

Get the Most Bang With Limited Training Bucks

John Myers and David Collins

HR and learning budgets often are the first to go when management tightens its organizational belt. But strategic-thinking executives can use a downturn to strengthen their learning programs' reputations and generate impact from investments.

It's easy to run a learning and development program when business is good. Growth leads to bigger budgets and new opportunities.

But in a tight economy, job opportunities decrease. Businesses are less likely to invest in new areas. Employees are reluctant to leave their jobs, but may be distracted by financial concerns. As a result, productivity and performance often suffer at a time when just the opposite is required. To avoid this, learning strategy has to directly support the business.

"Only by understanding a business' most pivotal strategic goals can a relevant learning program be implemented," said Dr. John Boudreau, professor and research director at the University of Southern California's Center for Effective Organizations.

Boudreau said leaders typically are comfortable allocating resources for technology, advertising and other areas because they have well-developed models for evaluation and ROI. But the framework for these allocations often is unsophisticated and not geared toward greatest impact.

"Training can be the first cut, focusing on costs saved rather than value lost. Even worse, organizations may make across-the-board training cuts even though they are certain training and learning are not equally valuable everywhere," he said.

Nail the Basics

When times are tough, it's critical to focus training efforts on business fundamentals: What skills training

and development initiatives will address the greatest number of workers and have the greatest impact?

For many organizations, that's managerial and supervisory skills. In white-collar businesses, a significant percentage of employees fall into these categories. Even in manufacturing, retail or service businesses, managers and supervisors are the first line of contact with the workforce. Further, the quality of the relationship with a direct manager is one of the most important variables in employee productivity and loyalty.

Training programs that address core supervisory/managerial skills, such as time management, communications, personal effectiveness and delegation are among the most universal skills and represent the foundation of most training curriculum. Similarly, training around common issues such as coaching, conflict management and team performance represent areas that have near-term influence on productivity and performance.

Because these core skills have proven workplace impact, maintaining funding is easier than that for initiatives considered more speculative, or "nice to have."

Take for example, PHH Arval's fleet management services business based in Toronto. Senior Vice President and General Manager Jim Halliday realized through analysis of turnover data, employee-opinion surveys and 360 feedback that managers were having a negative impact on employee engagement. This resulted in higher turnover and lower levels of initiative, creativity and innovation needed to drive business results.

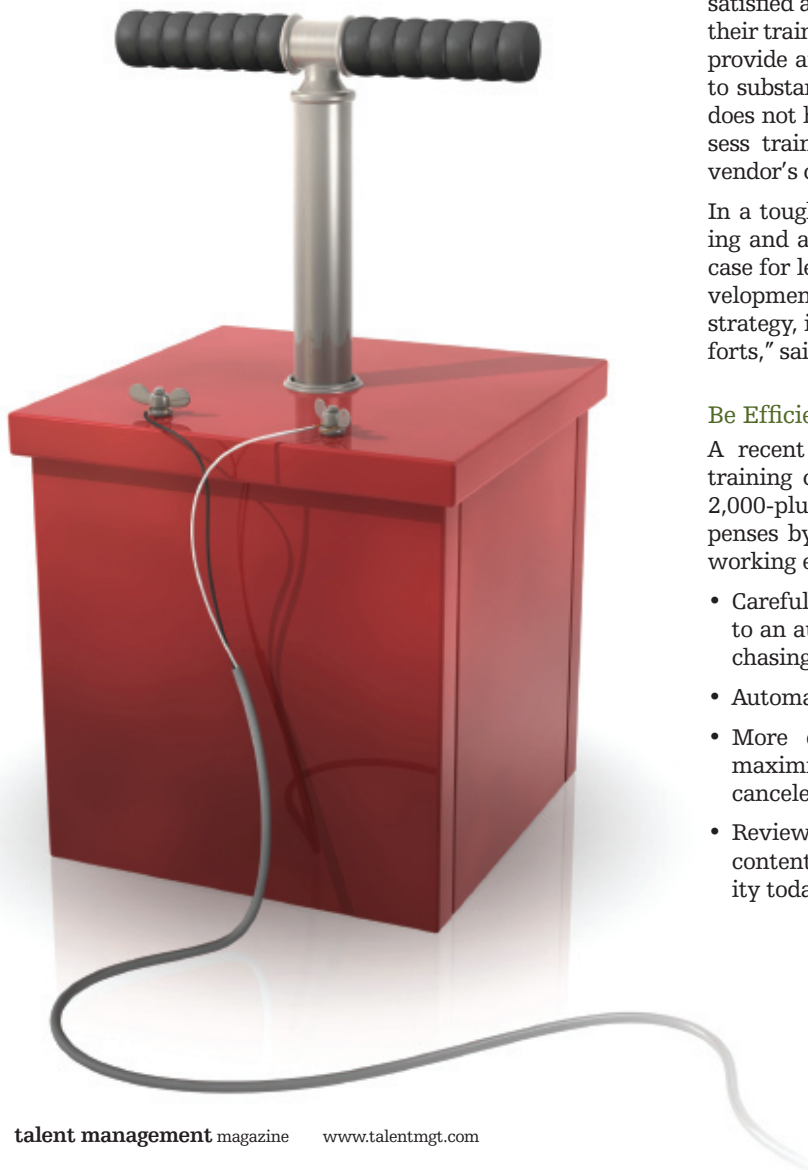
"With limited training dollars, we decided improving coaching skills would have the greatest impact on

improving engagement," he said. "Coaching is about having ongoing dialogue with staff; creating one-on-one relationships that demonstrate understanding of needs, issues and concerns; and providing support to achieve individual and company goals."

