**ROI Analysis** for

Master of Science

Strategic Human Resources

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*Introduction:  Statement of Issue or Situation*

In September 2021, I joined Sunrun's Technology Operations team as Senior Training

Analyst.  My first project in the new role focused on the company's Tier 1 IT Service Delivery

support team, which consisted of 30 call center agents.   Entry-level agents onboarded as

Associate Desktop Support Representatives, and their responsibilities included working with a

call center team to provide enterprise level technical support to both local and remote users.

Management's primary concern was the team's incredibly high attrition rate, which they

concluded was due to a lack of sufficient training.  When I joined the team, no formal training

program existed; therefore the initial investment focused on development of Service Delivery

Learning and Development (L&D) training, followed by implementation of the new training

model.

*Background:  Business Context in which the Issue Rests*

The business context in which the training needs rested included average onboarding

costs, time and cost of training development, as well as time and cost of new agent training.

Indeed, management's ultimate goal was aimed at improving the team's attrition rate and

increasing employee retention.   At the time, the team's monthly attrition rate was 38%, which

meant that the company was replacing more than 11 of the 30 call center agents each month.

Management calculated the average cost for onboarding a new agent was 16% of the

employee's annual salary.  Since Associate Desktop Support Representatives were hired at $31

per hour, onboarding costs averaged $9,920 per employee.  The employee's onboarding process

included 28 total processes across three Sunrun business organizations.  Service Delivery L&D

training development required 360 business hours to develop both LMS-based content and live

instructor-led curriculum.  L&D creation was calculated at $45 per hour for 360 hours, with a

total cost of $16,200. Implementation of the new training model required 15 business days or

120 hours for each new employee to complete.  At a cost of $31 per hour, total costs for training

a new agent were $3,720 per employee.  It is also important to note that Sunrun used a 5%

hurdle rate at the time.

*Solution:  Description of ROI Methodology*

ROI methodology used to resolve the issue required calculating the Benefit-Cost Ratio

for development and implementation of IT Service Delivery Learning and Development (L&D)

training.  "This method compares the benefits of the project with the costs, using a simple ratio.

In formula form:

$$BCR = \frac{\text{Monetary Benefits}}{\text{Costs}}$$

In simple terms, the BCR compares the annual economic benefits of the project with the

costs of the project (Phillips, Pulliam Phillips, and Smith 2016)."  The annual economic benefits

of IT Service Delivery's new L&D training program was determined by adding the total monthly

savings accrued through training and onboarding new employees from September 2021 to

August 2022.

*Resolution:  Description of Results & Lessons Learned*

As IT Service Delivery's new L&D training program provided successful new agent

learning experiences, the number of new agents hired decreased by one per month, saving a

total of $900,240.00 in 12 months' time.  The fully loaded development and implementation

costs were $16,200.00.  Thus, the Benefit-Cost Ratio was calculated as follows:

$$BCR = \frac{\$900,240.00}{\$16,200.00} = \textbf{55.57 : 1}$$

For every $1 invested in IT Service Delivery's new L&D training program, $55.57 in

benefits were returned.  The BCR is used to predict benefits or returns and provide a consistent

process for making decisions by evaluating the risks and consequences involved.  Subsequently,

the ROI will show the actual benefits or returns on the initial training investment.  Therefore,

the ROI is calculated as follows:

$$ROI = \frac{\text{Benefits - Costs}}{\text{Costs}} \times 100$$

$$ROI = \frac{\$900,240.00 - \$16,200}{\$16,200} \times 100 = \textbf{5,457\%}$$

Clearly, lessons learned illustrated the immense value of proper training and rich

learning experiences provided for new Tier 1 IT Service Delivery agents at Sunrun.  Onboarding

costs decreased, overall attrition decreased, and employee retention reached a 12-month high

following development and implementation of the new training program.

# References

Phillips, Jack J., Patricia Pulliam Phillips, and Kirk Smith. 2016. Accountability in Human

Resource Management : Connecting HR to Business Results. London ; New York:

Routledge, Taylor & Francis Group.