



White Paper

Can You Really Measure the Impact of Sales Training?

Introduction

Whenever clients invest in sales performance improvement, the BIG QUESTION always comes up: “How can we measure the impact of the program?” It’s also perfectly natural for stakeholders to ask: “What is the expected ROI?” (In fact, these days, even clients who inherently believe in workplace education feel pressured to monetize the results.)

Why not just measure sales? Why not measure before the program to establish benchmarks and after to see changes in the results? It’s not that simple.

Many factors can affect sales over time – changes in the economy, demand, or the competitive landscape, for example. The challenge in determining ROI is in isolating the impact of the training from all other possible factors.

So can you really arrive at an accurate measurement of the impact of training programs? Absolutely. But it takes time and effort to arrive at a true ROI calculation. For organizations that make a significant investment in education, the effort can be worthwhile. Before jumping into the ROI calculation, however, there are other important levels of measurements to consider.

This whitepaper provides a brief overview of the measurement methodologies and processes required to accurately measure the impact of training programs.

Why Evaluate Training Programs?

If it’s so hard to evaluate a program properly, why invest all the time and effort? Evaluation is much more than determining whether your investment objectives have been met. The purpose of evaluation is to ensure that future decisions on educational training are made wisely, with an eye toward continuous improvement. That’s why evaluation involves more than just examining the sales figures. So why measure?



Justify your training budget by showing how programs contribute to key organizational goals.

Obtain data to help determine if a program should be continued.

Gain information for continuous improvement in existing programs.



Levels of Evaluations

Years of research in evaluating and measuring training programs have led to the development of several robust approaches. Best known is the work of Donald and James Kirkpatrick, who proposed a model based on four levels of evaluation. Several other experts, such as Jack Phillips of the ROI Institute, have added a fifth level – Return on Investment (ROI) – in recognition that education is an investment choice.

1. **Reaction/Planned Action** - measures participants' estimates of impact and planned implementation.
2. **Learning** - measures skills, knowledge, or attitude changes related to the program and implementation.
3. **Application and Implementation** - measures changes in behavior on the job and specific application and implementation of the program.
4. **Business Impact** – isolates the impact of the program on business objectives.
5. **Return on Investment** - compares the monetary value of the business impact with the costs of the program.

It takes time and resources to do a comprehensive ROI study, so not every program will be evaluated at this level. There are benefits to all levels of evaluation. The organization can set criteria to determine the appropriate level of evaluation for a program, such as:

- Visibility of the program
- Expected program duration
- Importance to meeting organizational goals
- Cost of the program
- Number of participants
- Leadership interest

Case Study: A Level Four Evaluation

The Problem

A large insurance company was a late entry into the Medicare HMO market. Its sales force was assembled on a regional basis, with no national hiring oversight or training support. This model was under-performing against its goals and was dependent on an ineffective and costly lead acquisition process. As part of a larger retiree health coverage strategy, the Company decided to centralize management of its Seniors Segment – including its sales functions. As part of this new centralized sales strategy, Management requested a unified, comprehensive sales curriculum.

Establishing a Baseline

As part of their sales program evaluation, a formal gap analysis was conducted. Two key weaknesses were identified: sales skills and lead acquisition.

To measure the proposed training's impact on behavior and performance, baseline information was gathered. Field managers observed and recorded each Sales Rep's sales capability through a comprehensive skill-based checklist. The checklists were completed during sales call "ride alongs" and observation of lead generation phone calls.

A Level Four Case Study With Positive ROI



Case Study: A Level Four Evaluation (continued)

Developing the Program

Using the baseline data, Management then developed a core class requirement, which was centered on the two key gaps identified in the program evaluation. All Sales Managers and Sales Reps across the company were given a three-month period to complete the training.

Representatives attended two classes during the training period. One class presented a sales skills model. The other class introduced a lead development process. In addition to the core training classes, field Sales Managers were required to attend a sales management program and were expected (as an outcome of their training experiences) to act as small group coaches for the sales representative training classes.

In the three months following completion of the training, sales managers reported specific development activities planned for each sales representative on a month-by-month basis. At the end of each month, Management forwarded the monthly development plans to regional management staff – allowing for a correlation between the manager's reported behavioral changes against any changes in sales productivity.

Evaluation

Two months after the rollout period, Regional Management committed to a nationwide worksite evaluation process. As part of the evaluation process, two members of Senior Sales Management visited each sales office. They personally evaluated each representative's ability to utilize core components of the training and observed three phone-based lead generation calls. To complete the evaluation process, Senior Sales Leaders observed field management (using pre-developed scorecards) and provided feedback to each Sales Representative.

