



Measuring the ROI of Software Training

What is Ongoing Technology
Training Worth?



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Intro

Many people question whether software training is useful. Is spending time away from your busy schedule to learn more about technology really going to benefit you and your organization? In one pointed, brief example we'll walk you through how software training can be not only beneficial, but a positive return on investment.

At Versitas, we understand the needs and challenges of creating effective employee training. Understanding how to measure and value training ROI can help you maximize your time and budget.

In a Versitas Excel class, a woman clearly voiced her skepticism about training. She was frustrated because she had to attend the mandatory training. She felt that anything she needed could be found by doing a quick search on the Internet. She did not want to sit through a three-hour class to learn how to integrate a new version of the software with their current database.

We went through many tasks that she would be responsible for using daily. While she could have found some of those tasks on the Internet, other items we did were very specific to the data she would be pulling from a database.

When asked about her weekly time savings at the end of the session, she estimated saving over 5 hours. That's 260 hours a year! Wow! Even though she originally thought the class was not worth her time, the training had definitely paid off! She was excited to go and share the information with her teammates.

She said her knowledge would help the whole group to work faster and better, improving their performance metrics and reducing their division's costs. The ROI for her training had paid off not only for her own productivity, but for the company as a whole.

Is software training worth it?

Ask many people at the beginning of a technology training class if they can spare time away from their desk. Most will say 'no'. You will find that some people are exasperated about not getting their work done because they are in the class. Don't be surprised if you hear people say that it's a waste of their time.

At the end of almost every training session, when those same previously frustrated people are asked about the value of the training, most of them enthusiastically agree that they have gained something of value. They have learned so much that it outweighs the time they missed while they were away from their desks.

Quantify the Benefit

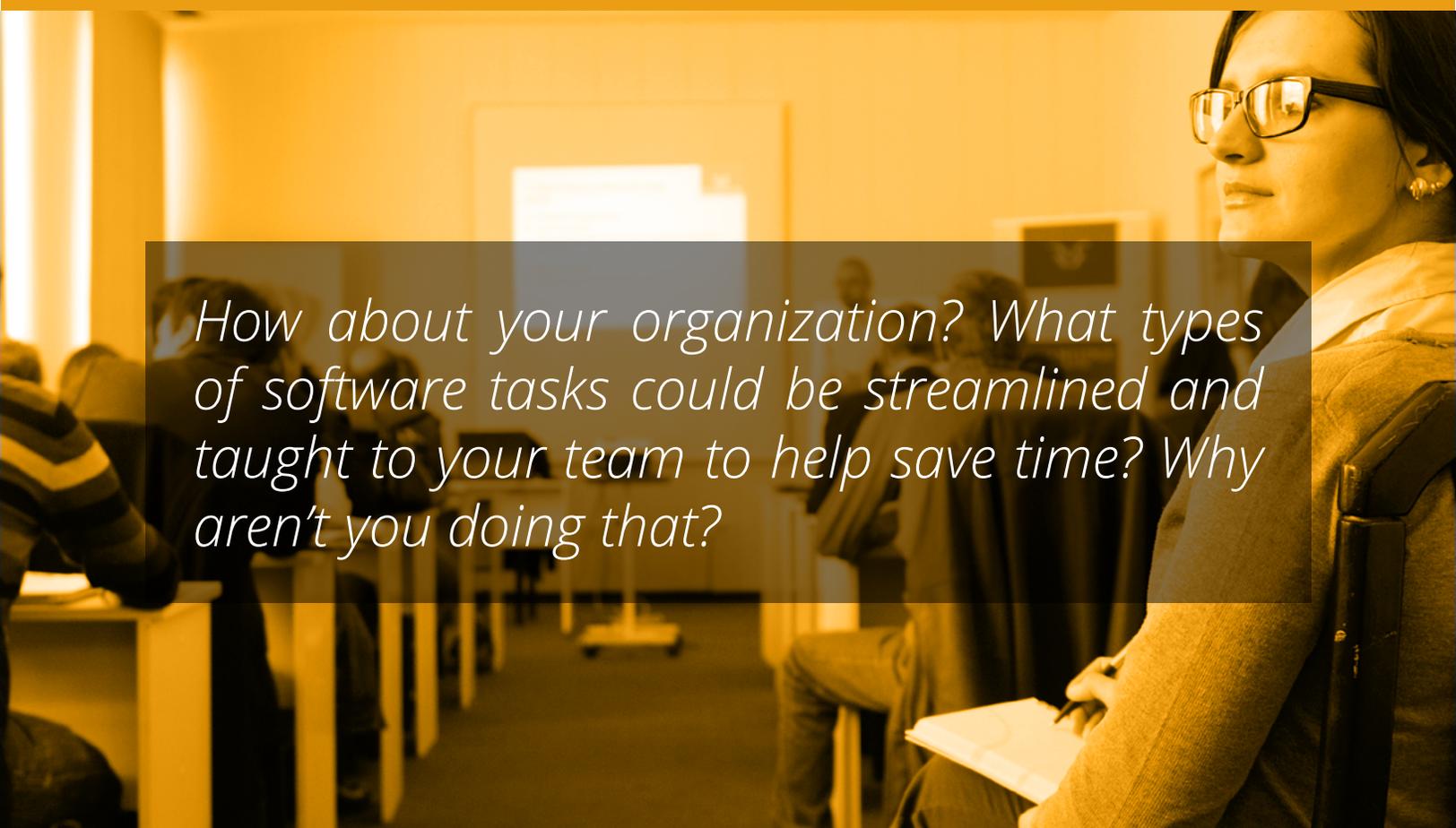
From a qualitative perspective, the participants can see that the training was worth it. But, how do you quantify that benefit? Begin by looking at how much time the new knowledge and skills will save each participant per week. Then, look at what the savings would be over a month or even a year. Think about that benefit in terms of the hourly rate of that employee over the week, month, or year.

