

Whitepaper

## **Value of Investment: The New Benchmark for Performance**

### **A Framework for Measuring the True Strategic Impact of HRD**

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#### **Executive Summary**

For decades, organizations have struggled to measure the true impact of training and development initiatives. The standard metric, Return on Investment (ROI), while financially useful, provides an incomplete and often misleading picture by focusing solely on material returns. This narrow "tunnel vision" fails to capture critical qualitative factors that drive long-term success, such as improved decision-making, reduced employee turnover, and an optimized learning culture.

To solve this, the Value of Investment (VOI) system was developed. VOI is a holistic framework that expands upon traditional ROI calculations to include the extensive qualitative benefits that most educational measures bring. It provides a multi-dimensional picture of the value contributions of training, linking them directly to strategic business goals.

This paper outlines the VOI system, a six-phase process that provides the tools and methodology to optimize the entire training cycle, from goal setting to results presentation. By adopting the VOI framework, organizations can move beyond simple cost justification to truly understand and articulate the strategic value of their investment in people.

## **1. The Challenge: The Limitations of a One-Dimensional View**

Calculating the ROI for training projects is important. It clarifies if a measure is financially justified. However, without a detailed analysis of all value factors, only a fraction of what is truly significant is captured. In many situations, an ROI calculation may show a negative result, yet a project can still hold immense value and should be undertaken.

Imagine standing so close to a painting that your nose almost touches it; you can only perceive a small section. Only by stepping back can you see the whole picture and appreciate its full value. The same is true for evaluating training initiatives. A system is needed to ensure that no important factor is overlooked. For this reason, in addition to ROI methodology, the VOI system is required to see the entire picture.

## **2. The Solution: The Value of Investment (VOI) System**

After more than twenty years of research in the field of competency development, USOU developed the "Value of Investment" system. The purpose of this system is to expand the one-sided focus on material results and to identify and measure the extensive qualitative benefits that most educational measures deliver.

The VOI system provides facts about the effectiveness and efficiency of educational work in both strategic and operational areas. It measures the impact of training and development on business success, providing not only hard data but also measuring the critical qualitative progress essential for strategic organizational and personnel development.

## **3. The VOI in Practice: A Six-Phase Process**

The VOI system optimizes the entire training process through six distinct phases, each supported by a specific instrument.

### **Phase 1: Secure the Goal with GoalNavigator**

This initial step ensures that project goals are clear, measurable, and synchronized with corporate objectives. The **GoalNavigator** is a checklist-based system with 30 questions that helps critically review project goals from the outset. It examines six categories: Needs Analysis, Goal Description, Goal Conditions, Competencies, Goal Certainty, and Time Frame. This first step is decisive for the success of all subsequent steps.

### **Phase 2: Test the Foundation with QuickCheck**

**QuickCheck** is a checklist of 20 questions designed to test the conditions for a successful implementation of the VOI system. Based on best practices, it functions as a reliable gap analysis, immediately highlighting missing or superfluous elements in your strategies and programs before they can negatively impact your project.

### **Phase 3: Uncover Benefits with ValueFinder**

The **ValueFinder** is an analysis tool that allows you to identify the benefit expectations and primary motivations of all stakeholders. The instrument includes 16 benefit categories with a total of 80 benefit descriptions covering employees, management, the company, and customers, allowing you to pinpoint the specific value drivers for your organization.

### **Phase 4: Clarify Complexity with ProjectMapping**

**ProjectMapping** enables you to capture all relevant details of a training project, establish relationships between them, and clarify their mutual dependencies. This provides the necessary foundation for successful performance improvement, keeps the process transparent, and helps measure both quantitative and qualitative results.

### **Phase 5: Ensure Quality with Precision Training**

This phase utilizes the **Precision Training** quality filter, an instrument that allows you to benchmark your project with globally recognized quality standards in the training and development industry.

## **Phase 6: Present Results with Result Tracker**

In the final phase, you use the **Result Tracker** to summarize your findings, prepare them professionally, and present them effectively to management and other stakeholders.

## **4. Case Study: IBM's Transformation**

Several years ago, IBM recognized that many of its training programs were not clearly linked to the company's business requirements. In response, the training leaders began to implement a new system where the specific benefit of every program had to be proven before it was included in the official educational offerings. By successfully meeting management's demands, they managed to save more than 200 million dollars. For the second year in a row, IBM now holds the top position in *Training Magazine's* Top 100 ranking. With a training budget of 825 million dollars and 1,367 training professionals, IBM has become the number one benchmark company. This example clearly shows the importance of having clear, measurable goals aligned with corporate objectives from the very beginning.

## **5. Conclusion: A New Standard for Educational Controlling**

The demand for accountability in training is not new, but the methods have been lacking. While methods like the Balanced Scorecard or traditional ROI calculations have incorporated some qualitative factors, they lack the necessary depth and a system to make these benefits truly transparent and measurable. The VOI system was developed to fill this gap. It provides a multidimensional picture of value contribution that effectively complements ROI calculations, ensuring that the full strategic impact of your investment in people is recognized.

### **About the Author**

Prof. Dr. Herbert J. Kellner is the CEO and President of the United States Online University and the developer of the VOI System.