



People First ROI

Introducing T.R.I.P. — a Breakthrough Business Results Strategy for Connecting Leadership Training to the Bottom Line

Current Situation

American companies spend about \$14 billion annually on leadership training, yet only 15-20% of that training will actually impact the bottom line. Why? Many organizations do not have an accurate measurement system in place that assures the transfer of learning to the bottom line.

American companies spend almost \$14 billion annually on leadership development training.

Leadership Development Factbook 2012: Benchmarks and Trends in U.S. Leadership Development

Does your leadership training impact your bottom line? Is your ROI guaranteed? Can you state your ROI? This is one of the greatest gaps in the training industry. Even the training world finds this to be its Number One challenge which they have yet to master.

To ensure that you enjoy a solid return on the investment of your training dollars and impact business results, you must clearly and unequivocally determine the ROI of your leadership training initiatives!

The Solution?

TRIP

A Robust Methodology for Determining Leadership Training ROI

TRIP – **T**rainin**R** Results **I**mpact **P**ath – is a prescriptive, behaviorally based, developmental path that guarantees the most successful transfer of all your leadership training efforts.

Our TRIP methodology provides credible and compelling data that not only measures the business impact of leadership training, but also identifies who applied the training, how it was applied, and what impact the new skills and behavioral applications are having on the experience of all stakeholders and on your bottom line.

We achieve this through the collection of hard data—from learners, their leaders, and their direct reports—and use a rigorous analysis process to intelligently estimate the level of learning that has been applied. In other words, using TRIP helps you evaluate how well your leaders are using training to get results.

TRIP examines the After Training Factors (ATFs) that are in place, seeking to identify the enablers of success, the barriers to successful implementation, and, most importantly, determine how to increase the enablers and eliminate all barriers to the application process.

Training Scenario

Here is a scenario which may sound all too familiar: a group of senior leaders is nearing the conclusion of a three-day leadership training program. One of the last exercises is to complete an evaluation form which scores the contents of the presentation, the effectiveness of the facilitator, perhaps even the comfort of the host site and the quality of the meals. The next morning, these leaders return to their offices, heave a sigh when they see how many emails accumulated while they were away, and jump right back into battling the tyranny of the urgent, promptly forgetting most of what they just learned.

Why does this happen? Because leaders have a job to do! The connection between yesterday's training and today's application to job performance is lost. The new behaviors outlined in the training are not sustained . . . in far too many cases they are not even attempted!

Studies have shown that adult learners in a classroom setting forget nearly 50% of what was presented *within two weeks*. Even the most highly trained leaders are often unable to translate their knowledge into experience.

What is the reason for these dismal results? We believe it is because companies spend a great deal of time and money on *training*, but virtually ignore the *learning*; before, during and after the training. The common belief is that learning is up to the individual; most companies don't even bother to set learning expectations or check back to see whether a learner is using what he or she was taught. Nor do they spend time explaining the philosophy that undergirds leadership training, and little to no time is devoted to discussing a leadership training strategy — the what and the why.

It is essential to begin here. We have conducted extensive research on this subject and have learned that many methodologies have been developed for measuring the ROI of leadership training that are not very effective.

Training Is a Strategic Endeavor

When we are travelling, we must have a clear itinerary if we are to arrive at the desired destination. Training is no different; it is essential to have a clear plan and a solid understanding of why we are employing a particular program.

For this reason, our TRIP methodology requires that we begin with **intentionality**. During the early planning process, it is essential that leaders achieve clarity by answering these fundamental questions:

- Do you believe that it is important to invest in the development of your leaders?
 - ❖ Does your senior leadership team share in that belief?
- What is your leadership development strategy?
 - ❖ Is senior leadership aligned with the training strategy?
- Does the proposed leadership program(s) align with your organization's values, mission, vision, and succession planning program?
- Why are you conducting the training? Do you intend to
 - ❖ Provide a benefit/perk?
 - ❖ Satisfy regulatory requirements by holding compliance training?
 - ❖ Engage in skill building and performance improvement?
 - ❖ Initiate a behavioral shift – i.e., a change in culture?
 - ❖ Initiate or improve succession planning?
 - ❖ Inspire your team?
 - ❖ Something else?
- What are the desired learning outcomes?
 - ❖ Are you expecting to see shifts in
 - Attitudes?
 - Behaviors?
 - Skill sets?
- What is the expected impact of the training on individual performance, department performance, and overall organizational performance?
 - ❖ Have you established a strategic path connecting leadership training to bottom line business results? What value do you expect the training to provide for your organization?
- How will leaders be held accountable for supporting the program before and after it takes place?
- What kind of support will the leaders themselves receive?
 - ❖ Are they being coached? By whom?
- How will learners be held accountable for applying the training?

