

Stop Wasting Money on Training

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The cost of inadequate workplace performance is staggering. Whether the issue is rework, poor customer service quality or reduced productivity, the result is the same – higher costs and lower profits. When this occurs, training usually plays a major role in trying to “solve the problem.” It seems to make sense. In studies on the difference between exemplary and average performer productivity, for example, the numbers are dramatic, reaching as high as 200 percent. To close the gap, training appears to be a logical intervention. However, training is also a costly activity that does not always guarantee anticipated improvements.

This article focuses on that almost automatic decision to train when there is inadequate performance from people. It suggests how you can stop wasting large sums of money by focusing on performance outcomes rather than on training activities.

Have you heard this one before?

“We need a training program on...” This is often the opening salvo in what frequently turns out to be a costly, frustrating and unsuccessful campaign to achieve desired performance. The rationale for the training usually seems clear enough:

- “We’ve got to get these new people ramped up fast!”
- “We’re implementing a new system. Employees will have to be brought up to speed on it.”
- “The quality of our customer service is being hammered. We’ve got to clean up our act.”
- “They aren’t selling the new product.”
- “Wastage and rework costs have gone through the roof. This has got to stop!”

Let’s add more to the training rationale. Here we turn to a number of respectable sources that have shown how training and superior bottom line results are linked. The American Society for Training and Development (Van Buren, 2001) in its very carefully researched *Industry Report*, points out that leading companies (in terms of training expenditure) spend \$1,655 per employee annually versus the industry average of \$677. These leading companies, compared to the others, have, on average, 24 percent higher gross profit margins, 218 percent greater income per employee and a 6 percent higher price

to book value. Knowledge Asset Management (KAM), a mutual fund, specializing in companies that invest heavily in training, reports the following return on investment results from its training-driven portfolio compared to those of the S&P 500:

	1997	1998	1999	2000	2001	Cumulative*
KAM Portfolio of companies that invest heavily in training	35.9%	38.0%	17.6%	1.4%	-3.7%	113.1%
Standard and Poor 500	31.0%	26.7%	19.5%	-10.1%	-13.1%	55.0%

* What your investment in 1997 would have yielded by the end of 2001.

Kravetz (1998), in his very comprehensive audit report on people management practices (especially training), compared financial results over a ten-year period between companies that focused heavily on training and related people management practices and those that didn't. Here is what he found:

Financial Factor	High Performers**	Low Performers
Sales growth	16.1%	7.4%
Profit growth	18.2%	4.4%
Profit margin	6.4%	3.3%
Growth in earnings/share	10.7%	4.7%
Total ROI	19.0%	8.8%

** Highest training and related people management practices scores.

So, what conclusion can we draw from all of this? Let's train...right? Wrong! Maybe...

To train or not to train

Gilbert (1996), Harless (1970), Rummler and Brache (1996) and Stolovitch and Keeps (1999) have all demonstrated that most performance deficiencies in the workplace are not as a result of skills and knowledge gaps – the only ones for which training is appropriate. They are far more frequently due to environmental factors such as: lack of clear expectations (emphasis on the word “clear”); insufficient and untimely or even counterproductive feedback; lack of easily perceived and understood required information; inadequate tools, resources, procedures and support; inappropriate and even counterproductive incentives; task interferences and administrative obstacles that prevent achieving desired results. To this list, we can also add poor selection of persons to do the job, poor

communication between supervisors and workers, and low perceived value by the performers for the desired process or outcome.

Nevertheless, when performance gaps occur, the default intervention is all too often “training.” And if we’ve already trained them and they still aren’t attaining adequate results, why...let’s train them again. Gilbert (1996) expressed it very well when he stated that although it is cheaper and easier to fix the environment than people, we senselessly keep on spending money trying to fix the people.

To close on this, if the cause of the gap is not lack of skills and knowledge, don’t train. Stop wasting money on training when it’s inappropriate.

