



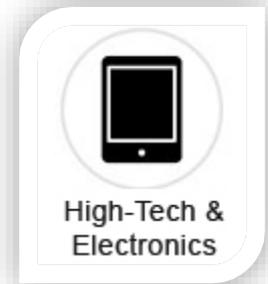
Leading Technology Company

The Benefits & ROI of Mentoring Programs

CASE STUDY

The Benefits and ROI of Mentoring Programs

A leading technology company with a global workforce of approximately 38,600 acquired by Oracle is a major developer of computer servers, software, and storage systems. The company's vision is "The Network is the Computer." Through this vision, the company hopes to create a collaborative work environment based on community development, open-source leadership, and innovation. Its vision is evident in its learning initiatives and the mentorship program offered to all employees.



The enterprise's Sun Learning Services (SLS) program is a company-wide learning platform for employees. However, the platform requires a significant investment of time and money. The company wanted to measure its ROI and whether the program had benefits for the company and participants. This evaluation was done over the course of seven years.

Balaji Consulting Group: Learning & Development

Balaji Consulting Group works with enterprise businesses to bridge gaps between high-level chief executive officers and their employees, teaching senior executives the value in their human capital, how to retain employees, and how to improve performance. Balaji consistently stresses the value of employee education; it is a means to enrich personnel and make them more valuable.

Employee education benefits the company through significant return on investment (ROI), increased retention rates, and better performance, but it also improves the workers' lives in general.

Examining Mentoring Programs

The SLS platform was intended to improve employee performance. The company compared 98 employees with a control group of 1,436 other employees of similar demographics. It also looked at 838 of the program mentees and 677 mentors, as compared to a control group of 5,000. The total control group (more than 6,000 people) provided a solid foundation for calculating statistics.

Methodology

The program participants worked in a variety of the company's departments. Because of this, there was no set metric with which to measure productivity. Instead, the company used data from Human Resources to measure performance. The metrics included:

- Retention rates of active employees.

- Salary grade and changes in pay. This roughly indicates seniority in the company, as pay grade increases with performance.
- Performance ratings based on a three-point scale.
- Merit raises, the dollar amount of merit raises, and time between these accolades.
- Promotions, the increase in pay grade due to promotion, and the time between raises.

This data was classified into three categories: mentors, mentees, and the control group. The information was divided further into the periods before and after the learning program to create comparisons for the control group.

Findings on Retention Rates

The mentoring program had a significant effect on the retention and pay grade for both mentors and mentees. For example, the salary increase was slightly higher for the mentors than for the mentees. The difference in retention rates (participants vs. nonparticipants) saved the company roughly \$6.7 million. In comparison with the \$1.1 million investment into the program, this is an extremely significant ROI. An analysis determined the strongest parts of the program (which held the most benefits of the initiative) most affected:

- Employees who had a somewhat low performance rating before the program.
- Administrative employees.
- Participants in European, Middle Eastern, and African locations.

First examined were the retention rates of participants vs. nonparticipants (the control group). In the first phase, nonparticipant retention was 49%. The retention rate was 72% for mentees and 69% for mentors. The estimated financial benefit of these retention rates was \$6.7 million.

Findings on Pay Grade and Target Audiences

A change in pay grade among mentors and mentees was discovered as compared to the control group. Over seven years, 25% of mentees had a positive salary change in comparison to the 5% of nonparticipants who had a positive change; 28% of mentors also had a positive change. Merit pay was awarded frequently.

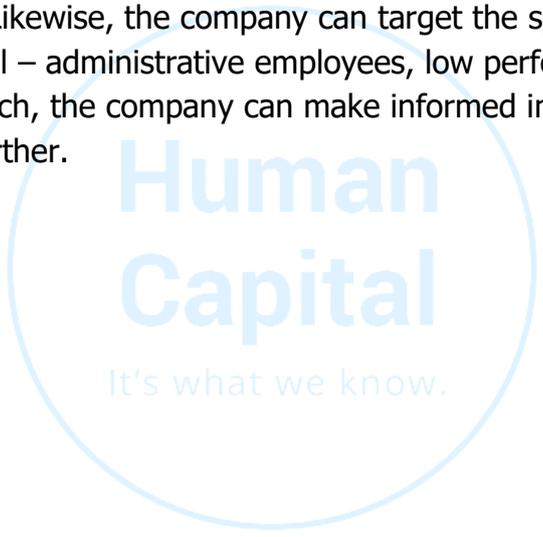
The company also aimed to determine if the program worked better for some employees than for others. Employee job classification answered this question. Using this demographic, the company was able to determine which job classification saw the most positive changes (level, performance, or pay grade) after going through the SLS program.

During the first phase of the assessment, administrative employees seemed to see more benefits from the SLS program. During the second phase, employees from Europe, the Middle East, and Africa saw the most benefits. After looking at increases in salary and pay grades, it was found that employees who previously had low performance also profited tremendously from the SLS program.

Looking Into the Future of Learning Initiatives

The company hoped to determine if the SLS program was a worthwhile investment of the company's funds and whether it benefited participants. Clearly, it was and did. The SLS program showed a significant ROI in addition to tangible benefits for participants. Because of the increased retention rates, the company saved nearly \$6.7 million in turnover costs. Participants profited from higher salaries and more-frequent raises.

According to Balaji Consulting Group, the findings can be used to encourage more participation in the program. Likewise, the company can target the specific groups for which the SLS program is most beneficial – administrative employees, low performers, and those in other countries. Through this research, the company can make informed investment decisions and optimize the platform even further.



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