- Is your ultimate goal to ensure that the knowledge, behaviors, and/or skills that are being learned will be consistently and effectively applied on the job?
 - ❖ If so, how will you track the progress that learners are making in applying the training when they return to work?
- Does everyone understand their roles and responsibilities before embarking on this leadership development journey?

Not many think of leadership training as a strategic exercise, but it most certainly is. It must be! You wouldn't run your business without a financial plan or an overall business strategy defining markets, products, services, etc. Isn't creating a strategy around leadership development just as essential when it comes to deploying the hundreds, thousands, or even hundreds of thousands of leaders and employees who will carry out your business strategies?

There must be a formal plan for training—an established path and clearly identified outcomes. Our TRIP program will help you lay out these vitally important factors.

Leadership Development – The Journey

Leadership training is not an event; it is a lifelong journey. It is not simply about creating a good classroom experience; it is about *learning*. It is about taking new knowledge out of the classroom and applying it to day-to-day performance.

Leadership training should be a strategic, purposeful, and measurable process. Each training initiative should increase the value of each leader by improving his or her knowledge, skills, and behaviors, thereby enabling these leaders to meet and exceed individual and team expectations in order to achieve breakthrough business results.

A leadership training program should be viewed as the *beginning* of the leadership development process, not the end. It is essential that after the program itself has ended, the learners are engaged in a planned, sustained effort to maintain momentum and encourage individualized learning. (We will address this further when we talk about measurement and ROI.)

Almost every business leader in America will say, “Our employees are our most important asset.” If we truly believe this, our actions must reflect that belief. And we must remember that leaders are people too! They are our essential players in

executing our strategy and achieving business goals, and thus they should be given every bit as much encouragement and support as everyone else in our organization.

Measurement/Leadership Training ROI

All of us who work in leadership development wonder at times how effective our work actually is. Sure, we can develop a rousing program, present compelling concepts, and entertain a crowd. That's often what clients ask of us. But there are a myriad of factors that contribute to producing topflight leaders. How does spending hours cooped up in a constrained learning environment actually end up producing superior leadership? It's a question worth exploring!

At People First International, we have compiled an impressive array of anecdotal evidence about the value of our People First Strategic Leadership Training. But we have also met with prospective clients who insisted that we provide them with bottom-line ROI statistics. We always left those conversations feeling a little frustrated and questioning our own data gathering capabilities.

Our inability to answer these questions was the impetus that set us on a quest to get answers and bridge the gap between leadership training events and the long-term impact on the organization. That is how the TRIP methodology came into being. **TRIP** – **T**raini**R** Results **I**mpact **P**ath – is a prescriptive, behaviorally based, developmental path that guarantees the most successful transfer of all your leadership training efforts.

Traditional Approach to Learning Measurement

To appreciate the impact of our TRIP methodology, it will be helpful to review the traditional approaches to measuring the impact of training and development initiatives.

One method commonly used is the “seat of the pants,” gut-level feeling that a particular leadership training course or intervention is valuable and worthwhile. Based on positive feedback acquired during and immediately after the training session, leaders reason that participants must be learning a lot, thereby creating value for the organization. While there may be some truth to this intuitive approach, it is a far cry from generating compelling evidence that the program is truly delivering a solid ROI.

Most training professionals are familiar with Donald Kirkpatrick's four-level training evaluation model. At the conclusion of training, many participants complete a **Level 1 evaluation**, often referred to as a "smiley sheet." Level 1 is the reaction level and merely collects the learner's initial perceptions.

In **Level 2 evaluation**, participants are evaluated on learning transfer or skills attainment. This evaluation method typically takes form as a cognitive test, such as multiple-choice or true/false questions. Another type of Level 2 evaluation would be a hands-on skills test, where the student actually performs a task in a certain way, within a given time, under certain conditions.

Level 3 evaluation measures the application of skills in the workplace by asking and answering, "Does the learner effectively use the new skills presented in the training?" Outcomes are measured by observable behavior. While Level 3 is relatively easy to measure, it is rarely conducted in most organizations. Many HR and Development professionals are unsure where or how to begin this process. And it requires a great deal of time . . . time that these busy men and women simply don't have.