Training is necessary...but is it sufficient?

All right. They don’t know how to do it. They lack the skills and knowledge. Training is necessary. However, is it enough? With very few exceptions, the categorical answer is “no.” We’ll back up this strong assertion with a few dramatic quotes from some very respected persons:

- Most of the investment in organizational training and development is wasted because most of the knowledge and skills gained in training (well over 80 percent by some estimates) is not fully applied by employees back on the job. (Broad and Newstrom, 1992)
- American industries spend more than \$100 billion on training...not more than 10 percent of the expenditures actually result in transfer to the job. (Baldwin and Ford, 1988, reconfirmed by Ford and Weissbein, 1997)
- Research indicates that, on average, less than 30 percent of what people learn (in training) actually gets used on the job. (Robinson and Robinson, 1996)

Why this phenomenon? Because of poor selection of persons to attend the training (not ready for it; lack capacity for it; can’t apply it immediately; inundated with other priorities); lack of clear expectations set by supervisors on how the training is to be applied in the workplace; lack of support back on the job – an all too common phenomenon in the workplace; lack of confidence to perform adequately; lack of immediate individualized post-training performance monitoring; lack of incentives to apply new skills and knowledge. The list goes on. Without the appropriate pre- and post-training interventions and support mechanisms, workplace training, like the Spanish or French you were taught in high school, very quickly dissipates into the morass of other unmemorable “learning” events.

To summarize, training, as a one-shot injection to achieve performance goals rarely works. Used alone, it has little staying power. What you do before

and after training is often more important than the training itself. You have to view training as only part of a performance “system” that includes a total, integrated implementation strategy. Stop wasting money on training if you are not prepared to do this.

Telling Ain’t Training

Where does most of your ability to perform well in your work come from? From what you have been told or from what you have experienced? Rarely does anyone select the former. This leads us to the mission of training: to transform performance capability, not to transmit information. Yet how often have we experienced those dreadful one-way lectures or “transfer of information” sessions designed to make us wiser and better performers. Examine the table below and select from each pair of statements that begin with “I learn best when...” the one that best fits you.

I learn best when...

Column A	or	Column B
<input type="checkbox"/> someone who knows something I don't explain and describes it to me.		<input type="checkbox"/> I dialogue and discuss with someone who knows something I don't.
<input type="checkbox"/> I observe a demonstration.		<input type="checkbox"/> I get involved and try things out during a demonstration.
<input type="checkbox"/> I attend lectures in which an instructor presents information to me.		<input type="checkbox"/> I attend lectures in which an instructor engages me in a two-way interaction.
<input type="checkbox"/> what is presented to me is organized according to the logic of the content.		<input type="checkbox"/> what is presented to me is organized according to the logic of how I learn.
<input type="checkbox"/> I am told how things work.		<input type="checkbox"/> I explore how things work.

Were most of your selections from Column A or B? With no exceptions, everyone to whom we have given this table chooses the endings in Column B. This includes experienced teachers, professors and workplace instructors. Yet when we observe training sessions, we often find practices consistent with Column A. Truly effective training is learner-centered and performance-based. Our observations of training in the workplace show us that training frequently begins with studying “the book” for a lengthy proportion of time before getting into the practice. Theory and practice are separated, sometimes by long time periods. We observe disconnects between what training “tells” and job practice reality, between what new hires receive as explanations and what they experience in on-the-job observations, and between new concepts presented in training and the learners’ own prior knowledge and experiential base. The result is inefficient use of learning time, confusion and little retention. Unless you are

prepared to train in harmony with how people learn and closely tie it to what they will have to do, stop wasting money on training!

Conclusion

Training costs a lot. It can be enormously effective if done right – learner-centered, performance-based, reinforced on the job and suitable for overcoming the gap between current and desired results. When it's not appropriate, sufficient or effective, it's nothing more than a money pit. Stop wasting money on training. Use it to make a difference in building valued accomplishments.

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