

## **Achieving Positive ROI on Training Investments**

**By Ben Roselle, MA MBA & Colleen McGinnis**

Group training has been used extensively by leading organizations for decades. However, justifying the use of training by empirically proving that it results in operational improvements is quite arduous, and directly measuring the financial performance resulting from improved “soft” skills is at best an educated guess. The truth is that training can be profoundly effective, and return dramatic return on investment, as long as certain guidelines are followed.

For organizations that are primarily driven by metrics, 360-degree feedback inventories, performance learning satisfaction evaluation systems and Balanced Scorecard techniques will each provide some telling evidence, either for, or against, the effectiveness of training in an organization. The results of these evaluations should be focused on team productivity and reaching financial targets. Complicating the matter, however, is that it may take 12 months or more to accurately measure the results of “soft” skills training; the acquisition of which cultivates team morale, engagement and retention.

With or without a formal ROI measurement system, it is essential for an organization to identify its skill gaps, and the appropriate audience in order to maximize the investment in training. Beginning with key performance indicators, such as customer retention, it is then possible to reduce these indicators to individual activities and competency requirements for each indicator<sup>2</sup>. For example, reducing customer loss and dealing with angry customers would be relevant activities and competency requirements for customer retention.

All training initiatives should start with a needs analysis and specific goals regarding what is going to change in the organization as a result of training. The training can then be aligned with an ongoing skills audit. This audit acts as a measure of the success of the training. It is then possible to translate these skills into tangible metrics, which can be measured financially.

Next, participants need to know what the purpose of the training is and buy into the expectations for their performance. They, further, need to be held accountable for measurable changes and supported in implementing the changes in their teams. According to a 2007 study of the transfer of training skills, actual utilization of skills is positively influenced by the number of managers receiving the training, multiple layers of management receiving the training, and ongoing “coaching” of each other on the training skills, back on the job.<sup>3</sup> On the other hand, utilization of skills learned through training is negatively influenced by fear of breaking cultural norms. In other words, participants will not utilize the training skills you have invested in if those skills challenge the prevailing culture and if the participants are not sufficiently supported.

As experts in talent selection and enhancement, Roselle Leadership Strategies, Inc. (RLSI) understands the subtle factors influencing successful training results. Partnering with our clients, we build-in success through the following strategies:



1. Our training includes sufficient practice of the skills during the training so that participants have confidence applying them back on the job.
2. Substantial discussion of how specific skills fit the organization is included. Follow-up facilitation is offered to learning groups within the organization to continue applying the skills to real-life situations.
3. A train-the-trainer format is available so that you or someone in your organization can facilitate learning groups.
4. Follow-up coaching and facilitated peer coaching are available to assist participants in handling the resistance they are likely to encounter when implementing new skills
5. Shorter, modularized training sessions can be delivered over a period of time to reinforce skills and assist participants in real-time integration.
6. A variety of training approaches can be used, including teleconferencing, simultaneous intranet broadcast, videotape, and billboard learning.

As a case study, one of our favorite clients conducted an employee opinion survey. The same questions were asked of 150 key employees in 2003, when they began using RLSI extensively and exclusively for training and executive coaching, and again in 2007. The survey covered three levels of the organization: the leadership team, managers, and staff members. The results reflected dramatic improvements in a number of vital areas. For instance, staff members noted significant improvement from 2003 to 2007 in the following areas: my superior cares about me, I am growing professionally and acquiring new skills in my job, I am provided consistent ongoing mentoring and coaching by my manager, my manager responds to our staff concerns, my manager is a good role model, and I believe in our strategic plan. In addition, managers saw dramatic improvement in the area of believing in the strategic plan, and that employees were now helping each other succeed. Further, the leadership team agreed that there was marked improvement from 2003 to 2007 in the fact that they were personally growing professionally and acquiring new skills in their jobs, and that staff members were driving results. In addition, in 2007 all members of the leadership team responded that they support the organizational decisions made by the leadership team, which emphasizes a dramatic improvement in collaboration from 2003. Lastly, all three levels of the organization agreed that there was discernible improvement in staff driving results, goals and budgets being realistic to achieve, and most importantly, that the current training programs are meeting their needs.

According to a 2007 survey by the Journal of Management Development, managers are most concerned with managing employee conflict, addressing employee performance and attitude, and finding employees who don't present these problems. All of these "soft" management skills are difficult to numerically translate into financial metrics, yet directly influence operational performance of leaders and their teams, which, in turn, radically effects overall organizational financial performance. The importance of people-management skills for leaders cannot be overstated, even while we refine ways to measure improvements in these competencies and tie them directly to the bottom line.

## Works Cited

1. Rowden, R.W. (2005). *Exploring Methods to Evaluate the Return on Investment from Training*. Business Forum.
2. *The Measure of All Things Soft* (2007, July 17). Training & Coaching Today.
3. Gilpin-Jackson, Yabome & Bushe, Gervase (2007). *Leadership Development Training Transfer: A Case Study of Post-Training Determinants*. Journal of Management Development. Vol. 26; pp 980-1004.