The learner's ability to apply a new skill in the workplace is subject to many organizational forces. Kirkpatrick's **Level 4 evaluation** measures the training's impact on the organization. This may be quantified by reduced turnover, increased production, increased sales closing percentages, or other performance metrics.

Because many variables contribute to performance, a direct correlation to the recently concluded training is difficult to establish. The Level 4 results may or may not be a true indicator of how much learning has actually been applied. Because the level of complexity and investment of time is even greater for Level 4 evaluation than Level 3, you simply do not see it attempted in most organizations.

Jack Phillips introduced **Level 5 evaluation**, called Return on Investment (ROI). This measures the ultimate impact of training on the organization in dollars and cents. Level 5 evaluation tells an organization exactly what value was created (or not) by a specific training intervention.

While not exceedingly complex, this process requires a significant investment of time for planning and execution. Separating specific contributions of an actual

training event from other organizational influences on employee performance¹ can be challenging; some professionals question if it is even possible. In spite of this, a few organizations have successfully utilized this approach to measure the value of a particular training program or performance intervention.

The vast majority of organizations, however, see the implementation of these higher levels of evaluation just described as presenting an insurmountable challenge. They perceive them as too elaborate, too costly, and difficult to deploy; thus most organizations rarely get past Level 1 or 2.

There are those who continue to try to connect the dots when it comes to leadership training ROI. During our research, we found a very effective approach to measuring training ROI, which was created by Dr. Robert Brinkerhoff. Brinkerhoff has successfully combined many of the essential elements for providing leaders with accurate, detailed feedback on training results and improved learning outcomes.

Brinkerhoff's work inspired us to look further into the effectiveness of our own *People First Strategic Leadership Certification Program*. In doing so, we assembled a meaningful, purposeful, and impactful approach for our clients to employ to determine the tangible ROI on our 12-week leadership program and their efforts to create a sustainable People First culture. That approach is our TRIP methodology.

We are grateful to these authors, who have made brilliant contributions to measuring the effectiveness of training. They have expanded our own thinking, and have allowed us to contribute to the development of a more comprehensive, thoughtful, and impactful approach to leadership training ROI.

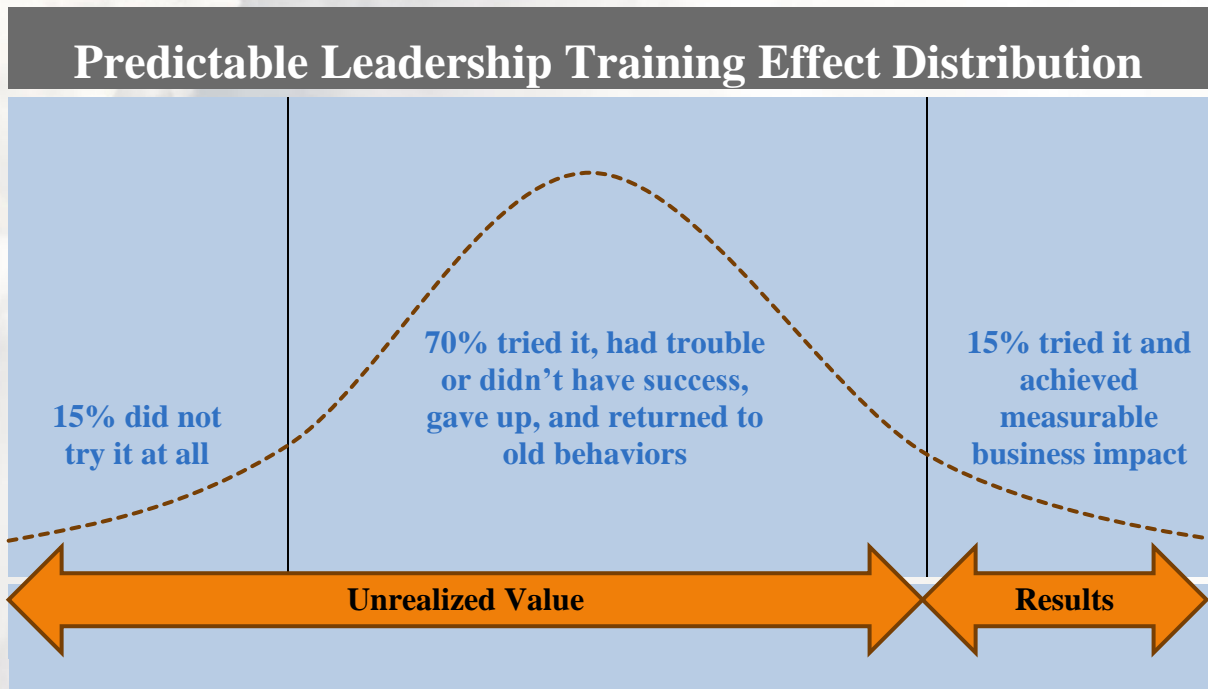
We intend to dramatically impact the methods used for calculating the ROI of leadership training learning outcomes. Our TRIP methodology allows us to take hard data—collected from learners, their leaders, and their direct reports—and use statistical analysis to estimate the level of learning that has been applied and the impact it is having on relationships and the achievement of business objectives.

