How to Measure ROI on Training and Coaching

Part 1: An Overview

When it comes to training courses and coaching, it can often be challenging to measure specific financial Return on Investment (ROI). For example: what is the ROI on wellbeing, effective management, inspirational leadership and interpersonal skills development?

How do we know it has worked? How do we know it has had a positive impact on the bottom line (i.e. financial)? Those that are investing in the intervention will usually want some objective, scientific measurement of the ROI. However, many interventions are notoriously difficult to measure. The results are often intangible and confounded (or aided) by other variables outside of the intervention. Perhaps, for example, a team build has been successful because of the 'management day out' or perhaps it has been successful because the previous boss has left and been replaced with someone more effective.

Obviously, the notion of measuring an intervention implies measuring it against something else. The time to generate a 'success criteria' would be before the intervention takes place:
- What would success look, sound, feel like?
- How would we know we have been successful?
- What are some of the other possible variables that may help or hinder the intervention (or that might be responsible for the 'success' happening anyway, regardless of the intervention)?

Where there are clear objective means of measuring the outcome of an intervention, this is great. Sometimes we can easily measure in terms of financial savings or income generation. Or perhaps we might measure specific time savings of using a new system.

The challenge is when we are measuring the performance or quality of an intervention. Ideally, we would have something tangible (e.g. a template, a working example or a benchmark) that we can compare the result to. Amongst other things, quality can be measure in terms of specifications/features (number of), performance (does what is defined), finish (appearance – e.g. looks good, is mistake/tarnish free) and model/template (how close is the result to the template)?

In order to generate some form of benchmarking (and possibly to justify the intervention to senior management), we will be exploring three methods of 'measuring the intangibles'.

Part 2: Profits, Gains, Savings and Benefits

In the second of four articles, we will be exploring an approach to determining ROI on training and coaching. The approach explored here is in establishing the profits, savings and benefits of a training and/or coaching 'intervention'.

Do you have something easily measurable? For example, some 'soft skills' training (like sales, negotiation or fundraising skills) may allow us to do a financial before and after gauge. Some time management interventions may allow us to see a specific gain or savings in time.

In order to demonstrate benefit, we collaborate with our partners to ask the 'Three ROI Questions'. As well as the immediate post-course review (which tells us how well the course was received and participants' learnings/applications), we aim for a longer-term/bigger picture review, seeking the perceived benefits for the individual, their team/colleagues and the organisation. This review also helps to remind people of the course material.

We have found that if you want to determine the perceived benefit of training and coaching… then ask the recipient! The three ROI Questions are:
- What has been the benefit to you personally as a result of attending the training?
- What has been the benefit to your team?
- What has been the benefit to the organisation?

Within the answers, we might then be looking for:

Individual Benefits (ASK)
- Attitude (e.g. confidence, motivation, wellbeing and satisfaction)
- Skills (e.g. ability to deliver, capability and productivity)
- Knowledge (e.g. learning and understanding)

Team Benefits (AIM)
- Achievement (e.g. innovation, ability to achieve more, efficiencies and 'easier')
- Interaction (e.g. improved communications, clarity and direction)
- Mood (e.g. motivation, improved team mood and reduced conflict/tensions)

Organisational Benefits (PIE)
- Performance (e.g. profits, savings, cost preventions, efficiencies and competency)

- Image (e.g. commitment to staff, attracting talent and enhanced company brand)
- Engagement (e.g. morale, satisfaction, low staff turnover and keeping knowledge)

Part 3: Cost Prevention

Whilst we can sometimes demonstrate a direct link to profit or savings, we might also work on the principle that effective learning & development is a 'cost prevention'. Coaching and training is often designed to solve a problem.

For example, consider the cost of an ineffective manager when it comes to demotivating staff and high staff turnover. With effective training and coaching, that manager is now capable of motivating and maintaining their staff. This would be a 'cost prevention'.

To measure ROI this way, start by investigating the problem:
- What is the problem?
- How is this a problem to us?
- How do we know it's a problem?
- What are the consequences of the problem?
- What are the potential costs of the problem and its consequences?

If it is hard to pinpoint the problem, you might look to business in general. Type into a search engine "cost of…" followed by the problem you are seeking to solve, for example:
- Cost of e.g. stress, mental health
- Cost of poor (or bad or ineffective) e.g. management, project management, time management

Newspapers and reports from institutes/associations (e.g. CMI, CIPD) are often a source of interesting statistics. For example, the Daily Telegraph (14th April 2019) ran an article with the title: "Bad management 'costs UK £19bn a year'" quoting a report from the CMI.

Part 4: Business Contribution

This third approach to measuring ROI involves talking to stakeholders and leading them along a 'reverse' path to showing where and how your intervention can add value to the organisation. We start with the big picture and drill down into further and further specifics until we reach something we can measure.

Business contribution is about demonstrating that your intervention will support the business in achieving its goals, vision and/or mission. Indeed, we may be able to propose that our intervention will enhance the business in some very specific ways. The trick is to drill down to the specifics with the stakeholders.

Imagine that customer satisfaction levels are dropping in part of our organisation to the point where we are losing customers and hence losing business. We start with big picture by asking stakeholders:

- *"What does the business need to stay in business?"* Typical responses might include: Loyal customers/end users, good communications, a quality product/service, motivated staff, effective procedures and systems. Depending on the intervention we are aiming at, we would then zone in on one area. For example, we might focus in on 'loyal customers' by asking:
- *"What does the business need to attract and keep loyal customers?"* Answers might include: good customer service and after sales care, effective marketing and authentic sales. We drill down again:
- *"What does the business need to have good customer service and after sales care?"* Sample responses might be: polite staff, staff able to resolve conflicts, effective complaint handling, good listeners and effective problem solving.

At this point, we are heading towards competencies. If we can demonstrate that our 'customer service workshop' is designed to improve staff competencies as outlined above and that those competencies might be scored (e.g. self-scored by workshop delegates) before and after the course, we could then claim '**Business Contribution'**.

In general terms, if you cannot measure the 'ends' of an intervention (i.e. the outcome/output), then you may need to measure the *means*. This might be done by creating a competency framework or benchmarking framework as a way of demonstrating measurability of performance and behaviour. In this way we might show that as a result of the intervention, the organisation (or staff, system, product, service etc.) can now do x,y,z.

The Author

Joe is the Lead Imaginarian and Trainer for Imaginarium Learning & Development. He has been involved in the field of management and organisational development since 1993.

He holds an MSc in Organisational Development, a degree in Philosophy and Psychology and diplomas in Coaching and Psychotherapy.

Joe is an NLP Master Trainer who enjoys learning new things… by exploring diverse fields of science, philosophy and psychology and then integrating these 'learnings'. He is the

author of *'Solving Impossible Problems'*, *'Who Stole My Pie?'* and the co-author of *'The Model Presenter'*, *'The Relationship Dance'*, *'The Little Book of Persuasion'* and *'The Little Book of Resilience'*. He is also the editor of *Powered by NLP 1 & 2* and the journal *Acuity*.