Training Analytics & Human Capital ROI

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Purpose

The purpose of this paper is to explain the need for ROI in the training and measurement space and then articulate a methodology to obtain an ROI for training based on the increase in human capital that is realized through the training. The ROI methodology is one that is replicable and scaleable so that it may be collected and reported in a cost efficient and timely manner and such that it is comparable and benchmark-able—both within an organization and external to the organization.

Analytics

For decades companies have struggled with the real costs, benefits and ROI of training. Using new tools and technology now available, organizations can apply business analytics to understand the activity, effectiveness and impact of e-learning and training. Enter analytics.

Analysis requires data. If your organization has implemented some kind of LMS which houses enrollments, completion data, scores, certifications, etc. then you have the basis for an analytics system. It's important here to note the difference between analytics and reports. Most LMS systems have built-in reports. Although reporting tools are important, they alone do not provide the information for building a compelling case for training. Instead, a report should be the result of an analysis. Before you can create a report, you have to dive into the information and separate or distinguish the component parts of training initiatives and results to discover inner relationships. From there you can create a report to view that information regularly.

This concept of analytics is to provide a software solution that allows an organization to understand what's going on in his or her training and e-learning operations. To do so, the solution should answer basic business questions, such as:

- How much did something cost?
- What were the components of the cost?
- Who took or completed a learning offering?
- What can we do to improve it?

In addition, a training analytics solution should give different users the information they need to make decisions. To that end, Bersin & Associates has identified three categories of analytics users or information consumers. Depending on their jobs, they use information for different purposes:

Audience	Analytics Needs	Decisions They Make
Executives	Overall metrics, financial information, compliance, and training efficiency.	Drive compliance, ensure training is efficient, and make sure that employees are developed.
Line Managers	Training compliance, skills development to meet their job needs, completion of mandatory programs.	Drive compliance, develop people, ensure training costs are reasonable, ensure that people are completing and learning something.
Training Executives & Managers	Training volumes, completion rates, vendor effectiveness, facility efficiency, program effectiveness, overall costs and financial efficiency.	What courses should be offered? What media and programs work? Which audiences consume the most? Which audiences learn best? Which vendors' content performs well? How do we optimize scarce resources? What should we stop doing? What should we do more of?

It's important to keep in mind that these three different groups need slightly different views of information. Executives want dashboards or charts. Line managers typically need tabular reports and charts designed around their audience and programs. Training managers and executives need the ability to slice, dice, drill down and filter information on a continuous basis.

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Why the Need for ROI in Training?

If one looks at any facet of business the concept of "return on investment" (ROI) is always a relevant business topic. ROI can have many connotations depending upon the users perceptions and motivations. In reality, ROI is really a measure of perceived value. Value can be different for different stakeholders. Let's look at some examples:

- An organization provides training to a group of participants. This person wants to know the satisfaction levels of the participants.
- A course designer creates an e-learning module. This person wants to know if the module did its job in transferring new knowledge or skill to the learner.
- A business unit manager sends two employees to training. This person wants to know the impact the training has made on the job.
- A senior executive measures performance by the business objectives that drive the company. This person wants to know the degree to which training has helped drive key business results.
- The finance group manager views benefit relative to cost on every decision. This person would want to know the benefit to cost ratio, payback period and ROI percentage from training.

Value is inherent in each of the aforementioned examples. So the first question one should ask when contemplating an ROI solution is "How does my user of this information define value?" Having said that, there is a strong need to ensure that one has a balanced approach to learning measurement. A balanced approach requires an understanding of all stakeholders' perceptions of return on investment.

The best approach to accomplish this balanced scorecard is the legendary and time-tested Kirkpatrick Model, with the additional fifth level added by Dr. Jack Phillips.

Learning Measurement Levels

Knowing there is a definitive need to measure the impacts of a large corporate cost like learning it is fitting to have an industry acceptable model for doing so. This model is actually one that has been in existence since the 1950s but continues to be accepted today using technology and creativity to maximize its benefits for the modern corporation.

In 1959, Donald L. Kirkpatrick, author, PhD, consultant, past president of ASTD published a series of four articles called *Techniques for Evaluating Training Programs*. The articles described the four levels of evaluation that he had formulated based on his work for his PhD dissertation at the University of Wisconsin, Madison. Later, Kirkpatrick wrote a book (Donald L. Kirkpatrick, Evaluating Training Programs: The Four Levels, 2nd Edition, Berrett-Koehler Publishers, Inc, San Francisco, 1998) and it is now in its second edition. This book was a source for the information on the following pages related to Levels One through Four.

