

# 5 Ways To Ensure Significant ROI On Your Training Budget

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Business owners acknowledge the benefits associated with training employees. It is more cost effective to develop talent from within your company rather than compete for outside talent. When it comes down to it, however, many managers find it difficult to part with employees for the time needed to attend costly training sessions. Identifying the return on investment while developing a training budget will help owners and managers realize the direct benefits to the company and its bottom line.. Following are some steps to ensure a larger return on investment for training dollars spent.

### **Assess Your Training Needs**

When assessing the need for training, develop or utilize existing job descriptions. What type of training does the incumbent require in order to effectively perform the required tasks? Each job may require different training approaches, and some training may be pertinent to entire departments. Don't forget preventative training such as harassment and safety training.

Consider the need for individuals' personal development as well. If the individual has the potential for growth or promotion within the company, give the employee adequate training to reach that potential. When investing in employees' personal growth, not only are you preparing them for future management or director positions within your company, but you are also demonstrating your concern for their general education and development. This often creates a happy and motivated workforce, reducing turnover.

Gauging these needs first will help avoid spending valuable training dollars on the wrong training course of action.

### **Determine Who Will Train**

Assessing the type of training needed will lend itself to your next task -- determining who will perform the training. General knowledge transfer may be performed by an experienced supervisor. More technical or specific training may require an outside training professional.

Once a plan is established for specific training needs and it is determined whether training will be performed in-house or by a training professional, identify the trainers by name. Pinpoint managers who are qualified to coach others. Larger companies may consider hiring an internal trainer. The current median annual salary for a trainer with 10 years of experience in the U.S. is approximately \$83,226. This may differ in your geographical area.

If outsourcing your training needs is more economical, there are several types of training methods to consider (see Identifying Training Methods below).

Companies that outsource administrative HR tasks to a professional employer organization (PEO) often have training resources available at their fingertips. Chicagoland-based professional employer organization, Tandem HR, works with clients to create an effective training plan. Tandem offers in-house training, off-site seminars and affordable on-line training to all clients.

“Our goal is to find a training method that works for the company,” says Managing Director, Gayle Nicholas. “If the type of training does not align with the company's strategic plan or is

not available in a method that works for both the manager and the employee, it will not be effective or in some cases even utilized.”

### **Set Training Goals**

Before beginning a training program, create a list of goals you would like to accomplish with the training. Do you want employee to emerge with new customer service skills, the ability to sell more widgets or software expertise? Make sure the goals are realistic, measurable and are understood by employees receiving the training.

### **Identify Training Methods**

Various methods of training are available. There are workshops and seminars to which you could send an employee. While these are usually professionally run and generally require no work on your end, they can be expensive and may not allow participants to provide input regarding their needs.

There are professionals willing to instruct on-site, thus eliminating travel time for your employees. This method is most cost effective when training a large group.

On-line training is becoming increasingly popular. Webinars and on-line training courses are offered in almost every professional area, require no travel time and costs and are typically comparable to workshop and seminar fees. Managers may find, however, that employees will multi-task during on-line instruction rather than focus exclusively on the training at hand.

Consider the pros and cons of each method in light of your training goals and individual employees. Will your employees be able to focus on a webinar? Is the topic more conducive to group feedback and face-to-face interaction? Is it necessary for the individual to be tested after training to determine the level of comprehension?

### **Measure Your Training Success**

This is where a lot of companies fall short. It is fairly easy to measure a level of software training comprehension via a post-training test. Likewise, it is easy to measure before-and-after sales track records to determine whether sales techniques have improved. It is more difficult, however, to measure behavior, such as the extent of friendly or helpful customer service. These attributes must be measured over time by analyzing current and future performance reviews and/or customer service records. While this requires more time, it can and should be done just as regularly as the other measurement techniques.

The most important way to ensure better return on investment for your training dollars is to plan ahead. By following the five steps above, you will understand training's impact on your employees, be knowledgeable about available training methods, make an educated decision about which best meets your needs and set goals and assess whether the training met those goals.

*For more information, contact Tandem HR at 630.928.0510 or visit [www.tandemhr.com](http://www.tandemhr.com). The staff at Tandem HR contributed to this article. It is intended as information only and is not a substitute for legal advice. Tandem HR is a professional employer organization specializing in strategic HR partnership with small and mid-sized businesses.*

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