Share the Knowledge

Next, consider the additional value of the training participant who shares his or her new knowledge with others in his or her department/team. What dollar savings could be attached to that time savings for a whole department? Can you see how even one person in a customized training class could rack up a huge time savings for a company? With multiple people in a session from the same or different departments, the cost of the training is easily absorbed into the budget due to the total time savings for the team or company.

Streamline the System

Another consideration is how systems within the company could be streamlined with the use of new technology skills. Instead of using paper forms, participants in a Word or Outlook class could learn how to create online forms and templates. The time savings would increase exponentially as standard procedures are updated and made more efficient. Long-term effects of training will trickle down across the whole organization.

A woman with glasses is seated in a classroom, looking towards a presentation screen. The room is dimly lit, and other people are visible in the background. A semi-transparent text box is overlaid on the image.

How about your organization? What types of software tasks could be streamlined and taught to your team to help save time? Why aren't you doing that?

What is the ROI of Software Training?

In a 2013 article by the [ROI Institute](#), author [Gary M. Stern](#) notes that “92 out of 96 Fortune 500 CEOs said that they are most interested in learning the business impact of their learning and development programs, but only 8% see that happening at their companies now.”

Investors and stakeholders at all levels are demanding accountability. Each role is asked to quantify and support their initiatives and sometimes even their existence. ROI helps support what all trainers know: training is important and needs to be invested in.

Use the Variables

Quantifying something with so many variables seems very difficult at first glance. But, professionals must provide something to substantiate the current training initiatives to the bottom line. Over the years, training of all kinds has been shown to improve profits, increase revenue per employee, and boost a company’s financial performance. A [Howard Community College article](#) stated that the American Society for Training and Development found a 45 percent improvement in shareholder return in companies that invested in training and development versus the shareholder return in the average stock market [Standard and Poor’s 500 index](#).