At the end of each office visit, the Senior Sales Management was able to (1) review each market's results prior to training; (2) evaluate the manager's reports of improvement in sales rep skill levels; (3) compare leadership's evaluation of those same skill levels; (4) produce a manager scorecard on ability lead skill change; and, finally, (5) measure changes in sales results.

Results

There was a positive correlation of *improved sale performances of up to 25%* in those offices that demonstrated strong Sales Manager capabilities to model skills and provided accurate feedback. Those offices where the Manager reported improved sales rep skill, but showed lesser capability to model change or give effective feedback, stayed statistically equal to pre-training levels. While an exact level 5 ROI percentage was not calculated for this program, the executive sponsors were pleased with the positive return.



Two Categories of Evaluation

There are two categories of evaluation – outcomes and process.

1. Outcomes Evaluation

An evaluation of the program's ability to deliver important outcomes, such as increased referrals, additional cross-selling, and higher margins. Other non-revenue outcomes such as higher levels of client satisfaction, better utilization of resources, and employee retention may be of interest.

2. Process Evaluation

An evaluation plan should also include an assessment of the education process to review factors that can affect how the program is delivered. For example, variation of delivery by different instructors and the Influence of situational factors, such as where the instruction takes place, can affect program quality.

While key stakeholders may naturally be more focused on outcomes, it is just as important to assess the education process with an eye toward improving the learning experience, as this is the means to the end.

What is the Evaluation Process?

(Note: The purpose of this section is to provide a high level overview of the process. Comprehensive step-by-step instructions are beyond the scope of this paper.)

Measurement must be planned for early on during the learning needs assessment phase, even before the education has been designed and implemented. During the assessment, the organization identifies needs, and from these needs sets objectives:

Desired Payoff Goals → Business Impact Objectives → Performance Objectives → Learning Objectives → Program Satisfaction Objectives.

Measurements can then be set around these objectives, based on the desired level of evaluation.

Typically, an evaluation is a four-stage process as depicted below:



It is a process that requires investment of internal resources, and the higher the level of evaluation, the more time and effort will be required. It is recommended that someone in the organization take responsibility for the process, and form a team of other stakeholders and resources needed for data collection and analysis.

Measuring program impact requires planning and effort.

Someone in the organization must own the process.

The higher the level of evaluation, the more time and effort is required.



Evaluation Process (continued)

Evaluation Design

For level 4 or 5 evaluations, plans to isolate the effect of the training program must be made during the design phase. Many factors can affect performance – competitors' actions, seasonality, economic cycles, and others. In order to tease out the effects of training, a form of experimental design is required whereby some professionals receive training and others do not (at least for the evaluation period) in order to control for the impact of outside factors. Those that do not receive training are the control or comparison group, while those that receive training are the training or experimental group.

Other methods to isolate the impact of the training include:

- Trend line analysis of performance data
- Participant's estimate of program impact
- Manager estimate of program impact
- Use of industry data

Data Collection

Data is collected before, during and after training. Prior to the implementation of the training program, data is collected to establish a baseline for each of the measurements selected. Various collection methods can be considered, such as:

- Surveys
- Interviews
- Focus Groups
- Facilitator tracking
- Observation
- Tests/Quizzes
- Demonstrations
- Simulations
- Action planning/improvement plans
- Performance contracting
- Performance monitoring
- CRM data – revenue and activity
- Investment tracking

Analysis and Interpretation

In this phase, the planning team will examine the data to draw conclusions on outcomes and process. Since some of the data will be qualitative, it is important to maintain objectivity for the evaluation results to be viewed with a high level of credibility.

Feedback into Management Process

Education evaluation differs from other forms of investment return analysis in that ongoing management can influence training outcomes. For example: If management does not reinforce training, or if reward systems continue to reward inappropriate behaviors or outcomes, then training is rendered ineffective. Thus, an evaluation process must become integrated into the standard performance evaluation system.



Conclusion

Training program evaluation is critical to determine if investment objectives have been met. Evaluation also ensures that future decisions on education programs will be made on a basis of solid information, so that continuous improvement can be realized.

Measuring program impact does not have to be complicated, but it does require planning and effort. There are many resources available for organizations wishing to adopt a more structured evaluation process, whatever the level. Please contact us for more information.

About The Program for Sales Innovation

We deliver custom training programs covering proven best practices in sales processes and skills. Our state-of-the-art platform integrates technology and the latest research in learning transfer. We are affiliated with top-ranked universities, bridging academic integrity with practical experience.

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Citations

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For More Information

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