

MAKE **TRAINING** PAY



GETTY

EVALUATION ALLOWS YOU TO
MAKE VERY CLEAR ILLUSTRATIONS
USING BOTH HARD STATISTICS
AND ANECDOTAL EVIDENCE

Training can be a drain on resources if you simply send your staff on a course and ignore the outcome. Effective post evaluation is about much more than a simple happy sheet, it should be part of your DNA.

Pepi Seppal investigates why measuring return on investment creates an ongoing dilemma for managers



Few companies know how effective their training initiatives are because only a minority measure the return on investment (ROI) of their learning and development (L&D) initiatives. And with training budgets under pressure, the importance of evaluating this return cannot be underestimated.

Latest research from CIPD's 2010 Learning and Development survey found that 52% of organisations plan to reduce investment in training this year. To add to HR managers' woes, the training that is actually being provided has also come under fire with half of respondents to a Citrix GoToTraining survey stating that their training programmes featured irrelevant content, while 49% complained about the poor quality of trainers.

With training budgets of millions a year, it is critical to spend money effectively and ensure that what you are spending delivers results. The American Society for Training and Development estimates that only three per cent of global companies measure ROI in this area. However, there are signs that British assessment levels are higher. The latest European figures from training firm Cegos claim that a quarter of companies in Europe measure ROI, with the UK leading the way as almost half of companies (47%) claim to assess the effectiveness of their training programmes.

Experts in the field are not convinced. Hedda Bird, managing director of ROI Academy, says: "Statistics for the UK appear to be high because many HR professionals make the mistake of equating 'happy sheets' with ROI." Most training programmes have some form of effectiveness measurement, even if it's as simple as immediate feedback in the form of a 'happy sheet' or post event questionnaire completed by course participants.

"ROI requires more than just filling in happy sheets," says Bird. "If you want to prove that an

CASE STUDY



WELSH ASSEMBLY



A stepping stone for potential leaders

At the Welsh Assembly Government, one of the key training initiatives is leadership development, creating a cadre of strong leaders for the future. Core to the initiative is the 15 month Stepping up to Leadership programme, which is accredited by ILM. Split into two streams, Level 3 is for first line and aspiring managers, and Level 5 for middle managers.

Future proofing

Paula James-Parry, head of learning and development at the Welsh Assembly, says: "Unlike some organisations that view investment in training as 'a nice to have if we have money left over', we see it as 'a must' if we are to drive our organisation forward. It's not an overhead, but an investment in our future."

The Welsh Assembly has worked with Eliesha

Training since 2007 to fast track around 60 high potential employees a year to achieve senior posts in the organisation.

"This programme is of huge value to the organisation so it's vital that we evaluate it and see a return," says James-Parry. "Eliesha regularly provides a summary of the results, with both qualitative and quantitative information, such as what individuals are saying about the programme, the impact of the programme, what skills are being developed, as well as what line managers are saying and whether the programme is supporting our needs.

"Early feedback has been extremely positive, with both the individuals and line managers noticing improvements. Individuals feel valued and are committed to further development."

initiative has changed a participant's ability to do their job, increased productivity or reduced costs, it requires more indepth analysis. And very few are actually doing that."

In the public sector, there is growing interest in measuring effectiveness, says Ann Gammie, director of ER Consultants. "Public sector organisations tend to be more concerned about evaluation as they have to provide a business case for commissioning any learning and development, and then provide evidence that the programme is delivered against that business case."

Increasingly, as budgets come under pressure and performance measures and outcomes become more important, particularly in the public sector, training effectiveness will gain momentum.

Dee Fitzgerald, director of training and development at business psychologists Xancam, agrees: "There's increasing pressure on HR to justify training and development, and show a commercial return on spend, so clients are increasingly coming to us for support with their business case."

TOOLS OF THE TRADE

But how do you measure return on investment? The standard ROI measuring tool tends to be the five levels of evaluation model first devised by Donald Kirkpatrick back in the 1960s (see box p34).

