ASK THE EXPERT:

AM I GETTING ROI FOR THE TRAINING

Dear Evan,

"I keep getting asked about the ROI that I am getting for the training, but I have no idea how to define it. What do I do?"

- Jake H, Chagrin Falls, Ohio

Let me start by noting that most companies view training as an expense, and that is incorrect. The cost of training is not an expense like paying your electric bill or buying insurance. It is an investment that pays you back. Determining what the ROI is depends on comparing what you are spending on training against the financial benefits.

Let me tell you about a company where a lack of training was costing $1.68 million a year.

The company was a chain of nine floor covering stores that was doing $12 million in annual sales. They had an overall goal to increase profits, which were sitting at

an average profit margin on products sold of 34%.

Knowing that they could improve their margin if they focused on training and raised pricing, they trained salespeople to use sales tools and help customers understand the true value the company offered. They focused on solving customer problems by concentrating more on the customers' needs and helping them find the right products. By demonstrating value and better helping customers meet their needs, the company increased margin and sales.

As a result, the company increased their margin from 34% to 48% - a 14% improvement. In that $12 million company, the result was a $1.68 million increase in gross profit dollars, plus increased sales. The improvement in profit was demonstrable. The reality is that the true differentiator was the training. If they'd simply changed out the merchandising without training, it would have had a much smaller impact.

Another way to look at it is that for years, a failure to train was costing that company

$1.68 million a year in gross profit. The cost of training for this company was in essence $1.68 million a per year, because they didn't spend any money on training. You see, every company pays for training. You can either pay for it up front or you can pay for it through poor results at many times the cost of doing it right.

And how much was that company paying for training? The program that turned the situation around cost only about $30,000 in development, and smaller annual delivery costs. So you can do the math on that. For an investment of that sum, the company increased profits by $1.68 million. That is a significant ROI on training, but actually not that unusual.

So, are you missing out on opportunities to increase profits dramatically through training? Let's take a close look at how that could be happening to you.

- If you are not training staff to close more sales, you are probably losing money that you could recoup easily through training.

- If you are not training salespeople to sell just a little bit more on the average

About Evan

Evan Hackel is a 35-year franchising veteran as both a franchisor and franchisee. He is CEO of Tortal Training, a leading training dev Carolina, and Principal and Founder of Ingage Consulting in Woburn, Massachusetts. Evan is the host of Training Unleashed, and a on Seeking Excellence, Better Together, Ingaging Leadership and Attitude is Everything. To hire Evan as a speaker, visit www.evans

Evan Hackel

"If you are not training salespeople to sell just a little bit more on the average ticket, you are probably losing money that you could recoup many times over through training."

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- If you are not training employees to please and retain more customers, you are probably using money that you could recoup quickly through training.

- If frustrated employees are quitting your company, you are incurring a lot of expenses to replace them that you could recoup easily through

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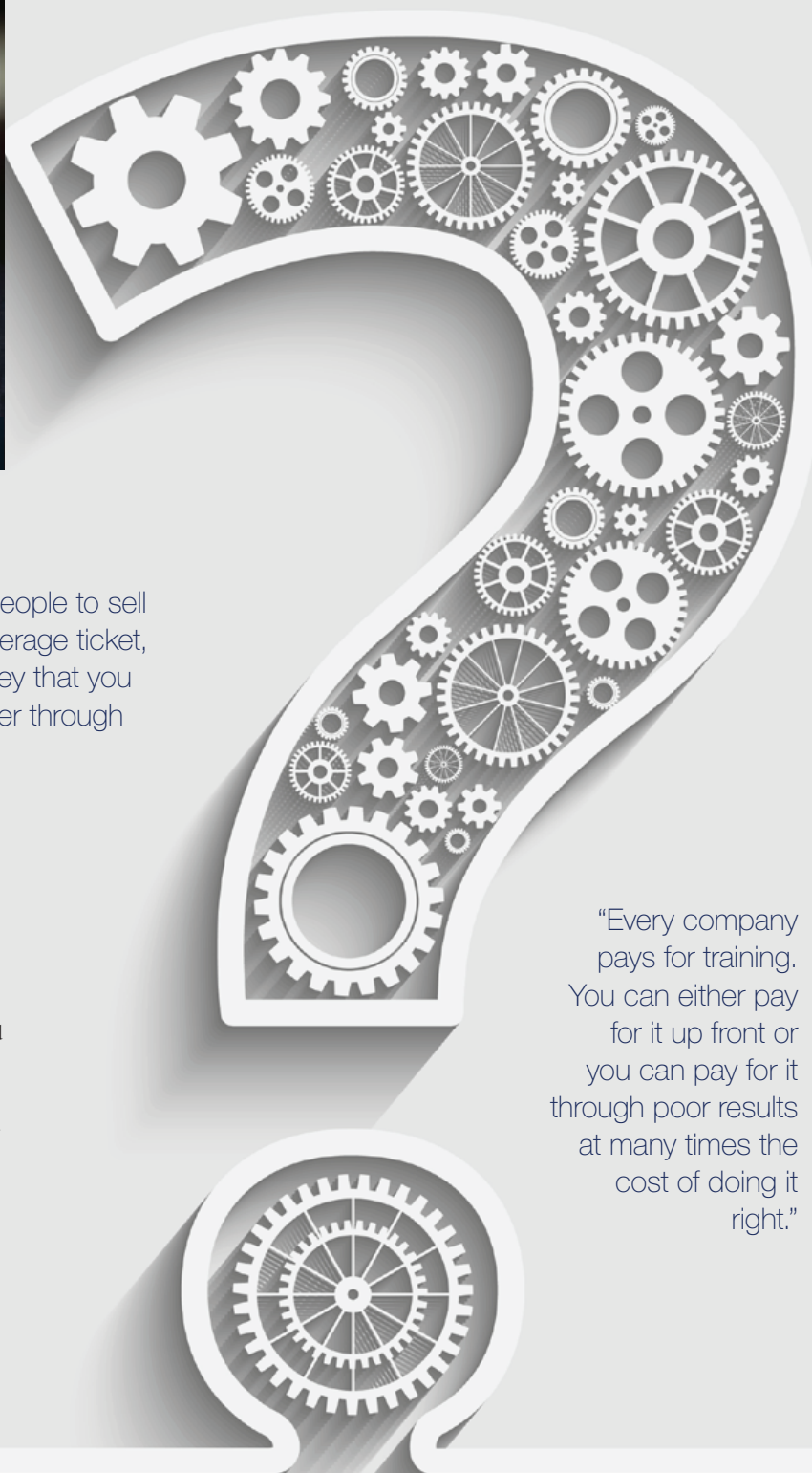
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