

PROVING THE ROI OF TRAINING

Moving from Expense to Necessity

MISSED OPPORTUNITY

According to Tooling U-SME's Readiness Assessment Survey:



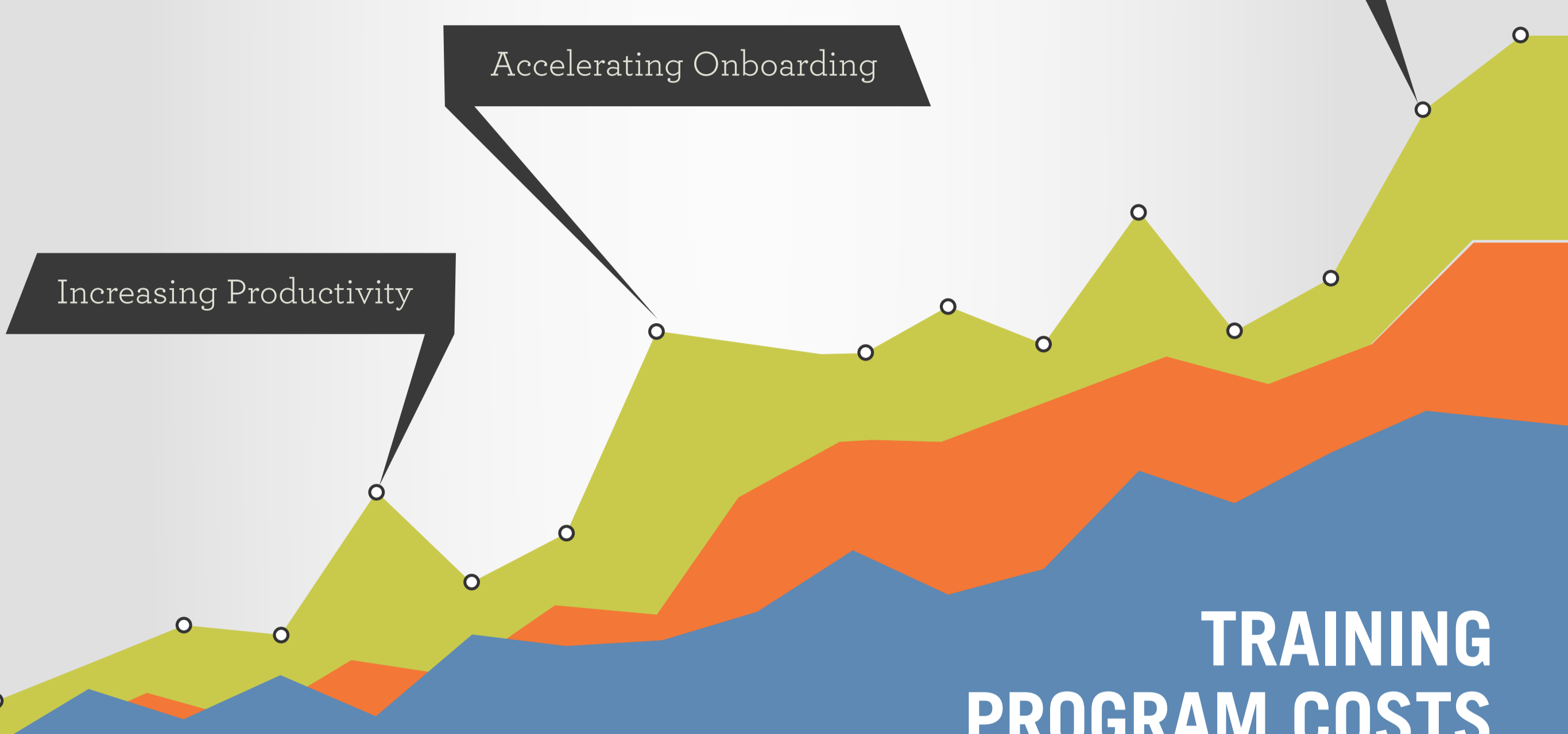
75% of companies don't offer a structured training program for manufacturing



Only 4% of companies do an **excellent** job in delivering the right training

COMMON BUSINESS GOALS

ROI can be determined from formulas based on measurable key performance indicators, including:

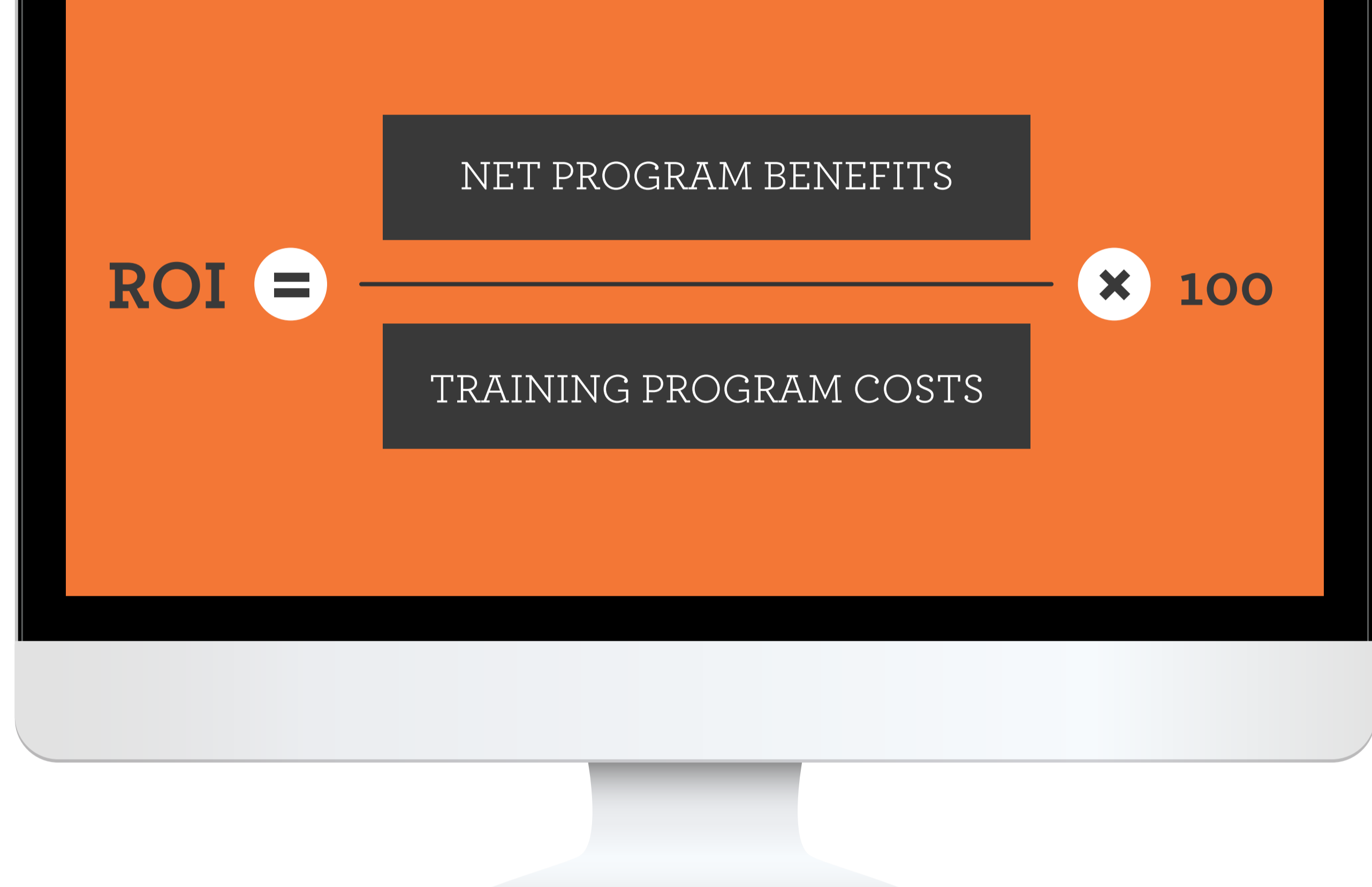


TRAINING PROGRAM COSTS

As part of the ROI calculation, you must include training costs such as:

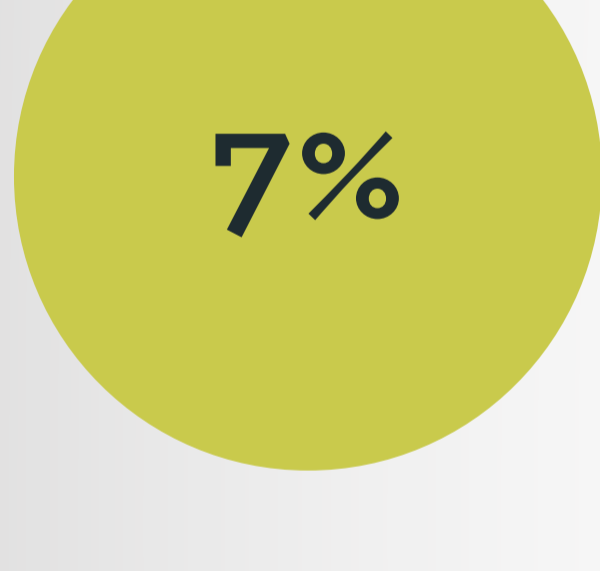


A standard ROI formula looks like this



SAMPLE FORMULA: INCREASED PRODUCTIVITY

Proving ROI can justify an investment in learning and development. Below is a detailed example and formula for calculating the benefits of **Increased Productivity**.



Expected Productivity Increase



Estimated Training Program Costs

To calculate the **Net Program Benefits**, multiply the **Yearly Labor Costs** by the **Expected Productivity Increase**

$$\$1,000,000 \times 7\% = \$70,000$$

Productivity Gain

To calculate the **ROI**, divide the **Net Program Benefits** by the **Training Program Costs** and multiply by 100

$$\frac{\$70,000}{\$10,000} = 7 \times 100 = 700\% \text{ ROI}$$

TIE TRAINING TO THE BOTTOM LINE



High-impact learning organizations (HILOs), with a **strong learning foundation in place**, outperform their peers in productivity, customer satisfaction and market share.

Focusing on people and developing training programs that are attached to overall fiscal goals can ensure the success of an organization.



Download Tooling U-SME's ROI white paper at: toolingu.com/ROI