



**Dawning Truth**  
Live A Better Life

**White Paper:**

**How to Get a  
Training ROI**

## Contents

<b>How to Get a Training ROI .....</b>	<b>2</b>
<i>What is a Return on Investment (ROI).....</i>	<i>2</i>
<i>What Drives Training ROI?.....</i>	<i>2</i>
<i>Common Training Leverage Points.....</i>	<i>3</i>
<i>Understand the Business.....</i>	<i>4</i>
<i>Build an Organisational Learning Matrix.....</i>	<i>5</i>
<i>Training Interventions.....</i>	<i>6</i>
Theoretical Training .....	6
Practical Training .....	6
Cheap Training vs. Quality Training.....	6
<i>Monitor Feedback .....</i>	<i>8</i>
<i>How Dawning Truth can assist you?.....</i>	<i>9</i>

## How to Get a Training ROI

Organisations spend a significant amount of money on training. Business demands a Return on Investment (ROI) from this spend. The key challenge is how does the learning manager of HR manager prove to business that they have indeed attained an ROI on their investment? Further what do you need to do to get this ROI in the first place?

In this whitepaper we will outline a best practice you can implement in your organisation to consistently deliver a significant ROI on your training investment.

## What is a Return on Investment (ROI)

A ROI is the return business derives from investing in a particular activity. In a broader sense if an organisation invests say R100 000 into marketing, and the campaign produces profits of R200 000 then the company has attained a return of 100% on their investment.

Training works in a similar way. Business wants to know what return they will get if they spend money on training. The challenge is that the return gained from training can be difficult to measure in a pure financial terms. That does not mean that the return isn't there.

For instance let's say it costs R 10 000 to train a PA to be more effective as an assistant to the executive. As a result the executive is able to better focus on revenue growth. This leads to an increase of R 10 million in company profits. In this particular case the ROI on the PA training is a whopping 99900%<sup>1</sup>.

It almost seems unbelievable that such a large return can be gained from training. Yet it is true. So what is the key to obtaining such incredible ROI's?

## What Drives Training ROI?

Training ROI is driven by the enabling impact that enhanced skills can have on the business. For instance let's say a sales training leads to increased sales, which leads to enhanced working capital, which enables significant business expansion. The return on the sales training is actually the business expansion profits, not just the increased profits from sales.

The key principle is to find those areas of the business where a small investment can lead to a significant enhancement in overall business performance. We will call these areas training leverage points.

---

<sup>1</sup> Training ROI Calculation:  $((\text{Training Return} - \text{Training Cost}) / \text{Training Cost})$  i.e.  $((R\ 10\ \text{Million} - R\ 10\ 000) / R10\ 000)$

## Common Training Leverage Points

Which areas of the business have a significant impact on its effectiveness? There are a couple.

Firstly we have sales. **Sales training** often produces the greatest ROI, as it directly contributes to increased revenue.

Secondly we have **Personal Assistant training**. A well trained PA can significantly enhance executive performance, enabling them to focus on high return strategic activities.

Thirdly we have **Administrator training**. Administrators effectively run the business. They ensure that governance is maintained, execution is efficient and that customer's get what they pay for.

Fourthly we have **Computer Literacy and Performance Computing training**. Almost every activity in a business involves a computer. Yet few staff truly know how to get the most out of the software they use every day. This results in wasted time and significant inefficiency. A small time investment in using computers optimally can transform business efficiency

The next area is **Supervisor training**. Supervisors often manage line staff who directly interact with customer's. They are the people who need to ensure customer satisfaction and repeat business.

On a more strategic level, **Executive manager training** can significantly impact business strategy. In this area it is important to move beyond some of the over-complex business models taught in business school. What is more useful is a simplified framework which enables the executive to quickly understand what is important and what is superfluous. Such a framework can be derived using balanced scorecards and growth loops.

The final area of high impact training is **cultural effectiveness training**. An organisation's culture often makes the difference between exceptional performance and underachievement. A MIT study found that individual ability is far less important in organisations than the ability to collaborate. Often organisations experience a collaboration skills deficit. Some team members are naturals, while the rest are average or even poor. This results in sub-par team performance, even though the individuals are brilliant.

