

## Does training work?

Much training investment is wasted on activities unrelated to business need. Gauging effectiveness may be difficult – but that is no excuse for ducking the challenge, says **Susanna Mitterer**

**M**any training companies engage in training exercises as a sort of ‘perk’ for higher performing staff. Something to make them feel good, valued and aimed at enticing them to stay longer with the company.

This is a very short-term approach indeed. Firstly, most companies will not be able to afford this type of training during difficult trading periods. Secondly, most employees see through the fog pretty quickly. They will, in the absence of proper reward, recognition and career development opportunities, choose to work elsewhere as their commitment and motivation drains away.

Many organisations spend too little time preparing for training programmes before they take place. They do not have clear objectives and do not invest in evaluation afterwards. Would many employers be embarrassed by a critical commercial analysis of their expenditure on staff development? Yes they would! Why? Because evaluation of learning continues to sit in the ‘too difficult’ box on most training managers’ desks.

Yet we are living in a continuously changing world, which requires a learning organisation that grows and adapts to its environment and the ever-changing needs of its customers. All of this requires ever higher levels of skill and professional competence. It might be a cost *not* to train. Today’s highest performing organisations are those that have recognised that maximising human capital development needs to be in line with the overall business strategy. Human capital measurement – measuring the relationship between investment in people and business results – is vital. The ability to demonstrate the worth of human resources investment as a strategic business driver that adds value to the business has certainly made it on to the agenda of world-class HR professionals.

What organisations choose to measure depends largely on three things:

1. What type of business they are and what is most relevant to them in determining the success of in business (for example, hotels measure room occupancy),
2. The nature of professionals they employ and their perspective. Our accountants have been trained to measure things in monetary terms and hence most organisations are obsessed with measuring mostly hard variables,
3. In my experience, organisations measure what they value. If HR is really interested in reducing absenteeism one measures attendance.



I challenge all organisations that boast: ‘employees are our most valuable assets’ to show me their data on staff morale, competence and productivity. Most fall into the trap of measuring what can easily be measured rather than what is important. Devising and putting into place robust, accurate and valid measures is not always easy (or cheap) and it takes skill.

Fortunately, there is now an increasing amount of best practice and a body of evidence illustrating effective interventions that can be used to reduce the guess work in identifying training strategies.

A critical first step is to recognise that it is almost impossible to start evaluating training provision that has not been designed with evaluation in mind. Evaluation is not justifying training that has already taken place! It is very unlikely that relevant measure will be found or are already in place to demonstrate payback on your last year’s spend. In successful learning organisations the bulk of the activity goes into research *before* the design of the training interventions.

- Determine from your strategic focus what types of training are absolutely crucial to your organisation achieving its business objectives. Distinguish between what is the absolute minimum basic training in order to function (such as training your contact centre operators in product knowledge and the customer relationship management system). Identify what training will provide additional added value and increase competitive advantage (training your operators to deliver a consistent branded customer service experience and be effective complaint handling). Use validation measures (simply to prove cost effectiveness!) for basic training. Measure payback or ‘value added’ both in absolute and relative terms in respect of any other training.
- Identify learning needs and design learning interventions accordingly. Poor analysis will inevitably lead to poor design and low added value from delivery. Reverse that traditional training needs analysis process. Above all, be very sure that it is training that will ensure, or significantly contribute to, the

performance improvement you seek. Ask yourself: is training the right solution or could your increase in sales revenue also come from increasing your marketing budget?

A good way to decide if training is the right approach is to gauge 'time to competency'. What is the easiest and most cost-effective way for your employees to reach the required performance levels? How can you reduce the up-front training cost? Maybe your recruitment process or profile needs changing. Stop training, start recruiting the right people! It also pays to remember that it is easier to train for skills than for attitude.

Decide on the model and process for evaluation before you design the intervention. There are many models in the market (examples are Kirkpatrick's; Endless Belt of Development Model; CIRO; IES Model). Choose as you please but make sure you overcome their main flaw: evaluation begins at the start *not* the end of the training cycle. And start with the business strategy and need *not* the training need.

Don't fall into the trap of soft and hard measures. Ultimately ROI can only be looked at in hard terms (but not necessarily in monetary terms). If training helps to bring about culture change (such as consistent delivering you brand/service values) your return may take a long time to achieve, hence soft measures might be appropriate (see case study).

Your ROI can still only be gauged in hard terms, such as customer spend and numbers of customers or loyalty. True added value can only stem from a combination of four values: increased quantity, reduced cost, improved quality and increased margins/prices.

A recent study by the Conference Board (*Linking People Measures to Strategy, 2003*) showed that there are fewer significant correlations between people measures and financial outcome measures than between people measures and performance drivers such as customer satisfaction, process technology innovation and product innovation.

Financial measures are not able to provide an early indication of your strategy's value. Intermediate performance drivers and some soft measures are leading indicators. The value of your business output, your key performance indicators need to increase as a result of any training initiative. If it does not – don't bother.

Use a combination or blended approach and learn what type of training is most suitable for your need. E-learning, CBT, Video or computer simulation is most suitable for knowledge based learning – for example product and process training and basic skills. I recommend a more blended approach for training in concepts, behaviours and attitudinal change or any advanced skills.

Use the added benefit that evaluation gives you to gain and sustain commitment and buy in from managers and directors. They will be able to see what business improvements they get as a result of all your training. It will firmly place Training and Human Resource Development at the centre of your business strategy.


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### Example of how to start your evaluation process before you design the training programme:


1. Business Issues: High costs in Call Centre
2. Measurable differences in call time / outcomes (i.e. complaint resolution is low with front line operators)
3. Measurable errors made by certain operators
4. Analysis shows lack of process, product knowledge and complaint handling skills
5. Understanding and skills may be helped best by a combination of coaching on process and TAKE90 byte size learning module on complaint handling and product knowledge.
6. Training takes place
7. Measure cost of education in call centre through call reduction and higher levels of complaint resolution without escalation to team leaders:


$$ROI = \frac{\text{cost savings} - \text{cost of training/coaching}}{\text{cost of training}}$$


### Move from (Old):

Performance reviews against last year's objectives  translated into this year's training plan

### To (New):

Strategy  Business objectives and key performance indicators

 Organisational and individual competencies

 Performance review against this year's performance indicators

 Organisational / individual development plan