



ROI and Business Value

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Increasingly Common Questions

- ▶ How do you measure the value of training?
- ▶ How do you show the value to management?
- ▶ How do you calculate the ROI of training?



"Learning Scorecard" Collaborative Project

- ▶ eLearnity collaborative research project
 - Sept – Dec 03
 - **B&Q, BP, BT, Coca-Cola, HSBC, Marks & Spencer, Vodafone**

- ▶ Structure
 - Independent profiling
 - Best practice research
 - 3 Workshops
 - Internal practice, External best practice, Synthesis & Devt

- ▶ Exec Paper / Slides = Email : **davidw@elearnity.com**

▶ Original Kirkpatrick Model (1959)

- Level 1: Reaction
- Level 2: Learning
- Level 3: Behaviour
- Level 4: Performance

You should already know this!

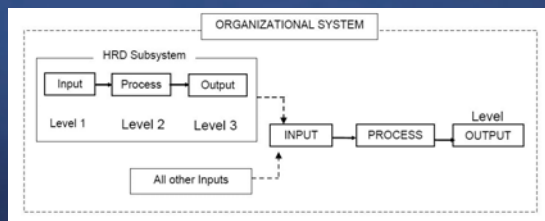
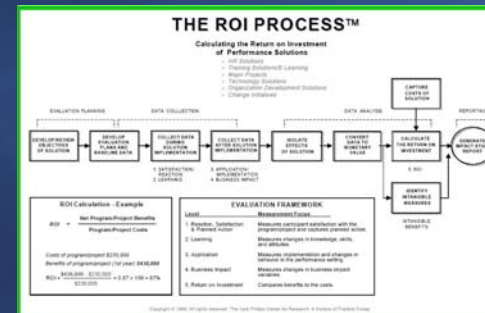
▶ ROI

- $\text{Net Benefits} / \text{Total Costs} * 100$
- Expressed as a percentage

▶ Simple Addition

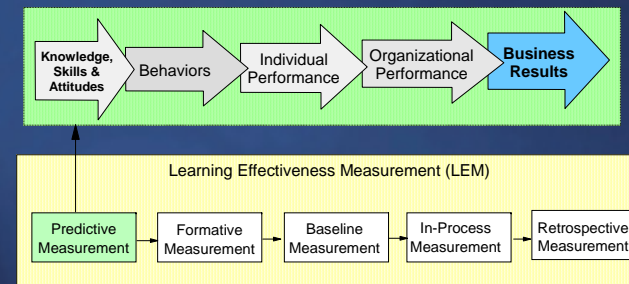
- Level 0: Activity
 - were they there?
 - did they do it?
 - did they complete it?

- ▶ Jack Phillips
 - ROI = Level 5 of evaluation
 - Graded application
 - High profile in US



- ▶ Greg Wang
 - Runs ROI.net
 - Metrics-based approach

- ▶ Dean Spitzer (IBM)
 - Learning Effectiveness Measurement
 - Predictive Focus / Causal Chain



- ▶ Standard reference point is Kirkpatrick (1-4)

- ▶ The Typical Corporate Profile ...
 - Level 1 : Reaction **Generally extensive**
 - Level 2 : Learning **Sporadic, specific programmes**
 - Level 3 : Application **Rare, one or two programmes**
 - Level 4 : Impact **Almost none, some pilots**

- ▶ Variations
 - A couple of organisations had very little focus on L1
 - One organisation was primarily focused on L2 assessment

▶ Kirkpatrick

- The standard training industry communication model
- Missing pieces, implication of false causality, start with L1
- **But is it too ingrained to change?**

▶ ROI

- ROI is not another level, it's a way of presenting business information
- The ROI equation is simple, it's **the data that isn't**
- Typically **retrospective** and **defensive**
- Very difficult to get to attributable impact data in most cases
- Estimation by learners is just that, an estimate

What about Reactionnaires?