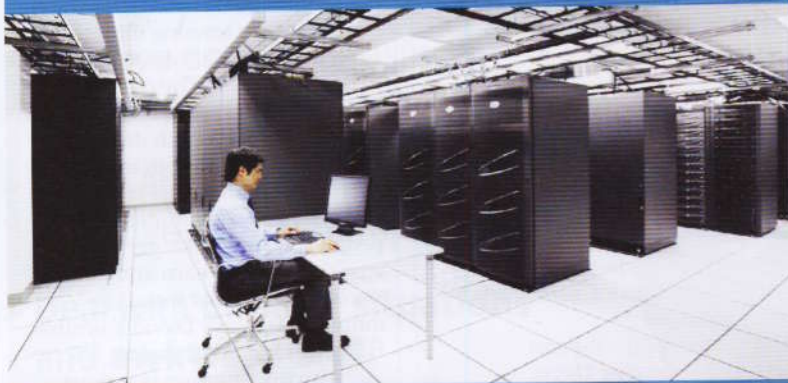
The challenges of measuring ROI on the value of training revolve around these measures. Emma Jeffries, employment development director at data specialists Iron Mountain says: "Coming up with the right measures is difficult as some things are harder to measure than others. For example, soft skills such as leadership development are much harder to measure than sales training because the business links are not always obvious."

There are also ingrained barriers to effective measurement. Fitzgerald says: "Training measures are still very much tied to HR and tend to look at the impact on retention, engagement and recruitment.

CASE STUDY



IRON MOUNTAIN



Delivering strategic training to drive bottom line

When Iron Mountain hired Emma Jeffries as employment development director 18 months ago, there was very little investment in training, apart from sales.

Drawing on the business strategy aimed at building a stronger European team, Jeffries made a compelling business case for developing commercial and leadership skills, and succeeded in securing a significant budget.

Central to the initiative is a high performance culture. Working with external partners, ROI Academy and 3C, Iron Mountain designed a launch event and ongoing development programme, linked to and measured directly against this business priority.

Jeffries carries out evaluations (Kirkpatrick level 1, 2 and 3) in-house

with questionnaires and feedback. ROI Academy is linking data from levels 1 and 2 to levels 3 and 4 to evaluate the impact of specific training on productivity, looking at whether the increase in productivity occurred as a direct result of the programme, to what scale, and to quantify the value.

Raising performance

"ROI in commercial development has been easier to measure and quantify," says Jeffries. "After one year, the continental European commercial business over-delivered in terms of performance (in 2009). In one initiative, negotiating skills across Europe, 70% of delegates saved £2,500 minimum each, which equated to a saving of £35,000 for the group. The training course paid for itself, as it cost less than one third

of that. One employee won a contract worth £1.5 million as a result of applying the training."

"Of course, leadership development is harder to measure. With some external help to create the right measurements and using the right tools, such as 360 degree assessments, you can track shifts in behaviour by linking leadership measures to engagement.

"On measuring improved communication of leaders, for example, we questioned staff about whether they trusted their manager to communicate honestly. The scores went up by 23%, which is above market average in our industry. This evaluation allows you to make very clear illustrations using both hard statistics and anecdotal evidence that have been invaluable to demonstrate the ROI to the business."

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EMMA JEFFRIES

Employment development director, Iron Mountain

However, to assess ROI these measures need to be linked to the bottom line and shareholder value. But for many in HR, it's too hard to do because the links are more tenuous, and this is the reason why many seek external help."

Not for the faint-hearted then. "Many HR professionals don't measure the return on their training because it takes time and effort to do the groundwork, build the business case, find the right measures and link them to the business strategy, and analyse the results," says Jeffries. "It's not that it's difficult, it's just not as straightforward."

But there are also financial concerns. Measuring ROI often requires sophisticated analysis which can be expensive and time consuming, says Tom Redman, professor of human resource management at Durham Business School.

"Most companies simply don't have the tools, skills or resources," he says. "They intuitively know that investing in talent is good business practice and there's plenty of well-established data which proves that training works. So HR shouldn't get hooked on proving ROI."

MANAGEMENT SUPPORT

Instead, organisations should focus resources on ensuring that current training programmes are effective. And you don't need statistics to prove whether an initiative is working or not; sometimes the answer is closer to home. The latest survey by training provider KnowledgePool found that a quarter of all training in the UK fails to yield significant performance improvement, mainly due to the lack of line management support.

