
Calculating the ROI of your Learning Management System:

E-Learning benefits and ROI comparison of E-Learning V's Traditional Training



AccessPlanit
Learning Technology

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Calculating the Return on investment

Measuring and converting training impact into solid bottom-line results is not a widespread practice. Most organisations that want to justify expenditures on e-learning look to forecasting potential returns based on performance impact, while also employing some assumptive and widely accepted conversion rates. This is not an easy task!!

Measuring the actual impact of learning in performance and monetary terms, however, is well within reach. There are two ways to positively impact ROI:

1. Reduce the learning solution costs
2. Increase the benefit derived from the learning solution

The following examples demonstrate how e-learning can reduce the cost of an organisations training and development:

Example 1

You have twenty people scheduled to attend a two day course in an internal training room. The opportunity cost for each learner (i.e. wages, cost of temporary replacements, loss of productivity) is £250 per day. The e-learning course can be completed in one day due to reduced learning and no travelling times.

COSTS	CLASSROOM TRAINING	E-LEARNING
Trainee Costs	£10,000	£5,000
Course Development	£2,000	£3,000
Trainer Costs	£1,600	£0
Room Hire & Catering	£600	£0
Equipment Provision	£200	£0
Travel Expenses	£400	£0
Accommodation	£1,200	£0
Total	£16,000	£8,000

The saving from e-learning is £8,000 (50%). The next time you run the course the development costs are paid for and the saving is £11,000.

Example 2

You have fifty people from a national sales team booked on a five day classroom based training course. The opportunity cost for each learner is £1000 per day. The e-learning course can be completed in three days:

COSTS	CLASSROOM TRAINING	E-LEARNING
Trainee Costs	£250,000	£150,000
Course Development	£10,000	£15,000
Trainer Costs	£5,000	£0
Room Hire & Catering	£5,000	£0
Equipment Provision	£200	£200
Travel Expenses	£4,000	£0
Accommodation	£15,000	£0
Total	£290,000	£166,000

The saving on this example is £124,000 (42%). Imagine the cost savings that could be made if you had a sales team of 100 people or you were a multi-national company who's sales team all required the same training !!

Example 3

You have two hundred people from a call centre booked on a one day classroom based training course (20 people x 10 weekly one day classes). Their opportunity costs are £200 per day. The e-learning course can be completed in half a day:

COSTS	CLASSROOM TRAINING	E-LEARNING
Trainee Costs	£40,000	£20000
Course Development	£1,500	£3000
Trainer Costs	£3,000	£0
Equipment Provision	£200	£200
Total	£44,700	£23,200

The saving from e-learning is £21,500 (48%). Figures release from CIPD in July 2008 indicated that the average employee spends five days per year in training sessions. If this company replaced all classroom based training with e-learning the savings would be £107,500.

In this example the e-learning courses could be completed by all 200 employees in one week whereas the classroom based course would take 10 weeks for all employees to be up to speed.

Example 4

On average you have fifty 'new starters' per year, the entire induction process takes approximately one day (8 hours). The opportunity costs are £200 per day. The e-learning course can be completed in 2 hours:

COSTS	CLASSROOM TRAINING	E-LEARNING
Trainee Costs	£5,000	£1,250
Course Development	£1,500	£3,000
Trainer / Manager Costs	£5,000	£0
Equipment Provision	£0	£200
Total	£11,500	£4,450

The saving from e-learning is £7,050 (61%). The following year development costs are paid for and the saving is £10,050 (total two year saving is £17,100).

In this example you can see how you see how the cost of the most basic training need can be reduced by using e-learning. How many other elements of training could be switched to e-learning ?

The Benefits of E-Learning

Reduced costs

This is a very real, measurable benefit. The above example's detail how real cost savings can be made from e-learning. How much does it cost to take your people from their day jobs and put them in a training room for a period of time? You lose productivity and may have to pay for temporary replacement staff, the trainer, training materials, travelling expenses, accommodation, catering, equipment and room hire.

