

AVALNET

Presentation of a business case

About Avalnet:

The main purpose of the Avalnet network is the conception, deliver and transfer of innovative products in the field of assessment, evaluation and ROI, with a focus on quality improvement of VET systems and practices throughout Europe. As part of the project we will here present a business case from Denmark.

Strandgaard Consulting has in the training of 16 leaders of a Scandinavian building company, run a complete evaluation project including calculation of ROI and intangible results. The project is described here followed by a section presenting the results on the different levels of the traditional ROI Methodology.

The company had been growing fast and a lot of the leaders lacked elementary leader training. At the same time the top management had learnt that the employees wanted the leaders to be more visible and distinct as leaders.

The training focused on behaviour and cooperation. Since the company was growing fast with lots of operations in-house and on a great number of building sites, the leaders have great independence and responsibility. They need to be confident in their jobs.

The leaders attended courses in "People in balance" and "Leading change". The training was done in three modules of three days training. The training was done by external instructors and trainers from Strandgaard Consulting.

If the trained leaders had acquired the new knowledge as leaders, the company should see increased turnover, reduced overtime and greater customer satisfaction.

1. When did we apply the ROI Methodology?

The project was planned according to the ROI Methodology and followed the prescribed stages of the method, starting with the first evaluation of the participants' reactions to the training at the end of the training. The second evaluation – the evaluation of learning - was done one month after the training, and the third evaluation – the application of new knowledge in their jobs - and fourth evaluation – impact on the company – was done 4 months after training.

2. What did we apply?

The reaction evaluation was based on an average score from 1 to 5 with 5 as the highest.

The evaluation on level two was aimed at verifying the actual learning that the participants had done. The usual question is whether the participants remember what they have been through in the training? In this project the evaluation of learning was not a test but a verification of their feelings of having acquired new knowledge.

Evaluation on level three was trying to verify whether the participants had taken their new knowledge into use in their jobs and whether this had changed their behaviour or attitude.

Evaluation on the fourth level was trying to establish whether the new knowledge of the participants and their use of this new knowledge, had lead to improved results for the company. When trying to evaluate the impact on the company it is important to isolate the effect of the training, which was the intention of this project.

The project did also evaluate on level five – the calculation of return on the investment of the training taking all costs and benefits into account.

3. Which were the methods or tools?

On level one the participants answered a questionnaire where questions regarding how they felt the usefulness of the training and how good the training was done, quality of trainers etc were answered.

The second level evaluation was done with a questionnaire where they answered a number of questions regarding different elements from the training. This was not a test of their knowledge, but their own verification to which extent they had acquired new knowledge.

The questionnaire the participants answered as evaluation on level three, they filled in 4 months after end of training and were directed at getting to know whether they actually were using their new competences in their daily work.

4. What were the results?

On level one the average score was 4 on a scale from 1 to 5. From this we can assume that the participants of the training had an overall positive response to the training which gives us the assumption that the training was relevant and had the necessary connection to the business strategy and that is was motivating.

The questionnaire on level two had an average score of 4,1. This is a strong indication of a training that the participants had seen as relevant and interesting – they felt strongly that they had acquired new knowledge. It is also a confirmation of their feeling of usefulness of the training.

On level three the average score was 3,2. This was lower than expected and hoped for. Their answers showed among other things that learning about how to be a good

leader was good, but they felt that they also needed knowledge regarding financial elements to be the kind of leaders they felt were necessary to be. The evaluation showed that the trained leaders lacked elementary knowledge regarding the financial side of being a leader. The training was successful in the respect that the participants had acquired new knowledge about leadership, but they wanted more training. We see that these leaders are motivated by the training and want to improve their qualifications further.

In this case the evaluation showed that the turnover has increased as a result of the training – level four. This increase was isolated as a result of training by trying to take out increase as a result of other actions or change in market conditions.

The participants have also estimated an improved result for the company being better to prioritise their work and to communicate and cooperate. These estimations are of course uncertain and have been considerably reduced when calculating the financial result of the training. The important is that the participants mean that their training has several effects that they see improve the company's turnover or financial results. The findings are improving the motivation and the top management can see that training makes a difference.

Calculation of return on investment is the fifth level of evaluation according to the ROI Methodology. In this case the ROI was calculated four months after training to 83% after reducing the estimation of some of the factors considerably. The investment is the actual training, cost of instructors, the time and cost of the participation etc. The theory says that in the calculation you take into account all possible costs that are the effect of the training and only the income that you are certain is a result of the training. In this case the results were calculated after a short period of time. If the calculation were done after six or twelve months we can assume that the ROI would be even better.

A sixth level of evaluation are such results that it is not possible to calculate the financial result of: improved motivation, new openness of change, more focus on customer satisfaction etc. In this case we can conclude that if the training has given these intangible results, the leaders tend to be open for more training.

Summary

Because of the systematic planning and evaluation of the training, the management of the company could see the actual effect of the training, possible future improvements of the training, the need for new training in other fields and so on. The important effect of the training which to a great deal comes from the systematic evaluation is the increased motivation of the leaders and their interest in new job related training.

Strandgaard Consulting A/S
Trond Bjørge

This material was created in the framework of the project nr. PT/06/B/F/NT-159165 – AVALNET. This project has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.