This failure to translate learned skills into workplace productivity is a critical issue. "The hardest part of applying learning is the transition from 'I know how to do it better' to actually doing it," says David Pardey, head of research and policy at the Institute of Leadership & Management. "When an employee ►



£30 MILLION

is the amount McDonald's spends on training each year. This delivers significant returns through enhanced competence and confidence of the staff, and the retention and commitment of key individuals

“IT'S IMPORTANT FOR THE EXECUTIVE TEAM TO BE VISIBLY ENGAGED WITH THE PROGRAMME, OFFERING SUPPORT AND ENCOURAGEMENT AT THE HIGHEST LEVEL”

◀ comes back from training, work has usually piled up, and everyone jumps on them to do x, y and z. They revert to their prior state, although they might have been ready to do things differently by applying the new learning. Instead, the line manager should take some time out with them and ask questions such as 'What did you learn?' and 'How can I help you apply that learning?'"

In reality this doesn't happen, says Pardey: "Firms spend several thousands of pounds on training, yet they don't spend a few hundred more to ensure the training has been effective by investing in such workplace support."

Kevin Lovell, learning strategy director at KnowledgePool, says: "When learners receive line manager support, 94% go on to apply what they learnt, demonstrating a positive correlation between the transfer of learning to the workplace, line manager support and performance improvement."

Of course, workplace support requires skills, such as effective coaching and mentoring, which all line managers may not have. "So an investment there will also make sense," says Pardey. "When management support is offered to individuals that want to put a change plan into practice after training, a clear financial ROI – equivalent to a saving of between £2,000 and £15,000 per project – has been demonstrated. So you'll get much better access to ROI if line managers take responsibility for training and ensure that learning is applied."

ROBUST EVIDENCE

Once you know training is being supported, you can concentrate on implementing a few robust measures to ensure a return. "Build the business case by demonstrating how your training is going to deliver the strategy," says Mary-Louise Angoujard, managing director of communication specialists Rapportia. "And get business directors and line managers involved. Getting the

AT A GLANCE: KIRKPATRICK SYSTEM

The Kirkpatrick framework is a five level evaluation model. The complete programme covers initial feedback to financial return on investment, but most companies focus on level 1 (measuring reaction) and level 2 (value of learning) using questionnaires, 360 degree feedback and focus groups

THE FIVE LEVELS ARE:

- Level 1:** Reaction of students – what they thought about the training
- Level 2:** Learning – the resulting increase in knowledge or capability
- Level 3:** Behaviour – extent of behaviour and capability improvement, and application of skills learnt
- Level 4:** Results – the effects on the business resulting from the trainee's performance, particularly the impact on the bottom line
- Level 5:** Return on investment (ROI) – the cost versus benefits of an initiative. This is measured by examining the link between learning and improved profitability, efficiency and effectiveness

GETTING STARTED: ROI



- 01 Link training initiatives** with the business strategy
- 02 Work out what you want** to measure and why
- 03 Don't evaluate everything** – decide what you need to measure rigorously, and what more lightly
- 04 Work out what the links are.** If you can't work them out, seek external help
- 05 If HR staff don't have ROI skills,** train them or partner up with an external provider that can help
- 06 Get the business to own** the ROI initiative by seeking involvement
- 07 Work with other departments** to identify end results
- 08 Enlist senior level support** for the programme
- 09 Communicate the ROI initiative** and the results, not just to senior management but to staff at all levels
- 10 Ensure line managers** take responsibility for transfer of learning after training by equipping them with coaching and mentoring skills

business to own the ROI initiative and enlisting senior executive sponsorship will make a huge difference. This can be as simple as a senior member sending an email about the importance of the programme."

That's why training initiatives in companies such as McDonalds tend to be successful. "The development of talent is an important investment in our business, which delivers significant returns both in the short term through the enhanced competence and confidence of our people, and in the longer term by ensuring that we earn and retain the commitment of these key individuals," says David Fairhurst, HR director at McDonald's UK.

"If an organisation is serious about these issues, it's important for the executive team to be visibly engaged with the programme – making time to demonstrate why the business is choosing to invest in its people and offering support and encouragement from the highest level." The return on training at McDonald's speaks for itself – not just in monetary terms, but in terms of awards such as winning the Best Place to Work in Hospitality award for the last three years. No wonder it continues to spend £30m on training each year.

Focusing on the front end of training will pay dividends later, adds Gammie. "Before you invest in any programme, agree observable outputs – what do you expect to see as a result of investment in individual/team behaviour, with the business and any external partners? If you specify upfront what you expect to see, evaluation becomes much easier because the right measures will already be in place."

In short, if you create the business case for training by linking it with the company's strategy, invest in the right form of focused training and ensure that the learning is being transferred with line management support, you're more likely to see a good return without getting too bogged down in ROI calculations. ■