¹ Such factors might include seasonal selling cycles, a recent change in compensation or bonus programs, or a change in economic conditions. These and other internal and external influences can create a “false positive,” where training *appears* to have made an impact on performance, when in actuality one of these other factors was the antecedent for positive performance.

FACT – If you put 100 co-workers through leadership training, odds are that 15-20% will actually apply what they learned in a meaningful and impactful way. We want to help you change those odds!

(See Figure 1 – The Predictable Leadership Training Effect Distribution below)

Figure 1 - Predictable Curve



Moving the Curve

It is our sincere intent and desire to work with leaders and move this curve in a healthy and productive direction (See Figure 2 on the following page).

We will achieve these results by employing **TRIP** – **T**rainin**R** Results **I**mpact **P**ath methodology.

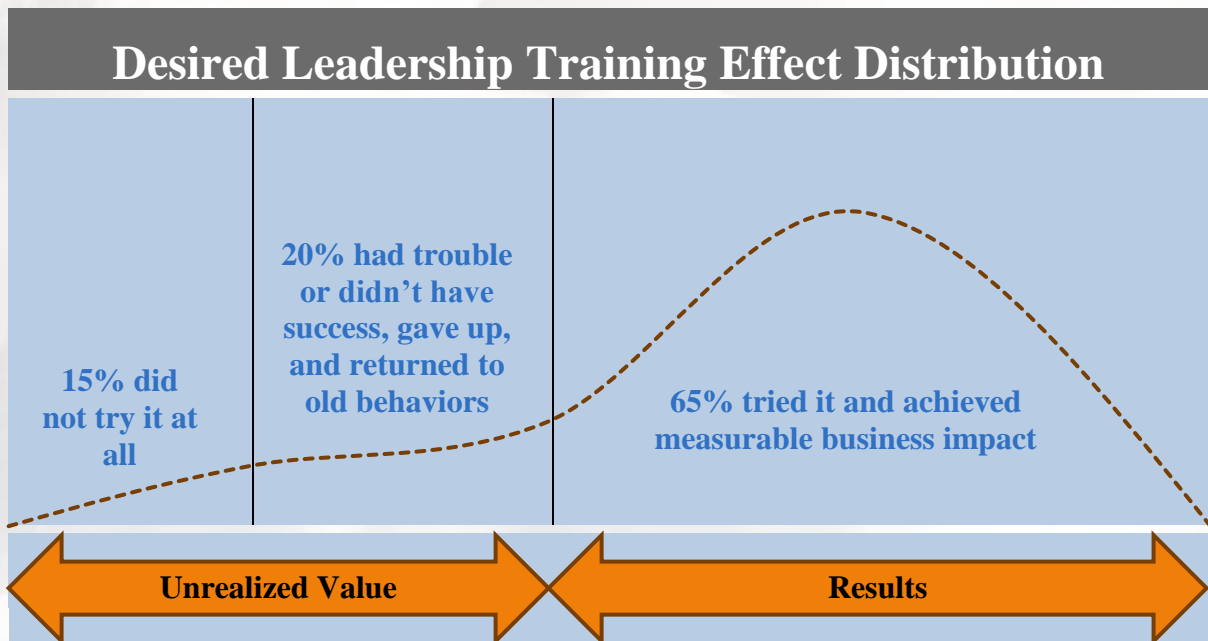
TRIP's goals are twofold:

- (1) To create alignment between your leadership training and your key business imperatives.
- (2) To establish the After Training Factors (ATFs) that will maximize the training's impact, thereby ensuring that the training supports the your business goals.

The intent in developing this TRIP methodology is to work with leaders to reshape Figure 1's bell curve of futility and help leaders realize that moving the curve isn't just about the training dollars left on the table but also the enormous lost opportunity for growth and positive impact on all employees...and on the bottom line.