As you can see, there are significant opportunities for high leverage training in the business. All it takes is a deeper understanding of how business operates.

Let's now explore how we can structure training to ensure an ROI.

## Understand the Business

An understanding of business is essential for the learning manager or HR manager. If you do not understand what business does or how business operates, you will be unable to assist business to achieve their objectives. Here are a couple of questions you can ask to understand business better:

1. What does our business sell?
2. Who are our customers?
3. What are the divisions in our business?
4. What does each division do? How do they do it?
5. Who does what in each division?
6. What does each person need to be skilled at to flourish in their role? Both interpersonal and technical.

Once you have an understanding of how business operates, you will be in a better position to understand the skills required for optimal performance. One extra tip you can use is to ask business for a tour of their business unit. There is nothing like seeing a job in action, to understand how it is done and what is required for world-class performance.

## Build an Organisational Learning Matrix

An Organisational Learning Matrix is a powerful tool for tracking training needs. The following diagram illustrates how it can look:

Company: <b>ABC Widget Company</b>				
Division: <b>Manufacturing</b>				
Name: <b>Sandile Mabunda</b>		Role: <b>Maintenance Executive</b>		
Skill Category: <b>Interpersonal Skills</b>				
Skill	Current Level (Out of 10)	Desired Level (Out of 10)	Gap	Training Intervention
<b>Staff Motivation</b> To be able to motivate staff in a positive and uplifting manner.	4	8	-4	<ul style="list-style-type: none"> <li>Leadership Course</li> <li>Mentorship with Nkosi Similani</li> </ul>
<b>Staff Discipline</b> To be able to discipline staff in a positive way, only using legal processes as a last resort.	8	7	+1	<ul style="list-style-type: none"> <li>None Required</li> </ul>
...				
Skill Category: <b>Technical Skills</b>				
<b>Maintenance Best Practices</b>				
...				

The idea behind the Learning Matrix is to regularly track actual skills levels vs. desired skills levels. Further it provides a simple framework for tracking whether skill levels have improved after a training intervention has been completed.

## Training Interventions

The next step is to carry out the actual training interventions. It is important to remember that there are two types of training interventions.

### Theoretical Training

This training is intended to provide concepts and a theoretical framework of how a skill works. For instance, a course on safety will provide participants with an understanding of safety in the workplace. It will however not provide practical insights into how your company does safety.

This is important to understand. There is a difference between knowing an idea and being able to apply that idea to the job. The ability to apply an idea is known as workplace skills transfer.

So in our safety example, if the participant understands how to follow your company's safety procedure, then the workplace skills transfer has taken place.

### Practical Training

Workplace skills transfer only takes place when a participant has a reference experience of applying a specific skill in a specific context.

A reference experience is the experience of having performed a particular task. Such as using a particular lathe, or administering a particular database. An example we can all relate to, is the experience of driving a car. It is one thing reading a book on how to drive, a completely different thing actually driving a car on the road.


Effective training should provide reference experiences for participants. If this is not possible then the training needs to be supplemented with on-the-job mentorship and guidance.

### Cheap Training vs. Quality Training

The training industry is highly competitive. As a result many providers offer illogical discounts and pricing for interventions. On the surface this may seem like a good idea for your business. Get some cheap training save money, look good.

There is just one problem with this approach. Price does not drive ROI, quality does. If we use a clothing analogy. There is a significant difference between clothes from a cheap shop and a premium brand. And you can see the difference in the wearing.

Analogously, cheap training is not the same as quality training. It takes tremendous skill, technical knowledge and experience to provide a training course that transforms your business. This comes at a price.



What is more important is the ROI you are expecting to achieve. Do you really think it is possible to create a high impact in the business, with low impact cheap training? Obviously not.

For instance. You may think that supervisor training is unimportant. And that it makes sense to rather use cheap supervisor training at R700 per delegate per day. That is until you consider the impact of poor supervisor performance on your business. I'm sure it is much more than R700 or even R70 000. It could cost millions if you lose a key customer.

The key principle is to select training from providers that take a strategic view on your training needs and craft appropriate interventions that truly drive high leverage strategic value. The types of training that take your business to the next level.

