

How do you measure the benefits of training and development?



Contents

3 Introduction

4 Why bother to evaluate?

6 Where does evaluation start?

8 Who should be involved in evaluation?

9 The individual and their role

12 Line managers/supervisors and their roles

14 Person responsible for company-wide training and development

17 Senior management team

21 What should you evaluate?

22 Can development really impact on the bottom line?

23 Summary

24 Glossary

26 Appendices

To help you use this workbook for the benefit of your business we have provided exemplar proformas for you to adapt and use. You will find these throughout this workbook and in the appendices.

You will also find a glossary to help you with any terms which may be unclear or unfamiliar to you.

Introduction

This workbook, the third in a five part series, will help you think about:

- the training and development you actually do in your business
- how you measure the impact of these activities
- how these activities help you achieve your business goals and targets
- how you analyse the contribution made by development activities to your profitability and competitiveness.

This workbook is a tool for you to use. You may wish to discuss issues which emerge with external advisers from learndirect scotland for business, the learning centre network, your local enterprise company or trade/training association.

Why bother to evaluate?

By the time you are reading this workbook, if you have followed the series, you will have:

- recognised the need to train and develop your people
- prioritised and planned how to meet their needs
- sourced solutions, allocated resources, timetabled activities and communicated with everyone involved.

You should also have a clear set of SMART objectives for each and every development activity linked back to the Business Plan, its goals and targets.

If this is **not** the case, we would encourage you to read Workbooks One and Two and develop your approach following their guidelines.

You should also have thought through how you will evaluate the impact of all these activities **before** they commence.

All too often businesses consider evaluation as an 'after the event' activity when in fact, if properly planned, it is a dynamic part of the business review and planning process.

The current version (2004) of the Investors in People Standard expects organisations to have explicit learning and development plans and clear statements of how the impact will be evaluated **before** the activities commence.

The Standard also expects organisations to be able to demonstrate how evaluation of learning and development activities has led to improvements in the way the business manages and develops its people.

Investors in People has recognised the importance of the whole evaluative process in helping to inform and drive the continuous improvement agenda in company.

The evaluation of learning and development activities has four levels (Kirkpatrick, 1994):

- reaction
- learning
- transfer
- results.

The whole purpose of any learning and development activity is to achieve an outcome – a result. All too often, however, the management of the learning is dependent on the commitment of the line manager and may be little more than “What was it like?”, “Oh, fine.”

Many companies get confused by the process of evaluating training. This workbook will help you. It offers tools and techniques to help you recognise the Return on Investment (ROI) from training and development activities.

Checklist

	Yes	No
Do you know how much you directly spend on learning and development in a year?	<input type="checkbox"/>	<input type="checkbox"/>
Do you know how much time is spent on learning activities per person per annum?	<input type="checkbox"/>	<input type="checkbox"/>
Do you know what formal courses and events your people have attended?	<input type="checkbox"/>	<input type="checkbox"/>
Do you know what coaching your people have experienced and what it was expected to achieve?	<input type="checkbox"/>	<input type="checkbox"/>
Do you look on development as an unavoidable cost?	<input type="checkbox"/>	<input type="checkbox"/>
Do you make sure that your people use the skills and knowledge they have acquired?	<input type="checkbox"/>	<input type="checkbox"/>
Are you able to show how learning and development has improved individual, team and business performance?	<input type="checkbox"/>	<input type="checkbox"/>

If you have answered 'No' to some of these questions, then your learning and development activities may well be an act of faith.

Using this workbook will help you think through how to ensure that you are getting payback and how to use the outcomes of evaluation to inform your future strategies and approaches.

Where does evaluation start?

Most businesses, if they do any evaluation at all, do it after the event, more often than not as an afterthought, possibly a by-product of their quality assurance systems.

The evaluation process, as we mentioned earlier, starts at the business planning stage.