As leaders we owe it to our employees—and that includes our leaders—to provide the best tools possible for performing at their highest and best. We must shape a high-powered culture that encourages and inspires leaders to apply what they have learned and to continue to develop and grow.

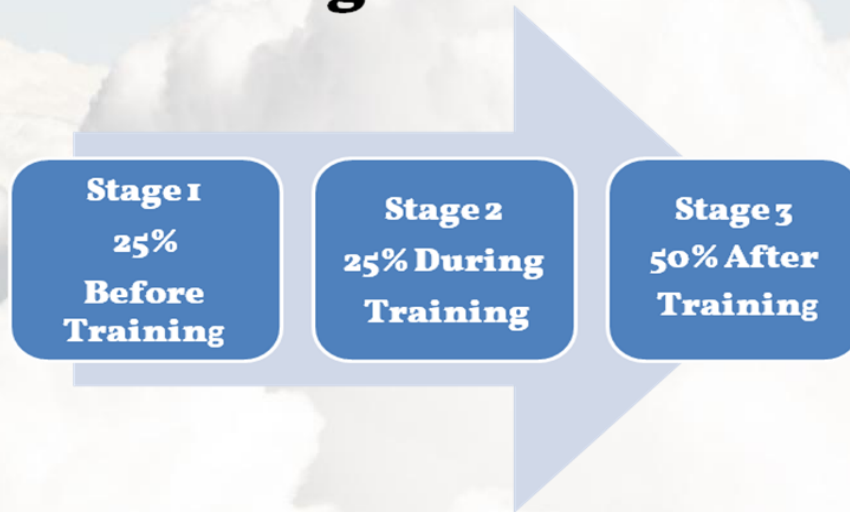
Figure 2 - Desired Curve



Where do we begin in our quest to shift the curve and increase bottom line results? Our TRIP begins before the training even occurs.

As part of our **Training Results Impact Path** (TRIP) methodology we employ the **Training Effect Model**, shown on the following page. The model identifies three stages of training impact and posits the percentages of real learning that take place before, during, and after a successful leadership training event. We have found that all these stages are essential in improving learning outcomes, achieving leadership mastery, and positively impacting the bottom line.

People First® Leadership Training Effect Model



Stage 1: This stage is critical. Twenty-five percent of the leadership training outcome is determined before the learner even enters the classroom. Therefore, to ensure high levels of success and application, it is important to clearly and formally define your leadership training strategy. It is essential that learners and supervisors come together and gain clarity around the following points:

- What the intended benefit(s) will be for them
- Why they are attending the training
- Explaining the leadership training strategy (we have a detailed and structured format for helping leaders define their leadership training strategy)
- What role the learners will play in identifying and seeking support in removing any barriers they may encounter in their attempts to apply their new skills, knowledge, and behaviors. In other words, mutual accountabilities must be defined. This process should be viewed as a partnership between leader and learner.
- What new behaviors their supervisor expects as a result of attending the program
- What support and coaching the supervisor will provide in removing barriers to applying the learning
- And, most important of all, how the training aligns with departmental and organizational objectives

When these factors are established and clearly communicated prior to the training event, learners have a vastly increased sense of *ownership* in the program. This “pre-work” creates a vastly greater probability that learners will have an excellent learning experience. They know the *what* and the *why* and they are clear about expectations. There is intentionality right from the onset of the leadership mastery process.

Stage 2: The next 25% of a positive training outcome is realized during the actual event. This is derived from the quality of the course content and the ability of the facilitator presenting the material. Both elements are essential; content and delivery go hand in hand. Without a dynamic facilitator, the content will be flat and learning will be minimal. However, a program led by a dynamic facilitator that lacks concrete and relevant information has no value ... other than learners having a good time.

Stage 3: The remaining 50% of the leadership training value is realized *after the training event has ended* and is determined by what we call the ATFs (After Training Factors). In other words, are all elements in place for learners to successfully apply their newly acquired knowledge, skills, and behaviors in a meaningful and impactful way? Can they make the connection between the training content and their business goals? Has a follow-up coaching process been put in place?

Will learners engage in a robust process of self-reflection and solicit unflinching feedback from others? These post-training elements create alignment between the leadership training experience and the performance management system.

To be sure, failures can occur in the training stage of the process, but we have discovered that a training event’s failure to produce positive results is caused by failure to attend to the ATFs. It is vitally important for leaders to recognize and evaluate these factors and identify the variables that will encourage or hinder learning mastery. When that has been done, the leader should further engage with the learner by providing the all-important follow-up coaching to enhance performance.