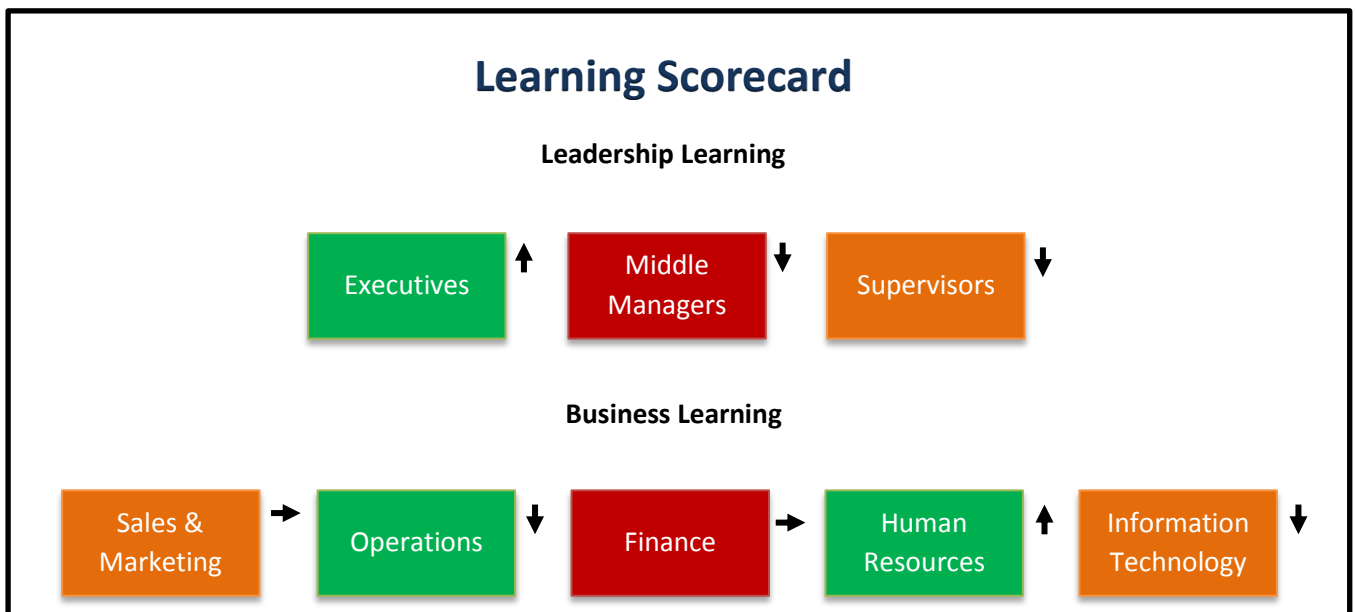


## Monitor Feedback

Once the training interventions have taken place it is important to measure their effectiveness. The easiest way to do this is via your organisations performance review process. Ensure that the specific skills that need to be developed are added to the developmental section of the review. The line manager can then provide feedback to the participant on whether or not sufficient skills uplift has taken place.

This has various advantages. Firstly the line manager can actually see that something has improved. Secondly the participant knows they are accountable for improved performance after training. Finally adjustments can be made if a training intervention was ineffective.

One other idea is to use web based balanced scorecard software to create a training dashboard. The beauty of this approach is it allows you to track the overall view of training effectiveness in the organisation. It also allows you to monitor the long-term effectiveness of various training providers.



## How Dawning Truth can assist you?

Dawning Truth is a company founded on greatness. We have been researching great people and great companies for over 18 years. This includes authoring the book *The Inner Secrets of Greatness*, which explores the success secrets of the greatest people in history.

Further we are engaged in world changing projects such as a study of the thinking patterns of MENSA's.<sup>2</sup>

We have also developed a technology called Thinking Engineering, which enables us to not only understand smart people, but to also create smarter ways of thinking.

*What does this mean to you?*

We utilise these advanced principles every day to create training interventions that transform your organisation.

We know what it takes to transform attitudes, minds and hearts. We know how to package knowledge so that people get it, act on it and produce results.

Call us today on 011 900 4521 to discover how to take your training to the next level.

---

<sup>2</sup> MENSA is the high IQ organisation. It is for the top 2% of people from an intelligence perspective.