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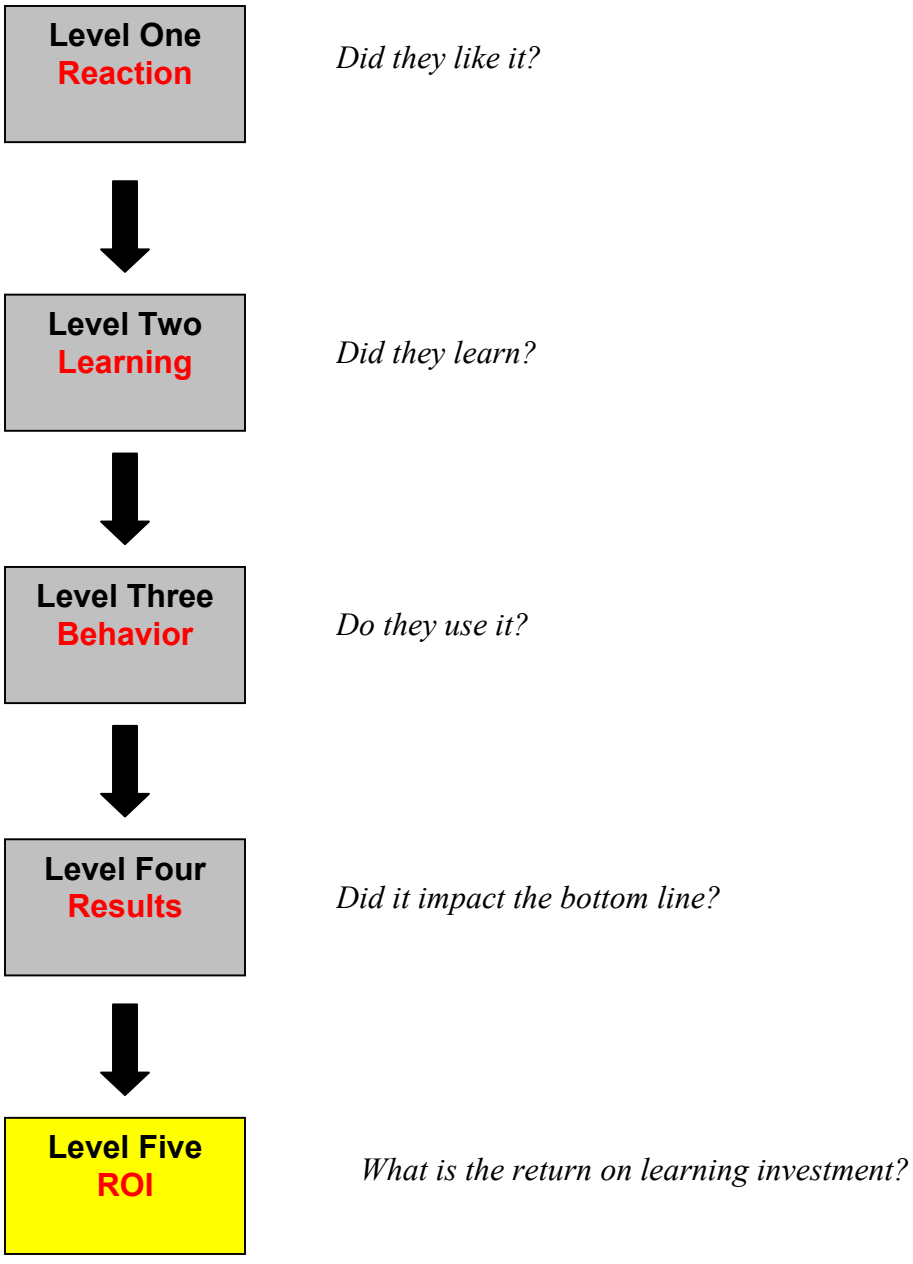
Kirkpatrick's goal was to clarify what "evaluation" meant. The model clearly defined evaluation as meaning "measuring changes in behavior that occur as a result of training programs."

The model itself is composed of four Levels of training evaluation. A fifth level, ROI has been added since then. The fifth level was the brainchild of Dr. Jack J. Phillips, PhD. The illustration below and subsequent commentary summarize Kirkpatrick's Four Levels and Phillips' Fifth Level.



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Level One — Reaction
Per Kirkpatrick, "evaluating reaction is the same thing as measuring customer satisfaction. If training is going to be effective, it is important that students react favorably to it."

The guidelines for Level One are as follows:
- Determine what you want to find out.
- Design a form that will quantify the reactions.
- Encourage written comments and suggestions.
- Strive for 100% immediate response.
- Get honest responses.
- Develop acceptable standards.
- Measure reactions against standards, and take appropriate action.
- Communicate reactions as appropriate.

The benefits to conducting Level One Evaluations are:
- A proxy for customer satisfaction.
- Immediate and real-time feedback to an investment.
- A mechanism to measure and manage learning providers, instructors, courses, locations and learning methodologies.
- A way to control costs and strategically spend your budget dollars.
- If done properly, a way to gauge a perceived return on learning investment.