There are four fundamental questions:

- Where is our business going and what challenges and changes are facing it?
- What does that mean for our people, and what do they need to be able to do?
- What are the gaps in the current levels of knowledge, skills and behaviours and how can they best be addressed?
- How can we measure and monitor the performance of our people and evaluate the impact that the planned learning and development interventions have had?

When you can answer these questions, you will be able to start tracking the ROI from your investment in learning and development and make changes to your approach to ensure even better results.

Case study

The owner manager of a recruitment services company wanted to take advantage of new opportunities in Eastern Europe. A fundamental requirement, if he was to achieve this goal, was for him and his sales manager to understand Eastern European culture and attitudes.

This required basic training, sourced through the Chamber of Commerce, to help further develop their ideas. Having this basic understanding gave them the confidence to develop contacts which led to winning a number of contracts in Poland and the UK. The simple investment in training was a significant factor in getting a 20% increase in turnover from this area.

By making evaluation part of your business planning process, you will be able to clearly monitor progress and take early action in response to any setbacks such as an inappropriate provider, inadequate preparation or briefing, and insufficient time to consolidate and apply new skills.

Prompt...

It is good practice to revisit your Business Plan and check that it has clear goals and targets. It also makes sense to ensure that your learning and development plan supports the Business Plan and has clear objectives and outcomes that you will be able to quantify and monitor.

Activity

We would ask you now to reflect on your last trading year.

What was your main business goal?

What learning and development did you plan and action to help you achieve it?

What resources did you allocate and at what nominal cost?

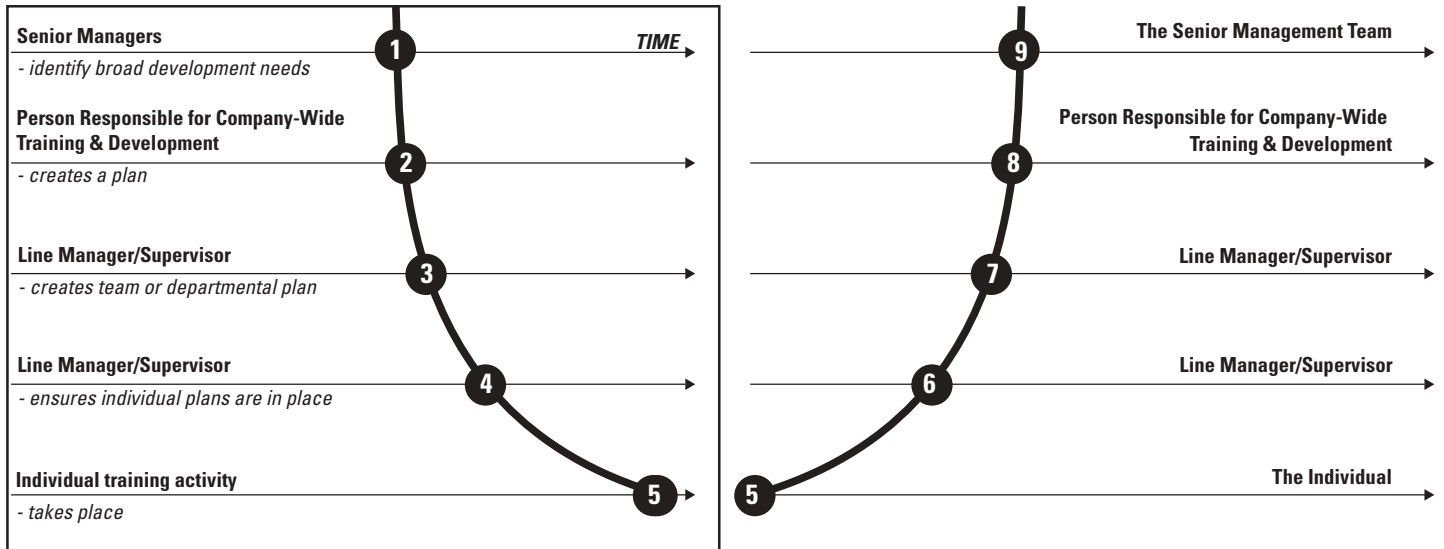
What was achieved as a result?

