Return on Investment question is one that has plagued the e-learning industry much more heavily than corporate learning as a whole, well at least historically. In future, I am not so sure. I believe this is something all learning projects and departments will have to deal with!

The ROI question should be fairly simple; calculate net benefit over total cost as a percentage. Well it sounds simple anyway. The answer is less simple, as anyone who's tried to work this for learning projects can probably testify. Translating those simple terms, net benefit and total cost, into meaningful numbers is where the problem lies. I emphasise the word *meaningful* here, particularly related to the net benefits number. Most people can come up with the cost but it's when we look at benefit that it all gets a bit hazy.

Benefits of learning projects are historically difficult to measure, and even more difficult to actually attribute specifically to the learning and not to some other external factor. As an analyst who has been reviewing corporate best practice with many major companies, it is quite clear that this is where they start to struggle. But let me defer this discussion slightly for a second, and ask one additional question, why are you asking for the ROI in the first place?

The motivation for looking at ROI tends to be for one of two primary reasons; either you need it to justify a project you want to do, or you need it to measure the effectiveness of what you actually did. A third, and less common reason, is to explore the potential ways of doing it and determining the best way to maximise the effectiveness of it. Mostly ROI is examined in advance, and frequently this is not followed up with a retrospective review of whether the ROI was actually achieved.

This is not just cynicism here. It significantly affects the process of working out the ROI. If we're doing it to justify a project in advance, we don't have any data yet as we haven't done it. All we can do is estimate it credibly. If we are evaluating something we have already done, then we can collect real data, but how do we attribute what result came about because of the learning rather than something else such as a market or product change. Different game altogether.

The e-learning industry is more used to dealing with these questions, even if it hasn't necessarily come out with good ways of working out the answers yet. E-learning projects have nearly always had to justify that e-learning was a good idea, i.e. had a good ROI. Classroom training has historically rather avoided it, as it was "obviously" a good idea. But not for much longer. My hypothesis is that all forms of training will have to deal with this question and in much more *credible* terms.

So let me finally come back to those two words, meaningful and credible. The biggest challenges for e-learning and learning in defining ROI are in developing robust processes for measuring benefits in specific terms that can be attributed to the learning activity. This requires much greater clarity of the outcomes, and much greater focus in the design of the learning. This isn't some nebulous Training Needs Analysis process. It is a detailed definition of measurable outcomes and rigorous analysis of how to impact those outcomes. It also involves focused measurement activity after completion of the e-learning to ensure that learning translates to changes in behaviour, and that translates into real business benefits.

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