



## Learning: Return on investment - A failure to transfer or transform?

Peter Crush, 01 September 2009

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### **When performance doesn't improve after training, the problem may not be as simple as course content or a worker's inability to change. More complex factors may be at work.**

Robert Terry, former CEO of the Adam Smith Institute, and now managing director of consultancy ASK, is fed up. "I know how bad a lot of learning and development is because I've been a recipient of bad training myself," he grumbles. At the core of his displeasure is an issue that refuses to go away among L&D professionals: whether all the money spent on external training providers (some £3 billion annually) actually creates real, long-lasting changes in behaviour. "I don't think it does," Terry says. "Trainers continue to want to educate rather than help raise business performance. HR still buys training, not business improvement. The training industry is almost the only one still being paid for inputs rather than outputs."

What hasn't helped Terry's view has been the massive recent growth of a largely unregulated training market. Since 2000, the number of training providers is estimated to have doubled to more than 12,500. Yet the market is fragmented (just 68% of providers have fewer than five staff) and, according to the 2009 inquiry into the Future of Lifelong Learning by the National Institute of Adult Continuing Education (NIACE), more must be done to 'integrate learning into the business strategy' and provide 'business solutions instead of ad-hoc training services'.

It was HR gurus Baldwin and Ford who first, in 1988, wrote of a 'transfer problem' in training - suggesting that 'not more than 10% of training expenditures actually results in transfer to the job'. So why does the problem still persist, and what can be done to make sure the learning and development staff are sent on does actually yield change?

One problem is that commentators are split over the extent to which lack of behavioural change is due to sub-standard training or to individuals themselves not applying what they are being told. "Psychologically, it is almost impossible to get people to change behaviours just like that," admits Terry. "Just 4% of people can change their behaviour without any support from others." Certainly, from the training provision side, emphasis seems to be more about looking at content. All of the sector skills councils, for instance, are appraising which courses are deemed to meet required standards.

However, the point Terry makes is that all this could be fruitless, because where HR has clear responsibility is in creating a workplace culture that gives training at least a chance of being used. "Even if learners are intellectually on board, the reason many L&D projects fail is because when they get back to work, the chances of applying what they've learned are often remote."

Terry believes technology could have the answer, and several other providers are rushing to be among the first to attempt to determine the true ROI of training, and its impact in changing behaviour. Terry's solution is in what he calls 'follow through technology', (see below) but this is not the only one.

"There's a lot of focus on how technology can measure what we call 'ideal performance'," says Mike Leeson, director at the ROI Academy - a division of 3C Associates. Leeson and his colleagues have developed Performance Pound, a software tool that claims to measure the value of working activity by staff. "We start by defining what ideal performance is - the very best state of work. If this were possible, it would be labelled as £1 back for every pound spent on them. We then measure staff's current effectiveness - based on this, they might be working at, say, 40p in the pound. After training we look at their new rating, and record the difference between the two. The point is we're not measuring whether staff remember the training information they were told - it's not a test like that. They're being measured on how they are applying it to be better at their job."

Leeson says it is just this sort of data financial directors want for real ROI information. Clients are already using it to decide which training they buy, to compare which provides the most return on their spend. The methodology was recently used by e-skills UK, the sector skills council for business and information technology. It looked at the impact of IT training for a group of 16 departmental managers at John Lewis. It found the minimum value it offered was £40,000 after costs and yielded a 140% return on investment. Return was measured on the time it saved managers to complete tasks and how it impacted on productivity throughout the business. Trainees improved from a starting point of 30p in the pound of effectiveness to 68p in the pound.

"The real question for any organisation seeking changes to human behaviour through skill development is: 'What do we need people to be doing to achieve our strategic intent?'" says Drew Marshall, chief innovation officer, Kepner-Tregoe. "Fundamentally, only those skills that drive the change required to achieve an organisation's strategy should warrant time and attention, but often this is not the focus of training." Only with what he calls "results-based skills development" is it possible to get an ROI of greater than 1:1, because only here "creating value is the target of the learning approach".

Joretha Augustine, HR manager at construction equipment manufacturer Caterpillar UK, says its learning and development has recently been transformed to incorporate just this sentiment after it realised training needed to deliver more return. "We introduced leadership training and a capability development programme for creating workplace growth in 2008," she says. "Potential leaders are first assessed on what their personal styles and competencies are, so a bespoke training programme is introduced. Some 70% of the learning is then on-the-job (see work-based training feature, p50)."

It is the measurement of this though that Caterpillar is most interested in. "Every leader's change in behaviour is measured by reviewing the impact it has on their direct team's engagement scores; our stated output is improving engagement scores because we know this impacts business performance," she says. "It starts a process by which we can record improvement." Since running the training, leadership scores have improved from an overall score of 49% in 2008 to 72% in 2009. Engagement is up from below 60% to between 80% and 89% among its 20 divisions. Augustine says this is real evidence that training yields a change in behaviour.