You have just conducted a basic organisational evaluation.

Who should be involved in evaluation?

In Workbook Two we used a model to show the involvement of everybody, from senior management to individuals, in planning effective learning and development.

This model is extended below to reveal that those selfsame people should be involved in the evaluation process.



The individual and their role

Often people are asked to complete an end of course evaluation form, usually for the training provider. Occasionally people are asked to fill in a similar form for the company and discuss their thoughts with their line manager following event completion.

Rarely are people asked to give feedback on the coaching and support that they have had from colleagues or line management.

All these approaches equate to 'reactive' evaluation. It will tell you how your people reacted to the activities. Did they like it? Was the material covered relevant to their work?

There are important consequences. Whilst a positive reaction does not guarantee effective learning, a negative reaction reduces its possibility significantly.

To be sure that people have actually learnt something from development activities, they need to be aware of their level before participating and be able to evidence their learning afterwards either through testing, writing a report, giving a presentation or through guided discussion with their line manager.

The individual needs to be actively encouraged to transfer their learning to their workplace practices. By self assessment and through peer and line management appraisal the change in their behaviour and practice can be observed and the results noted.

Individuals have a stake in the company and its success. Most people appreciate being asked to think through how the application of their learning has improved their performance and the company's results.

This process should relate to the objective setting process you went through before the development activity commenced.

Case study

Recognising the need to work smarter, a small property maintenance company decided to encourage its guys to cross skill:

- plumbers with a second skill area as painters
- painters with a second skill area as fitters
- electricians with a second skill area as plasterers.

The guys were up for it and went through a fast track SVQ programme with the local college... **BUT** both they and their supervisors still considered them only in their first skill area.

They did not get called out to use their new found skills, lost confidence and soon considered cross skilling a joke. The business lost money and failed to reap the benefit of its investment. Why?

It had relied on qualification success (the SVQ fast track) and had not thought through, at the planning stage, how it was going to evaluate the impact of this programme. Not only that, it had not thought about how it was going to sustain and embed the new skill sets its people had acquired. They needed to adopt new work scheduling and allocation practices.

Case study

A medium sized company used course evaluation sheets at the end of all training events. These usually lay in a pile and were never looked at. A new manager started to analyse these evaluation sheets and found that the supervisory training courses were repeatedly rated as 'poor' by those who attended. This had never been picked up over the last two years and the company had continued to send people on the courses. Once this was identified, the company found a new supplier, the courses improved and the supervisors got far more from the training, and so did the company.

Activity

Note below the learning and development activities you have sanctioned over the past six months. Also note what feedback you got and how. What, if any, action have you taken as a result?

Learning and Development Activity	Feedback and Source	Follow Up Action

You have now begun to move to the second stage – using evaluative feedback to enable you to quantify and take action to rectify/improve the approach and its effect.

Line managers/supervisors and their roles

As the earlier workbooks in this series have made clear, 90% of learning takes place in the workplace and line managers/supervisors have a vital role to play in ensuring the effective development of your people.

Line managers and supervisors are the people who can reinforce the role of the individual in evaluation. They should become actively involved with their people at the following stages:

- reactive
- learning
- transfer
- results

The line manager is key to the evaluation process but may be unaware of this. They are rarely asked to comment and report to management about the impact of development activities on the performance of individuals and work teams.

An effective line manager should be continually assessing, observing and commenting on performance. Let us reiterate, **all** development activity should be outcome based. This is only achieved once the learning has been transferred, sustained and has led to the results which initiated the development activity.

No successful business can afford to have its people participate in learning and development events just so they can tick a box and say "done it".