Quantify the Variables

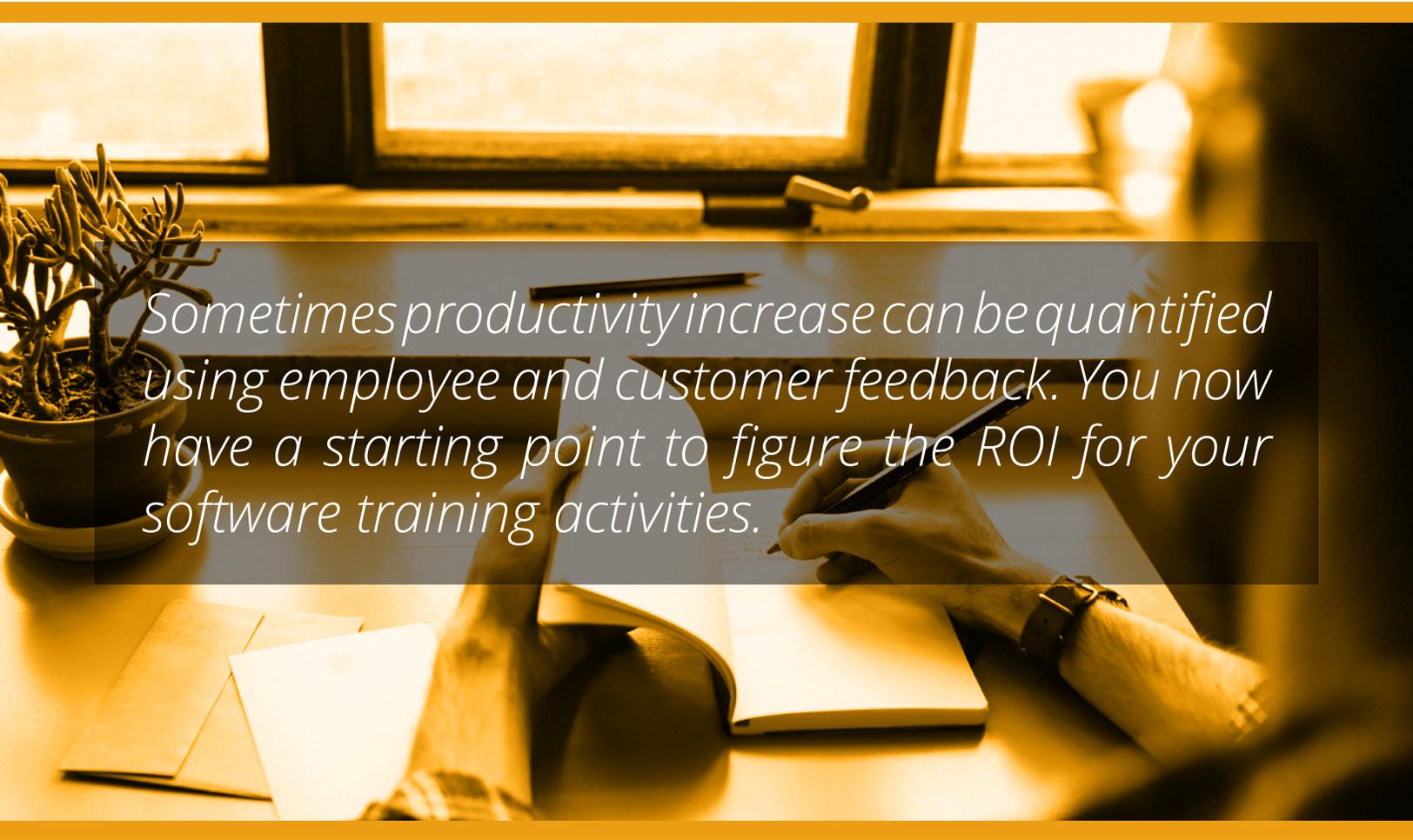
What other areas are included in the assessment of ROI? Many studies look at productivity/employee performance, employee satisfaction, customer satisfaction, retention, and labor costs.

How we Calculate ROI Information:

At the end of each class, we ask employees how much time they estimate they will save each week as a result of the new skills they learned. We multiply the average time savings (based on an annual salary of \$50,000 per year including benefits) of those employees that entered an amount by the total number of employees in the class. We then deduct the cost of your training from the estimated savings to determine your projected ROI.