Here is the question that leaders must ask and answer: *Have the appropriate enablers been put in place to ensure a higher application rate and transfer of knowledge?* Or is it likely that the learner will return to work and fall right back into “business as usual,” receiving little or no instruction and encouragement on employing their newly acquired behaviors and skills?

As presented in Figure 1 (page 9), some learners will use their new skills and achieve extraordinary results; some will not use their new skills at all; and the vast majority will attempt to apply what they have learned without realizing immediate, positive results. They will encounter some barrier or resistance, and ultimately decide that it is easier to stick with “the way we’ve always done it.”

TRIP – Robust Methodology for Determining Leadership Training ROI

To ensure that you enjoy a solid return on the investment of your training dollars and impact business results, you must clearly and unequivocally determine the ROI of your leadership training initiatives!

Leadership training must include all 3 Stages of the Training Effect Model that were explained on pages 12-13. We wish to reemphasize that the advance work done in Stage 1 is essential; this is where a successful TRIP begins!

Leadership training must be viewed as a key business execution strategy, and thus it is essential that your evaluation provides clear, measurable behavioral objectives (i.e., behaviors that can be observed by others) to determine if the learners have applied their new-found knowledge and/or skills. In addition, learning outcomes must be tied to organizational goals and hard-dollar value.

Our TRIP methodology provides credible and compelling data that not only measures the business impact of leadership training, but also identifies who applied the training, how it was applied, and what impact the new skills and behavioral applications are having on the experience of all stakeholders and on your bottom line.

In other words, using TRIP helps leaders evaluate how well the members of your organization are using training to get results. It asks and answers the questions “What’s working and why? What’s not working and why not?”

TRIP examines the After Training Factors (ATFs) that are in place, seeking to identify the enablers of success, the barriers to successful implementation, and, most importantly, determine how to increase the enablers and eliminate all barriers to the application process. Our method also identifies the cost to the organization when the ATFs fail to support implementation and align with the performance management chain.

As important as this hard data is, TRIP goes even further and assesses the soft skills, social interactions, relational factors, and other subtle outcomes that are usually considered difficult (if not impossible) to quantify. For example . . .

- What (if anything) did participants learn that was new?
- How (if at all) did participants apply the new learning to job-specific behavior(s)?
- Did applying the learning produce any sort of worthwhile outcomes?
- What feedback mechanisms are in place? Have the learners created any kind of peer support function? If not, why not? What can be done to make peer support even more impactful?²
- How have individuals been encouraged and inspired to apply their new leadership skills and behaviors? What incentives are in place to apply the learning?
- Have accountabilities been established for both learners and their supervisors?
- How widespread is the success of the leadership training program? Did the leadership training only create positive impact in some pockets of the organization, such as particular departments or individuals?
- What is the realized value of the leadership training? Can you identify with confidence what percentage of participants are successfully applying the learning?
- What is the unrealized value to the organization? What percentage of the participants never applied the learning or tried and gave up? How many invested training dollars were “left on the table” because of this lack of success?
- How do the benefits of the program compare to the costs?

Bottom Line

The bottom line is that we must create a long-term strategy and work together as leaders to change the way that leadership training is perceived, delivered, applied and measured. We can no longer accept “smiley sheets” as evidence that leadership training was impactful. Identifying the profitable outcomes from leadership training is the responsibility of all the leaders in an organization.

² Our TRIP methodology utilizes a structured process in which learners enlist a High Impact Learning Partner and/or a High Impact Learning Team. This is actually part of our after-training process, where we focus on deliberate practice, reflection, and identification of learning partners, creating powerful, “real-time” feedback loops.

Creating accountability for training's impact cannot be delegated to a training department or an external consultant. As leaders, we must hold *ourselves* accountable for the development of a robust and impactful leadership mastery process that invests in today's leaders and those who will follow them tomorrow. We must collect the stories which provide powerful, concrete evidence that learning has actually taken place, has taken hold in the organization, and is being applied in a constructive, purposeful, impactful way.

TRIP provides our clients with a systemic and a systematic method of measuring and evaluating the impact of leadership training initiatives in a way that is "real," reliable, and compelling.

It is our intent to help leaders shift from grumbling, "I suppose we'd better offer leadership training." Instead you'll be grinning at the other members of your team and exulting, "Look at this ROI! What a great investment we're making! We can actually *see* the value that leadership training is bringing to our bottom line!"

We encourage you to contact People First International to learn more about how this remarkable program will help you translate your investment into the top line (your people) directly into a handsome rate of return on your bottom line.