If you ever hear the story of post event conversations along the lines of, "that may be fine in theory, **but** you are in the real world now. Just do it the way you have always done it", you have to seriously question why you authorised the activity in the first place.

If you do not want your people to change their skills base, attitudes and behaviour, save your time and money. All you will be doing is fuelling dissatisfaction and lowering your people's morale.

Line managers and supervisors should use the vehicle of performance reviews and appraisals to help them more formally evaluate the impact of learning and development activities for individuals and teams and should be inviting feedback on their own effectiveness and impact at this point.

Activity

Take time now to detail your expectations of your line managers and supervisors. What responsibility do they have to develop their people, review performance and evaluate the impact of learning and development activities? Do they know what is expected of them? Do they get reviewed on these aspects of their job role? Have they been developed to carry out effective reviews, appraisals and workplace assessments?

Expectations and Responsibilities	How is this communicated and effectiveness reviewed?	What development has been offered in these areas and how was it evaluated?

Case study

A small manufacturing company asked its supervisors to evaluate the welding training that 12 employees had recently received. By observing quality and measuring output, supervisors were able to quantify that the training had reduced rework by two units per shift, with a subsequent increase in production figures.

However, the supervisors recognised that this improvement may have been a direct result of their visible performance monitoring rather than being attributable to any development activities. They agreed to discuss with their line managers, at their next personal reviews, how they could get their people involved in their own workplace appraisal and post learning evaluation and be more confident in the claims that they were making.

Person responsible for company-wide training and development

Someone in the company, however big or small you are, needs to take responsibility for collating and actioning the development activities agreed for people within the business. They also need to give feedback on the impact of these activities.

Exceptionally the culture of the organisation may revolve around self-directed work teams and individual empowerment. In these organisations the responsibility for actioning learning is fully devolved. This is rare and reflects a high trust, high performance organisation. Feedback, reviews and results would be the standard drivers in such an organisation.

If you accept the need to nominate a responsible person, then feedback from line managers and supervisors on the impact of learning and development activities should go through to this person on a **regular** basis.

This will enable information to be analysed and recommendations made for future approaches to learning and development activities.

There is no mystique about this – rather there is a discipline which calls for you to answer the “so what?” questions.

Prompt...

- You have spent this amount of money...
- You have spent this amount of time...
- You expected to see this result...
- Did you? Why? Or why not?
- What do you need to do differently?
- What do you need to do more of?
- Who do you need to tell?
- Who do you need to congratulate and how?

The responsible person needs to both report to senior management on the impact and effectiveness of learning and development activities and also discuss issues that have emerged with line managers/supervisors.

From a company-wide perspective this person should track, monitor and report on:

- what activity was commissioned
- what resources have been committed/expended and how this compares with what was planned
- what outcomes were expected and how this compares with actual to date
- how the investment can be sustained, improved, realised or extended
- what the ROI has been to date.

Many companies get frightened when they cost their people's time, whether as coaches/instructors or learning participants. All they see is the lost opportunity costs. However by adopting this robust, planned and disciplined approach the real financial benefits to the company will emerge.

Case study

The world of food preparation and food processing is being increasingly regulated meaning more compliance, inspection and certification.

A small food processing company thought that it would be forced out of business by the time they had paid to get all their systems and people certificated.

Then the MD realised two things:

- he already had a loyal and skilled workforce or else he would not still be in business
- he could not just get his people certificated and carry on doing things the same way because that would not satisfy the inspectorial bodies at all.

As a result, he tasked one of his managers with developing a new approach to learning and development for all of them. Clear learning plans would be put in place, use of in-house expertise would be encouraged and a partnership entered into with an external provider to assess and certificate those people for whom this was now required.

Targets were set, budgets allocated, results predicted and regular meaningful feedback reports presented to the management team on a bi-monthly basis.

As one employee said: "We feel like we've joined a 21st century company and that, as a business, we're here to stay. We're all involved now and none of us will tolerate wasted efforts. It's all about business results through our efforts."

