



Blended Learning ROI

an SSE white paper

Applying Technology...Improving Performance

Blended Learning Return on Investment

While Blended Learning gets center stage in today's training arena, it is often the Learning Management System (LMS) that is critical to the success or failure of such initiatives. In a recent study, the Gartner Group predicted that over 60% of U.S. corporations would be using an LMS by the year 2003. A learning management system's combination of software tools performs vital functions related to online and offline training administration, employee skills assessment and management. If a corporation is going to invest in learning programs, an LMS is a required tool for success.

The Challenge of ROI Development

With an average LMS priced at \$550,000 for 8000 users over a five year period according to eLearning analyst Brandon Hall, a likely question posed by "C" level executives is "what is the Return on Investment (ROI) on such an outlay?"

This question, however, needs to be expanded. An ROI is valuable when done on an outlay or investment that yields direct results. In other words, the real question is "what is the ROI on the learning initiative?" and that includes the LMS as a part of a total learning investment.

Here is a suggested ROI formula for a blended learning program:

ROI (%) = Net Benefits of Training (in dollar amounts) [Divided by] Total Training Program Costs [Times] 100.

Net benefits are a combination of cost savings, revenue improvement and operating efficiency including:

- Hard cost savings related to travel costs, instructor fees, training materials, building expenses, record keeping costs and IT infrastructure expenditures.
- Revenue benefits addressing faster time to market, reduced time away from the field, more effective marketing, reduction in the learning cycle and reduced time for retraining.
- Strategic, more difficult to quantify, benefits such as reduced employee turnover, faster rollout of company strategies and retention of learning content that ensures methods and approaches are consistently applied across the organization and remain so in spite of the addition of new employees.
- Training results such as improved communication, enhanced corporate image, improved conflict resolution, increased sensitivity to human diversity, improved employee morale and increased employee loyalty that are extremely difficult to measure.

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The quantification of these savings and benefits, of course, requires both understanding and conservatism that will allow an ROI to be used effectively for both investment justification and a post implementation audit. Blended Learning cost savings and benefits are subject to interpretation since rarely is training the only factor impacting cost savings, revenue growth, and improved operations. The bottom line is that there is a significant body of study on the calculation of a training or Blended Learning ROI. In the final analysis, however, the ROI calculation yields a precise number based upon very imprecise data. Only through careful data analysis, a conservative approach to cost savings / revenue impact/ operational efficiency and a thorough understanding of the proposed training program can a meaningful ROI be constructed, defended and subsequently audited.

A Systematic Process of Evaluation

To augment the development of an auditable ROI to justify a training initiative, we recommend the use of a systematic process to evaluate training success. The Kirkpatrick Evaluation Strategies are an industry standard in assessing student retention and application of key learning concepts. The four level process is summarized below. SSE recommends its use in determining Blended Learning success.

Kirkpatrick Evaluation Strategies

Process	Benefit
Level I	Surveys opinions of the learners. Provides qualitative feedback from learners about their perceptions of the training as a performance improvement loop for future enhancements of the courseware.
Level II	Scoring and tracking of appropriate practices, quizzes, and simulation tests in segments throughout the training and in any potential "mastery simulation." Permits automated remediation that directs learners to re-study certain segments of the training program based on scores or time in practices that may be lower than minimum standards. Also provides rapid feedback to learners, such as within a simulation, so that incorrect responses or actions do NOT become the memorized behavior.
Level III	On-the-job assessments of learner skills that can be done with supervisor checklists, automated activity tracking, and periodic re-drilling. Enables Clients to verify that the learning that occurred within a training program is effectively transferred to the workplace.

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Process	Benefit
Level IV	Return-on-Investment (ROI) data analysis and reporting. Verifies that expenditures on training programs have pay back in the form of improved customer satisfaction indices, reduced employee turnover, increased productivity, headcount training savings over non-eLearning approaches, and other benchmarks as appropriate.

About SSE

SSE is as an industry leader in developing a customized learning strategy and program based on our proven methodology and successful track record in delivering a complete range of solutions.

Our Blended Learning approach consists of five phases:

- Needs Assessment
- Instructional Design
- Custom Content
- Blended Learning Delivery
- Evaluation Strategies

In addition our low cost, AAIC and SCORM compliant LMS provides training administration, skills assesment and management for less than half the cost of an average LMS. This means lower training expenses that are fundamental to achieving a significant return on your Blended Learning investment.

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