

Contents

Determining Costs and Benefits

Evaluating Your Learning and Development Strategy

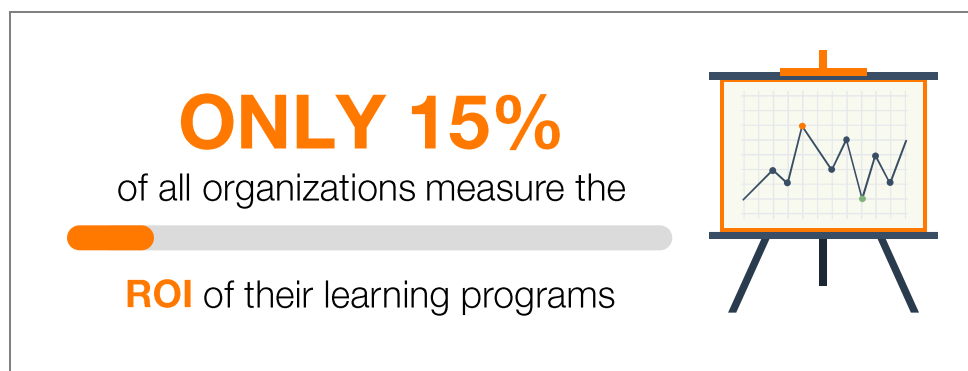
The Addition of Level 5: A Focus on Financial ROI

How and When To Do an ROI Analysis

How a Language Training Program Can Improve Your L&D ROI

How to Master Measurement Measuring the ROI of your Learning and Development Strategy

It's no secret that providing employees with professional development opportunities builds an effective workforce and a motivated corporate culture, both of which affect your bottom line. But what is the most effective way to measure the impact and return on investment that your L&D program has?



According to the Association of Talent Development's research report,¹ only 15% of the 199 learning and development professionals surveyed reported that their organizations measure the return on investment of any learning programs. With organizations in the United States alone spending more than \$150 billion on training every year², it is time to thoughtfully consider the return of such a large investment.

Determining Costs and Benefits

Weighing costs against benefits is the foundation of an ROI evaluation. However, what exactly is defined as a cost or a benefit will vary from organization to organization. In some training scenarios, ROI will come down to precise quantitative or monetary metrics. Bayer Business Services GmbH, for example, invested in a three-month pilot of a coaching-style training program through Speexx. The ROI they achieved for the program was so positive that they rolled out the program to the rest of the organization.

For other organizations, costs and benefits may be more qualitative in nature. Some examples include employee retention, satisfaction or increased productivity. For example, the Hyatt hotel chain³ rolled out a training initiative with the goal of providing daily professional growth opportunities to its employees. The result is higher employee retention. The average tenure of a Hyatt housekeeper is 12 years, compared to the national average in accommodations industry in the United States of 3 years in 2016⁴. When considering and measuring your organization's specific training costs and benefits, there are several ways to crunch the data. The depth of assessment L&D teams undertake will (and should) differ based on their own unique priorities. Therefore, at the outset of each learning experience, an organization will need to determine and define exactly what their targeted benefit is, and what they consider to be a cost. A company also needs to decide how and when to evaluate their ROI. Some programs will reap immediate results, but many also continue to have positive effects over time. As such, it

¹ <https://www.td.org/Publications/Research-Reports/2016/Evaluating-Learning>

² <https://www.td.org/Publications/Blogs/L-and-D-Blog/2015/02/Its-Time-to-Measure-Your-Training>

³ <http://www.hyattworkplace.com/our-workplace/associate-tenure>

⁴ <https://www.bls.gov/news.release/tenure.t05.htm>

is important to measure both immediate and long-term wins to gain a true understanding of your ROI.

Costs are often easier to define. The monetary expenditures of course development and the associated outlays of service delivery are obvious examples of costs. **Benefits, however, are trickier to articulate.** They often include softer metrics such as increased productivity, higher employee morale or vocational skill enhancement.

For example, the benefits for a company looking to build their team’s language skills could be defined as:

- An increase in overall language proficiency
- An increase in sales conducted in a target language
- The ability to expand a team’s operations in a new language territory

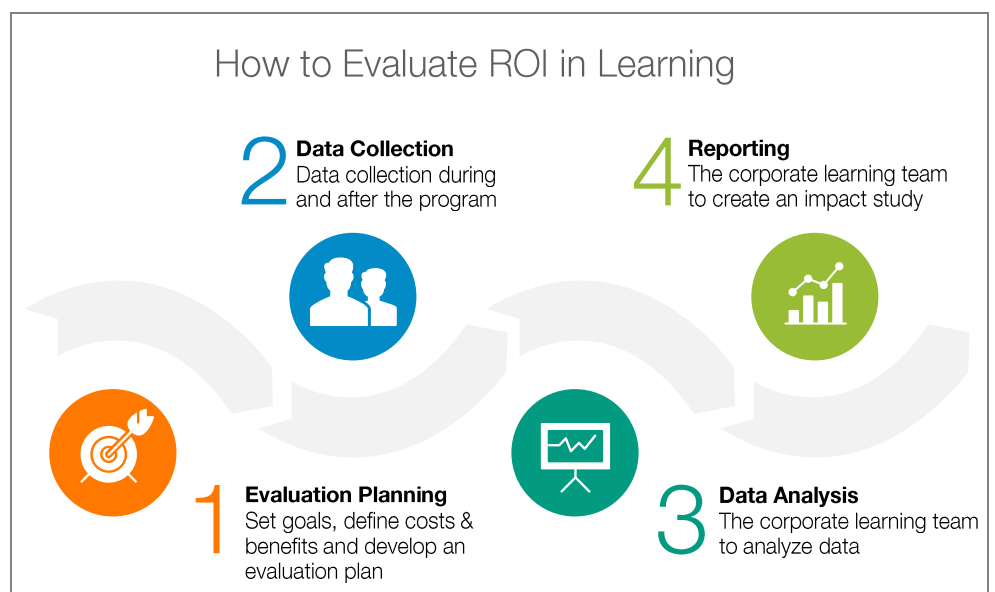
Meanwhile, costs could be seen as:

- The monetary investment in a program
- The time commitment
- Extra staff required to oversee the administration of a training program

Regardless of what benefits you seek or what your perceived costs are, there are many ways an organization can go about quantitatively or qualitatively evaluating the ROI and effectiveness of their training program.

Evaluating Your Learning and Development Strategy

Dr. Donald Kirkpatrick first published the *Kirkpatrick Evaluation Model*⁵ in the late 1950s in the US Training and Development Journal. Since its publication, it has become a widely accepted model for evaluating training effectiveness. The *Kirkpatrick Evaluation Model* consists of four levels of evaluation. Depending on the needs of your organization you may only participate in one level of evaluation, or all four. The highest level of measurement you carry out will vary depending on the specific goals and objectives of your program. Let’s explore what each level of evaluation entails:



Source: Adapted from Phillips & Phillips (2011)

⁵ <http://www.kirkpatrickpartners.com/Our-Philosophy/The-Kirkpatrick-Model>



The Addition of Level 5: A Focus on Financial ROI

The Kirkpatrick Evaluation Model has been updated or adapted through the years. In the 1980s, Dr. Jack Phillips⁶ was at the forefront of the research and adaptation of the *Kirkpatrick Evaluation Model*. Dr. Phillips spearheaded inclusion of what he coined Level 5, which later became known as the Phillips ROI Methodology.⁷

Level 5 calls for a financial or monetary accounting of training program success. This is the stage where L&D leaders determine how financially lucrative their training program has been for their organization. This can be accomplished by calculating a concrete, monetary ROI.

For example, three years after rolling out their training program, Motorola⁸ found that for every dollar invested they were able to yield as much as a 30% gain in employee productivity. This increased productivity allowed them to drastically cut costs and increase profits by 47%. For Motorola, the monetary return on investment, coupled with the overall increased productivity of their workforce, justified the initial financial investment into the training program.

How and When To Do an ROI Analysis

Dr. Phillips developed the *ROI Learning Process Model* to help sequentially lay out the steps L&D teams need to undertake to gather data and evaluate their learning program. Not all organizations need to conduct an evaluation at each level. In Jack Phillips' book, *Handbook of Training Evaluation and Measurement Methods*, he outlines how about 90% of training programs should be evaluated at Level 1, whereas only 5% should be evaluated at Level 5.

Dr. Kirkpatrick takes a similar approach, suggesting that learning programs should always be evaluated at level 1, then regularly evaluated at level 2 and only periodically at level 3. Level 4 or 5 evaluations should only be conducted on programs that are expensive or large in scope.

How Language Training Can Improve Your ROI

Providing a language training program can also help companies boost sales, launch in new markets or attract top talent.

Boost Sales

Companies who carry out business in diverse regions need a communication strategy that accounts for the various languages present in their markets. If a company isn't fully capable of carrying out business in a client's native tongue, it can be difficult to secure the deal. Similarly, inadequate customer service and support in client languages make it difficult to maintain positive relations, which can result in a loss of business. Diversifying a team's language skills allows the company to reach and serve international markets, thus improving their sales and overall bottom line.

⁶ Return on Investment – Improving Human Performance Series 2nd Ed. By Jack J. Phillips. On Google Books <https://goo.gl/1ZlyO2>

⁷ Handbook of Training Evaluation and Measurement Methods. By Jack J. Phillips & Patricia Pullam Phillips. On Google Books <https://goo.gl/zP11r7>

⁸ Doing the Right Things Right. By Laura Stack. On Google Books <https://goo.gl/h8AN1w>

How does Language Training affect your Bottom Line?



Language training boosts Sales



Supports High Performing Multinational Teams



Decreases Staff Churn & Improves Talent Retention

Happy & Productive Multinational Teams

In global teams, varying levels of language fluency can lead to social distance⁹. Investing in a program to close language gaps will decrease social distance amongst teams and increase employee satisfaction and effective communication. Companies can measure ROI in these areas by observing social interactions or soliciting feedback surveys from employees.

Attract and Retain Top Talent

Hiring based solely based on a candidate's language proficiency may not be the best approach¹⁰—there are other factors such as experience level, social competencies or technical skills to consider as well. If a top candidate lacks the targeted language skills but has the other requirements in place, a languages training program can equip them with the skills they need to thrive.

Regardless of how you define ROI or which level of evaluation you and your team choose to undertake, there are resources out there to help make your chosen evaluation seamless.

⁹ <https://hbr.org/2015/10/global-teams-that-work>

¹⁰ <https://hbr.org/2014/09/whats-your-language-strategy>

Other references:

Kirkpatrick, D. (1998). "Evaluating Training Programs: The Four Levels" (Second Edition). San Francisco: Berrett-Koehler Publishers, Inc.

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