One organisation where a change in behaviour has to happen is the police. The National Police Improvement Agency has just been given a Queen's Award for excellence in training, and Christene McDonna, assistant director of its leadership development team, says her whole remit is about improving operational performance. "We're trying to establish behaviourally how leadership has changed through our learning programmes. We're creating harder dialogues with learners and their managers about whether their approach to problem-solving has changed; and we may even want to corroborate this psychometrically. We're trying to convert responses into ROI."

According to Christian Hasenoehrl, director at Gallup, skills and competency training is one thing, but getting staff to apply it is totally different skill. "Most companies are good at acquiring skills, but we believe the ability to get people to apply it - from a management capability viewpoint - is a totally separate discipline altogether. This post-training work is often left out, but this itself is an 18-month programme, minimum, to get change to happen."

Unfortunately, according to Rex Hollyman, former head of professional development at BT, and now a courses director at Staffordshire University, most businesses still fail to identify what learning outcomes they need. "In designing courses for employers, we often want to demonstrate value for money, and what its results will be, but employers still have difficulty saying what they want. We can't create content without knowing intended outcomes."

More rigorous interrogations of HR systems might help, but even Cegos managing director Francis Marshall says this is a red herring. "Our learning management system does not link to clients' business performance metrics - clients don't want us linking to their metrics. There's still a perception about security that overrides learning about the effectiveness of training."

He concludes: "With one bank we were able to diagnose people's skills upfront, and produce a ranking of their performance. We let them undergo their training, and then looked at the difference it made to people's performance rankings. This was about as close as we got. ROI is still an afterthought not a driver. But if companies make it a driver it will likely lead to less training overall needed - which is good for the bottom line - because you can get more selective about what works."

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#### 1. Enhancing the learning environment

According to Sarah De Brion, co-founder train4change, traditional classroom behaviour only targets the logical side of the brain. It means delegates may leave with more knowledge, but they are not motivated to change knowledge into skills, and change behaviour. De Brion says to truly change behaviour, delegates must want to change: the emotive side of their brain needs engaging. Train4change uses actors and mimics delegates' own working environments to elicit an emotional response. It is currently working with First Great Western (FGW) which was suffering from demotivated staff and not fulfilling its service franchise commitments.

Training was specifically needed to change behaviour and train4change created a specific training room complete with half a train carriage (fitted with a plasma screens showing visuals from a train window at train speed), a working buffet car, a fully functioning ticket office with machines, a ticket barrier, a station bench and the sounds of a platform, including station announcements and people talking. De Brion says the environment disarmed initially sceptical staff, and enhanced the existing learning offered to create a change of behaviour.

The 12-month service improvement training has yielded real results. Scores from the most recent National Passenger Survey (which provides a network-wide picture of customers' satisfaction with rail travel for reliability, punctuality, condition of trains, and customer service), shows FGW to be six percentage points better than the previous survey last spring, and seven points better than the results for autumn 2007.

#### 2. Training everyone to think like a woman

Toni Eastwood, training director at Everywoman, the UK's largest independent network for women in business, believes in many instances women demonstrate a far better aptitude to permanently change their behaviour when approaching training. "When just doing skills training, the accepted wisdom is that you never really get any permanent change in behaviour. Change requires tapping into people's hearts and minds, and women tend to demonstrate a tendency to be more open to change and development. Women realise they don't have the skills to do their jobs all of the time; men tend to focus on what they can do rather than what they can't," she says.

HOW ASK FOLLOWS THROUGH

ASK incorporates what it calls 'follow through' technologies to ensure it is able to measure real behavioural change. It uses email and web technology to ask trainees how they are meeting the goals they set, what they have implemented so far and what they are going to do next. Coaching interventions are pre-set to kick in if performance against these goals drops. It is designed, say ASK, with the measurement of transfer of skills in mind, and HP, which uses the technique, has reported a 1,400% improvement in training effectiveness measured against real business outcomes. The consultancy says this puts the onus back onto line managers being evaluated on the support they give to staff doing training.

BEFORE AND AFTER TESTS

Earlier this year, cancer charity Macmillan Cancer Support chose Video Arts' library of 48 courses to improve staff's soft skills, ranging from communication, customer service, assertiveness, coaching and interviewing. Changes in such skills are notoriously difficult to measure. However, the charity is still attempting to gauge whether staff who receive the training exhibit real changes in behaviour. Learning technology manager Lesley McGuire says: "We wanted to give our professionals a more holistic approach to learning and development, without always having to pull them away from their workplace to attend face-to-face training." She adds: "A pre-test establishes the learner's current knowledge, and helps them to determine the most relevant modules, and a post-course test checks the learner's retention of the key messages. Full tracking and reporting is available to help administrators monitor the progress of each learner."

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