

# Return on Investment

measuring the bottom line on your soft  
skills training investment

# The Challenge



Your short-term goal is to improve on the job performance. Your long-term goal is to meet your organizational goals based on your business needs. A performance improvement training program provides both.

When the financial picture darkens, what is one of the first areas to be eliminated? Training. Why? Because it is often seen as an investment with costs that can't be measured in terms of monetary benefits. We know training is a good thing. We know the importance of customer satisfaction and we see the link between that and customer service skills. But how do you justify the expenditure to the bottom line?

One of the most difficult challenges in justifying customer service training is demonstrating Return on Investment (ROI). How do you quantify the benefits of superior customer support skills? How do you provide the training your technical staff needs in the most cost effective way to increase your ROI?

The answer is to look for customer service training that builds four levels of evaluation into the program, including the basis for ROI measurement. This paper details the path for finding the type of training that is able to offer total evaluation and the tool that can be used in conjunction with the training to calculate your bottom line return on investment.

# The Path



Follow a path that leads to performance improvement training rather than standard skills training.

Why? Because only performance improvement training places an emphasis on performance rather than static skills, and offers methods to measure results from the investment.

The two keys to identifying effective performance improvement training:

1. Four levels of evaluation incorporated into the training
2. Behavioral, measurable objectives are the foundation of the course

Standard training often offers two levels of evaluation, but cannot provide the ability to measure levels three and four. Here's why:

Level one evaluation – reaction - is used to measure the success of the class from the participant's perspective. This is typically done through a questionnaire completed at the end of class and most courses offer this evaluation. All classes can measure the impression of the students in terms of room, instructor, and materials.

Level two – knowledge - measures knowledge acquisition. Students are asked to state and apply the skills to job situations through exercises and a post-test. Many training courses offer level-two evaluation, but unless the objectives of the course are behavioral, measurable objectives, this level is not effective for soft skills courses.

Level three evaluation – transfer - measures the transfer of skills and attitudes that were taught in the course, to the job. Only performance improvement training can measure this level. It is based on the course objectives, which are tied to the performance objectives for job improvement. This is typically done at some time after completion of training through observation and surveys. This level requires management involvement throughout pre-class planning to identify the objectives important for emphasis and post-training follow-up with the group.

# The Path



Level four evaluation – ROI - measures the results of the performance objectives over time and their rate of investment return on the operation. Only performance improvement training can offer support for level four evaluation. This is done by linking the operational goals of the support organization to the required performance improvement objectives.

Notice in the above descriptions how important the course objectives are to the ability to effectively evaluate course results. Many courses list objectives but they may not be behavioral objectives that can be used to measure the success of the program and the performance of the staff after taking the course. A typical generic objective might be “Students will understand questioning techniques for controlling a call”. A behavioral objective typical of a performance improvement course might be “Demonstrate the four types of questions used to maintain call control”. And since they tie to performance transfer measurement and ROI, behavioral objectives are critical

Performance improvement training places an emphasis on performance, and offers methods to measure results from the investment.

# The Goal



Your short-term goal is to improve on the job performance. Your long-term goal is to meet your organizational goals based on your business needs. A performance improvement training program provides both.

Performance improvement training begins and ends with the company's business needs as the primary focus. Unless the training contributes to the company's business needs, it cannot be successful. Those needs are identified at the beginning of the process and referred to through each segment of class preparation and delivery. At the end of the process - level four evaluation - those business needs are measured for positive change.

If the business need is to increase productivity, then training preparation begins with meeting that need. This is the long-term goal of training. A way to meet this need may be through reducing resolution time, which becomes the performance improvement objective, or short-term goal of the training.

Class preparation includes identifying the course objectives that teach skills required for reducing resolution time. The course objectives should teach skills such as specific questioning techniques, guidelines

for writing structured problem statements, and documentation requirements for phone and online problem tracking.

During class delivery, the required objectives are taught and practiced in real-world scenarios to best measure knowledge acquisition, level 2 evaluation.

The skills are observed by management on the job (post training) to measure the skill transfer, or level 3 evaluation. If these skills are observed, the short-term goal has been met.

The final step is to calculate the return on investment of the long-term goal, the basis of the training investment. This step requires a comparison of the training investment costs with a baseline of operating costs for the identified business need and the current operating costs at time of calculation. Operating costs for a long-term goal of increased productivity through reduction in resolution time may include average calls per month, average call length, and average resolution time. Training investment is factored in with baseline figures and current costs. The calculation should produce a total dollar figure as well as percentage of return on investment for the original business need.

# The Tool



If you follow the path to find - and participate in - performance improvement training you will reach the goal of successfully measuring return on investment. The key is to use a tool that allows you to link course objectives to your performance objectives and then calculate the savings over time. Service Strategies offers such a tool to customers of its courses, providing the ability to translate training benefits into estimates of real savings and cost avoidance.

This tool includes a flexible table that allows you to enter your operational goals, determine the performance objectives needed to reach those goals, and link the course behavioral objectives that will teach the skills to reach desired performance levels. This part of the tool becomes an integral facet of the planning phase of training.

The tool also includes the ability to calculate the return on investment from those goals. A spreadsheet guide that allows you to insert your organizational metrics related to your goals and training investment costs can display the bottom line financial results needed to justify the investment and demonstrate the value. In many cases, the metrics numbers are available from your CRM system, ACD, or budgeting system. In other cases, pinpoint data generation activities may give very valuable insights.

# Return on Investment Table

Performance training ROI is based on the operational measures of the company, which determine the performance goals of the support center. The performance goals measure job transfer of course objectives post training.

The table illustrates the connection between Service Strategies' Support Professional course objectives, common support center performance goals, and ROI results. The accompanying spreadsheet details the calculations used to determine ROI.

The table provides an example of three operational goals. These are illustrated in the third column and referred to as ROI results.

The performance objectives that need to be achieved to realize those goals are listed in the second column as performance goals. These are the goals that need to be determined prior to training and that will be used to measure the level 3 evaluation, behavior transfer to the job.

Course objectives are examples of objectives written for one of the Service Strategies courses, Support Professional. These objectives have been identified as skills that will be emphasized in the class to meet the performance goals of the support center team.

All three work together to result in performance improvement. The worksheet enables you to calculate the bottom line benefit of achievement of these goals.

Course Objectives	Performance Goal	ROI Results
<ul style="list-style-type: none"> <li>Control and direct the support call by using specific questioning techniques</li> <li>Effectively define the issue by using the guidelines for writing structured problem statements</li> <li>Write professional, concise documentation for both telephone and online support</li> <li>Practice professional hold, transfer, and disengagement techniques for increased efficiency</li> </ul>	Decrease Resolution Time	Increase productivity
<ul style="list-style-type: none"> <li>Manage customer perceptions by setting expectations</li> <li>Identify the types of difficult customers and use specific techniques to communicate positively with each</li> <li>Work effectively with customers of other cultures by using guidelines for communication</li> <li>Increase positive communication by recognizing customers' learning levels and energy preferences</li> </ul>	Increase Customer Satisfaction	Enhance customer retention by improving sales/service renewal
<ul style="list-style-type: none"> <li>Develop productivity habits by learning to categorize events as urgent vs. important for optimal efficiency</li> <li>Manage day to day stress through use of a daily time management plan</li> <li>Prevent burnout by employing practical techniques to relieve job stress</li> </ul>	Decrease Attrition	Reduce recruitment and training costs

# BASIC RETURN ON TRAINING INVESTMENT WORKSHEET



This spreadsheet will help you estimate the return that you can expect from your investment in Service Strategies Career Development courses. A typical example of training investment, expenses, and projected returns is presented. While the expense numbers in the example are realistic, the ROI percentages are quite conservative. If your situation strongly parallels the typical case, you can use these results for yourself. If your case is substantially different you can enter your own values to get results that better reflect your situation. You can also vary inputs to do “what if” analysis for different scenarios.

Please note that the areas of savings presented here do not represent all possible, or even the largest, areas of return from Service Strategies courses, but they do represent easily identified and estimated areas of return.

Step 1. Supply basic investment and cost information	Typical Case	Your Case
Average class cost per student	\$700	
Average salary per student	\$45,000	
Average overhead rate per student	30%	
Average burdened cost per student per year	\$58,500	\$0
Average burdened cost per student per minute	\$0.47	\$0.00
Average calls per student per month	200	
Average length of calls per student in minutes	15	
Average number of unique customers supported per agent per year	100	
Average revenue per customer receiving support	\$1,000	
Gross margin percentage	30%	
Current employee retention rate	80%	
Average cost of recruiting new employee	\$1,500	
Average cost of training new employee	\$4,500	
Months to average productivity	4	

# BASIC RETURN ON TRAINING INVESTMENT WORKSHEET



## Step 2. Calculate the value of estimated increased productivity

As a result of this training, your agent will be equipped to better control the flow of calls and get the specific information needed to resolve the problem. Further, your agent will know how to write a clear problem statement, and apply systematic troubleshooting reasoning to isolate the cause of the problem.

Based on these improved abilities, estimate the average decrease in average call length for agents completing the Service Strategies training.

**Percentage decrease in average call length**

5%

## Step 3. Calculate the value of increased customer retention

As a result of this training, your agent will be equipped to better manage your customers' emotions. Your agent will be able to dissipate anger and give the customer the feeling that your company is on their side and is effectively working to help solve their problem.

In addition, your agent will be able to more rapidly identify the problem and bring the appropriate resources to bare, thus reducing the time needed to resolve the customer's problem. This will result in a happier and more loyal -- and more profitable -- customer.

**Percentage increase in revenue from happier customers**

2%

## Step 4. Calculate the value of reduced recruitment and retraining costs

As a result of this training your agent will be equipped to better manage the stress associated with providing support to customers. This is a result of improved stress and time management skills, the ability to defuse the emotions of angry customers, and the ability to more effectively resolve problems.

**Increase in retention rate percentage because of happier agents**

3%

# BASIC RETURN ON TRAINING INVESTMENT WORKSHEET



## Step 5. Calculate the ROI and months Required to payback the training investment

Based on the percentages of improved performance given above, we calculate the individual and total ROI and months required to payback the training investment.

Savings over a one year period based on increased productivity	\$1,406	\$0
ROI over a one year period based on increased productivity	101%	
Months to pay back investment based on increased productivity	6.0	
Increased gross profits over a one year period based on happier customers	\$600	\$0
ROI over a one year period based on happier customers	-14%	
Months to pay back investment based on happier customers	14.0	
Savings over a one year period based on increased retention	\$765	\$0
ROI over a one year period based on increased retention	9%	
Months to pay back investment based on increased retention	11.0	
<b>Total Savings over a one year period on areas included</b>	<b>\$2,771</b>	<b>\$0</b>
<b>Total ROI over a one year period based on areas included</b>	<b>296%</b>	
<b>Months to pay back based on total return included</b>	<b>3.0</b>	

The numbers on the worksheet are provided to display a typical example of the ROI realized from the course that teaches the objectives illustrated in the table. Service Strategies Corp. offers this worksheet, which enables you to insert your own numbers based on your organizational structure and business needs. With the table and worksheet you can clearly measure the value of soft skills training for your organization.

# Conclusion



While some will say that ROI cannot or should not be measured for soft skills training, the reality of today's market is that you have to be able to measure any investment you make. Soft skills contribute greatly to the success of any support organization. Studies at Harvard University have shown that “Extremely Satisfied” customers are as much as ten times more profitable than customers who are merely “Satisfied” – to say nothing of the negative impact of dissatisfied customers (Service Breakthroughs by Hekett, Sasser and Hart, Free Press 1990). Customer service skills training has a direct impact on technical support team effectiveness in producing extremely satisfied customers.

Performance improvement training that includes tools to measure all four levels of evaluation, including ROI, can bring you those “extremely satisfied” customers and show the positive affect on your bottom line.

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# About Service Strategies



Headquartered in San Diego, CA, Service Strategies advances service excellence by providing industry-standard certification and career development programs that ensure delivery of consistent, high-quality service and support. Service Strategies applies a proven benchmark process to its certification programs that measures and drives effectiveness for continuous service improvement. In addition, the company's tailored training programs enhance the careers of service professionals throughout the industry and lead to increased organizational effectiveness. For more event information, visit [www.servicestrategies.com](http://www.servicestrategies.com), email [info@servicestrategies.com](mailto:info@servicestrategies.com), or call 858.674.4864, toll free in North America at 800.552.3058 .

## **Service Strategies Corporation**

17075 Via Del Campo  
Suite 200  
San Diego, CA 92127

[www.servicestrategies.com](http://www.servicestrategies.com)  
[info@servicestrategies.com](mailto:info@servicestrategies.com)

toll free 800.552.3058  
tel 858.674.4864  
fax 858.674.1192