

## Calculating a Return on Your Investment

Calculating a return on investment (ROI) is often a first step when considering adding online learning to your training program. However your organization may not track training costs as a separate line item, making it difficult to calculate where the savings will come from. It's also difficult to assign a dollar figure to e-learning's most important benefits. For example, it's easy to calculate how much you save in mileage if your employees can avoid a long drive for compliance training but can you calculate how much more time your managers will spend on revenue-generating activities because they aren't shuffling paper to get their staff to finish training assignments?

E-Learning's less tangible improvements are no less valuable than the savings in travel expenses, but intangibles are more difficult to document and justify to senior-level decision makers. With this said, here are some areas to consider when making a case for E-Learning:

**Paid Training Time** - Over forty independent studies have found that online training yielded time savings of 35-45% over traditional classroom instruction while obtaining equivalent or better gains in learning retention. Simply put, if you pay 30 employees to sit in a classroom for 1 hour and the average hourly rate of those employees is \$15 then that class will cost the organization \$450 in paid training time. If that class content can be shifted to an online format and it takes these same employees 40% less time to complete the course you have reduced your paid training time for this class to \$270, saving the organization \$180. To calculate your savings in paid training time you first have to consider how many courses that you are currently providing in the classroom could be transferred to an online format. Be sure to consider all of the training that you provide - orientation, annual mandatory training, in-service, etc. Once you have a ballpark figure, calculate your savings as follows:

**Orientation Training** - Estimate the number of hours of orientation training that can be presented online. Multiply it by the number of new hires you have times the average hourly rate for new hires including benefits. Multiply this amount by 35-45% (depending on how conservative you want to be). This is a ballpark estimate of your orientation savings. Also factor in the time savings for managers who present the orientation classes.

**Annual Training** - Take the number of hours of training that could be presented online. Multiply it by your total number of employees. Multiply this number by your employee's average salary plus benefits. Multiply this amount by 35-45% (depending on how conservative you want to be). This is a ballpark estimate of your annual training savings.

**In-service** - This is a little trickier - most in-service is done as part of staff meetings or at the end of the day. There may be some savings and productivity benefits if you have employees who are doing shift work who are paid overtime to come in early or stay late for training classes. For example, if you have a worker who is doing an overnight shift and they could do their mandatory's while on duty instead of staying for a class in the morning - that will yield some

paid training savings.

**Staff Coverage** - Do you routinely have to cover units with paid staff to allow employees to attend mandatory training classes? If so, you may realize savings for training these essential employees if they could take some of the classes online. You will save the cost of the replacement staff time even if you have to pay the essential staff overtime.