

Prorating Costs: An Exercise

1. Type of Program		E-learning
2. Development Costs		\$98,000
3. Life Cycle of Program		3 years
4. Estimated value at the end of year 3		\$49,000
5. Write off during 3 year implementation		\$49,000
6. Number of participants during 3 years		400
7. Number of participants included in ROI study		20
8. Value per participant (item 5 divided by item 6)	49,000 / 400	\$122.50
9. Value per participant for ROI study (item 8 divided by item 7)	\$122.50 / 20	\$2,450
Development cost to be allocated to ROI study		\$2,450

You try it.

1. Type of Program		_____
2. Development Costs		_____
3. Life Cycle of Program		_____
4. Estimated value at the end of year 3		_____
5. Write off during 3 year implementation		_____
6. Number of participants during 3 years		_____
7. Number of participants included in ROI study		_____
8. Value per participant (item 5 divided by item 6)		_____
9. Value per participant for ROI study (item 8 divided by item 7)		_____
Development cost to be allocated to ROI study		_____

Need more detail? Go to the source:

Phillips, J. J. (2003) *Return on Investment in Training and Performance Improvement Programs*. Butterworth-Heinemann (2nd edition), page 180.