Some survey and feedback instruments have attempted to measure morale. With software training, you have to examine the monetary increase by looking at the numbers following each training activity or group of related items in a training program.

To find the return on investment, at Versitas we look at the cost-benefit of the training based on how many are served with the training dollars, the increase/decrease in measurable performance and the costs for human resources when the employees participating in the training versus their contributions in monetary worth. You will want to include the cost of the training (in real dollars and in cost of employees' time/compensation) versus the added value and performance productivity increase(s) due to the training.



Sometimes productivity increase can be quantified using employee and customer feedback. You now have a starting point to figure the ROI for your software training activities.



Case Study:

Turning Frustration into Action

A Trainer's Perspective:

“One friend complained that her company did not provide training. She was frustrated. I think she was surprised when I told her to funnel her frustrations into constructive activities to encourage her company to provide the training that she needed. It might be a slow process, but there were some things that she could do. I asked her to look at the company's mission statement(s) and write out specific goals for training that supported those statements. I suggested that she write out the benefits for **her, her team, and her company** as a result of that training. I suggested that she quantify as much as possible the savings the training would provide.

I was afraid that she would think it was too much to do and not want to follow up on any of it. She has made some good progress towards her goal of getting the training she needs. She has also told me how much better she feels because she empowered herself to do something and did not just sit back and wait for change.”

Why Did You Decide to Get Software Training?

Since most participant comments from a training class cannot be measured, it is hard to measure feedback from a training session solely from those responses. That is precisely why you cannot just throw a training class (or program) together and expect great results. You cannot just assume that your training will help.

So, how do we design a training session or an entire program to find the return on investment? There are several considerations that must be put into place before, during and after the training.

Identification and Alignment

Identify the behavior that you hope to change. What do you hope to achieve through the implementation of skills learned? How do these behaviors align with organizational goals?

Provide Training

Next, look at the training itself. What are the specific costs in money and time associated with the training? Will you incur any travel time for participants? Can you have the session(s) at your location? What feedback tool will you use? Will you conduct the training in-house or hire a third-party?

Observation and Documentation

One way to get feedback is to survey the participants prior to and after the actual class(es). Additionally, you can conduct a pre-test and post-test and compare results. Observe the participant post-training by looking at on-the-job productivity and efficiency. Examine any key performance indicators for each person, team, department or division pre-training and post-training.



Case Study:

From 1-on-1 to Client Wow

A Trainer's Perspective:

“In a 1-on-1 deskside training class on specific topics in Microsoft Excel, Visio, and Project, the student was mainly concerned with floor plans. She wanted to plot items on her scanned in floor plans. She had an Excel spreadsheet listing the items and their specifications.

I showed her how to easily import the Excel spreadsheet items in a list to Visio that she could use to drag those specs onto the items/shapes she had plotted in Visio. She thought she was going to have to type in all of the information. It was one of those “happy trainer moments” to see the look of relief on her face when she realized the time she was going to save. Also, **she was now going to be able to WOW her clients** with the quality of her presentations.”

How Much Time Do Workers Save With the Latest Training?

Whenever a new version of an application is available, each company must choose whether to upgrade or to stay with the current version. A balanced approach is best when considering the benefit of having the most current training versus the cost of upgrading.

Budget

Updating employee training every few years requires both purchasing software and conducting training. You may also need to upgrade computers, the network, or servers. Think about the full long-term benefits of spending budget money and not just the short-term costs. It can be very critical to company growth and future profits to use the latest technology applications.

Encourage After-Training Practice

After training, ensure the trainee gets time to practice. In order for a new skill to become part of a participant's long-term memory, it needs to be practiced.

Remember the Intangibles

There are so many benefits to training that seem very hard to measure.

Rely on participant feedback surveys and quarterly or semi-annual reports from human resources for measurement. The lag time to see the effects of training may take a few months. So, don't forget to examine the training from all aspects, not just the tangible costs and employee time.

Any new change will always inspire some complaints. But, managing the change can usually be done efficiently if approached the right way. Some version changes are big while others involve only cosmetic changes.

