

Example

How can I justify attending a training class when budgets are constrained?

All figures are in USD. The expense items include the following assumptions:

- ◆ Venue is San Diego CA
- ◆ Hotel is Del Mar Hilton
- ◆ One day travel time to and from event
- ◆ 4 days work effort lost
- ◆ Minimum ROI set at 25%

This worksheet is provided as an example. The Lean Service Management class is used and the following project related benefits are assumed as a result of attending:

- ◆ A reduction of 100 hrs in project related work and rework avoidance by use of proven methods
- ◆ Reduction of 100 hrs in use of third-party consulting services
- ◆ Avoidance of five persons attending a 3-day alternative class
- ◆ Avoidance of 230 project hours completing unnecessary activities
- ◆ default target benefit from first improvement of \$20,000 or 200 hrs

UNDERSTANDING THE EXPENSE	
Registration fee:	995
Materials:	0
Flight:	600
Excess baggage fees:	50
Transportation - Airport to Hotel:	50
Lodging:	500
Taxis and incidentals:	50
Meals:	150
Transportation - Hotel to Airport:	50
Mileage:	35
Parking:	30
Travel time cost:	20 hrs - 2,000
Work time cost:	32 hrs - 3,200
Other costs:	250
TOTAL EXPENSE:	7,960
Percent return on investment:	25% = \$9,950
Target number of hours to save:	@100 hrs

Notes:

- ◆ Verify minimum required ROI percent with your finance representative
- ◆ Target number of hours is calculated by multiplying 'Total Expense' % ROI and dividing by hourly travel and work rate, for example \$100/hour

UNDERSTANDING THE BENEFIT	
Hours saved by reduced effort or rework of project activities:	100
Consulting hours avoided:	100
Training hours avoided:	100
Project hours avoided:	230
Average hourly weight:	1
TOTAL BENEFIT OF HOURS AVOIDED:	450 = \$45,000
OTHER BENEFIT	
Tool costs avoided:	0
Target Benefit realized from initial performance improvement:	\$20,000
Weighted additional benefit for accelerated delivery:	0
TOTAL OTHER BENEFIT:	\$20,000
TOTAL BENEFIT:	\$65,000

Notes:

- ◆ All hours are for first year of use only.
- ◆ Complete hours avoided from information provided by education provider for class attending and create a supporting benefit statement for each line item that relates the savings to a proposed or existing project initiative/issue. pay particular attention to time saved to successfully develop an artifact
- ◆ Add an 'average hourly weight' used by your organization, for example \$100/hour, inclusive of all burden (obtain from finance representative)
- ◆ Project hours avoided represent effort spent on development of artifacts or elements now deemed either unnecessary or non-critical in first year
- ◆ Add actual agreed benefit amount from first Lean statement, optionally add a percent factor for faster than anticipated delivery