Senior management team

To make sure that the business benefits from the evaluation practices, it has instigated at:

- individual level
- through the line managers/supervisors
- through the nominated responsible person

there needs to be regular feedback and discussion at the highest level in the company.

As we explained earlier, your business plan and your business results will only be achieved through the efforts of your people. You need to create the appropriate development opportunities for them, and make sure that these are effective and deliver the outcomes you and the business require.

You also need to know what, if anything, you need to change to get an even better result, and you need to ensure that all your people know that their views and their feedback matter and that you will act on them.

We would refer you back to the diagram on page 8. This could have been presented as a spiral. An upward one is where you continue to listen, learn and improve; a downwards one would be where the connections are **not** made and activities sit in isolation, losing the dynamism to drive the business forward.

Many businesses just accept that some learning and development must go on to 'fit people for their jobs' and 'to satisfy legislative requirements' and adopt little more than a tick list mentality. Others demand regular feedback on what development activities have gone on, what impact they have had on the bottom line and on achieving the business' objectives. This is **not** a tick list. This is joined-up thinking and asks you to manage your people and their development dynamically as you would your finances, your property, your reputation and your business portfolio.

It is worth reiterating: to be of true business benefit, **evaluation** relies on clear, measurable objectives having been set at the development planning stage. If this is not in place or you have little control over the development that takes place in your business, then you will need to reassess your approach if you really want to see value for money and an ROI from your development activities.

Case study

The Finance Director of an insurance company had responsibility for training as part of his remit. Reporting to him was the Training and Development Manager. Reporting was informal until the Training and Development Manager started to compile cost benefit analysis reports on the impact of training and development throughout the organisation. This information was based on the study of course evaluation sheets, line manager reports and analysis of appraisal forms. The reports were fed to senior management on a quarterly basis.

The Training and Development Manager is now asked to contribute to the business planning cycle as well as attend certain management meetings. Training and development has gone from being a 'necessary evil' to a strategic investment in the future, and the company now gets a much better return for less cost. This was achieved by evaluating what actually worked and looking for new methods of delivery which were more cost effective than conventional off-the-job courses.

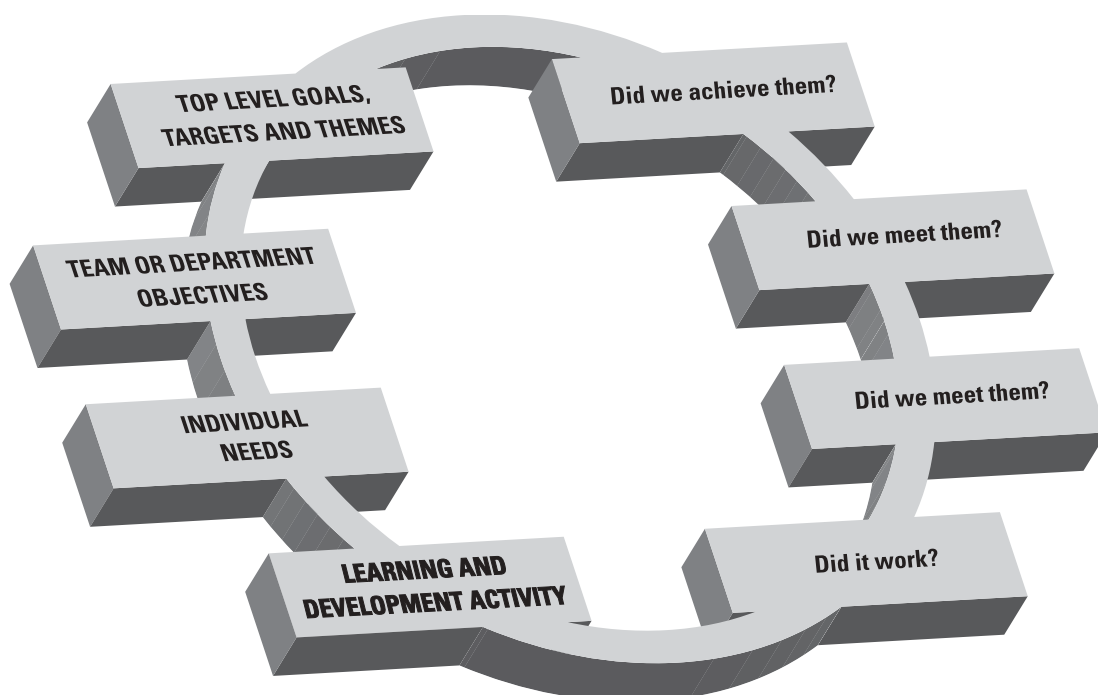
At a recent management meeting, the Training and Development Manager was invited to come up with proposals to help the company differentiate its evaluation to show the ROI for development delivered in company. It thought that it might be able to link things like induction practices to retention of new employees. Progress indeed!