Intangible Training Benefits



Lower Turnover



Higher Productivity



Improved Reputation



Increased Morale



Reduced Stress

The bigger changes can take a little getting used to, but will often make the applications more user-friendly. With newer applications that are easier to use, each person becomes more efficient which can contribute to improving the workflow and the bottom line.

New Features

When you are able to do even one task a little faster each day, that savings really steamrolls over a month or even year. There is a compounding effect of multiple employees who are able to save time each day. At the end of each Versitas training session, our feedback form always asks how much time the training saves the trainee each week. Even 30 minutes a week can lead to 26 hours a year.

Often people have been doing tasks the long way or older way in a prior version and didn't even realize how much time it was taking.

You will find new features really add to the effectiveness of your communication from your Office files. For example, Microsoft Excel now has [Sparklines](#). These are charts that are contained in one cell within an Excel spreadsheet.

	A	B	C	D	E	F
1	1/1/14	3/31/14	6/30/14	9/30/14	12/31/14	YTD PERFORMANCE
2	\$67.63	\$88.93	\$74.21	\$57.25	\$40.11	
3						
4						
5	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	5 YR WIN/LOSS
6	32%	11%	21%	9%	-22%	
7						
8						

They add a whole new level of visual emphasis for data. Quantifying this part is not easy. But, it must be considered just as the effects of marketing or advertising are included in other aspects of an organization's budget and plan.

Which Training Model Will be the Most Effective for Me?

When designing a training program or session, a common question is, “[Should we do the training onsite or offsite?](#)” The answer is dependent on many factors and may also include online training. There are advantages and disadvantages to all models. Your decision should include considerations like cost, participant location(s), time, training, and customization.

Offsite Training

Offsite training is most commonly used when a company does not have a dedicated training room and prefers to send its employees to a public training center for learning. This model can provide a fairly relaxed setting in a venue that is away from the office, allowing to focus on the training itself. Travel costs, travel time and scheduling should be considered when choosing this training option.

The advantage of reducing the daily work distractions can make offsite training very attractive. However, travel costs, travel time and scheduling must be considered. Reduce costs by using customized short manuals or quick reference sheets.

Onsite Training

Onsite training is delivered directly at the client’s work location. Since it takes place at their work, there’s typically the ability to personalize the training to a larger degree than other training options. Also, since the training takes place at a client site, after the training their employees can quickly return to work.

Another consideration is looking at venue space and availability. For a larger group, this can be challenging. If space is an issue, a larger group can be split into smaller groups. Providing several smaller group training sessions can alleviate participant scheduling conflicts.

Online Training

Online training comes in a few flavors. From live-instructor led training to video based self-paced training modules, online training can be very effective. Users across a wide geographic area can come together in a virtual classroom for training that would otherwise cost thousands of dollars to get all the participants in one place. This can be a very economical training, especially for a wide-area user groups.

If you have intermediate or advanced users, this method can be very worthwhile. Even with beginners, you can use online learning modules for more general content focused training.

One challenge is how to ensure that the training is actually completed, assessed and evaluated since the participant is not in a classroom seat during the training. Creating follow-up activities can be helpful. Online and in-classroom training can be blended to create a personalized learning environment that works for all skill levels, if desired.

No matter what model you choose to use, design your sessions with your trainer as carefully as possible to make the training relevant and useful to each participant. Don't forget to do appropriate assessment and evaluation during and after the training to keep track of the effectiveness of the session. The best training location will allow participants to focus and learn what will help them increase their effectiveness and efficiency, thus most positively affecting your ROI.