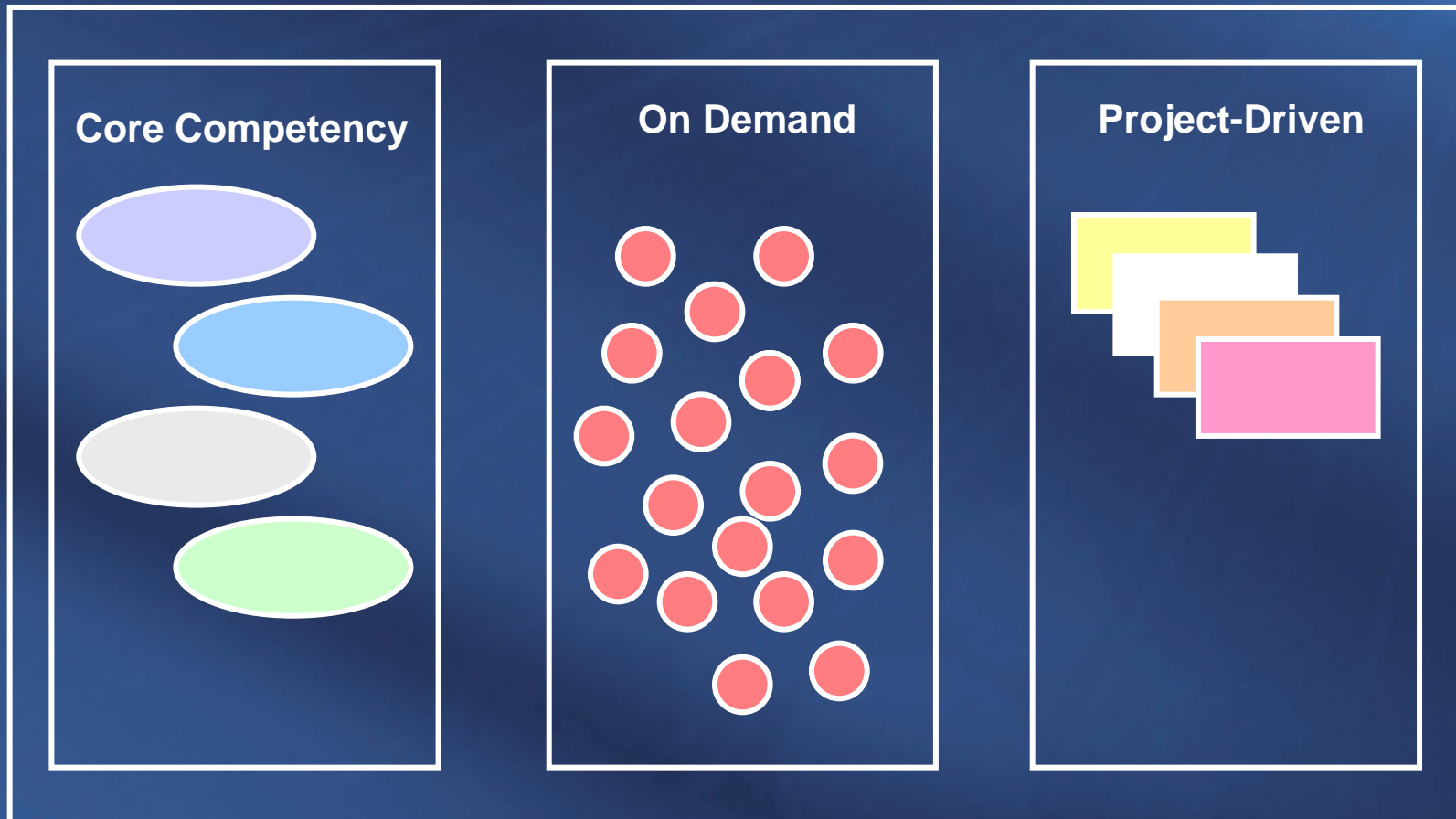
- ▶ KP L1 (Reaction) is not a measure of value
 - Feedback on the learning process only
 - Some use for learners = opportunity for constructive feedback
 - And learning management = opportunity to tune learning process
 - Should be a background process
- ▶ Not a primary focus for valuable resources unless
 - Specifically demanded by the intervention
 - E.g. pilots, high cost, high sensitivity
 - Sampled in scale
- ▶ Recommend
 - Capture Activity information and focusing on the other levels!