To achieve success in business you need to do two things:

- **validate** that you did what you said you were going to do
- **evaluate** that you achieved the benefits you anticipated from the activities you instigated.

These two disciplines enable you to manage your business and its results dynamically.

The diagram we showed earlier on page 8 now becomes the virtual circle as shown below. By evaluating training activity at various levels, you are effectively closing the loop by asking at every level – did we do what we set out to do and has it achieved the results?



Activity

If you do not currently have an evaluation approach in place in your company try using this proforma to help you clarify your approach.

Level of evaluation	Action required and by whom?	Type of action
Reactive:	Individual	<ul style="list-style-type: none"> ■ proforma completion ■ conversation with line manager ■ ■
	Line Manager	<ul style="list-style-type: none"> ■ structured conversation ■ ■ ■
Learning:	Individual	<ul style="list-style-type: none"> ■ self assessment ■ test outcome ■ report/presentation ■
	Line Manager	<ul style="list-style-type: none"> ■ tested outcome ■ structured discussion ■ ■
Transfer:	Individual	<ul style="list-style-type: none"> ■ enhanced practice ■ ■ ■
	Line Manager	<ul style="list-style-type: none"> ■ observation/monitoring ■ appraisal ■ ■
	Responsible Person	<ul style="list-style-type: none"> ■ feedback reports from Line Managers ■ appraisal outcomes ■ ■

Activity

Level of evaluation	Action required and by whom?	Type of action
Results:	Individual	<ul style="list-style-type: none"> ■ enhanced performance ■ ■ ■
	Line Manager	<ul style="list-style-type: none"> ■ enhanced performance ■ ■ ■
	Responsible Person	<ul style="list-style-type: none"> ■ quantified results against pre-agreed objectives ■ ■
	Senior Management Team	<ul style="list-style-type: none"> ■ thematic and costed reports showing ROI against projections ■ ■

What should you evaluate?

By now we hope that it is clear that learning and development activities are an expensive input to your business but a necessary one. As a successful SME you want to manage this input wisely and well, and be sure that you are getting a sound ROI. You cannot do this without an effective evaluation strategy and effective evaluation practices.

It is for you to judge the approach you adopt. We would suggest that relying on 'gut feel' is not in the best interests of your company. We would also suggest that any and all learning and development activities should enable your business to achieve its desired business results and business aspirations.

You understand your industry and its demands. You understand your marketplace. You understand the existing skill base of your people and the competitive labour market in which you operate.

We would suggest that your evaluation approach is objective based and relates to the five aspects shown below. Only you know the demands placed on your business and the resources you are able to allocate to enable you to continuously monitor, evaluate and improve the fit between objectives and results.

