

What do you spend on training? What *should* you be spending?

Have no idea what your organization should be spending on training? There are a number of places to look for external benchmarks regarding learning expenditures, based on what kind of organization you have—or what kind of organization you want to become.

Possible comparisons: Fortune 500 companies, firms that have won awards for their enterprise learning, similar-industry companies, or ASTD's Benchmarking Service data. Likewise, you need to consider which is more valid for your uses: expenditure as a percentage of payroll or spending per employee.

"Your budget for learning should be determined primarily by the learning needs related to your organization's business goals and priorities for the year," explains Brenda Sugrue, ASTD's senior director of research. "External benchmarks give you a sense of whether your overall expenditure is within range of what others are spending. If your budget is closer to the high end, that may be appropriate if the goals of your organization have changed, if a large portion of your workforce needs new or improved competencies, or if your organization sees competitive advantage

The BIG Number...

The mean amount spent per employee on learning in 2003, across five key groups tracked by ASTD...

\$1,745

Also on our radar...

Does training investment affect company financial performance? An ASTD study found that training expenditure per employee in 1996, 1997, and 1998 predicted company stock price the following year.

Which employee groups get the largest slice of the training budget?

In 2003, employees in managerial roles (including executives, senior and middle managers, and first-line supervisors) received the largest portion of expenditure, 28 percent, followed by customer service employees, who received 18 percent of the budget.

How much of training budgets go to external services? In 2003, on average, 12 percent of training expenditures went to tuition reimbursement (for higher education courses taken by employees), and 26 percent to external services. In large global companies, the percentage of training budgets going to external services was considerably higher: 38 percent. In fact, less than 50 percent of training budgets in large global companies was spent on internal training staff and operations in 2003.

2003 Annual Learning Expenditure

	PERCENTAGE OF PAYROLL			PER EMPLOYEE		
	Mean	Min.	Max.	Mean	Min.	Max.
ASTD Benchmarking Service	2.34	0.14	10.00	\$818	\$50	\$3,000
ASTD Benchmarking Forum	2.05	0.38	6.83	\$1,299	\$290	\$2,766
ASTD BEST Award Winners	3.57	0.58	11.00	\$2,240	\$560	\$6,038
Training 2003 Top 100	3.70	0.60	15.00	\$1,638	\$32	\$8,260
Training 2003 Top 10	8.20	3.00	15.00	\$2,732	\$556	\$8,260
Average across all groups	3.97	0.94	11.57	\$1,745	\$298	\$5,665

Source: ASTD