



Forget the ROI of Training: What's the Return on You (ROY)?

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ROY is an acronym. It stands for "Return On You."

You know what ROI is, right? Return on Investment – that ubiquitous, universal measure of the worth or value of an investment, including training.¹ We'll bet if you were pressed to come up with the ROI for a particular training initiative or program you could cobble together some numbers you could defend. But if you were asked to come up with ROY – the return on your company's investment in you – your eyes might glaze over and perspiration beads might form on your brow. ROI? No sweat. ROY? Big sweat!

Where do you begin? What numbers do you gather? How best to defend them? And, why bother thinking through this at all?

We don't know of a single company that's asking for ROY, at least not explicitly, not for trainers nor anyone else just yet. However, we believe the day they will is at hand. People, as factors of production or service processes, are simply too costly to be ignored. People-related expenses in large service or information businesses typically account for 65-75% of the operating costs of the business.

So more and more senior managements question not just new hires but current positions as well. That goes double for training, historically one of management's favorite targets when the budget and downsizing axes are taken out. This is one reason job growth continues to be slower than historical norms during economic recoveries. The typical corporate stance today is: "Find a way to do it without adding more people" (and get rid of some if you can).

The emphasis on proving your economic value – or being prepared to prove it when asked – can only grow stronger. This article will help you get a start on doing just that, and on being prepared for that question when (not if) it comes.

ROY has a lot in common with ROI. Both are ratios of the return (valued results) to the investment (one-time and continuing costs) expended on achieving them. Both are ratios of results to resources, whether you're dealing with actual or expected values.

¹ For this paper we will set aside distinctions between expenditures classed as "expenses" and those classed as "investments."

Think you know all there is to know about your company's investment in you? Studies show the majority of employees are more than 30% off the mark when asked to estimate their actual costs to their companies. Most people cite "pay and benefits" and stop there.

But that's only part of the equation. Let's get a little more detailed. "Pay" is a very narrow term, usually encompassing just salary, wages and bonus. A better framework is "Compensation." It encompasses not just salary, wages and bonuses, but also stock options and other monetary benefits like a company car and 401K matches.

"Benefits," too, is a fuzzy term. Health, medical, dental, and vision care are examples, as are life and disability insurance. Other benefits are less obvious. If you have an office, what do you suppose that costs? What about the furniture in it, your PC and your phone? What about that cell phone on your belt and that PDA in your briefcase? Okay, you don't have an office, you have a cubicle. Same deal. Been to any training workshops or conferences lately? Tote up the cost of the travel, registration and meals and, whether you consider it a "perk," a "benefit" or part of your "pay," it's an investment in you. While we're at it, what did it cost to hire you? If your company paid to relocate you, how much was that? And, if you got one, how much was your signing bonus? Does your company pay for or reimburse you for membership in ASTD, ISPI, SHRM? Does it reimburse you for your subscription to *Training*?

Round up and add up all these figures (and any others that come to mind) and the odds are your company's investment in you is easily half again what you're being paid and, in some cases, twice as much. If you don't believe us, ask your Finance Department (if you dare: we caution you about sleeping dogs, stirring up hornets' nests, etc.).

Determining your company's investment in you is relatively easy. Much tougher is figuring out the return on you. *What results of value have you produced and what results of value will you produce?* Yes, you've developed new training or conducted training courses this year. But what tangible results can you lay claim to as an outcome of those efforts? Can't say? Not encouraging.

To be clear, we think this ROY issue – intuitively calculated or actually calculated – will be more frequently applied to all organization groups. Training and the Training Department are not the sole targets. Suppose you're an account manager and you salvaged a big account that was about to go elsewhere. Can you define the economic value of that accomplishment? Or, suppose you're in IT and you led a project to develop a new application. Suppose also that you achieved the impossible dream; you pulled off an IT project on time, on budget and without a hitch. What's that worth in dollars and cents? Or suppose you're one of those forlorn warriors known as middle managers? You're responsible for getting results through other people. What measurable results did you get through them? What are those results worth? How much of that can you reasonably lay claim to? If you're a training manager you're responsible for getting results through people (trainers) who in turn get results through training. And, if you stay in the training department, what are you going to tell other people in your company when they come to you and ask for help or training in how to determine their ROY?

To figure out the bottom number in the ROY equation – the investment – you need to be familiar with your company's cost accounting and cost allocation systems. As we said, that's the easy part. To figure out the top number – the return – you need to understand your company's performance architecture – that complex network of people, work processes and measurement systems – that defines and determines what results get produced, when, where how and by whom. It's in there that you find the answers to the questions posed by Donald Kirkpatrick's four-level evaluation model and Jack Phillips' ROI calculations. And that, of course, is the hard part. But it can be done.

We hope by now you have the picture. Sooner or later someone is going to ask you for ROY – the return on you. They're going to ask you for yours or they're going to ask you for help in figuring out theirs. Better start thinking about it now, while you still have the time and luxury of getting a head start on the issue. To help you get started we have attached a worksheet you can use in figuring out the "Return on You" (ROY).

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“Return on You” (ROY) Worksheet

Resources Used or Consumed (The “Investment” in You)		Results Produced or Enabled (The “Return on You”)	
Resource Categories	\$ Value	Result Categories	\$ Value
Pay		Sales	
Space		New Customers	
Equipment (PC, PDA, phone, etc)		Cost Savings	
Vacation		Productivity Improvement	
Perks		Performance Improvement	
Benefits (medical, dental, life, etc)		Profit Increase	
Retirement Matching		Shareholder Value Increase	
Stock Options		Problems Solved	
Tuition Reimbursement		Patents Obtained	
Training/Conferences/Travel		Products Developed	
Employment and SocSec taxes			
Worker’s comp			
Other (List below)		Other (List Below)	
Total Resources \$\$		Total Results \$\$	
$ \text{ROY} = \frac{\text{Results}}{\text{Resources}} = \frac{\$ \text{ —————}}{\$ \text{ —————}} = \text{—————} \% $			