

The training equation

John Fogerty, managing director of IMI approved centre PAR, examines some of the return on investment issues connected with training.

It has become something of a cliché for senior management to claim that 'people are our greatest asset'. Yet the effort put into developing this 'asset' continues to be seen as an expense rather than an investment.

However, the return on that investment is critical. "I invest X and expect X+ back" – it's a simple equation we can all understand!

But many businesses (across all sectors) simply don't have the metrics in place to assess their current and future training performance. It is therefore impossible to see the impact it's had,

other than anecdotal evidence from management and the trainees themselves. And the chances are that training design isn't focused on ROI! Instead it's based on knowledge transferral rather than bringing about behavioural change. But isn't it true that "knowledge is knowing but doing is understanding"?

Does knowledge change behaviour? Only if it's applied to the day-to-day situations that participants face and helps them to improve their behaviour. The most effective way to do this is for the instructor to model and then evaluate participants' behavioural change during the training programme.

Successful training starts with the course objectives. You can spot the poor ones because they will contain words like "will be able to understand the concept of."

When assessing a training proposal or outline, a simple approach is to ask: "Can I visualise the behavioural change that will happen as a result of the training?" If you can't, it's unlikely that you will see a decent ROI.

A healthy ROI represents a positive change in delegate performance, but how do you connect this with the issue of applying the trained behaviours in the workplace?

Though post-training 'happy sheets' cannot measure ROI, when properly constructed they can indicate the level of delegate commitment to use the new behaviours. Add to this a robust coaching and follow up process from the line manager and training productivity can significantly improve. Nonetheless, PAR have found that failure to do this is common and can reduce the retention and ROI by up to 90%!

Finally, the ROI calculation itself should be uncomplicated: $\text{Benefits} / \text{Costs} \times 100\%$. But what were the 'specific' productivity benefits that were gained exclusively from the training? Begin to scrutinise this alongside several other intricacies like the delegate 'opportunity costs' (over and above the obvious training outlay) and this sum can become quite complex. Similarly, over what period should you measure ROI? The period you specify is vital to the calculation, but is it possible that the benefits could continue to grow for sometime after the training estimation?

Again, effective training can address this with an initial ROI 'payback' calculation - a forecast where the training demonstrates paying for itself over a (short) space of time. Used correctly this is more precise and tends to make it easier for management and shareholders to be more optimistic about making key training investment decisions.

So measuring and maximising training programme ROI is possible – the real challenge is designing this in to every training programme we all invest in.

PAR is a training and development company that specialises in management, sales, F&I and aftersales learning programmes for the automotive sector. Further information: www.partraining.com (07747842862).