Level Two — Learning
Level Two is a "test" to determine if the learning transfer occurred. Per Kirkpatrick, "It is important to measure learning because no change in behavior can be expected unless one or more of these learning objectives have been accomplished. Measuring learning means determining one or more of the following."

- What knowledge was learned?
- What skills were developed or improved?
- What attitudes were changed?

The Guidelines for Level Two are as follows:
- Use a control group, if practical
- Evaluate knowledge, skills, and or attitudes both before and after the program
- Use a 'test' to measure knowledge and attitudes
- Strive for 100% response
- Use the results to take corrective actions

The benefits to conducting Level Two Evaluations are:
- Learner must demonstrate the learning transfer.
- Provides training managers with more conclusive evidence of training effectiveness.

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Level Three — Behavior
Level Three evaluates the job impact of training. "What happens when trainees leave the classroom and return to their jobs? How much transfer of knowledge, skill, and attitudes occurs?" Kirkpatrick questions, "In other words, what change in job behavior occurred because people attended a training program?"

The Guidelines for Level Three are as follows:
- Use a control group, if practical.
- Allow time for behavior change to take place.
- Evaluate both before and after the program if practical.
- Survey or interview trainees, supervisors, subordinates and others who observe their behavior.
- Strive for 100% response.
- Repeat the evaluation at appropriate times.

The benefits to conducting Level Three evaluations are as follows:
- An indication of the "time to job impact."
- An indication of the types of job impacts occurring (cost, quality, time, productivity).

Level Four — Results
Per Kirkpatrick, Level Four is "the most important step and perhaps the most difficult of all." Level Four attempts to look at the business results that accrued because of the training.

The Guidelines for Level Four are as follows:
- Use a control group if practical.
- Allow time for results to be achieved.
- Measure both before and after the program, if practical.
- Repeat the measurement at appropriate time.
- Consider costs versus benefits.
- Be satisfied with evidence if proof not possible.

The advantages to a Level Four evaluation are as follows:
- Determine bottom line impact of training.
- Tie business objectives and goals to training.

Level Five — Return on Investment (ROI)
Level Five is not a Kirkpatrick step. Kirkpatrick alluded to ROI when he created level Four linking training results to business results. However, over time the need to measure the dollar value impact of training became so important to organizations that a fifth level was added by Dr. Phillips. Dr. Phillips outlines his approach to Level Five in his book Return on Investment in Training and Performance Improvement Programs, Butterworth Heinemann Publishers, Inc, Woburn, MA 1997. Dr. Phillips has written extensively on the subject, publishing or editing dozens of books on the topic of ROI.

The Guidelines for Level Five are as follows:
- Use a control group, if practical.
- Allow time for results to be achieved.
- Determine the direct costs of the training.
- Measure a productivity or performance before the training.
- Measure productivity or performance after the training.
- Measure the productivity or performance increase.
- Translate the increase into a dollar value benefit.
- Subtract the dollar value benefit from the cost of training.
- Calculate the ROI.

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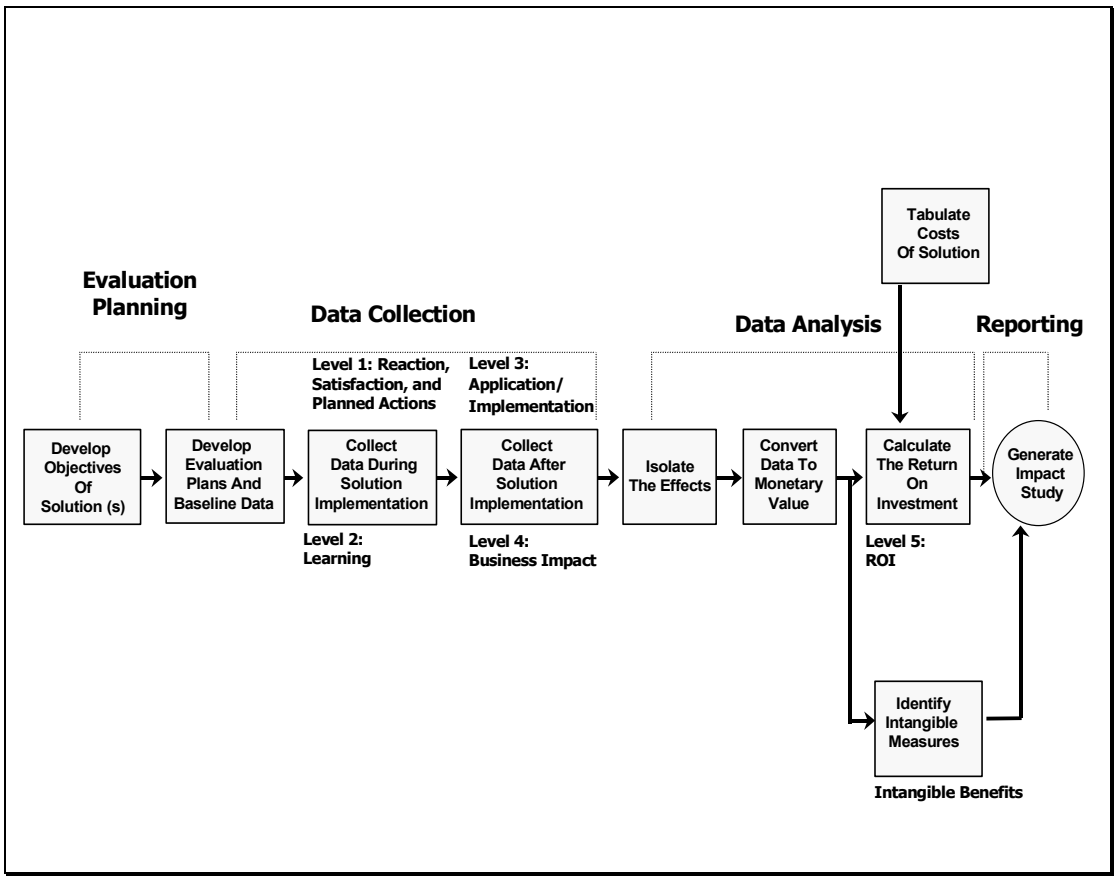
ROI calculations are being done by a few world-class training organizations. They help these organizations:

- Quantify the performance improvements.
- Quantify the dollar value benefits.
- Compute investment returns.
- Make informed decisions based on quantified benefits, returns and percent return comparisons between learning programs.

Dr. Phillips has created an ROI Methodology that he conducts certifications and workshops on and has helped training organizations use the right tools to measure the ROI on organizational learning. A summary of his methodology is illustrated below:



Source: Measuring the Return on Investment in Training and Development Certification Materials, Jack J. Phillips, Ph.D 2002

The methodology is a comprehensive approach to training measurement. It begins with planning the project (referred to by Dr. Phillips as an Impact Study). It moves into the tools and techniques to collect data, analyze the data and finally report the data. The end result is not only a Level 5 ROI but also measurements on the Kirkpatrick 4 Levels as well. This yields a balanced scorecard approach to the measurement exercise.

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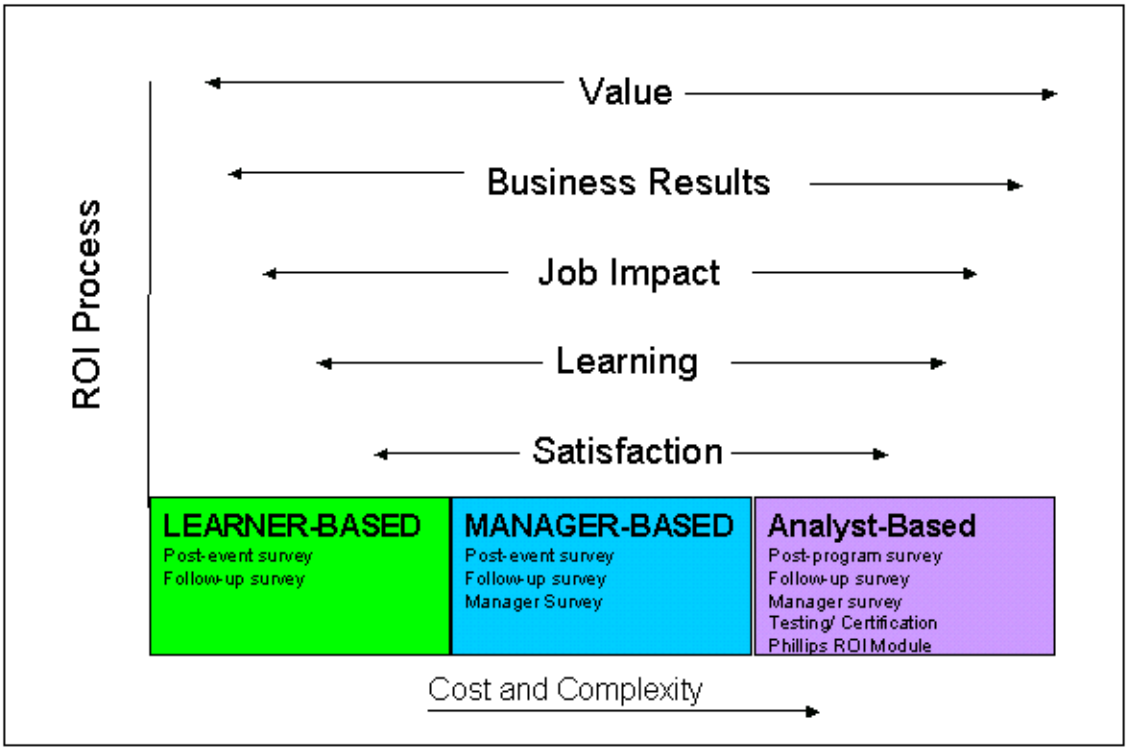
Learning Measurement in Practice

Kirkpatrick's Four Levels and Phillips' Fifth Level provide an acceptable form of training measurement. The Phillips ROI Model is also a detailed approach to conducting Impact Studies to help prove or disprove if a learning measurement program was a positive influence on the organization.

