# Nextel Communications
Using Training Scorecards to Prove Training Pays

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*Business leaders expect to see results for the dollars invested in training. HRD organizations have to be accountable, justify expenditures, demonstrate performance improvement, deliver results based training, improve processes, and be proactive. This case study demonstrates how a training scorecard was proactively used at Nextel Communications to prove training pays. The HRD organization implemented a training scorecard in 2001 as a tool to compile and communicate all of the data collected from impact studies conducted on core employee and management development training programs. The training scorecard ensured that the HRD organization was delivering training focused on business needs. The training scorecard also provided a way to easily communicate results to client groups including executives.*

# Background

## Industry Profile

Nextel Communications, a Fortune 300 company in 2002 based in Reston, VA, is a leading provider of fully integrated, wireless communications services on the largest guaranteed, all-digital, wireless network in the country. Nextel's 4-in-1 service—Nextel Digital Cellular, Nextel Direct Connect®, Nextel Mobile Messaging and Nextel Wireless Web—covers thousands of communities across the United States. As of August 1, 2002, Nextel and Nextel Partners, Inc. served 197 of the top 200 U.S. markets and service was available in areas of the United States where approximately 239 million people lived or worked. As of December 2001, the company relied on approximately 13,000 employees in the United States and generated annualized revenue of $7.01 billion.

## Organizational Profile

In 2001, the training organization within Nextel consisted of approximately 200 employees who supported the development of employees in functional organizations such as sales, IT, engineering, and customer care. Employee and management development were provided by the corporate human resource development (HRD) team, which conducted needs assessments, designed, developed, implemented and evaluated HRD training initiatives. HRD field trainers were responsible for the delivery of employee and management training at a local level. The corporate HRD team initially implemented the training scorecard methodology in 2001 to prove the value of the solutions they were delivering and to determine how well training programs were working. This team consisted of a director, two instructional designers, two training specialists, and a training coordinator. The introduction of the training scorecard showed the proactive nature of Nextel's training organization. Business leaders were not coming to the director of the HRD organization asking for proof of the value of the training solutions. The director of the HRD organization felt it was important to proactively position the HRD team as a valued business partner.

## Why Implement a Training Scorecard?

The director of the HRD organization realized that measurement and evaluation tools for HRD organizations, such as the training scorecard, were evolving due to a shift in accountability. HRD organizations had to be accountable, justify expenditures, demonstrate performance improvement, deliver results-based training, improve processes, and be proactive. Because of that, using measurement and evaluation tools in HRD organizations should not be a reactive decision. The leaders of HRD organizations were realizing that business leaders were

expecting to see results for the dollars invested in training and they were proactively measuring the results of training initiatives.  The director of the HRD organization believed that the training scorecard would enable executives to understand the benefits of the training program to the bottom line.  The training scorecard would also provide useful measures for the HRD staff.  The HRD staff would know how well a training program was working, and based on the training scorecard data, they could improve the program or, if necessary, stop delivery of the program.

# Training Scorecard Methodology

The HRD organization within Nextel utilized a training scorecard to demonstrate the return on investment (ROI) of several of its training and development programs.  The training scorecard used at Nextel contains six components, from training indicators such as numbers of classes held through the actual ROI calculation, and is based on The ROI Process[TM] created by Jack J. Phillips, Ph.D., and the work of Donald Kirkpatrick on the framework of four levels of evaluation.  The training scorecard is a tool that ensures the HRD organization is delivering training focused on business needs.  It also provides a way to easily communicate training results to the client groups including executives.

**The Training Scorecard Components**

<table>
<tr><td colspan="5" align="center">Training Scorecard</td></tr>
<tr><td colspan="5">Program Title:<br><br>Target Audience:  Indicators<br><br>Duration:  Indicators<br><br>Business Objectives:</td></tr>
<tr><td colspan="5" align="center">**Results**</td></tr>
<tr><td align="center">Satisfaction</td><td align="center">Learning</td><td align="center">Application</td><td align="center">Tangible Benefits</td><td align="center">Intangible Benefits</td></tr>
<tr><td align="center">*Level 1*</td><td align="center">*Level 2*</td><td align="center">*Level 3*</td><td align="center">*Levels 4 & 5*</td><td></td></tr>
<tr><td colspan="5">Technique to Isolate Effects of Program:<br><br>Technique to Convert Data to Monetary Value:<br><br>Fully-loaded Program Costs:<br><br>Barriers to Application of Skills:<br><br>Recommendations:</td></tr>
</table>

Figure 1. The training scorecard template.

1. **Indicators.** This is the traditional approach to reporting training data. Some examples of indicators are number of employees trained, total training hours, training hours per employee, training investment as a percent of payroll, and cost per participant. While these measures are necessary, they do not reflect the results of the training program. There are many types of indicators, but it is most important to include the measures of interest to top managers in the training scorecard. The HRD team at Nextel focused on number of programs held, employees trained and total training hours.

2. **Satisfaction (Level 1).** This tends to be the most popular level of measurement of traditional training organizations, often used to measure a 100 percent of organizations training programs. Reaction represents an important area measurement, primarily for the HRD staff. At this level participants reaction to and satisfaction with the training program is measured. Sometimes the planned actions of the participants attending the training program are also captured. Some recommended data to capture on Level 1 instruments that the HRD team used are relevance to the job, recommendation to others, importance of the information, and intention to use skills/knowledge.

3. **Learning (Level 2).** Learning can be measured informally with self-assessments, team assessment, or facilitator assessments. Learning can also be measured formally with objective tests, performance testing, or simulations. The majority of the HRD training programs at Nextel incorporated a Level 2 learning self-assessment into the end of class Level 1 instrument. Participants conducted self-assessments on any changes to knowledge, skills, and behaviors and their ability to implement the performance objectives for the training program back on-the-job.

4. **Application (Level 3).** This level measures changes in on-the-job behavior as the training is applied or implemented. This information is often collected through a follow-up survey or questionnaire. The HRD team implemented a web-based process to collect Level 3 data. Key questions were asked about the importance of the skill/knowledge back on-the-job, the frequency of use of the new skill/knowledge, and the effectiveness of the skill/knowledge as applied on-the-job. Information is also collected concerning the barriers to application of the new skill/knowledge. This provided the HRD team insight into the reasons for unsuccessful application of the new skill/knowledge.

5. **Tangible Benefits (Levels 4 and 5).** At this level, the actual business results of the training program are identified. The HRD team utilized a web-based follow-up questionnaire to gather this data. Depending on the training programs' performance and business objectives, data may be gathered on improvement in productivity, quality, cost control, customer satisfaction, employee satisfaction and several other possible measures of business impact. It is important to include the method used to isolate the effects of the training program on the training scorecard, such as control groups, trend line analysis, or participant's estimates. The HRD team frequently used participant, supervisor, and direct report estimates of the effect of the training program as compared to other potential variables that might have impacted behavior change. The tangible or monitory benefits of the program are compared to the cost of the program. The costs of the program must be fully loaded. The Level 5 ROI calculation for a training program is identical to the ROI ratio for any other business investment. ROI (%) is: (benefits – costs)/costs x 100.

6. **Intangible Benefits.** In addition to tangible or monetary benefits, the majority of training programs will also derive intangible or non-monetary benefits. The intangible benefits of the training program could be increased job satisfaction, reduced conflicts, reduced stress, improved teamwork and a variety of other intangible measures. These intangible benefits could be extremely important to the organization and need to be reported.
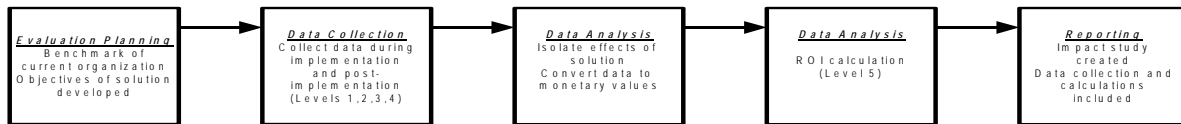
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Figure 2. Nextel's ROI process.

## The ROI Process

The ROI process is a comprehensive measurement and evaluation tool that provides results based evaluation data and calculates actual return on investment outcomes.

In the Evaluation Planning phase, the objectives of the solution are developed and the organization is benchmarked against the objectives.  This ensures that the training to be evaluated is aligned to the business needs.  The Data Collection phase includes collecting data during and after the implementation of the solution.  Data is collected to assess the benefits of the course at various levels, including: Level 1 - reaction, satisfaction, and planned actions; Level 2 – learning; Level 3 - application and implementation; and Level 4 - business impact.  The Data Analysis phase isolates the effects of the training solution from other influences and factors in the environment. Data is converted to monetary values, the return on investment is calculated, and intangible benefits are identified.  The last phase of the process, the Reporting phase, includes generating the impact study to document the process and build credibility by showing the data collection and calculation methods.

# Training Scorecard Application

## Background

In September 1999 the HRD team, with the assistance of numerous Human Resources teams throughout the company, facilitated focus groups with Nextel managers and supervisors.  The purpose of the focus group was to identify the core roles and responsibilities of these individuals and to identify topic areas for future training programs.

Figure 3. Nextel management roles.

*Communicate*
Communicate clearly and concisely through multiple mediums across various organizational levels and settings. This includes communicating strategy, goals, objectives, performance, projects, and other corporate messages.

*Lead Through Change*
Help employees understand change, and maintain results during times of ambiguity.

*Coordinate Daily Operations*
Exercise good decision-making, planning, and problem-solving to manage day-to-day tactical operations with your group and department.

*Guide Performance*
Provide employees with ongoing feedback to improve performance.

*Develop Long-Term Plans*
Create and implement strategic objectives for your department or group that support corporate-wide business initiatives.

*Motivate and Retain*
Identify what motivates each employee and work to create a work environment that retains employees.

*Build Team Unity*
Develop support across the team for organizational, departmental, and group objectives, while building a spirit of working together for common objectives.

*Coach and Develop*
Aid employees in maximizing their skills and knowledge in their work.

*Recruit and Hire*
Identify and hire the best people for the jobs within your group.

Figure 4. Role descriptions.

To address inferences established from the data collected from the focus groups, the HRD team developed several classes that make up the Nextel Management Essential's Curriculum. These classes included:

- Management Law
- Recruiting and Hiring
- Behavioral Interviewing
- Performance Management
- Managing Corrective Action
- An-All Inclusive Workplace

An All-Inclusive Workplace (AIW) outlined what Nextel's definition of inclusiveness is, why it is important to Nextel's business, and what managers need to do both personally and within their organization to enhance diversity and inclusiveness. Topics included diversity awareness, communication strategies, the influence of diversity in the workplace, and tools for successfully attracting, recruiting, retaining, developing, and managing a diverse workforce. The AIW course specifically addressed the following management roles: communication, motivate and retain, and build team unity.

The HRD team, in conjunction with the field and operations groups throughout the company, rolled out the course to employees across the company. An ROI study was initiated for the course. All Nextel employees were required to take this course. There were two versions of the course, one for those with direct reports, and one for those without direct reports. The impact study and training scorecard focuses on the version of the program for those *with* direct reports, typically referred to as the "manager version" of the course. Through an online survey tool, more than 300 managers and more than 600 of their employees participated in the survey.

**Objectives of the AIW ROI Study**

Nextel's HRD team conducted an ROI impact study of Nextel's AIW course for the following purposes:

1. *To Measure the Contribution of the AIW Program*
   The ROI determines if the benefits of the program, expressed in monetary values, have outweighed the costs. In addition, the study identifies the intangible benefits, those that can not be expressed in monetary value, that are realized from the course. As a result, the ROI determines if the program made a contribution to the company and if it was a good investment.
2. *For Continuous Improvement*
   The study provides a variety of data that is valuable in determining what, if any, changes should be made to enhance the program.

**Results of the AIW ROI Study**

The data collection plan for the AIW impact study reflected five levels of evaluation (from Level 1 – reactions to Level 5 – ROI). The primary means of gathering ROI data was through post-program data collection.

*Level 1 and 2 Results*
At the end of each AIW class, participants were given an end-of-class evaluation (see Figure 5) to determine their satisfaction (Level 1) and planned actions (Level 2). The evaluation includes both open- and close-ended questions pertaining to their *ability* to apply the skills, their *plans* to apply the skills, obstacles to implementing skills, an evaluation of the instructor, and a content evaluation.

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## Course Evaluation

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Please answer the following questions with your assessment of the training:

**Course Title:** An All-Inclusive Workplace    **Date:** _____    **Instructor Name:** _____

| I now have the ability to apply each of the following skills back on the job: | Strongly Agree | Agree | Partly Agree/ Partly Disagree | Disagree | Strongly Disagree |
|---|---|---|---|---|---|
| 1. Identify and list the value of the differences that each individual brings to the workplace. | 5 | 4 | 3 | 2 | 1 |
| 2. Recognize and address an inappropriate comment and/or behavior. | 5 | 4 | 3 | 2 | 1 |
| 3. Teach your staff how to be more aware of differences to supplement company-wide content in the program. | 5 | 4 | 3 | 2 | 1 |
| 4. Explain your individual responsibility for supporting an All-Inclusive Workplace. | 5 | 4 | 3 | 2 | 1 |
| 5. Design and implement initiatives that contribute to the Model for Success - An Employee Life Cycle (attracting, recruiting, retaining, developing and managing diversity in the workplace). | 5 | 4 | 3 | 2 | 1 |
| 6. React to and solve diversity-related issues in the workplace. | 5 | 4 | 3 | 2 | 1 |

*Identify one specific example of how you plan to use these skills on the job?*


*Identify one specific obstacle or challenge you will face trying to follow through on your plan?*


*What could you do to overcome this challenge?*

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| | Strongly Agree | Agree | Partly Agree/ Partly Disagree | Disagree | Strongly Disagree |
|---|---|---|---|---|---|
| **Overall** | | | | | |
| I was satisfied with this course | 5 | 4 | 3 | 2 | 1 |
| I would recommend this course to others who had similar training needs | 5 | 4 | 3 | 2 | 1 |
| **Content & Materials** | | | | | |
| The course achieved the stated objectives | 5 | 4 | 3 | 2 | 1 |
| The course content was well organized | 5 | 4 | 3 | 2 | 1 |

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| | | | | | |
|---|---|---|---|---|---|
| The balance between the amount of content and the length of the course was appropriate | 5 | 4 | 3 | 2 | 1 |
| The course content was directly applicable to my job | 5 | 4 | 3 | 2 | 1 |
| I have the necessary skills/knowledge to apply what I learned on the job | 5 | 4 | 3 | 2 | 1 |
| I will be able to apply what I learned back on my job | 5 | 4 | 3 | 2 | 1 |
| There was a linkage between the skills/knowledge taught and my needs | 5 | 4 | 3 | 2 | 1 |
| I found value in the course materials | 5 | 4 | 3 | 2 | 1 |
| **Environment** | | | | | |
| The classroom environment was conducive to learning | 5 | 4 | 3 | 2 | 1 |
| The quality of the facility and equipment was appropriate | 5 | 4 | 3 | 2 | 1 |
| **Instructor** | | | | | |
| The instructor's presentation was clear and understandable | 5 | 4 | 3 | 2 | 1 |
| The instructor had an appropriate level of subject matter knowledge | 5 | 4 | 3 | 2 | 1 |
| The instructor answered questions to my satisfaction | 5 | 4 | 3 | 2 | 1 |
| The examples, exercises, and activities helped me learn | 5 | 4 | 3 | 2 | 1 |
| The instructor was well organized and prepared | 5 | 4 | 3 | 2 | 1 |
| The instructor encouraged participation | 5 | 4 | 3 | 2 | 1 |

*If you rated anything on this evaluation 'Disagree' or 'Strongly Disagree' please comment below:*

Figure 5.  Level 1 and Level 2 evaluation.

Level 1 results were gathered from end-of-class evaluations for classes delivered between December 1, 2000 and June 30, 2001 at the company's headquarters in Reston, Virginia. Level 1 questions were presented with the following five-point scale: 'Strongly Agree' (5), 'Agree' (4), 'Partly Agree/Partly Disagree' (3), 'Disagree' (2), and 'Strongly Disagree' (1).  Those evaluations asked managers and supervisors to rate their level of agreement or disagreement with statements based on the five-point scale. Only items relating to the participant's reaction to the overall content of the course were selected for inclusion in this ROI analysis, since other items such as individual instructor ratings apply only to a specific class and not the course overall.

Managers and supervisors rated their level of agreement with the following statements.  The parenthesis reflects the average score of all participant ratings.

- I was satisfied with this course (4.37)
- I would recommend this course to others who had similar training needs (4.43)
- The course achieved the stated objectives (4.45)
- The course content was directly applicable to my job (4.43)
- I will be able to apply what I learned back on my job (4.41)
- There was a linkage between the skills/knowledge taught and my needs (4.26)

These findings suggest that overall reactions were very positive, with all average ratings falling between Agree and Strongly Agree.

Learning (Level 2) was assessed in a variety of ways, including training activities, an end-of-class evaluation, and individual action plans. On the general assumption that a lower level evaluation need not be rigorous when higher-level evaluation is planned, the majority of this level of evaluation was informal.

The end-of-class evaluation (see Figure 5) included specific questions aimed at assessing participant learning.  Those specific questions focused on the six objectives of the course, thereby reflecting key areas where behavior change could be applied or observed. Using the rating scale of 'Strongly Agree' (5), 'Agree' (4), 'Partly Agree/Partly Disagree' (3), 'Disagree' (2), and 'Strongly Disagree' (1), managers and supervisors rated their level of agreement with the following. Average ratings are shown in parentheses following each statement.

"I now have the ability to apply each of the following skills back on the job."

- Identify and list the value of the differences that each individual brings to the workplace. (4.34)
- Recognize and address an inappropriate comment and/or behavior. (4.48)
- Teach your staff how to be more aware of differences. (4.19)
- Explain your individual responsibility for supporting an All-Inclusive Workplace. (4.39)
- Design and implement initiatives that contribute to the Model for Success- An Employee Life Cycle (attracting, recruiting, retaining, developing and managing diversity in the workplace). (4.13)
- React to and solve diversity-related issues in the workplace. (4.17)

Ratings once again fell between the 'Agree' and 'Strongly Agree' rating levels for all six objectives.  This inferred that managers and supervisors learned the skills AIW was designed to teach.

In addition to providing learning information through an end-of-class evaluation, participants completed a personal action plan during the class (see Figure 6).

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| Action Plan | | | |
|---|---|---|---|
| **Name:** | | **Program:  An All-Inclusive Workplace  (Management Essentials)** | |
| **Evaluation Period:** | | **Follow-Up Date:** | |
| Tangible Business Impacts | *Action Steps* | *Consequences* | *Measures* |
| The specific result targeted for improvement. | What you are going to do differently to impact the business result. | What will be different if you actually start taking the action? | How will you know if the consequences actually happened? |
| **Improve Retention** | | | |
| **Increase Productivity** | | | |

Figure 6. Action plan.

Action plans developed during the program reflected those practices participants intended to implement on the job subsequent to attending the class.  The action plan form included information on tangible business impacts, action steps, consequences of taking these actions and measures of change.  While this information was not gathered for the impact study, participants were asked to revisit their action plans while completing the ROI questionnaire.  Action plans were linked to the specific business objectives identified for the AIW course.

### Level 3 and 4 Results

Manager participants and their employees received an email with a link to a user-friendly online survey. The completed survey gathered information regarding whether these new skills were utilized and to evaluate the impact of the class.   The survey captured data that reflected Level 3 applications, business impact data (Level 4), cost information and monetary information, which contributed to Level 5 ROI analysis.  The questionnaire covered the following topics: skill usage, ways to isolate the impact of the program, actions taken, results of actions taken, intangible benefits, barriers to implementing skills, and other benefits, and varied in format (e.g., multiple-choice, checklists, time estimates, and open-ended questions).  Lastly, the questionnaire was developed internally, was based on published ROI questionnaires, and was piloted.

The survey link was sent via email to 592 managers and supervisors selected at random from the population of people who have completed the training prior to June 30, 2001. The invitees represented a cross-section of business units and locations throughout the country/company. To boost response rates, the HR organizations across the company assisted in having their executive line management send the invitation, thereby lending support and credence to the importance of completing the survey. Managers and supervisors invited to participate were also asked to forward an email to their employees with a link to a second online survey specifically for employees of managers who have completed the training.

As a further incentive to completion, ten $100 gift certificates were offered in a random drawing to persons who completed the survey. Five of the certificates were provided to participants on the manager and supervisor survey, the other five for those employees of the managers and supervisors who completed the employee version of the survey.

In all, 320 managers and supervisors completed the survey, for a 54% response rate. For the employee survey, more than 600 employees responded. The total possible employee target population is unknown, so no response rate can be calculated for that survey.

To provide verification and correlation of results, the survey for managers and supervisors and the survey for employees asked respondents to rate the extent to which managers and supervisors were applying specific skills taught in the AIW class.  The questions were drafted as follows:

- Managers and Supervisors: "The following is a list of behaviors and skills that were taught in the AIW class. Please indicate the extent to which you have increased the use of each of the following since attending the class."
- Employees: "At least three months ago, you manager took the class An All-Inclusive Workplace. The following is a list of things you should be able to see your manager do after attending that class. Please indicate the extent to which you have seen them increase each of the following since attending the class."

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In general, managers and employees reported similar increases in the managers' application of the skills taught in AIW on the job. The top skills that managers reported some to significant change were:
- exhibiting your individual responsibility for supporting an All-Inclusive Workplace (86%)
- addressing inappropriate comments and behavior (81%)
- encouraging your staff how to be more aware of difference (78%).

Similarly, the top three skills that employees reported their managers exhibited some to significant change were:
- exhibiting your individual responsibility for supporting an All-Inclusive Workplace (65%)
- identifying the value of the differences individuals bring to the workplace (63%)
- encouraging your staff how to be more aware of difference (60%)

In addition, many employees who saw no change noted that this was because there was no *need* to change in the first place, since their managers and supervisors were already practicing inclusive behavior prior to taking the course.

The survey also asked managers and supervisors to indicate specific actions they had taken as a result of this program: "Referring to your personal action plan and the main objectives of the program (increasing productivity and improving retention), think about one specific example of how you used what you learned on-the-job. What did you do? (That is, what action did you take?)."  The most common actions managers described were:
- Communication – Some type of communication was the most often mentioned action. Managers and supervisors have planned specific times in team meetings to discuss inclusion, increased one-on-ones, reviewed things from the class, and used the content of the program as a coaching tool for their staff. Many also said they simply started listening better.  This enabled them to hear their employees instead of using their own assumptions and biases.

As a follow up to the previous questions about what actions they took, managers and supervisors were asked to rate how successful they were in implementing these actions, with the following results.
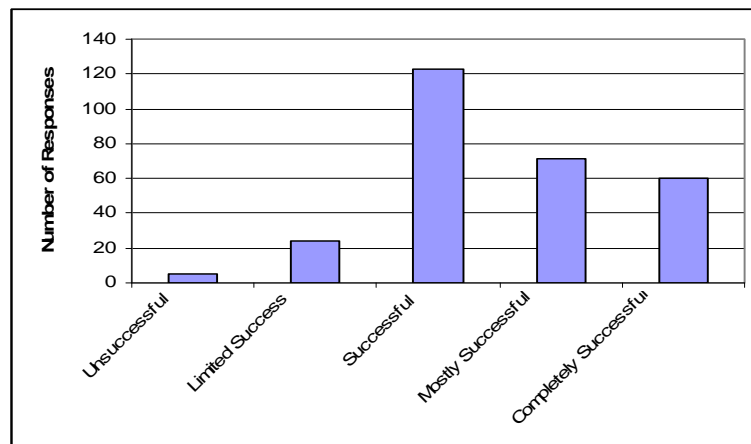


Figure 7. Success in implementing action plans.

The majority of managers responded that they were successful in implementing their action plans.

To effectively measure business impact (Level 4) one of the critical criteria for selection of a program for business impact analysis is the linkage between the program and the business goals of the organization. The selection of AIW for an ROI analysis was based on: 1) Company Objectives - the content of the program directly correlates to Nextel's 2001 People, Service, Value goals; 2) Audience Size - all employees at every level are required to attend the program; 3) Visibility - results are being monitored at all executive levels of the company. Additional significant factors included management interest and cultural impact of the course. The design of the AIW course also stressed how the application of the skills of the program could directly impact the business. Through the course objectives, participants were shown how productivity and retention could be impacted.

Isolating the effects that the training solution (AIW) had on the business variable(s), in this case retention, meant identifying the portion of the results that was based upon the training and the portion that was based upon other environmental influences. Only the portion of the results that was based on the training was used in converting data to monetary value. This yielded a more accurate and credible ROI calculation. During the data collection phase, participants estimated the portion of the decrease of Nextel's attrition rate that could be attributed to the training and the portion attributed to other factors. According to managers, the portion of the reduction in turnover that could be attributed to the AIW class was 9.77%. This amounted to 36 persons who remained with Nextel. This data was then converted to monetary value by multiplying 36 persons times the $89,000 cost of replacement value, totaling $3,204,000 in cost savings from avoided replacement costs.

The other part of the equation in the ROI analysis was the cost of the program, that was fully-loaded to include all associated costs. The analysis of AIW for managers included all of the costs related to the program for those who attended the course from December 1, 2000 to June 30, 2001 as well as the overall costs Nextel invested in developing and implementing the course. Some examples of these costs included:

- Training costs for 1,254 managers who participated in the class through June 30, 2001.
- Co-facilitation fees for the vendor who helped to develop the program, incurred to certify Nextel employees to teach the course.
- Labor costs for the time managers and their direct reports (320 and 600, respectively) took to respond to the survey.
- All development costs for the program, even though the program was also delivered to all employees within the company and will continue to be delivered to new employees beyond June 30, 2001.

The total cost incurred to achieve the benefits identified by the managers who were surveyed was $1,216,836.

### *Level 5 Results*
The ROI calculation for a training program is identical to the ROI process for any other business entity – costs are compared to financial benefits, and a ratio is determined. For this analysis, two separate calculations were made – the benefit/cost ratio (BCR), expressed as a ratio between the two, and the ROI percentage, which illustrates the net return per dollar

invested. Calculations of ROI are based on 324 manager and supervisor responses to the survey. These responses are drawn from a sample of 592 managers and supervisors selected at random from a list of 1254 managers and supervisors who completed the AIW program during the January to June 2001 timeframe.

Total Benefits: $3,204,000

Total Costs: $1,216,836

$$BCR = \frac{Benefits}{Costs} = \frac{\$3,204,000}{\$1,216,836} = 2.6$$

$$ROI = \frac{Benefits - Costs}{Costs} = \frac{\$3,204,000 - \$1,216,836}{\$1,216,836} = 163\%$$

Based on the BCR, Nextel received benefits equal to 2.6 times the costs of the program. Using the ROI percentage, the net return for every dollar invested is 163% of the value of that dollar, or for every $1 invested, Nextel received a net benefit of $1.63 for that dollar.

### *Intangible Results*
Intangible benefits are so called because an estimation of the monetary value of these benefits is extremely difficult, and any monetary value assigned would likely be based on a large number of assumptions and estimations that would call that value into question. An example would be improved morale. Such a measure cannot be easily or convincingly stated on a monetary basis.

One intangible benefit was an increase in employee satisfaction as measured by Nextel's 2001 All Employee Opinion Survey. The 2001 All Employee Opinion Survey reflected a change in how employees felt about the value of diversity at Nextel. Employees responded to the 2001 All Employee Opinion Survey question, 'Nextel does a good job of valuing diversity of cultural backgrounds, personal styles, and ideas among its employees'. There was a 5 percent increase in favorable responses in 2001 compared to the 2000 survey. Unfavorable responses to this question decreased 3 percent in 2001 compared to the 2000 survey.

Respondents to both the manager and supervisor survey and the employee survey were asked to identify additional benefits they have derived from the class. A list of typical intangible benefits was provided on *both* employee and manager surveys. Respondents were asked to check all that they had experienced as a result of applying the skills of the class. The top intangible benefits for managers and employees are listed in Figure 8.

| Top Manager Intangible Benefits From AIW | Top Employee Intangible Benefits From AIW |
|---|---|
| Improved relationship with direct reports | Improved my relationship with my manager |
| Increased communication among staff | Increased communication among group members |
| Increased cooperation | Increased cooperation |
| Increased diversity | Increased teamwork in my group |

Figure 8. Top intangible benefits for managers and employees.

## *Barriers*

Many barriers may impact the successful application of new skills on the job.  Significant barriers may inhibit the implementation of new behaviors, even though a positive ROI is achieved. As a part of the AIW survey, managers and supervisors were asked if they have encountered any barriers that have prevented them from using, or fully utilizing, the skills or knowledge learned in the program. A list of typical barriers were provided and managers and supervisors were asked to select all that apply. In addition, an option of "other" was available.

The most significant barrier noted by managers and supervisors was time constraints. Sixty percent of respondents felt that time constraints have functioned as a barrier to utilizing the skills and knowledge from the AIW program. Other significant barriers included finding activities that build cohesiveness and other priorities.

Respondents provided recommendations for overcoming these barriers.  The overriding themes of those suggestions included:

- Ideas, budget, and management support for teambuilding activities
- Ongoing AIW training for new employees, and refresher training periodically for all employees
- More time to be proactive via additional headcount, filling open headcount, or lighter workload
- Top management/Senior leadership to set the tone
- Reminders of key skills and knowledge via posters, re-training, email reminders, etc.

## The AIW Training Scorecard

The HRD team used a training scorecard to present and communicate all of the data collected from the AIW impact study.  Using a training scorecard enabled the HRD staff, program participants, and executives to see all of the relevant data in one place.   The training scorecard was a snapshot of training results.  Data was compiled per program and if required, could be rolled up into one overall report that reflected the training results of a number of programs. The training scorecard ensured that the HRD organization was focused on delivering training focused on business needs.  It also provided a way to easily communicate training results to the client groups including executives.

# Training Scorecard

Program Title:  An All-Inclusive Workplace
Target Audience:  Supervisors, Managers, Executives (1,254)
Duration:  1 day, 84 sessions
Business Objectives:  Enhance Employee Satisfaction, Improve Retention, Increase Productivity

## Results

| Satisfaction | Learning | Application | Tangible Benefits | Intangible Benefits |
|---|---|---|---|---|
| **End of Class Evaluation 1-5 Scale**<br><br>Overall rating: 4.37<br><br>Recommend: 4.43<br><br>Achieved obj.: 4.45<br><br>Applied to job: 4.43<br><br>Able to apply: 4.41<br><br>Links to needs: 4.26<br><br>Action plans completed | **Self-Assessment on Performance Objectives 1-5 Scale**<br><br>Identify value of differences: 4.34<br><br>Address inappropriate comment: 4.48<br><br>Encouraging staff: 4.19<br><br>Exhibit individual responsibility: 4.39<br><br>Implement initiatives: 4.13<br><br>React to and solve diversity issues: 4.17<br><br>Skill practice demonstration | **Manager Behavior Change Survey % increase = Some to Very Significant Change**<br><br>Identify value of differences:<br>Mgrs:  73%<br>Emps:  63%<br><br>Address inappropriate comment:<br>Mgrs:  81%<br>Emps:  54%<br><br>Encouraging staff:<br>Mgrs:  78%<br>Emps:  60%<br><br>Exhibit individual responsibility:<br>Mgrs:  86%<br>Emps:  65%<br><br>Implement initiatives:<br>Mgrs:  67%<br>Emps:  54%<br><br>Leverage team differences:<br>Mgrs:  70%<br>Emps:  57%<br><br>Improve communications:<br>Mgrs:  76%<br>Emps:  58%<br><br>79% reported success in implementing action plans | **Retention Improvement Results**<br><br>$3,204,000 annually<br><br><br>*ROI = 163%*<br><br>**BCR = 2.6:1** | **Employee Satisfaction Survey: Question # 48 – valuing diversity**<br><br>5% increase in 2001 favorable responses<br><br>3% decrease in 2001 unfavorable responses<br><br>**Additional Intangible Benefits**<br><br>Improved relationships between manager and direct reports<br><br>Increased communication among staff<br><br>Increased cooperation<br><br>Increased diversity<br><br>Increased teamwork |

Technique to Isolate Effects of Program:  Participant estimates, estimating impact of other factors

Technique to Convert Data to Monetary Value:  Standard values, internal experts, external experts

Fully-loaded Program Costs:  $1,216,836

Barriers to Application of Skills:   Time constraints, finding activities that build cohesiveness and other priorities

Recommendations:  Communicate findings, Nexaminer article, add diversity column to Nexaminer, provide additional teambuilding ideas to managers, continue AIW training for new employees, provide refresher training in 2002

Figure 9.The AIW training scorecard.

## Conclusions and Recommendations

Based on the results of the impact study that was conducted the HRD team concluded that the AIW program raised manager and supervisor awareness and helped initiate actions to promote inclusiveness. This contributed to reducing turnover thereby saving Nextel the cost of replacing employees, as well as providing many intangible improvements in the culture and atmosphere at Nextel.  Managers have the willingness, however they need the time, resources, and suggestions to help them promote inclusiveness.  The HRD team made the following recommendations for next steps.

1.  Communicate the findings of this study to senior management and the board of directors. In the report, stress the importance of upper management support to improve inclusiveness.
2.  Submit an article that summarizes the findings of this study to the company electronic newsletter.
3.  Add a regular column in the company electronic newsletter that focuses on diversity initiatives within Nextel.
4.  The HRD team should publish an article with additional teambuilding ideas.
5.  Continue AIW training company-wide for new employees.
6.  Provide refresher training company-wide to current employees in 2002.

## Communicating Results

There are several reasons to make sure that the results of the impact study are effectively communicated.  Communicating results can secure approval for the program, gain support for the program, build credibility for the HRD staff, enhance reinforcement of the program, enhance the results of future programs, show complete results of the program, stimulate interest in training programs, demonstrate accountability for expenditures and market future training programs.

The HRD team created a complete report for the AIW impact study.  The report was 61 pages in length and contained an executive summary, objectives of the study, background of the program, methodology for the impact study, costs, assumptions, results, barriers, conclusions and recommendations, and an appendix.  A PowerPoint presentation was created that contained a summary of the results.  The impact study results were also compiled into a training scorecard.

The HRD team completed its first and second recommendations for next steps, both of which were directly related to communicating the results. The results of the AIW impact study were communicated to all of the participants of the study and posted on a web site where all employees could access the results. A presentation of the results was made to all of the leaders of the various training functions within the company, including the executive sponsor of the training organization. An article was submitted to the company electronic newsletter. The article focused on the results of the impact study and provided the link to the web site where the complete report was posted. The director of the HRD organization presented the results of the impact study to colleagues and peers at various conferences.

**Lessons Learned**

A training scorecard can be a powerful tool to demonstrate and communicate the value of training to the organization. The HRD organization at Nextel learned several lessons as it utilized a training scorecard.

- It is important to be proactive in introducing the training scorecard to demonstrate the ROI of the HRD organization's activities. It demonstrates that HRD is a business partner that helps the business reach its strategic and operational objectives. Any training solution that doesn't do that should be identified and either improved or discontinued.
- A comprehensive training needs assessment should be conducted prior to implementing any training program. That way you are ensured that the training being evaluated is directly linked to business needs. Plan for evaluation early in the process.
- Select only the most appropriate programs to measure through Level 5. Focus on programs that are critical to the realization of strategic objectives, for example. This will ensure that the training scorecard does not become a costly and bureaucratic process.
- Educate others on the training scorecard components and share the evaluation responsibilities. Build internal HRD capability to conduct evaluation assessments.

**Questions for discussion:**

1. How can HRD become a valued business partner? What would your recommendations be to a HRD organization that needs to justify expenditures, demonstrate performance improvement and deliver results based training?
2. Discuss the difficulties in evaluating the impact of a "soft-skills" management-training program, like AIW. How did the ROI process described in the case study help in overcoming those difficulties?
3. Describe the needs assessment process used in the case study. What were the strengths of the process? What improvement suggestions do you have?
4. Why is it so critical to isolate the effects of a training program? How was this accomplished in the case study?
5. What are the advantages and disadvantages of using a training scorecard to compile and communicate training results? What additional data would you add to or delete from the training scorecard template?

**The Author**

Lynn Schmidt is the Director, Leadership Institute, for Nextel Communications. She has seventeen years of experience as a human and organization development professional in the fast-paced high technology industry. In her current position she has responsibility for succession management, identification and development of high potentials, diversity and mentoring programs, as well as executive development.

Schmidt has extensive experience in the field of measurement and evaluation. She is certified in ROI evaluation and was president-elect for the ROI Network. She currently serves on the ASTD ROI Network Advisory Council.  In 2002, she received the Jack and Patricia Phillips ROI Practitioner of the Year Award. Schmidt authored a case study for ASTD's In Action series book *Measuring Learning and Performance* on evaluating soft-skills training. She has conducted several ROI/impact studies on programs such as change management, time management, performance management, and diversity awareness. Schmidt has presented at several International Quality and Productivity Center conferences and international ASTD conferences on the topic of measurement and evaluation. She teaches both Needs Assessment and Measurement & Evaluation at Georgetown University. She serves as Co-Director of Programs for the Metro DC ASTD chapter and was a member of the 2001 and 2002 ASTD program committee for the annual ASTD international conference. Schmidt has B.S. in business administration, an MBA, and she is currently pursuing a Ph.D. in Human and Organization Development.  Schmidt can be reached at lynn.schmidt@nextel.com.

**Special Acknowledgement**

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