

## Avoid Wasting Money on “Training” and Start Achieving Measurable Performance Improvements

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According to the American Society for Training and Development (ASTD), U.S. companies invested over \$134 billion in training, education and professional development for their employees in 2007. The reasons for the investment in learning range from providing a benefit to employees – to increasing knowledge in the company – to ensuring employees are proficient in their jobs – to improving bottom-line business results.

But *rarely* are tangible business outcomes considered in the investment decision. A ballpark figure that indicates how much money is wasted on ineffective training is difficult to estimate, but business leaders and training professionals generally agree that a significant percentage of the \$100 billion plus spent annually is wasted. Focusing on clear, measureable outcomes – though not always easy – is the answer for eliminating this waste.

José Campos, founder of the consulting firm Rapidinnovation, LLC said, “The fundamental assumption should be that training is not about training, it’s all about improving the profitability of your company. Consequently, the evaluation of training activity must be done using the ‘Language of Dollars.’ Don’t be misled by the myth that training effectiveness is difficult to measure, or that training cannot, by itself, improve performance.”

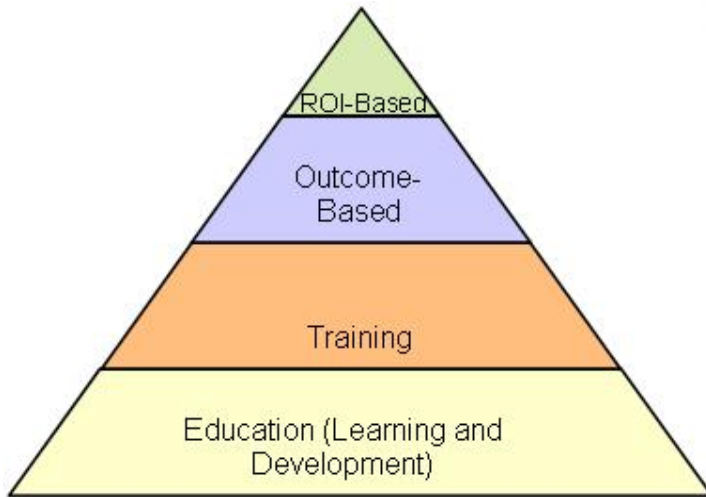
Educational Activity	Definition	Example Outcomes
ROI-Based Learning	With ROI-based learning, outcomes that can be measured in terms of financial gains for the business are defined, and a team is accountable for ensuring the results are achieved. Education is a major aspect of achieving the ROI, but is not the focus of the activity. <b><i>The ROI is the focus.</i></b>	<ul style="list-style-type: none"> <li>• Accelerate time-to-market based on increased knowledge of delay costs.</li> <li>• Increase profitability of product portfolio from learning portfolio management methodology.</li> <li>• Measure and improve productivity based on in-depth knowledge of employee time allocation and burdened costs.</li> </ul>
Outcome-Based Learning	Outcome-based solutions first define measurable business outcomes, and then a team is formed that is accountable for results. The team remains engaged until the measurable outcomes are achieved. Education is a major aspect of achieving the sustainable improvements, but is not the focus of the activity. <b><i>The outcomes are the focus.</i></b>	<ul style="list-style-type: none"> <li>• Implement project management methods upon completion of a workshop, to achieve better results on a specific project.</li> <li>• Improve average project cycle times by a pre-planned measurable outcome.</li> <li>• Implement comprehensive R&amp;D performance metrics.</li> </ul>
Training	The goal of training is to bring a person or group to an agreed standard of proficiency through practice and instruction. Training is successful when learning objectives are well-defined and met.	<ul style="list-style-type: none"> <li>• Become proficient in using a business process.</li> <li>• Learn how to use software or other tools.</li> <li>• Learn how to prepare and deliver a PowerPoint presentation.</li> </ul>
Education	The goal of education is simply to increase knowledge for the benefit of your business and employees. It is successful when there is evidence that knowledge is increased.	<ul style="list-style-type: none"> <li>• Complete a college degree or certificate program.</li> <li>• Improve communication skills after attending a seminar.</li> <li>• Become a stronger leader after taking leadership classes.</li> <li>• Learn about management techniques.</li> <li>• Learn new technical skills.</li> </ul>

**Table 1 – Definitions and Example Outcomes for Corporate Learning Activities**

Accurate data regarding the investment in each of these categories is not available, but the general empirical data that is available indicates that the relative investment is as shown in Figure 1. The category with the greatest expenditure is education simply for the purpose of increasing skills and knowledge. The reason for this is because of the basic principal that most companies want a knowledgeable workforce. It's also the easiest form of learning to implement.