The illustration below showcases a 3x5 learning measurement model to capture a balanced scorecard of learning metrics that range from the low cost/simple solution to the higher cost/ complex solution. Each may be applicable for different needs. Each is explained briefly below.



Learner-Based

The learner-based measurement model captures data from training participants at two distinct points during the learning process. The first measurement point occurs directly after the learning intervention (post-event) where the main measurement focus is on Kirkpatrick's Level I and Level 2 to gauge satisfaction and learning effectiveness. Because there is a high response rate to these data instruments, it is also critical to capture indicators for advanced levels of learning such as Level 3 (job impact), Level 4 (business results) and Level 5 (ROI). These indicators are in effect forecasting or predicting the future impact the training will have on the participant and the organization.

A second data collection point occurs in a follow-up survey conducted a period of time after the participant has been back on the job. This survey is meant to "true up" the forecast and predictive indicators of Levels 3, 4 and 5 by gathering more realistic estimates now that the participant is back on the job.

The approach is low-cost if an organization leverages standard data collection instruments across training activities and uses technology and automation to capture, process and report the collected data. Thus, learner-based measurements can be used for all of training—each time a participant takes a class—to yield continuous measurements.

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Manager-Based
This method has the same data collection points as the learner-based solution but adds a manager-based dimension. The manager of the participant attending training is another important data point. They can be sent an evaluation instrument timed to match up with when the participant receives a follow-up. The manager survey focuses on Levels 3, 4 and 5 of the Kirkpatrick and Phillips models to provide estimates surrounding job impact, business results and ROI from the manager's perspective. The manager survey also asks "support-type" questions to understand the on-the-job environment where the participant applied the training.

Due to the increased effort it takes to conduct and analyze manager surveys, the cost and time to measure at this level is higher than the purely learner-based approach. But, with automation and technology to facilitate the dissemination, collection, processing and reporting of the data, the cost and time can be minimal. The result is that it could be used on a continuous basis for every training event a participant attends. More realistically, it will be used on a periodic basis for more strategic programs where manager data is more relevant.

Analyst-Based
This approach uses significantly more comprehensive post event, follow up and manager surveys it also uses other analytical tactics that go beyond surveying. For example to analytically measure Level 2 – learning effectiveness a detailed test is designed and administered to participants. Due to the time commitment of conducting a significantly detailed data collection and analytical exercise the Analyst-Based approach is only used for about 5% of all training programs in the organization. Typically these programs are the more strategic or visible and have the budget to afford a more costly and time-consuming measurement exercise.

The Human Capital ROI Score Card

To this point we have discussed the need for ROI and the methodologies and approaches to get reasonable data on ROI. This section discusses the output of an ROI approach that has the following benefits:

- Cost effective to measure.
- Resource efficient to measure.
- Provides indicators of all 5 levels of evaluation.
- Is scaleable and replicable across all learning classes, courses, curriculum and programs.
- Is benchmark-able for both internal and external comparisons.
- Uses reasonable assumptions based on industry-proven principles and methodologies.
- Provides valuable business intelligence to a variety of stakeholders.
- Provides quantitative, financial evidence of return on investment.

The premise behind the scorecard is in the underlying assumptions from which it operates. The key is deriving a monetized benefit from training. Calculating it for a specific result such as sales, quality, productivity or cycle time can derive the benefit. However, linking it to the known monetary value that is placed on human capital—an employee's salary, may also derive it.

Let's consider an example. If one buys a computer for $3,000 the expectation is that the company will get $3,000 of value out of the computer. The computer may help a salesperson increase sales or help a plant floor operator increase quality, but the goal is to improve the user's job performance through the technology. The expectation is that *at least* $3,000 will be of benefit in exchange for paying a cost of $3,000 to acquire the computer.

Compare this analysis to a person (human capital). If the fully loaded salary (wages, benefits and overtime) of a newly hired employee is $50,000, the organization paying that expense expects at least $50,000 of value from the employee. This value could come from their contributions in one or more key business objectives such as sales, quality, productivity, cycle time, customer satisfaction, etc. But, in general, the organization expects a return of at least $50,000 from the employee.

