



Your Partner in Corporate Education

# Focusing On The Value Of Training

## White Paper

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## Focusing On the Value of Training

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### Introduction

*“An investment in education always pays the highest returns.”* Benjamin Franklin

Companies who treat training as an investment in their future understand the connection between development, engagement and performance. Their goal is to use training as a strategy to improve their overall performance. Recent findings suggest that it’s working.

### Learning Cultures Outperform

Organizations with strong learning culture significantly **outperform their peers across a variety of metrics.**

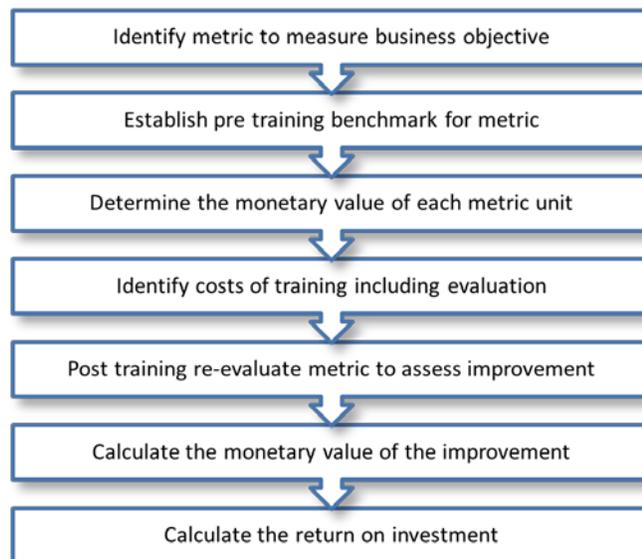
- 46% more likely to be first to market
- 37% greater employee productivity
- 34% better response to customer needs
- 26% greater ability to deliver "quality products"
- 58% more prepared to meet future demand
- 17% more likely to be market share leader ([Bersin & Associates, 2012](#))

These findings and others like them support the conclusion that investments in developing human capital yield a positive ROI either directly or indirectly through increased engagement. What the findings don’t provide, however, is a window into the specific return of any one training program. **At Global Corporate College, we believe that the key to both determining and improving the ROI of individual training programs is creating explicit links to application and sustained behavior change.**

## Measuring ROI

In terms of training, Return on Investment (ROI) describes the amount of money a company either saves or earns as a direct result or indirect result of a specific investment in training. For example, through training a firm may be able to increase sales or productivity. Positive returns are also generated if companies can decrease costs.

The process to measure ROI begins with determining the business objectives of the company and how achievement of the objective is quantified. Once the metric has been defined, investigate the value of improving performance.



For example, if the objective is to reduce turnover, take steps to determine the cost of each turnover in the organization then establish a benchmark level of performance. After the training, use the same measurement process to determine the impact of the training on the turnover and, by extension, on the value of the improvement in turnover rates.

For broad based leadership development training, measure ROI by focusing on the application of each skill developed in the session. For example, in the Global Corporate College course, [Communicating Like A Leader](#), participants learn ways to use communication to build commitment and influence outcomes. They then learn various ways that they can apply the skill to generate results including:

- Improving employee engagement
- Building commitment to specific change initiatives
- Reducing conflict

To measure the ROI of the program:

1. Create a metric for each potential outcome and calculate the value of improvement.
2. Establish benchmark levels of performance.
3. Identify the costs of training.
4. Measure improvement for each outcome.
5. Calculate the TOTAL return.

## Improving ROI

To improve the return on your training investment, first make sure that you are addressing the right skills. Begin with skills that are aligned to identified business objectives and then assess the potential for positive impact.

<b>Business Objective</b>	<b>Potential Skills Gaps</b>	<b>Ways to Assess Gaps</b>
Increase sales by at least \$250K per salesperson	<ul style="list-style-type: none"> <li>• Prospecting</li> <li>• Closing</li> </ul>	Compare sales closing ratio to industry average
Decrease turnover by 15%	<ul style="list-style-type: none"> <li>• Onboarding skills</li> <li>• Communication skills</li> </ul>	Skill based assessment of employees and supervisors Review termination data
Increase number of positions internally filled by 30%	<ul style="list-style-type: none"> <li>• Career planning</li> <li>• Critical Thinking</li> <li>• Planning</li> </ul>	Review of competency models

Other ways to enhance the impact of training:

- Use training to spread good ideas by building programs that encourage participation and promote the sharing of best practices.
- Promote sustained behavior change by reinforcing training:
  - Engage learners before session
  - Contextualize content to make it meaningful
  - Engage managers/supervisors to support learning process
  - Provide opportunities for participants to apply new skills through action learning
  - Create multiple opportunities for feedback

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## Resources

[Bersin & Associates, 2012](#)

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