

Beyond ROI: Establishing EVA-Based Training Metrics

Session ID: W312
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2:15 pm to 3:30 pm
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Three learning objectives

Participants will:

1. Explore the difference between an ROI and an EVA approach to training metrics development
 2. Actively create EVA metrics through a case study
 3. Understand how to apply the EVA metric approach within their organization
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Comparison of ROI to EVA

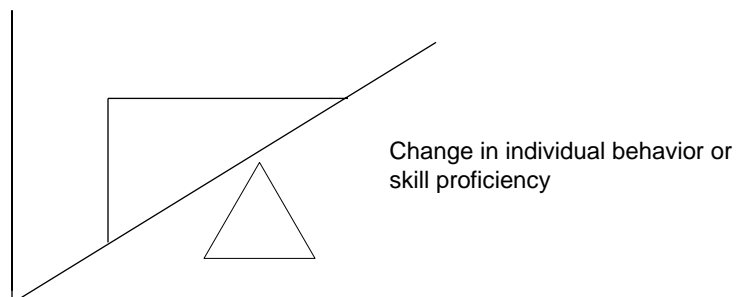
ROI formula:

$$\frac{(\text{Benefits} - \text{Costs}) * 100}{\text{Costs}}$$

Costs

Comparison of ROI to EVA

ROI measures:



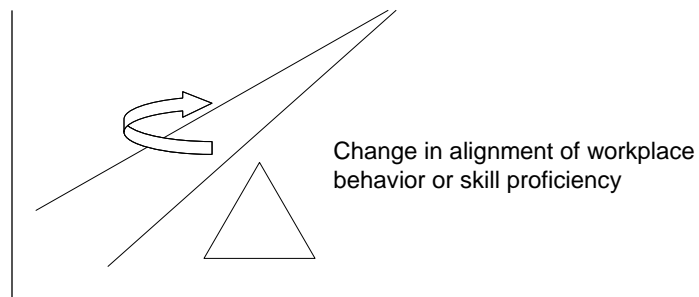
Comparison of ROI to EVA

EVA formula (as applied to training):

$$\frac{\text{Current Value of Aligned Human Capital} + \text{Value-added of Training or Learning}}{\text{Economic Value Added of Aligned Human Capital}}$$

Comparison of ROI to EVA

EVA measures:



Attributes of ROI

- Created to measure the investment return for a **specific** activity (intervention-based)
- Focus on individual performance
- Traditional supporting metrics have focused on influence of intervention on individual work place skills or behaviors
- Reactive measure

Attributes of EVA

- Measures the value-added of training/ learning over a period of time (iterative)
- Focus on individual/ team alignment
- Supporting metrics are created to measure the increase in customer value/ alignment inclusive of all other learning
- Predictive measure

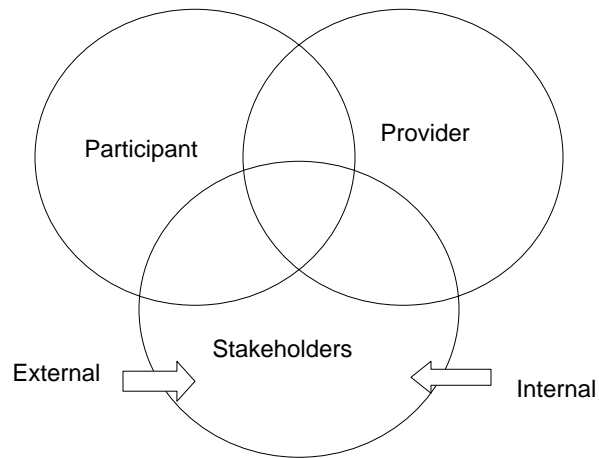
EVA as a Strategic Training Metric

- Requires training designers to align training outcomes with external customer needs
- Focus on successful alignment versus successful accomplishment
- Training managers may have some programs that have negative individual ROI, but when combined with other programs generates a synergism that creates tremendous collective positive EVA

EVA- Why is it predictive?

- Focus on alignment change
- Longitudinal measure
- Human capital as an appreciating asset
- Examines appreciation of human capital in relation to alignment with organization mission
- Considers accretive value of all learning

When Considering EVA as a Metric...



Examples of EVA Training Metrics used for:

- New hire alignment
- Customer effectiveness
- HR vendor partnerships
- Negotiations
- Skill development

Case Study: Supervisory Training

- ROI Metrics
- EVA Metrics

So how do I do this in my world?

- Determine the current value (or capacity) of your human capital (see bibliography)
- Define with the ultimate customer predictive & measurable learning outcomes that increase human capital alignment with mission
- Using this definition, craft learning that iteratively aligns human capital to mission
- Continuously measure, evaluate and refine learning to ensure progressive alignment

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