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Assume that in our computer example the IT department added a $500 upgrade to the system. The upgrade is intended to make the machine faster, more resistant to bugs, and more accurate in its processing computations. The business result is more productive employees, higher quality and reduced cycle-time for a user of the computer. The expectation is that the $500 spent on the upgrade will result in at least $500 returned in various benefits.

Compare this analysis with training. We use training to upgrade our people just as we add components to a computer to upgrade technology. Training and organizational development are proven tools to add knowledge and skills to our workforce. So, if an employee goes to a $1,000 training event over a week-long period, the goal is that the employee will leverage the training to help achieve various business results back on the job. Such results include increased sales, quality, customer satisfaction, productivity, etc. The expectation is that the $1,000 spent on the training will result in at least $1,000 returned in various benefits.

Estimation, Isolation & Adjustment

We've discussed the works of Dr. Jack Phillips and his ROI process as an analytical tool to measure the ROI on human capital. However, just as Dr. Phillips leveraged Dr. Kirkpatrick's learning measurement model, so to can the work of Phillips be leveraged to systematically measure and collect ROI data that is non-analytical.

Phillips' guiding principles include elements of what he refers to as estimation, isolation and adjustment. These are the cornerstones to monetizing a benefit (the numerator in our ROI equation) and linking it to training.

Estimation is a process commonly used in business today. Sales people will estimate their future sales, accounting people will estimate the cost of a warranty or claim that is expected in the future. Similarly, training personnel ask that participants (and managers) estimate the job performance impact that a training program will have on their job. Participant estimation, as it is commonly referred, is not estimating the performance solely related to training, but asks participants to estimate job performance changes in general, including among other factors, training.

For example, if one attends sales training, one might estimate an increase in job performance. But that increase could be related to other factors—such as a competitor going out of business—that increases sales performance more so than training. So, estimates of performance change need to take into account many factors, not just training. Those factors include process changes, people changes, marketplace changes, technology changes and, of course, training.

When estimating the increase, the participant should think carefully about all the factors mentioned. They may want to review historic data and forecast data to reasonably factor into their overall performance change.

Logically, the training department is keenly interested in the effect training had on the performance improvement. So, the next step is to isolate the estimated increase in performance to just training. In this part of the process, the participant should estimate how much the training has or will influence job performance, relative to the other factors, and assign a value to it. If the sales person felt that training was the strongest factor that caused change or will be the driving force behind future change it would receive a higher value than not.

Finally, because participant estimation and isolation is participant-driven, one must adjust any resulting ROI calculation for the estimate. Again, in other facets of business this is commonly done. Using shades of analysis (such as most likely, optimistic and pessimistic) adjusts estimates for bias by the estimator and flaws in assumptions. You'll often see sales forecasts reported in this manner.

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In training, adjustment is made for two reasons. The first is conservatism. Conservatism is a guiding principle of Phillips. It is also critical to state that one is conservative in assumptions to build integrity into your ROI model. The second reason for adjustment is bias. Self-reported bias by participants is typically inflated. In fact, studies done by organizations like the Tennessee Valley Authority (TVA) suggest that respondents tend to over-estimate by a factor of 35%. To this end, when computing an ROI calculation one might reduce the inputs by a factor of 35% or a similar confidence rate as the adjustment factor for conservatism and bias.

Taken together, the principles of estimation, isolation and adjustment form a powerful model in tabulating a systematic, replicable and comparable ROI model for human capital.

The result of the process is a monetized benefit factor, that when multiplied by the salary (i.e. the human capital) yields a monetized benefit from training.

The model is easily adaptable, leveraging automation and technology, to drill deep into a specific business result such as the ROI on sales, quality, productivity, cycle-time, customer satisfaction or employee retention.

Post-Event vs. Follow Up

It is important to note that under the learner-based model referenced above, it is critical to gather data from participants at least two points in time. The post-event instrument will gather data immediately after a learning intervention. It is at this point that the participant estimates—via forecasting—their job performance, isolation and confidence ratings. This is important because a huge value in ROI is to make it a predictive tool—not a reactive or historic tool. Forecasting ROI prior to the passage of time can be a very valuable tool to make business decisions, just as sales forecasts drive sales decisions and accounting forecasts drive accounting decisions.

The follow-up is a second exercise to re-collect data when the participant is back on the job and time has passed. Here the data on job performance, isolation and adjustment is no longer a prediction but a realistic estimate of what has really occurred. This is critical in order to understand reality. Just as sales people review actual versus forecast, so to should training personnel view post-event versus follow-up.

