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Training Costs

Introduction

This page outlines a model we have developed for managing the costs of training. Whilst the model was developed for one specific client, there are elements of it that can easily and readily be adapted by anyone involved in the training industry as they seek to manage their costs.

The way the model works is to ensure that anyone using the model classifies their costs according to the chart of accounts found in the Input work sheet of the work book that you can buy for this purpose. We have to stress that because this model is virtually entirely automatic, this is the single most important part of it. If you get this part wrong everything will be wrong.

The model takes the inputs from the Input work sheet and does everything for you:

- total staff training costs
- total other staff costs
- total training accommodation costs
- total costs of training according to whether they are:
 - in house costs
 - in house costs with external trainer
 - external course costs
 - education fees
 - costs of elearning

There is an introductory note on the Input sheet that it is important to appreciate:

- All of these values are changeable according to your plans, targets and actual inputs; but please be careful!
- The budget has been prepared in such a way that changes to the budgets are made here **only**. For example, if the number of man days for an in house with external trainer course change, make the changes **ONLY** in cell B16 (note this reference may change as different versions of the model are published) of this sheet and the budget will change **automatically** to reflect your change.
- The same is true with all other variables and rates. Just make the changes here and the budget will change automatically.

Buying and implementing this model in your organisation will mean that in the working sheet, you will probably need to revise some of the ways in which the support costs are being shared. Remember, if you cannot do this yourself, we are here to help!

Here are some screenshots now to help you to appreciate what the model does for you.

The first screenshot is of the Input section. As with the working sheet, it is probable that you will want to amend this sheet a little or even a lot. However, since this sheet is the centre of everything this training costs model does for you, it is worth repeating that you need to get this Input sheet right.

The structure of the chart of accounts for this version of the model is in outline:

- 1 SALARIES & ALLOWANCES
- 2 TRAINING ACCOMMODATION
- 3 CAPITAL COSTS CHARGED EACH YEAR
- 4 IN HOUSE TRAINING In House Trainer
- 5 IN HOUSE WITH EXTERNAL TRAINER
- 6 EXTERNAL COURSES
- 7 EDUCATION
- 8 COST OF e LEARNING

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	A	B	C	D	E
1	Input Section				
2	1. SALARIES & ALLOWANCES	Number of Trainers		Rate (£)	
3	1.1 TRAINERS	7		50,000	
4	1.2 TRAINING MANAGER	1		140,000	
5	1.3 ADMIN STAFF	4		30,000	
6	1.4 OVERTIME	1		70,000	
7		Man Days Number			Number of classes
8	2 TRAINING ACCOMMODATION		3600	20	
9	3 CAPITAL COSTS CHARGED EACH YEAR		1	25000	
10	4 IN HOUSE TRAINING I.H. Trainer	7000			
11	4.1 TRAVEL COSTS		1	1,000	
12	4.2 SPECIAL ACCOMMODATION		1	5,000	
13	4.3 MATERIALS			3	
14	5 IN HOUSE WITH EXTERNAL TRAINER	678			10
15	5.1 EXTERNAL TRAINERS FEES			600	
16	5.2 Hotel costs			60	
17	5.3 TRAVEL		1	5,000	
18	5.4 Materials			3	
19	6 EXTERNAL COURSES	400			
20	6.1 Hotel costs				
21	6.2 TRAVEL		1		
22	6.3 ALLOWANCES		1	1,000	
23	6.4 COURSE FEES			500	
24	7 EDUCATION	362			
25	7.1 TRAVEL COSTS		1	5,000	
26	7.2 ALLOWANCES		1	5,000	
27	7.3 FEES		1	45,000	
28	8 COST OF e LEARNING		1		
29	Total All Man Days	8440			

Here is the working sheet now, in two sections so that you can appreciate it without ruining your eyesight!

