

Defining and Achieving Training Value

How is training viewed in your business? • BY S.M. NAFAY KUMAIL AND
BHUPENDRA BAHADUR SINGH

S.M. Nafay Kumail is co-author of E-Learning: An Expression of Knowledge Economy. Bhupendra Bahadur Singh is a learning solution architect. They can be reached at editor@clomedia.com.

In the knowledge economy, companies are spending huge amounts of often unaccounted-for money trying to run the training engine with the hope of improved performance. There are three prime reasons for the liberal flow of funds into the training function:

- An absolute lack of trained resources available for hiring in the wake of changing technology and business imperatives.
- Employee turnover, which has turned ugly with the demand-and-supply equation skewed in favor of employees in most economies.
- The impact of globalization, which has rendered a large chunk of the workforce unprepared because the context they have to perform in is constantly evolving.

In the rush to measure and report training hours per employee and dollars spent per employee, companies often lose sight of the ultimate goals by spending money and effort on training across the board. The impact of

huge investments in training often is not reflected in terms of business results, improved employee performance leading to customer satisfaction or employees' feeling of moving up the learning curve — often the second-

highest reason given by employees for continuing in an organization. Between the cost of training and the cost of not training lies the huge debate about whether training actually leads to the desired business outcomes.

One of the chief reasons training would not lead to desired business outcomes is that it's treated as a non-core necessary evil, rather than crucial to the business. The benchmark data indicates there are four to five times more indirect costs than the accounted direct expenses of training in otherwise competitive and tightly run organizations. The million-dollar question is, if so much money is going into a particular function, shouldn't an organization in today's competitive market ask what value is being derived?

It makes sense to look at the investments we are

making, both consciously and indirectly, and investigate the return in terms of business value. The best way to start realizing the benefits of this investment is to set expectations for it upfront. Instead of asking what value the investment in training achieved at the end of the financial year, it is more prudent to articulate beforehand what the senior management wants in terms of outcomes for the customers, business and employees.

It is on these predefined parameters that the investment in training should be evaluated at the end of the financial year. The financial benefits accrued and savings achieved should impact areas such as financial results, people satisfaction and customer-loyalty scores.

It's also important to realize that understanding the organization's focus, its quality of training and how the money is being spent — before any short- or long-term plans or recommendations are made — is a big and detailed strategic exercise. Another critical piece is to find out what customers are saying about the level of service and quality of products and to establish a linkage of these findings with the level and quality of training support being provided. Finally, it is important to understand what employees are saying about the training they receive and the impact it has or should have on their professional growth.

It is only after clearly observing and analyzing these issues that we can start thinking about how we want to spend the training pie to achieve what business leaders want to accomplish. Below are some of the misconceptions business leaders should watch out for when they assess organizational learning strategies:

- Training is a specialized function with no larger connection to the business.
- People can come from a training program fully equipped to execute complex projects at high performance levels.
- Having learning initiatives, online courses and programs from reputed institutions can lead to people becoming competent and feeling that they are learning.
- A learning strategy at the enterprise level isn't necessary. Skilled people can be recruited and hired who may not need to be trained. **CLO**

CLO-RADIO

Want to find out more about how to show the value of learning? Go to CLO-Radio to listen to "Speaking the Language of Business," our podcast with executive coach Chuck Rosenblum. Listen online at www.clomedia.com/podcast.