Ongoing measured improvement — in addition to seeing the positive progression of most of PHH's managers — convinced Halliday to commit to continuing the investment as a "must have" for the business.

At CoBank, a financial cooperative serving rural America, there is a commitment to provide developmental opportunities for every employee and a belief that managers are crucial to build engaged employees and satisfied customers.

"We believe that people leave managers rather than companies," said Bob O'Toole, vice president of human resources. "To ensure we have great managers, we offer a Leadership Excellence curriculum for anyone with one or more direct reports."



Demonstrate Impact

In an ideal world, every organization would evaluate the impact of its training programs. However, when an HR department is running full steam with limited staff, it can be difficult to find time to do more than gather "smiley sheets" or perform simple learning assessments. These Level 1 and Level 2 evaluations are a start, but they're not likely to carry much weight with a CEO who wants to measure impact.

Surprisingly, few companies assess behavioral change and the impact of training on critical business performance metrics, despite research from Accenture, Watson Wyatt, Tracom and others showing learning investments have a strong impact and positive ROI.

A down market offers two advantages when it comes to conducting such evaluations: First, if an organization pares back course offerings and streamlines outreach, staff may have more time to develop a thoughtful Level 3 or Level 4 evaluation process and implement it.

Second, if a company is using outside vendors for training, a tighter market should make the vendors more willing to help research the training programs. Learning providers are more willing to step up to keep a customer satisfied and to get access to data showing the impact of their training. At a minimum, a vendor should be able to provide an organization with ROI studies and research to substantiate the value of their offerings. If a vendor does not have these studies and isn't willing to help assess training impact, companies should question the vendor's commitment to achieving anything of value.

In a tough economy, there is more scrutiny on spending and a greater need to make a compelling business case for learning. "But by aligning our learning and development strategy with key elements of our business strategy, it's actually easier to show a return on our efforts," said O'Toole.

Be Efficient, Whatever the Budget

A recent white paper from KnowledgePool, a U.K. training consultancy, said organizations with staff of 2,000-plus can reduce learning and development expenses by 30 percent by following best practices and working efficiently. It recommends:

- Careful supplier management, including adherence to an authorized supplier list and discount bulk purchasing.
- Automating training administration.
- More efficiently managing course scheduling to maximize occupancy and minimize empty seats and canceled classes.
- Reviewing and modifying training offerings. Course content offered in the past doesn't always have priority today.

Here are some other ways to operate more efficiently:

- Tie training to specific business initiatives and job tasks. The more talent managers can make training job-specific using workplace examples, the better.
- Balance internal trainers with outside suppliers during peak times. The “day cost” will be higher when using a vendor, but companies will come out ahead if they limit use.
- Offer flexible delivery. Ten years ago, more than 50 percent of Tracom’s business was for training programs of two days or more. Today, most are shorter than one day. The availability of modular training, pre-study and follow-up allows people to develop their skills in a more effective manner that requires less time away from their jobs.

At Gates Corp., a manufacturer of industrial and automotive parts, today’s environment has meant constraints on training travel. “It’s forced us to look for more creative ways to deploy training content,” said Kathy Wojcik, Gates’ manager of leadership development and learning.

“We’re doing more Web-based training, webinars and consolidating training in the field to focus on what’s really needed by the business. Self-paced and on-demand learning are also on the rise. We’re evaluating the impact of these changes so we can make smart long-term decisions about training deployment.”

Support People

One of the biggest challenges organizations face in a down economy is waning employee engagement. Organizations typically don’t lose many people during a recession because external opportunities are limited. But slow-growth and a shrinking opportunity pool can cause employees to lose motivation.


If layoffs occur, the remaining people likely will experience fear and stress from the change and risk overwork from picking up extra responsibility. It’s important to support employees through training and development.

Communication may initially take precedence over training in the early stages of cutbacks. But once people understand the situation, don’t overlook how training and development programs can help. Consider:

- Building core skills such as personal effectiveness, team performance and conflict management.
- Providing new functional skills training for employees with new responsibilities.
- Assessing employee engagement to uncover areas of concern.

“[At CoBank], we know our learning and development activities have improved employee engagement. People feel emotionally connected to the business because we invest in them,” said O’Toole.

Just as a stock market decline presents an opportunity for investors to regroup before future gains, a down economy presents an opportunity for training and development.

“It’s the challenges that teach the best lessons,” said Wojcik. “The decisions we make today will shape our future.” 

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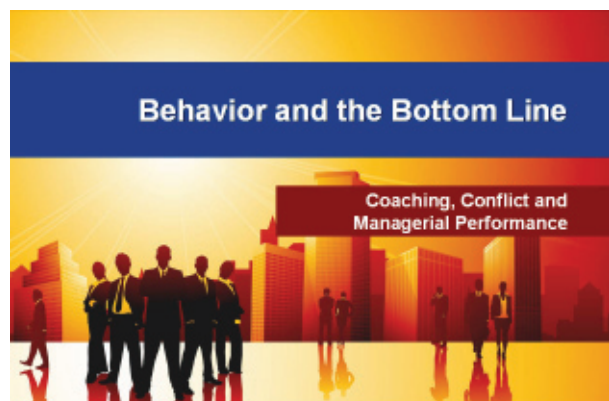
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