Case study

Costs of evaluating training through the UK Investors in People (IIP) award

The UK Department of Transport, Local Government and the Regions (DTLR) achieved Investors in People (IIP) recognition in mid-1999. IIP is a business improvement tool that is designed to improve organizational performance through the development of people. It comprises a framework which organizations can adapt to their own context. Once achieved the award is subject to periodic reviews based on a reassessment of the organization. In terms of the DTLR, they chose to be re-assessed in October 2001 so that should they fail in the re-assessment they still had six months to reach the required standard. The government had instructed each department to achieve IIP status by Dec 1999, and to retain accreditation. As the only political party at the time to hold accreditation, the Labour Party was satisfied of the benefits of IIP.

The costs involved therefore tend to be regarded as almost immaterial. In the grand scheme of government and departmental expenditure, they are also insignificant. The only *direct* measurable cost of reassessment was the fee paid to the assessor. This was £550 per day, and the assessment and report took 18 days (i.e. a total of £9,900). However, there were many hidden costs. A total of 180 staff from all grades were interviewed at an average cost of one hour each and an estimated salary cost of £30 per hour (i.e. a total of £5,400). These figures also exclude further additional costs such as accommodation. Preparing for the re-assessment included conducting an internal 'Health-check' carried out by staff from each Division (some 35 in DTLR). The training of a member of staff from each Division took 2 days. The average time spent on the 'Health-check' was 8 days, plus 3 person-days of interviews. The cost of 13 days × £30 × 7hrs × 35 divisions is £95,000. In addition, there is a three-person team in HR whose sole function is IIP matters, and a considerable part of their time was focused on these 'Health-checks', and then the re-assessment. An estimate of their time commitment would be two months at approximately £28,000.

The production of Action Plans in the department as a whole and then in each Division took yet further time. The identified Actions from these plans would require even more time to implement. An estimate might be 3 days in each Division at an approximate cost of £22,000. However, if an 'Action' involves 'all staff' this is a huge underestimate of the real costs. In addition there are supplementary costs that have not been calculated. Each Division was required to brief the staff and in particular the senior Team (any of whom might have been selected). Each Division produced its own briefing, since the IIP position and Actions within each are different. Distribution varied from an e-mail note to full Divisional meetings. Consequently, the total cost of re-assessment is realistically upwards of £160,000.

Case questions

1. In order to calculate the ROI of this initiative what further information do you need?
2. What are the potential benefits of an initiative like Investors in People and which benefits could you realistically quantify in financial terms?
3. What are the limitations of the ROI approach to evaluation?