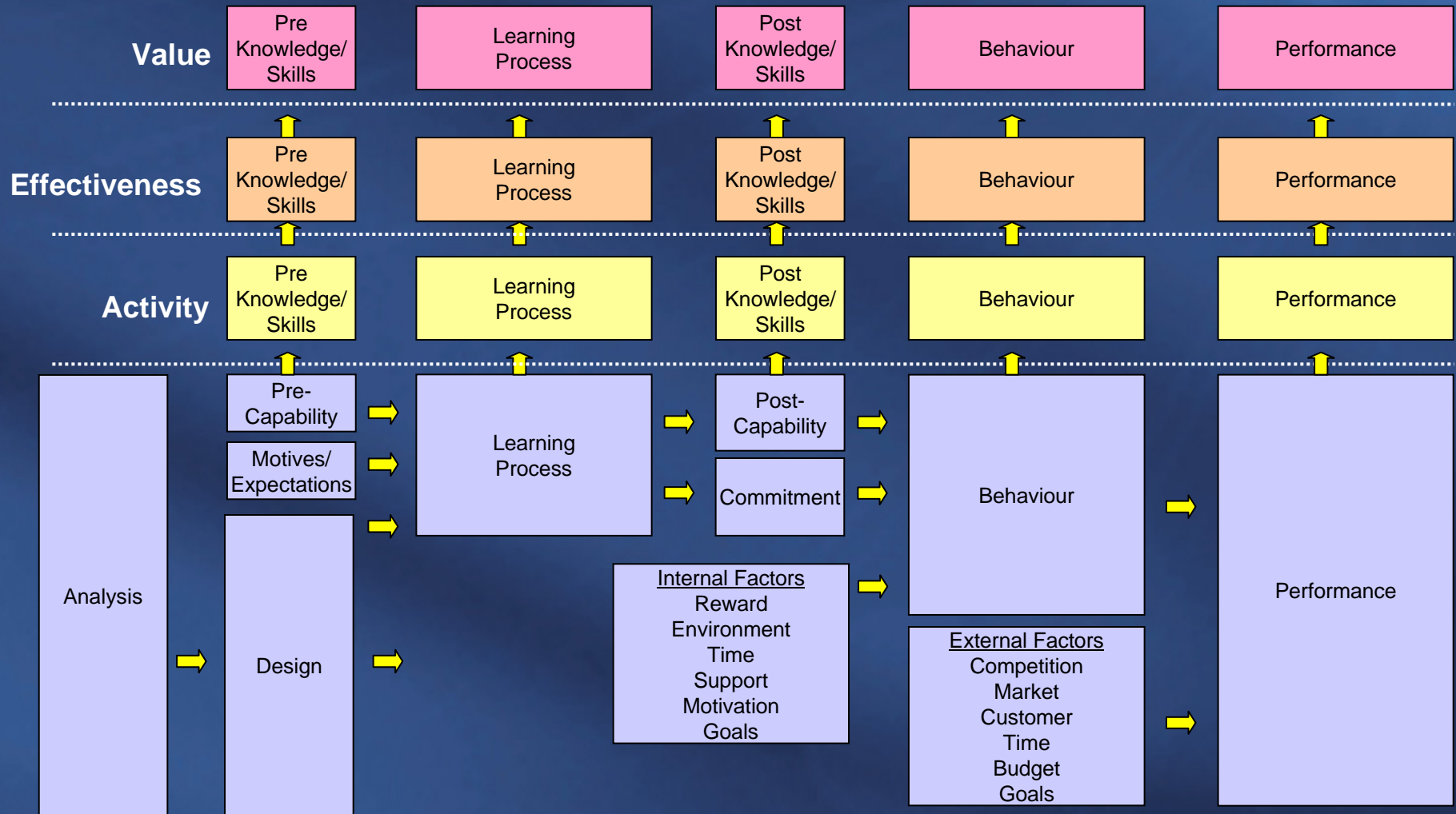
Learning Value Needs To...