After switching to online training, IBM reported that it was able to deliver five times the training at one-third the cost. Estimates cost saving \$200 million.

However not all cost savings are transferred to the bottom line:

Reduced learning times

Studies have shown that e-learning can reduce learning times by 40 to 60 percent.

Brandon-Hall, an e-learning market research company, reported that e-learning typically requires from 40% to 60% less employee time than the same material delivered in a traditional classroom setting. This is largely due to the appeal to different styles of learning plus interaction and feedback in a self-paced learning environment

Increased retention

Research indicates retention increased by between 25 and 60 percent. I.e. the trainee will remember this much more of the course content. According to the Gartner Group, the retention of e-learning is twice as high as that of traditional classroom instruction, at half the cost. W.R. Hambrecht & Company reports:

“Whereas the average content retention rate for an instructor-led class is only 58%, the more intensive e-learning experience enhances the retention rate by 25% to 60%.” IBM, after rolling out an e-learning program for managers, found that participants learned nearly five times more material without increasing time spent training.”

Self-paced

E-learning is available 24 hours a day, 7 days a week. Learners can access courses and content from their office, home, hotel or any other location – physical attendance is not required !! Students can learn at a pace that works for their individual learning style and life circumstances. They can Speed through or skip the course if they understand it and slow down and revisit it as often as you like if you don't!

Faster Rollout

E-learning material can be updated centrally and distributed over the web or network almost instantly. Content can readily be refreshed and kept up-to-date. Use it when you need it.

Sun Microsystems used e-learning and knowledge management to bring new salespeople up to speed in 6 months instead of 15. That's 9 more months of on-target earnings.

Consistent Delivery

Distributing content centrally means that the same quality information can be delivered in the same way to learners and at the same time. Regardless of location, all learners are accessing the same content.

Customisation

E-learning offers personalised instruction and can be developed for the specific needs of an organisation or group. E-learning can be updated quickly and easy, so there is no time lag or extra re-printing costs. Updated e-learning content can be available to learners in minutes.

Monitoring and Evaluation

Providing feedback is a necessary condition of effective learning. Feedback can be given to the trainee before, during and at the end of an e-learning course through tests, quizzes or learning interactions.

The progress of participants can be tracked by both learners and advisors, including performance and proof of course completion, with the results used to identify and target future training requirements.

Of course, in order to take advantage of the benefits e-learning can offer you will require a delivery system that allows you to manage, launch and track e-learning content.



What is Accessplan LMS ?

Accessplan LMS is a powerful, easy to use web based solution that helps you manage the organising, delivering and tracking all the learning and development activities that occur throughout your organisation. Accessplan LMS can be used to manage an entire training operation or a single project. Accessplan LMS has the functionality to help streamline your training programmes and processes from skills based classroom training, whether delivered internally or externally by third parties, through to e-learning and on the job training and mentoring.

AccessPlan LMS has the tools to manage:

- All aspect of employee or client training and development
- Training programmes including classroom based training & e-learning
- License and certification requirements
- Skills and Competencies
- Compliance Issues
- Reporting, evaluation and tracking

Accessplan LMS benefits:

- **Reduce** training administration costs
- **Improve** administrator productivity
- **Identify** skills and competencies gaps.
- **Improve** regulatory compliance needs.
- **Increase** retention and make learning more efficient.
- **Measure** the effectiveness of training.

Accessplan LMS can be deployed faster and with fewer implementation services than almost all other LMS systems in the market. This difference: deployment in weeks vs. months, and is due in large to its configurable structure.

Accessplan LMS optimises the effectiveness and efficiency of training administrators and learners at a fraction of the cost of traditional LMS systems. In Fact, the average 3 year cost of Accessplan LMS is less than 50% of a standard LMS.

To learn more about how AccessPlanIT can help strengthen your business performance or for assistance in producing a personalised ROI please contact us at :

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