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Case Study on Measuring Training Effectiveness - Part 1

Six months ago, your training department concluded a training program for 20 Customer Service Representatives. CSR's deal with customer problems by phone and complete paperwork as necessary to correct or resolve issues the customer has identified. Usually these problems relate to order fulfillment, product quality, or technical questions. You plan, now, to follow up with a level-four assessment of the training program's impact.

The five-day training program will be repeated at least three more times in the next year to include the remaining 55 CSR's who were not able to go through the initial offering, and then will be offered as needed each time enough additional new hires are added to the staff.

Does an ROI (Kirkpatrick level-four) assessment make sense in this case?

<i>Issue</i>	<i>Do assess when ...</i>	<i>Usually do not assess when ...</i>
Level of training objectives		
Frequency of training		
Duration of training		
Future of training		
Expense of training		
History of training		
Other issues		

If so, what sort of data will you need to collect to be able to complete the project?

Break into groups & make a list below:



Case Study on Measuring Training Effectiveness - Part 2

Suggested answer to Part 1 table:

<i>Issue</i>	<i>Do assess when ...</i>	<i>Usually do not assess when ...</i>
Level of training objectives	Kirkpatrick's 4 or 3 (maybe 2?)	Kirkpatrick's 1 (maybe 2?)
Frequency of training	High	Low (infrequent)
Duration of training	Long – several days on up	Short – less than 1 day
Future of training	More offerings expected	No or few offerings to come
Expense of training	High	Cheap
History of training	Enough to get useable data	New or no records to use
Other issues	Organizational politics, resources available, flexibility & intangibles	

A program assessment makes sense because the program is lengthy and will be repeated. Presumably, it can be changed or improved if necessary.

You need to know at least:

- The reasons the training was requested (i.e., what problems and objectives were identified).
- The cost of the training program.
- Performance data for either (a) before and after training, or (b) trained vs. untrained CSR's.
- The net value of improvements which resulted.

Where might you find the information listed above in a typical organization?

List below some possible primary and secondary sources for this data.



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Case Study on Measuring Training Effectiveness - Part 3

If a needs analysis was done, what gap was identified? It should be reflected in the training objectives for the program. If there are level 4 objectives, these will be the key for the measurement. If not, you'll need to work with whatever level 3, 2 or 1 objectives you can.

The cost of the training will include both direct and indirect amounts. At a minimum, consider:

- The trainer's cost in developing and presenting the course (hours x salary)
- Any materials that had to be ordered or reproduced for the course
- Room rental, if any, refreshments, etc.
- Compensation for participants including trainer
- Any other overhead allocation

The benefit of the training (remember, this usually can't be measured immediately) will include:

- What change in performance has occurred since the training (AND/OR) what differences are there between the performance of CSR's who attended the program and those who did not?
- What portion of that change or difference can be attributed to the training program?
- What dollar value can be assigned to each unit of change?
- What other related value can be documented based on discussions with key individuals?

The sources of information regarding these bullet pointed items will vary according to the business practices of each individual organization. Training costs can probably be determined by the accounting office. The Δ (change) or difference in performance can possibly be ascertained by phone logs or other documentation kept by the CSR's or their administrator. The portion of the change which can be attributed will need to be negotiated with key individuals such as the responsible manager. Allowances will need to be made for any historical trends (for example, would numbers have improved some over the six months even without training, or were the trained people more, equally or less productive than the untrained prior to the training). The per unit dollar value will probably need to be a weighted average across all types of issues which the CSR's address. Other factors which might impact the final number include such things as reduced turnover among CSR's, lower staffing levels needed due to better training, improved customer satisfaction, and so on.

The cost and benefit figures for this program, based on the study are detailed on the following page.



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Part 3 continued

For this case study, the following information has been documented by the company.

1. A group of three trainers developed and presented the 30 hour program. A standard measure is to presume 12 hours of development time for each hour in class if the developers already have a sense of the material (i.e., they don't have to do lots of research). The average salary and benefits of the trainers is \$25/hour. \$9,000
2. The expendable materials for the class cost approximately \$55 per trainee. \$1,100
3. The room was in-house and no fee was charged.
4. Coffee and snacks totaled \$850 for the week.
5. Other CSR's were paid overtime to help cover for the individuals in training. 36 people received an average extra 15 hours of work at time-and-a-half over their usual average of \$18/hour for wages and benefits. \$12,960
6. No other overhead charges were applied to this program.
7. The 20 trained CSR's now handle an average of 4.5 more calls each per week than they did before the training.
8. A look at individual records for the past year indicates that the volume handled prior to and following the training were both reasonably level, so no maturation factor is implied and the 4.5 unit increase can be directly attributed to the training. Also, untrained CSR's are not handling as many calls as those who went through training. A per unit cost is not meaningful due to wide variations in the nature of the calls which are handled.
9. No data on employee turnover is available after only six months, but due to the increased call handling, two of the non-trained CSR's who left the company were not replaced. Productivity has not been noticeably reduced by their absence. The annualized cost for a CSR in wages and benefits averages \$31,104.
10. The organization hires a company similar to J.D.Powers to run annual customer satisfaction surveys. Customer satisfaction is up over last year, according to this independent survey, and the polling company assigned a \$50k annual benefit to that intangible. Management estimates that perhaps 15% of that effect may be due to the training program, especially since only 20 out of 75 CSR's have completed the training, and they have only been trained for six months.

Compute the ROI on the training program.



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Solution to the Case Study

Costs:

- Development & delivery \$ 9000
- Materials \$ 1100
- Snacks & coffee \$ 850
- Coverage for participant workloads \$12960
- TOTAL COST (of initial program) \$23910

Benefits:

- Reduced annual cost of CSR's \$62208
- Benefit to customer satisfaction \$ 7500
- TOTAL RETURN (annualized 1st year) \$69708

ROI:

- 192% $((69708-23910) \div 23910)$ or it could also be phrased as an ~\$45,800 benefit .
- Note that subsequent delivery costs would be less since the \$9,000 development cost is a onetime expense, unless the program is changed before subsequent offerings.

Additional Notes: