

TRAINING ROI CALCULATION GUIDE

Training Costs

Total expenses related to training, including materials, instructor fees, travel, and employee time spent in training.

Formula: Total Training Cost = (Trainer Fees + Materials + Travel Costs + Employee Wages During Training)

Rule of Thumb: Training costs typically range from 1-5% of payroll expenses.

Formula: Productivity Impact = (Annual Revenue per Employee x Productivity Improvement %) x Employees Trained

Rule of Thumb: A 10% productivity improvement can equate to significant financial gains over time.

Employee Productivity Impact

Increase in employee performance and efficiency due to training, leading to higher output and reduced errors.

Turnover Reduction

Reduction in employee turnover due to improved engagement, job satisfaction, and career growth opportunities.

Formula: Turnover Savings = (Turnover Reduction % x Cost of Hiring Replacement) x Employees Trained

Rule of Thumb: Reducing turnover by even 5% can save thousands in hiring and onboarding costs.

Formula: Revenue Impact = Productivity Impact + Additional Sales Revenue from Training

Rule of Thumb: Revenue impact varies by industry; track metrics before and after training.

Revenue Impact

Additional revenue generated as a result of training, calculated based on productivity and performance gains.

Total Benefits

The combined financial benefit from productivity improvement, turnover reduction, and revenue impact.

Formula: Total Benefits = Revenue Impact + Turnover Savings

Rule of Thumb: Ensure benefits exceed training costs by at least 2-3x for a strong ROI.

Formula: ROI (%) = ((Total Benefits - Training Cost) / Training Cost) x 100

Rule of Thumb: A positive ROI (above 100%) means training is financially beneficial.

ROI Calculation

The percentage return on investment from training, showing the financial gain relative to the cost of training.