

Training and Development Evaluation Cost Benefit Analysis

If you think of yourself as a business person first and then in training and development then this might be helpful. When ever you are asked to undertake a new project, as a training and development intervention, which is going to add value to your organisation a cost benefit analysis is useful on a number of points.

First it allows you to be able to justify the spend, secondly, it allows you to compare different ways of carrying out the intervention, cheap is not necessarily good and thirdly it sets out some benefits which can be incorporated into the evaluation process or model you are using.

Within the following template you can insert your own costs and benefits to suit whatever intervention you are contemplating.

Definitions:

Intervention means course programme session 1:1 coaching project, etc.

COSTS

	FIXED OR ONE TIME COST	VARIABLE PER INTERVENTION	VARIABLE PER PARTICIPANT
1 Intervention Development Cost			
needs analysis and research	X		
design and creation of design details	X		
writing and validating and revising	X		
producing (typesetting, illustrating, ready for reproducing)	X		
2 Materials			
per trainer/facilitator/enabler/coach (durables: videotape, film, x x PC software, overheads)	X	X	
per participant (expendables: notebooks, handouts, tests, etc)			X
3 Equipment (Hardware)			
"lite pro", Video, computers, flip charts, other training equipment	X	X	
4 Facilities			
rental or allocated "fair share" usage of classrooms, etc.		X	
5 Off-Site Expenses (if applicable)			
travel, hotel overnights, meals, breaks			X
postage of materials, rental of AV equipment, etc		X	
6 Salary			
participants (no. hrs. contact x aver. hourly rate)			X
trainer/facilitator/coach, course administrator	X		
fees to consultants or outside trainers		X	
support staff (audiovisual, administrative, etc)	X	X	
7 Lost Productivity (if applicable)			
production rate losses or material losses			X
Summary			
A Total of all one-time "up front" costs	X		
B Total of all costs incurred each time intervention		X	
C This sum (Box B) x no. times intervention		X	
D Total of all costs incurred for each participant			X
E This sum (Box D) x no. participants over life of intervention			X
F Total Costs (sum of Boxes A,C and E)	X	X	X

BENEFITS

	ONE TIME OVER LIFE OF INTERVENTION	ONE TIME PER PARTICIPANT	PER PARTICIPANT PER MONTH
1 Time Savings			
shorter lead time to reach competency (hrs. saved x £)		X	
less time required to perform an operation (hrs. saved x £)			X
less supervision needed (supervisory hrs. saved x supervisory £)		X	X
better time management (hrs. freed up x £)			X
2 Better Productivity (Quantity)			
faster work rate (£ value of addl. Units, sales, etc)			X
time saved by not having to wait for help (hrs. saved x £)			X
less down time £ value of reduced non-productive time)			X
3 Improved Quality of Output			
lower waste (scrap, lost sales, returns, etc£ value)			X
value added to output, higher volume (bigger sales, x higher quality £)		X	
reduced accidents £ value of savings on claims, lost work)	X	X	
reduced legal costs (Employment tribunal £)	X	X	
improved competitiveness (change in market share £)	X		
4 Better Personnel Performance (attributable to training)			
less absenteeism employee £			X
reduced grievances, claims, job actions (£ saved)		X	X
same output with fewer employees (£ on jobs eliminated)	X		
Summary			
A Total of all one-time benefits	X		
B Total value of all improvements occurring once per participant		X	
C Total value of all improvements per participant per month			X
D Length of payback period (life of course) in months			X
E Number of employees trained during this period (D)		X	
F Total of B times E		X	
G Total of C time D			X
H Total Benefits (sum of A plus F plus G)	X	X	X