Sample ROI Dashboard

Class Price **\$1,495**

Annual Savings **\$15,755**

1,054%

Return On Investment

\$18,750

Annual Saved

750 hrs

Improved Efficiency

GENERAL	NO	YES	NO	YES
Did the training meet your expectations?		100%	0	10
Training justified amount of time away from your job?		100%	0	10
Would you recommend training to your peers?		100%	0	10

COURSE	POOR	EXCELLENT	POOR	ADEQUATE	GOOD	EXCELLENT
How relevant was the training to your job?		93%	0	0	2	8
Was the training clear and understandable?		97%	0	0	1	9
Was there opportunity for discussion?		97%	0	0	1	9
How comprehensive was the training?		97%	0	0	1	9
Rate any new ideas gained today.		93%	0	0	2	8
What was your overall interest level?		93%	0	0	2	8
Was this an efficient use of your time?		97%	0	0	1	9



Case Study:

A Single Question Creates a Team Solution

A Trainer's Experience with Teamwork:

“In a training class I taught, we focused on designing PivotTables in Excel. One of the students wanted to customize her PivotTable. The constraints she had on her data created a situation that neither I nor any of the students had ever dealt with before.

All of the students in the class were from the same department and had encountered the problem in some form, too. We spent some time brainstorming and finally hit on a great solution. **No single one of us figured it out by ourselves, but together we found the answer.** This was a unique opportunity for the growth and development of everyone. The opportunities that individuals within a firm take to develop their skills in that particular area can give that business a unique edge.”

Assessing Training: Before & After

Before each session, ask the participants about their expectations and desired outcomes. After each session, survey the participants. Talk to them for a few minutes about how the training went and whether their expectations were met. Follow up with the person who organized the training to go over the feedback to evaluate the effectiveness of the session.

Program Evaluation

Within your organization, is your training meeting your needs? Is your program creating a good return? With so many types of programs available, it is important to find out if your current training is effective and if it is meeting your team and organizational objectives and performance criteria.

Based on our experience working with many corporations over the years, the training is conducted, but the assessment is often lacking or is skipped completely. Evaluating your current program can help you gather feedback, analyze metrics, and make decisions for future training opportunities. It can help you to clarify your expectations and develop the best strategies for meeting your desired performance goals.

Before Training

Here are some questions to think about before a training class or program:

- *Will the outcome of training meet the team's and organization's objectives?*
- *Do the employees who need the training be given the time to attend?*
- *Is the training medium the best for the participants?*

At the beginning of the training session, have the trainer spend a few minutes talking with the attendees. Find out if the objectives for the training have been outlined clearly so that everyone knows what to expect from their session.

After Training

After the training, make sure that each participant is able to give their feedback about the session. Include questions asking for any revisions or adjustments that should be made for future sessions. After collating all of the feedback, the training organizer and/or manager needs to take time to review and follow up on any changes or needs that are expressed by the participants or trainer. The most successful training sessions also need to be followed by time to practice what was learned in the session.

A photograph of a desk setup with a laptop, keyboard, mouse, and smartphone. A semi-transparent text box is overlaid on the image, containing the text:

Take a little time before and after your training to get feedback and assess it. It will definitely help increase your return on investment in the long run!

Conclusion

When evaluating your training classes or program, most companies will want to know if:

- *The training design was effective*
- *The benefits justified the costs*
- *The method or type of training was useful and relevant*
- *The overall feedback supports the session(s) as positive and productive.*

Return on investment is one of the most important metrics to analyze. It's the difference between making money, or losing money. ROI can be supported by using pre-tests and post-tests or employee performance measures. Other more intangible items to assess are usually measured using human resource surveys and data that gauge turnover, productivity, and morale.

To find ROI, here are some important points to remember:

- *Quantify your indirect and direct costs for the class/program including: training class expense, travel, time away from the job, and venue expense.*
- *Examine the increase in productivity in what the training will save per week per person. Use that information to quantify the efficiency and amount of money the organization will profit.*
- *Use the survey feedback to validate the training as a useful tool that can help the company streamline systems and improve the bottom line.*
- *Listen to the comments and feedback on the post-training survey instrument and by soliciting opinions from the participants themselves. ROI is often only thought of as quantitative, but can have many qualitative aspects, too.*
- *Focus on the training outcomes that support the key performance indicators for your division and company. The most successful training programs adjust and change to meet short-term and long-term needs. Be willing to customize your training sessions to improve your return on investment.*



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