	B	C	D	E	F	G
1						
2	Basic Information					
3		Cost per Man Day	No	Rate	COSTS	
4						
5	1.1 TRAINERS		7	£ 50,000	£	350,000
6	1.2 TRAINING MANAGER		1	£ 140,000	£	140,000
7	1.3 ADMIN STAFF		4	£ 30,000	£	120,000
8	1.4 OVERTIME		1	£ 70,000	£	70,000
9	TOTAL					£680,000
10						
11			3600	£ 20	£	72,000
12	TOTAL					£72,000
13						
14			1	£ 25,000	£	25,000
15	TOTAL					£25,000
16	4.1 TRAVEL COSTS		1	£ 1,000	£	1,000
17	4.2 SPECIAL ACCOMMODATION		1	£ 5,000	£	5,000
18	4.3 MATERIALS		7000	£ 3	£	21,000
19	TOTAL	£95.92				£ 27,000
20						
21	5.1 EXTERNAL TRAINERS FEES		68	£ 600	£	40,800
22	5.2 Hotel costs		68	£ 60	£	4,080
23	5.3 TRAVEL		1	£ 5,000	£	5,000
24	5.4 Materials		678	£ 3	£	2,034
25	TOTAL	£168.63				£ 51,914
26						
27	6.1 Hotel costs		400	£ 60	£	24,000
28	6.2 TRAVEL		1	£ 5,000	£	5,000
29	6.3 ALLOWANCES		1	£ 1,000	£	1,000
30	6.4 COURSE FEES		400	£ 500	£	200,000
31	TOTAL	£667.06				£ 230,000
32						
33	7.1 TRAVEL COSTS		1	£ 5,000	£	5,000
34	7.2 ALLOWANCES		1	£ 5,000	£	5,000
35	7.3 FEES		1	£ 45,000	£	45,000
36	TOTAL	£130.27				£55,000
37						
38			1		£	-
39	TOTAL				£	-
40						
41	Grand Totals					£ 363,914

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This first part of the working sheet simply takes the data from the Input sheet and either reads it from there and/or reads the values from there and carries out a calculation using the standards or constants found in the workings sheet. In essence, nothing for you to do with this sheet!

The second part of that working sheet:

	G	H	I	J	K	L
1						
2	Information	Adjustments: sharing out of support costs				
3	COSTS	SALARY	OFFICE SPACE	CAPITAL COST	Grand Totals	Shares (%)
4						
5	£ 350,000					
6	£ 140,000					
7	£ 120,000					
8	£ 70,000					
9	£680,000					
10						
11	£ 72,000					
12	£72,000					
13						
14	£ 25,000					
15	£25,000					
16	£ 1,000					
17	£ 5,000					
18	£ 21,000					
19	£ 27,000	£563,381.04	£59,715.64	£20,734.60	£671,431.28	83%
20						
21	£ 40,800					
22	£ 4,080					
23	£ 5,000					
24	£ 2,034					
25	£ 51,914	£54,625.59	£5,783.89	£2,008.29	£114,331.77	8%
26						
27	£ 24,000					
28	£ 5,000					
29	£ 1,000					
30	£ 200,000					
31	£ 230,000	£32,227.49	£3,412.32	£1,184.83	£266,824.64	5%
32						
33	£ 5,000					
34	£ 5,000					
35	£ 45,000					
36	£55,000	£29,165.88	£3,088.15	£1,072.27	£88,326.30	4%
37						
38	£ -					
39	£ -					
40						
41	£ 363,914	£680,000.00	£72,000.00	£25,000.00	£ 1,140,914	100%

This second half of the working sheet concerns itself with the sharing of the support costs so they can be assigned to the various headings in the chart of accounts. These support costs are, in this version at least, being assigned to headings 4 to 7 in the chart of accounts.

At the bottom of the working sheet is the grand total of all training costs. However, do not lose sight of the fact that every account from the chart of accounts has its own total. That is, there is a cost for each of

- 1 SALARIES & ALLOWANCES
- 2 TRAINING ACCOMMODATION
- 3 CAPITAL COSTS CHARGED EACH YEAR
- 4 IN HOUSE TRAINING I.H. Trainer
- 5 IN HOUSE WITH EXTERNAL TRAINER
- 6 EXTERNAL COURSES
- 7 EDUCATION
- 8 COST OF e LEARNING

Conclusions

With this model, training departments that manage both in house and external training courses can identify and manage their costs more directly and more effectively than before. By setting up a basic chart of accounts and then a series of relationships based on that chart of accounts, every element of the training business will have costs identified for it and assigned to it.

At the end of the process of having set up and run this model, training companies will receive the benefits of:

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-
- detailed cost assignments
 - line by line training cost information

Once these points have been appreciated the revealing of any hidden costs is automatic and the elimination of cost inefficiencies will be greatly facilitated.

What you get when you buy

When you buy this training costs module this is what you will receive

- the full and complete Excel 2007 version of the file manpower_planning.xlsx
- an electronic copy of this introduction to the software
- email based support to help you to set up and run your customised version of the work book

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