- ▶ **Align** with the business
 - Performance metrics, business scorecard
 - Business credible
- ▶ Be **viable**
 - What's the ROI of working out the ROI?
- ▶ Need to deal with the **specific** and the **general**
 - Core Competency, On Demand, Project-Driven (= the **Learning Portfolio**)
 - Capable of **aggregation**
- ▶ Value can be assessed at **all levels**
 - As can ROI, don't need always to get to KP4
- ▶ More **Predictive** value = Shaping the Future
- ▶ Some **Retrospective** value = Analysing the Past

Aggregated Learning Value Framework



Valuing the Learning Portfolio	Core Competency	On Demand	Project-Driven
Driver	Organisation	Individual	The Business Project
Success	Performing role with requisite knowledge/skills	Addressed specific learning needs	Meet specific project learning goals
Level of Assessment	Behaviour (L3) & Learning (L2)	Learning (L2)	Defined by project Often Impact (L4)
Valuation	Organisationally (Human Capital)	Aggregated (Benchmarked)	Directly (Outcomes)





Putting it Together The "Learning Scorecard"

Learning Scorecard	Core Competencies	On Demand Learning	Project-Driven Learning
Value			
Effectiveness			
Activity			





A Value Management Tool?

Benefit and Cost Factors

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Benefit ID: Factor Title: Unit of Measure:

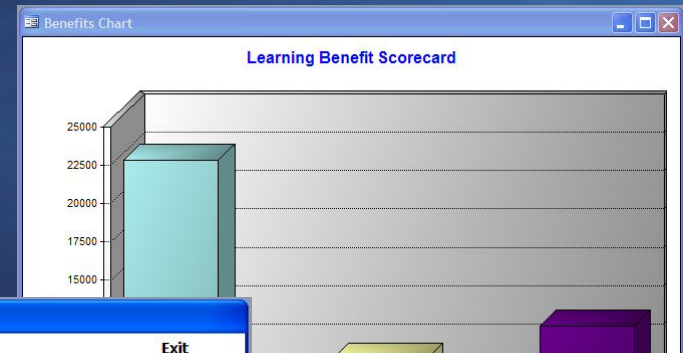
Type: **Cost Factor** | **Benefit Factor**

This represents a cost of the learning | The objective is to lower the current value

Description: A decrease in the number of calls that a... because they don't have the skills, know... is measured in the cost of the staff time a...

Hints and Tips on this factor: You can get the data to underpin this be... systems in the Call Centre. It is usually av... Ask Jim Woodward on Extension 2343 fo... This factor was accepted and used as ju...

Record:



eLearnity Learning Evaluation

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Learning Evaluation System

Welcome to e-Learnity Learning Evaluation website.

This site allows Learning Professionals to access data on their learning projects and to assess them against a known list of benefits.

The site is updated automatically when new benefits are added and can produce detailed reports for individual projects or for an entire learning catalogue.

NEW - The Retail Sales benefits list has been comprehensively reviewed and updated. Validation is not yet complete by the Retail Oversight team, so please take care with the figures.

! NOTE - The Learning Scorecard report is off-line whilst we make some substantial improvements. It will be available again from 10:00 on Friday.

[Manage Projects](#)

[Learning Scorecard](#)

Use the buttons above to access the list of projects and their benefits.

To change any of the other data used in the system, or to view reports, use the right hand menu.

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Learning Project Evaluation

Advanced Referral Techniques
Project Sponsor: Sara Hutchinson

A decrease in the number of referrals which are rejected by the Sales team as being inappropriate.

Accurate Referrals
An increase in the accuracy of the referrals made to another sales team so that the customer opportunity has been accurately identified and time is not wasted in re-referrals or lost opportunity. Measured by an increase in the close rate of referrals.

Starting Position	Target Position	Current Position	Value per Unit	Assigned %	Target Saving	Current Saving
870	1280	1025	£145	100%	£59,450	£22,475

Classroom Hire
The cost of hiring/using a classroom for each iteration of the event.

Starting Position	Target Position	Current Position	Value per Unit	Assigned %	Target Saving	Current Saving
0	4	2	£95	100%	-£380	-£190

Total Target	Total Current
£59,070	£22,285

- ▶ Further Research = developing & validating further
 - Piloting in specific organisations / projects
 - Philosophy / Process / Tools / Application
 - Please email me if you would like to explore further

- ▶ Also a public domain Executive viewpoint paper

- ▶ Information on becoming a research client
 - Access to underlying research and tools
 - Access to other research areas, content and market analysis

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