- Business specific:** You should evaluate the company-wide development themes identified in your business plan and how effectively these have been addressed.
- Team specific:** You should evaluate how effectively team specific development needs have been addressed and to what effect.
- Individual:** Through appraisal and review you should evaluate how effectively individual development needs have been addressed and the outcomes.
- Hot spots:** You should evaluate the impact of specific interventions to address specific issues e.g. unacceptable staff turnover in one section.
- Provision:** You should evaluate the effectiveness of the people/organisations you commissioned to deliver the learning and development activities and the impact they have had.

All of this, to be meaningful, needs to be objective based and reviewed regularly to inform your future plans and approach.

Prompt...

As you review your business and identify any hot spots it is good practice to clarify what improvement you want to see, what intervention you are prepared to make and what measures you are going to put in place and then make these public so that your people can benefit from being involved and informed.

Can development really impact on the bottom line?

People often query if learning and development activities can ever be proven to give a financial return on investment. This all depends upon the clarity of the objectives you created for the activities in the first place.

Some businesses accept a very high turnover of staff and the resulting costs that the business has to absorb:

Recruitment and selection:

- advertising
- agency costs
- interview time
- administration of new starts

Induction and induction training:

- issue of appropriate personal protective equipment (PPE)
- staff time to induct
- handbook
- disruption to existing staff to buddy support new start

Overtime costs and relief staff costs:

- to accommodate departure of former staff.

Figures can easily be attributed to these items.

By investing in supervisor training and setting targets for staff retention, companies have been able to demonstrate how a spend of £x has resulted in a yield of £y and a business benefit, reflected through in-house staff surveys, of increased staff morale and motivation.

Other businesses have accepted and factored into their business bids a high rate of rework and error. When contracts have been missed and these failures have been reviewed, they realised that money spent on improved quality and consistency of work would have enabled them to reduce their bid price, be more competitive and more likely to win work.

These are two examples of how the business benefit of learning and development can be quantified and used to demonstrate the impact on the business' results and its success.

Summary

We hope that this, the third workbook in the series, has helped you to think about **how** you measure and demonstrate the benefits of your planned investment in learning and development activities.

In the Appendices we have provided some example proformas which you may wish to adapt and adopt in your company.

We would also suggest that you consider the use of other approaches to help you appreciate how people perceive your business and your people's performance as yet another aspect of your evaluation strategy:

- customer surveys
- supplier reviews
- provider reviews
- people surveys

We hope that you have enjoyed this workbook and have found it relevant to your business. We recommend the two remaining workbooks in the series: **“How do you manage performance?”** and **“How do you create and recognise competence and capability in your business?”**

Glossary

Words can mean different things to different people. This glossary explains what certain words mean within the context of this series of workbooks.

Benchmarking: An approach which enables you to compare your company's strategies and practices with those of your competitors or other similar organisations.

Business Plan: The plan that sets out the company's objectives.

Capability: The knowledge, skills and behaviours needed amongst the company's people.

Capacity: The skills and abilities a company needs to enable it to respond to current and future business needs.

Coaching: A planned process that, through the use of effective questioning and feedback, aims to improve the performance, learning and development of an individual or work team.

Competence: The knowledge, skills and understanding to enable you to consistently perform the whole work role, in the working environment, to deliver prescribed business results.

Contribution: The ideas, time and effort people give to the company to help it achieve its objectives.

CPD: Continuing Professional Development.

Critical incident analysis: The process of recognising and learning from real life, workplaced based, critical incidents to inform the company's practices.

Evaluation: The review of the results of learning and development activities to discover whether the objectives have been satisfied and the impact on performance has been achieved.

IIP: Investors in People, a national standard of business practice.

Impact: The results achieved from an intervention and the effect this has had on performance.

Innovative: New or improved ways of thinking and doing things.

Intervention: A planned activity with anticipated specific outcomes which benefit the workplace.

ISO 9001/2000: A recognised quality assurance system which is externally audited.

Job description: A regularly updated document which outlines the key roles and responsibilities of post holders.

