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The true costs and benefits of training

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Training comes in many different forms, but there is always a cost, there should always be a benefit as well. It is an activity that should enhance the performance of the employees of a business and consequently has benefits for both the business and the employees.

Some of the benefits are:

- Training can help employees stay up to date in their careers and help their organisation stay competitive
- When looking to recruit people to join the business. Training opportunities are an attractive inducement to good quality candidates
- Training keeps employees motivated helps to develop new skills and knowledge. It also demonstrates an employer's own commitment to their employees
- Training can create positive attitudes and enhance engagement and reduce absenteeism
- Training can reduce wastage, both time and materials
- Promoting staff from within an organisation rather than recruiting externally. Having trained and valuable existing employees ready to move into a vacancy when it becomes available, especially if it is a promotion, benefits both the business and the employee
- Training helps employee performance and productivity. This helps increase the productivity of the company through accuracy, efficiency and customer service (and sales if relevant)
- Training benefits all levels and departments in an organisation, it is not exclusive to just one part of a business
- Increased staff flexibility is a big advantage to business efficiency and can be achieved by training.

Costing the training

The cost of the training course is obviously the first one, but it is not just the immediate costs of the course and the trainer's fees, there are other significant considerations:

- Staff being away from their job, this is calculated by number of staff x hours x hourly rate
- Costs for covering those staff who are training (overtime rates/temporary staff)
- Additional pressure on other staff when workforce depleted (absence levels)
- Impact on customer service (potential loss of customers due to diminished service)
- Additional costs – transport, books, food etc.

Businesses can spend huge amount of money on training and it is vital to ascertain the benefits of the outlay. There are different ways to evaluate this. ROI (return on investment) is calculated by Programme Benefits/Costs x 100.

E.g. If a team of 4 attend a course at £100 each pp and subsequently sales increase in their team by £1000, the ROI (Return On Investment) is 250%. If the trainer offered a 50% discount for the group, the ROI is **500%.**

But the figures change once you add all the costs. If the trainers discount is assumed, but the cost of 4 staff being away from their jobs for 2 hours each at £12 per hour (£96), employing 2 staff to cover for the period of the training at £15 per hour (£60), paying for coffee and doughnuts for the trainer and the 4 candidates (£12.50).

The room hire was £30.

Total cost is £200 + £96 + £60 + £12.50 + £30 = **£398.5**

The ROI is now £1000/£398.5 × 100 = **250.94%** -This is much less than the **500%** when only the cost of the course was taken into consideration.

Other challenges to be considered

How is the effectiveness of the training measured and over what time period? is the benefit short term or does it last? How can this be monitored?

Are the skills learnt in the training transferred to the workplace?

The delegate's perception of the training? Is it valued? (or is it seen as a 'day off')?

Regular staff training means you can reuse resources and refine programmes to make them more cost effective.

The cost of not training

At some point it is likely that the cost of not training will exceed the cost of training. Untrained staff can lead to low productivity, absence, high turnover, poor customer satisfaction.

For further support with this or any other HR issue, BVNA members can call the BVNA Advisory Service Helpline on 01822 870270 or email AdvisoryService@bvna.co.uk

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