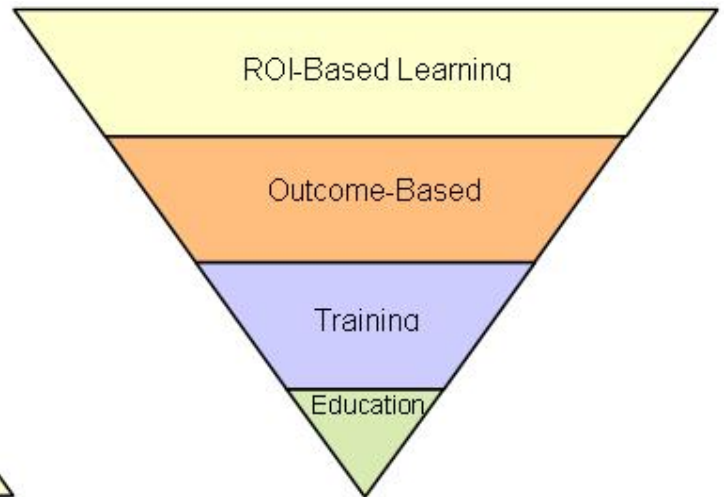
A significant amount of learning expenditure is incorrectly categorized as “training,” but to really qualify as training, the learning activity must have clear objectives for an increased level of proficiency. With this definition of training, it's the learning category with the second highest level of corporate investment.

Unfortunately, the investment in outcome-based learning is relatively small, and learning activity with measurable ROI is seldom pursued. Here the line can get blurred between learning activity and business improvement efforts that might involve consulting services, but for our purposes here the definition of the activity involves organized learning events such as workshops.



**Figure 1 - Relative Investment in Learning, Training and Development**

Expenditures on outcome-based learning are minimal compared to the investment in general knowledge and skill development.



**Figure 2 - Relative Business Value of Educational Activities**

Investment in learning that achieves measurable business results has the greatest value, but expenditures in these categories are comparatively low.

Figure 2 illustrates the relative business value of each type of activity. This is a subjective, generalized view which might not be shared by all business leaders, but most business people would agree that measureable ROI is most desirable, and if not possible then at least some measureable outcome is important. If that can't be achieved, then the next best possibility is evidence of increased proficiency (the objective of “training”). If none of that is possible, business leaders might settle for knowing that there is at least some evidence of increased knowledge (the goal of “education”).

Note: "Education" is often associated with academic endeavors. A company might pay for an MBA degree, but these employees are expected to develop leadership and apply the knowledge to improve profits. Frankly, many MBA's cannot execute well. The notion that education is to acquire knowledge is fine for academics, but in business you must be able to apply, execute and show results.

Since outcome-based and ROI-based activities have greater business impact, why aren't they more popular than "training" and "educational" learning events and programs? Because they require four elements that are difficult to achieve:

- 1) Management involvement to clearly define the desired outcome;
- 2) Willingness to increase the investment to achieve a more difficult, but highly worthwhile outcome;
- 3) A facilitator who is capable of educating and steering the organization to achieve the planned results;
- 4) Metrics that gauge the results.

Success with this approach requires changing the mindset from "we're going to send people to training and hope for excellent results" to "we're going to focus on desired business outcomes and get there through education, effective facilitation, and measuring the results."

Strong facilitation must often begin before the learning activity starts, because getting the necessary level of management involvement can be difficult, as well as getting a commitment to fund the initiative. If your chosen facilitator can successfully drive the effort to achieve management engagement and adequate funding, that's a good sign that your facilitator will also be capable of leading your team to the desired business outcome. Experienced, qualified consultants are generally the best fit to serve as facilitators/educators because they are skilled at closing deals with decision-makers, and they bring a valuable external view into the process.

Once management is on board and funding is secured for an outcome-based approach, a core team should be selected who will be accountable for:

- Ensuring the specific outcomes are well-defined, measurable, and achievable
- Learning what they need to know to be successful
- Following through until the outcomes are achieved

The facilitator should stay engaged with the core team until the outcome is achieved, but the facilitator's role upon completion of the learning sessions should be primarily to serve as a coach and consultant. Avoid the trap of relying on the facilitator to also serve as project manager. Ownership of the project really needs to be internal to the business.

Finally, I want to reemphasize that expenditures in the categories of "education" or "training" are not necessarily a waste of money when measurable outcomes aren't defined. Large corporations, for example, often have significant budget set aside just for education, because they value learning and employee growth. CEOs expect results, however, that are proportional to the investment. Wealthy companies are typically wealthy because they invest in their people – and more companies should do the same.

Also, companies that do a good job with training set clear learning objectives and ensure those objectives are met. Training has its place, and there is opportunity for most companies to increase the effectiveness of training. Decision-makers can provide even more benefit to their business, however, if measurable business outcomes are achieved during the process of learning. Take the time to assess and define measurable outcomes before investing in any learning activity.