Learning and development: Any activity that develops the knowledge, skills and behaviours that the company needs to meet its objectives.

Learning styles: The way people prefer to learn.

Mentoring: Advice and guidance offered by a more experienced person to help develop an individual's potential. Mentoring tends to focus on long term career goals and is *not* usually provided by the direct line manager.

Near miss analysis: The process of recognising and learning from real life, workplaced based, near misses to inform the company's practices.

Person specification: The regularly updated description of the personal qualities, attitudes, behaviours, qualifications and experience required of post holders and team members.

Personal development: Any planned activity that develops an individual's knowledge, skills and behaviour. This need not be specific to the current job role or the current employer.

Profile: A structured representation of the company's needs for skills, knowledge and behaviour across the various job roles and categories.

Glossary

QA: Quality Assurance system, either internally or externally validated.

Return on Investment (ROI): Demonstrable performance improvement as a result of investment in people development.

Role model: A person who acts in a way that is valued by the company and creates a positive example for others.

Sector Skills Councils (SSCs): Employer-led, independent organisations with responsibility to improve learning supply including apprenticeships, higher education and National Occupational Standards.

Self review: An evaluation practice that uses an agreed and structured approach.

SMART objectives: The results the company aims for, if it is to achieve its vision. They need to be **s**pecific, **m**easurable, **a**chievable, **r**ealistic, **t**ime bound and testing.

Succession planning: An aspect of workforce planning and development. It acknowledges the age profile of the workforce and usual turnover, and develops the potential in people to allow them to be eligible to progress to next level posts.

The Excellence Model: A model developed to help businesses in Europe become more competitive and sustainable. It focuses on enablers (how you do things) and results.

Values: The principles that underpin how the company works, such as – ‘safety comes first’ or ‘our people matter’.

Virtual or complete cycle: The process of involving people and teams in the definition of needs and the review of the effectiveness of the ways in which those needs have been met.

Vision: Where the company wants to be in the future, and how it wants to be perceived by its people and its customers.

Appendix I

Post event evaluation form

Please complete this form for each development activity. The information gathered will be assessed and help inform our continuous improvement process.

Name:	Department:	
Title of Event:	Date:	
Please complete each section.		
1. State the objectives of the activity.		
2. Were the objectives met?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If 'Yes', please state how:		
If 'No', please state why:		
3. What additional issues or topics were covered?		

4. What was of particular interest?

5. What will you apply immediately at work?

6. What could be improved?

7. Please rate the following on a scale of 1 to 5 (1-poor, 3-good, 5-excellent)

Technical content

Relevance to job

Method of delivery

The trainer/instructor

The course materials

8. Are there any related topics that you think the company should be considering?

9. Have any further needs been identified for you and the company as a result of your participation in this event?

10. Please make further comments on the event and your general feelings about what you have achieved from your investment.

Set a date to review again with your line manager three months from now:

Ensure that you review your learning and development needs at your annual review/appraisal.

Individual (signed):

Date:

Line Manager (signed):

Date:

Appendix II

Appraisal supplement

Name:

Department:

Date:

What can you do now that you could not do six months ago? (please describe)

How did you develop this skill/knowledge/behaviour?

What impact has it had on your and your team's results?

What could you do better?

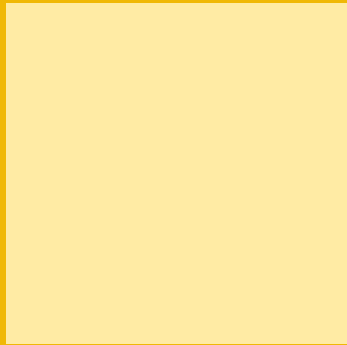
How can we help you?

What will we see as a result?

Date of next review:



Notes



**To search our database of over
100,000 learning opportunities
please visit our website:**

www.lids4b.com

**Impartial advice and support
is always available via our helpline**

08456 000 111

