

Why a Good IT Training Manager is Worth \$1,000,000

by Bob Litt

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As an IT Training Manager I know the benefits of IT Training: Increased productivity, efficiency, and employee retention, to name a few. But as a Business Manager I know the most important benefit to the organization is the money IT Training can save. In many cases (depending on the size of the organization) ***the productivity savings can easily exceed \$1,000,000 per year.***

IT Training has acquired the undue perception that it is just an employee benefit (which it can be). But, in reality, the bulk of the benefit of IT Training is gained by the organization that sends the employee for Training. And that benefit can be substantial. Employees become more efficient, produce better work, and are less of a drain on the other resources of the organization. Or, to put it in the reverse:

If you expect your staff to perform work using computers, and you do not train them to use those computers efficiently, then you are paying them a full days pay for less than a full day's work.

You might be thinking, "That last statement sounds kind of reasonable, but that \$1,000,000 thing, isn't that a bit exaggerated?" The answer is "no" and, if you do think this way, it is time to change your perception of IT Training. Don't equate the cost of IT Training with purchasing a product. Instead, start to realize that when you train your workforce you are really buying time, time that your staff can use to make the organization more profitable.

Time is Money

Computers are a great business tool, but let's remember that people do the work that runs the business, not the computers. And people cost money. A typical organization has an Average Employee Cost of \$65/hour (check with your CFO or HR Director for your company's figure).

A significant percentage of each of those hours is spent in front of a computer. And, as most organizations become more and more dependant on Information Technology, the good news is that the per capita cost of business machinery keeps decreasing. The bad news, however, is that the cost of the people to run those machines continues to rise.

It's Not a Computer it's a Time Machine

If we use an Average Employee Cost of \$65/hour, for an organization with a staff of 1,000, that comes to a total workforce cost of \$1,083 per minute ($\$65/\text{hour} / 60 \text{ minutes/hour} \times 1,000 \text{ employees}$). Unfortunately, not every one of those minutes will be used efficiently. What if some of those minutes could be reclaimed? If each employee could reclaim just four minutes per day, that would come to over \$1,000,000 per year ($\$1,083/\text{minute} \times 4 \text{ minutes} \times 250 \text{ days/year}$).

Time is money. And each inefficient minute costs the organization income from lost productivity. IT Training can help buy back a significant portion of that time.

Muddling Through

Without IT Training, employees will muddle through some how (but it will take longer to accomplish the same goals). Steve Krug, in his book *Don't Make Me Think! A Common Sense Approach to Web Usability* © 2000, puts it quite succinctly:

Faced with any sort of technology, very few people take the time to read instructions. Instead, we forge ahead and muddle through... And muddling through is not limited to beginners. Even technically savvy users often have surprising gaps in their understanding of how things work... If people manage to muddle through so much, does it really matter whether they "get it"? ***The answer is that it matters a great deal because while muddling through may work sometimes, it tends to be inefficient and error-prone.*** (emphasis added)

We're Not Talking Rocket Science Here

But computer users don't have to learn to be rocket scientists to increase their efficiency. In most cases learning basic to moderate skills (not just "high tech" skills like programming macros) will accomplish the goal:

- Using keyboard shortcuts instead of always using the mouse
- Setting formatting defaults for all new documents
- Understanding file management so documents aren't "lost"
- Using built-in "Wizards" that come with many applications
- Being able to use the "right" software for the task
- Taking advantage of the functionality of the software for which your organization has already paid.

Reasonable Assumptions

My assumption is that IT Training will produce (at least) a small increase in efficiency and therefore a productivity savings. To calculate the productivity savings we'll need to make some assumptions. Let's suppose your organization has a staff of 1,000, your Average Employee Cost is \$65/hour, each employee works 7 hours/day, and each employee attends 12 hours of IT Training per year.

Even by attending just one class in basic skills, most users can learn a few useful techniques that they can use every day. Let's make the conservative estimate that IT Training will produce a productivity increase of one minute per hour of work, or a productivity savings of \$1.08/hour (\$65/hour divided by 60 minutes/hour).

Support Savings

Besides the problem of untrained users being inefficient, they also occasionally require help from others. That help may come from the Helpdesk, the IT Training staff, or from knowledgeable co-workers. In any case it means that at least two employees are sidetracked by the "problem."

Let's assume that IT Training will reduce the need for Help by 1-1/2 minutes each day for the average user. That comes to 7-1/2 minutes per week. But remember that Help entails two people: The user needing help and the co-worker providing help. So, the weekly reduction in Help is actually 15 minutes per user. 15 minutes/week x \$1.08/minute x 50 weeks/year x 1,000 employees equals a productivity savings (due to the need for reduced support) of \$810,000 per year.

Real Costs

Of course, the time each employee spends in IT Training is a cost against any productivity savings. If each staff member attends 12 hours of IT Training per year (e.g., 1-1/2 days of training, 6 2-hour sessions, or 4 3-hour sessions) then the productivity loss is substantial at \$780,000 per year (\$65/hour x 12 hours/year x 1000 employees).

We must also factor in the cost of implementing the IT Training program. Let's assume a small IT Training staff providing an IT Training program that includes outsourcing. An approximate yearly budget might be:

• IT Training Manager with a staff of 2 trainers	\$	300,000
• Outsourcing at \$25/classroom hour		300,000
• Miscellaneous equipment and supplies		<u>150,000</u>
• Total Yearly IT Training Budget	\$	750,000

You Do the Math

So, let's calculate the productivity savings. If the Average Employee Cost is \$65/hour and we increase productivity by 1 minute/hour, that translates to \$1.08 per hour worked per employee. When we multiply \$1.08/hour x 7 hours/day x 250 working days/year x 1,000 employees, we get a gross productivity savings of \$1,890,000.

Once we add the support savings of \$810,000, subtract the real cost of employee time of \$780,000, and also subtract the \$750,000 cost of implementing the IT Training program, we are left with **a net productivity savings of \$1,170,000.**

A Business Reason for IT Training

There is a significant and legitimate business reason for IT Training. IT Training not only provides a real Return-On-Investment, it can sometimes mean the difference between a moneymaking and an unprofitable organization. **IT Training positively affects the bottom line.** And that is why a good IT Training Manager, who can implement a successful IT Training program, is worth \$1,000,000.

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