



Basics of building an ROI for your Training Organization

Organizations are under pressure to justify various expenses. The training budget is more often than not exempt from this process. There are a number of questions raised on the value derived from training programs—both directly and indirectly. Business heads and training managers are under pressure to prove the effectiveness of training.

Donald Kirkpatrick developed one of the most popular methodologies for measuring training effectiveness. This model articulates a four-step process.

* **Level 1:** Reactions.

At this level, we measure the participants' reaction to the program. This is measured through the use of feedback forms. It throws light on the level of learner satisfaction. The analysis at this level serves as inputs to the facilitator and training administrator. It enables them to make decisions on continuing the program, making changes to the content, methodology, etc.

* **Level 2:** Participant learning. We measure changes pertaining to knowledge, skill and attitude. These changes can be attributed to the training. Facilitators utilize pre-test



and post-test measures to check on the learning that has occurred. However, it is important to note that learning at this level does not necessarily translate into application on the job.

Measuring the effectiveness of training at this level is important, as it gives an indication about the quantum of change vis-à-vis the learning objectives that were set. It provides critical inputs to fine-tuning the design of the program. It also serves the important aspect of being a lead indicator for transfer of learning on to the job context.

* **Level 3:** Transfer of learning. At this level, we measure the application of the learning in the work context, which is not an easy task. It is not easy to define standards that can be utilized to measure application of learning and there is always the question that preys on the minds of various people: 'Can all changes be attributed to the training?'

Inputs at this level can come from participants and their supervisors. It makes sense to obtain feedback from the participants on the application of learning on the job. This is done a few weeks after the program, so that it gives the participants sufficient time to implement what they have learned. Their inputs can indicate the cause of success or failure; sometimes it is possible that learning was good at level 2, but implementation did not happen due to system-related reasons. It can help the organization deal with the constraints posed by systems and processes, so that they do not come in the way of applying learning.

* **Level 4:** Results.

This measures effectiveness of the program in terms of business objectives. At this level, we look at aspects such as increase in productivity, decrease in defects, cycle time reduction, etc.



Many organizations would like to measure effectiveness of training at this level. The fact remains that it is not very easy to do, as it is improbable that we can show direct linkage. However, it is worthwhile making the attempt even if the linkage at this level is indirect.

It is possible for organizations to measure effectiveness for all programs at level 1 and level 2. This can be built into the design of the training program.

I have found that it is easy to measure training programs related to technical and functional areas at level 3 and level 4. It is not easy to do this with behavioral skills programs. Organizations that choose to measure training effectiveness can start with the former category, before moving to measuring behavioral skills at level 3 and level 4.

I will articulate an example to show how we can measure some training programs at levels-3 and level 4. Let us consider the case of an IT services company that conducts technical training programs on products for their service engineers.

Learning at level 2 can be measured at the end of the program by the use of tests—both written and practical. Measurement at level 3 is possible for these programs by utilizing the wealth of data the organization will have on calls attended by engineers at various customer sites. This data is generally available in “Call Tracking Systems”.

I have found valuable insights by comparing data pertaining to the period before the training program and after the training program. To simplify analysis, we can take a 24-week cycle—12 weeks prior to the training and 12-weeks subsequent to the program. The data gives a picture on aspects such as:



- How many calls did the engineer attend on the given product prior to and after the program? We need to analyze this data. If sufficient calls were not taken after the training, is it because there were no calls in this category or because the engineer was not confident to take calls?
- Comparison of the average time to complete a call. Did the cycle time to close similar calls reduce?
- Comparison of the quality of the solution, e.g. did the problem occur again within a specified period?
- Did the engineer change parts, when they were not required to be changed? Such speculative change of spares, give an indication of the diagnostic capability of the engineer. Organizations get to know the details of such speculative changes, when a so-called defective spare is returned by the repair centre with a statement that there is “no problem with it”.

The data from the call tracking system and other related data give a clear indication of application on the job. However, I will not attribute all of the transfer of learning to the training. It is possible that the organization has instituted mechanism such as mentoring, sending new engineers on calls with senior colleagues, etc, to enable them to also learn on the job. Hence, the data needs to be interpreted keeping the overall environment in mind.

This data can also be utilized to measure effectiveness at level 4. It is easy to calculate productivity increases and cost savings for the example cited above. The measures from level 3 can be converted into revenue or cost saving figures.

Similarly, it is possible to conduct measurement in the areas of software development, manufacturing area, accounting, and other such functional skills. There are prerequisites to conduct effectiveness of training at this level. It is important



for the organization to institute strong indicators to measure performance levels.

There are mechanisms to measure effectiveness of behavioral skills at level 3. These are cumbersome to implement. It needs a fair amount of investment by the organization in terms of time and money. Organizations that have chosen to implement assessment centers have been able to measure learning at this level. Assessment centre is a large topic on its own and has been kept out of the scope of this article.

My suggestion to organizations that embark on measuring effectiveness of training is to measure all programs at level 1 and level 2. The measures at level-3 and level-4 can start with the functional skills, before moving on to the behavioral skills programs.

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