ROI Indicators

Now that we have established a way to obtain a monetized benefit from training, we can use guidance from finance to establish some ROI indicators for our Human Capital ROI Score Card. The main ROI indicators from a finance perspective include the following:

1. Benefit to Cost Ratio
2. ROI Percentage
3. Payback Period

The *benefit-to-cost ratio* is probably the most relevant of the three. It is simply the monetized benefit divided by the costs of the training. The costs should also be fully loaded for conservatism. Typical costs need to include cost items such as needs assessment, design, delivery, materials, overhead, evaluation, lost work time of participants and travel expenses of participants. The benefit-to-cost ratio will then be a conservative view on the financial ramifications of your training program. Ratios greater than 1 are positive in ROI. Ratios less than 1 are negative in ROI, and ratios equal to one are break even. For example, if you have a benefit to cost ratio of 2.5 that means the training program returned 2.5 dollars for every dollar spent on it.

Another financial ratio is the *ROI percentage*. This is the benefit less the cost, divided by the cost, expressed as a percentage. Although ROI is more common than benefit-to-cost ratio, the benefit-to-cost ratio is a more typical measure of training's use of ROI financial measures because it is not as hard to interpret as the ROI percentage, and has less tendency to be compared to other ROI projects that are not human capital-based.

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The final ROI indicator is *payback period*. This is a time-based financial metric. It tells you how many months (or whatever time period you use) are required before you break even on the investment, after which is a positive return. It is good to provide time-based metrics to balance out your scorecard.

ROI in Human Capital vs. Non-Human Capital ROI

Research has consistently supported the fact that human capital is an undervalued investment opportunity. Past research illustrates that physical and financial capital investment returns are substantially smaller than the value of intangibles like human capital. Phillips states one may see ROI in excess of 800%, and the Tennessee Valley Authority (who received an award from the ASTD on ROI) typically sees average ROI percentages around 1000%. An ROI analysis done by a world-class corporate university was 5,612%. The key is to compare it historically, and for major programs or elements of your training, to not just consider ROI but all the metrics on the score card (i.e. a balanced approach). Nonetheless, it can help the training department prove how they are helping the organization improve overall performance (and does so in a scaleable, consistent manner).

The Balanced Score Card

As discussed, ROI can really be expressed a value to your stakeholders, and can mean different things to different stakeholders. Merely positioning a financial metric to a training manager won't solve their measurement needs. They want and need feedback on instructor performance, courseware quality, etc. Hence the need for an ROI scorecard that has a balanced set of metrics that provides indicators on all five levels of learning, not just a financial ROI.

What should these measures be? Our suggestion is to have a small set of measurements that are comprised of data gathered in a consistent manner on a continual basis. If done, a scorecard with such metrics can be generated in a real-time manner for any learning event or combination of events you choose.

Below are the key performance components that comprise the scorecard:

- Level 1 – Satisfaction
- Level 2 – Learning Effectiveness
- Level 3 – Job Impact
- Time to Job Impact
- Barriers to Use
- Post-Training Support
- Level 4 – Business Results
- Job Performance Change
- Business Drivers Impacted By Training
- Level 5 Return on Investment

GeoLearning Analytics

The above scorecard is a critical component to the reporting capabilities of the *GeoLearning Analytics* technology. *GeoLearning Analytics* is a Web-based learning evaluation system that allows organizations to cost-effectively measure training impact and improve performance.

Through *GeoLearning Analytics* we help our clients:

- Easily implement and administer technology-based learning measurement solutions.
- Maximize their Return on Investment (ROI).
- Gain the knowledge required to improve and monitor performance of learning programs on an ongoing basis.
- Obtain valuable learner satisfaction and job impact data.
- Reduce learning related expenditures.
- Compare performance to internal and external benchmarks.

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The benefits of *GeoLearning Analytics* are numerous including the following:

- **Measure and Improve Job Impact**
  GeoLearning Analytics allows organizations to streamline the learning evaluation process, measure training performance, and ultimately, improve job impact.

- **Drive Superior Business Results**
  By having access to real-time learning and performance data, *GeoLearning Analytics* provides organizations with the ability to increase performance and drive superior business results.

- **Improve Return on Learning Investment**
  Because organizations can't manage what they don't measure, it is important to establish the right performance measures for all key investments. Learning is without a doubt one of the most important investments any company will make.

  The global economy and the rapid advancement of technology have made today's workforce more mobile than ever before. Increased competition in a worldwide marketplace forced companies to tighten their belts and find ways to value engineer everything, including learning. To that end, today's world-class learning organizations are finding innovative ways to design and deliver training better, faster and cheaper. These organizations are then monitoring the effects of these changes through comprehensive measurement systems, and *GeoLearning Analytics* helps these organizations improve their Return on Learning Investment.

- **Industry Benchmark Comparisons**
  Leveraging *GeoLearning Analytics*, we capture data on a wide array of learning interventions and provide extensive reporting capabilities to clients using our normative database of learning performance data.

  After collecting data, we provide value-added consultative services by helping our clients leverage the *GeoLearning Analytics* technology and benchmarks to improve the performance of their learning operations.

- **Increase Shareholder Value**
  GeoLearning Analytics and GeoLearning's learning methodology helps organizations increase their shareholder value. By leveraging market leading models such as the Phillips ROI Process, GeoLearning provides thought leadership in the corporate learning industry.

- **Accelerate Adoption of E-Learning Programs**
  GeoLearning Analytics captures learning performance data on many different learning modalities. Because learning evaluation data is captured from online learning events in addition to traditional instructor-led learning interventions, GeoLearning captures valuable data that helps corporations successfully adopt and implement e-learning solutions.

- **Accountability on Training Dollars**
  Many corporate learning professionals have difficulties measuring their performance and demonstrating value to senior management. Increasingly, corporate learning professionals are being asked to justify budgets. *GeoLearning Analytics* helps solve this problem by providing measurement data for all training dollars spent and helps training professionals determine what initiatives are working to drive better business results.

- **Actionable Intelligence**
  GeoLearning Analytics provides organizations with actionable intelligence. The data that is provided to organizations, and the comprehensive ways in which we display this data provides organizations with the ability to quickly gauge how effective learning is, and makes decisions accordingly.

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Best Practices: Concluding Thoughts

Best Practice #1: Plan your metrics before writing survey questions.
First and foremost, never ask a question on a data collection instrument unless it ties to a metric you will utilize. As simple as this sounds, often is the case where organizations create questions with no purpose in mind.

Best Practice #2: Ensure the measurement process is replicable and scaleable.
Organizations tend to spend thousands of dollars on one-off projects to measure a training program in detail. This information is collected over many months with exhaustive use of consultants and internal resources. Although the data is powerful and compelling, management often comes back with a response such as "great work, now do the same thing for all the training." Unfortunately such one-off measurement projects are rarely replicable on a large-scale basis. So don't box yourself into that corner.

Best Practice #3: Ensure measurements are internally and externally comparable.
Related to best practice #2 is the concept of comparability. It is a significantly less powerful endeavor to do a one-off exercise when you have no base line of comparability. If you spend several months calculating out a 300% ROI on your latest program how do you know if that is good or bad? Surely a 300% ROI is a positive return but what if the average ROI on training programs is 1000%?

Best Practice #4: Use industry-accepted measurement approaches.
Management is looking to the training group to lead the way in training measurement. It is the job of the training group to convince management that their approach to measurement is reasonable. This is not unlike a finance department that must convince management of the way it values assets. In both cases, the group must ensure the approach is based on industry accepted principles that have proof of concept externally and merit internally.

Best Practice #5: Define value in the eyes of your stakeholders.
If you ask people what they mean by 'return on investment' you are likely to get more than one answer. In fact, odds are you'll get several. Return on investment is in the eyes of the beholder. To some it could mean a quantitative number and to others it could be a warm and fuzzy feeling.

Best Practice #6: Manage the change associated with measurement.
As you can likely see from some of the best practices, they might be doomed for failure if you fail to manage the change with your stakeholders. Successful organizations will spend considerable time and energy planning for the change. Assess the culture and the readiness for change. Plan for change or plan to fail.

Best Practice #7: Ensure the metrics are well balanced.
Although you want to understand the needs of your stakeholders and have them define how they perceive value, you also need to be proactive in ensuring that your final 'measurement scorecard' is well balanced.

Best Practice #8: Leverage automation and technology.
Although this goes hand and hand with a measurement process that is replicable and scaleable it is worthy of separate mention. Your measurement process must leverage technology and automation to do the heavy lifting in areas such as data collection, data storage, data processing and data reporting.

Best Practice #9: Crawl, walk, run.
When designing a learning measurement strategy it is nice to have a long term vision, but don't attempt to put your entire vision in place right out of the blocks. The best approach is to start with the low hanging fruit that can be done in a reasonable time frame to prove the concept, demonstrate a 'win' and build a jumping off point to advance it to the next level.

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Best Practice #10: Ensure your metrics have flexibility.
The last thing you want to do is roll out a measurement process that is inflexible. You will likely have people who want to view the same data but in many different ways. You need to have architected your database to accommodate this important issue thereby creating measurement flexibility.

About GeoLearning, Inc.

GeoLearning is the leading Application Service Provider (ASP) of learning management systems and e-learning content for organizations around the world, including Fortune 1000 companies, government agencies and educational institutions. The company's LMS and e-learning delivery platforms offer robust registration, tracking and reporting functionality that are essential to managing enterprise-wide learning, development and knowledge acquisition. With no hardware or software to install, GeoLearning's ASP-hosted LMS platforms can be deployed quickly, allowing clients to increase speed to performance and maximize return on investment.

The company's *GeoLearning Analytics* measurement system and benchmarking expertise help companies more successfully implement e-learning strategies and better manage corporate learning investments. Additional information is available at www.geolearning.com.

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