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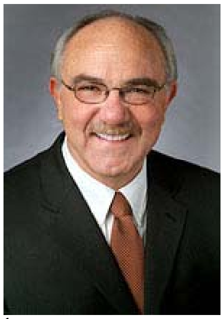
Tips for Better Returns on Training

By LAURA LORBER

In a business downturn, employee training may be the first budget to be cut at a small company. The ax may fall faster if its return on investment is uncertain. But the right training has the potential to have a dramatic impact on a company's bottom line, and a program that raises the level of employee engagement can help retention.

With so many other priorities, small employers are unlikely to spend the time and resources to study their training's return on investment. So how can they make sure their training dollars are well spent?



1

Courtesy of the company

Jack Phillips

WSJ.com spoke to Jack Phillips, chairman of ROI Institute Inc., a consulting firm based in Chelsea, Ala., that shows companies how to measure their return on investment in human resources and other business areas. Here are his tips for small businesses to help ensure they get a good return on their training spending.

1. Align the training with a business need. The top money waster in training is signing up with a program that doesn't address the problem they want it to solve. Small companies may be more likely to fall into this trap because unlike larger companies they typically don't have a training staff that can do a needs assessment. The owner or a manager might read a book, for example, and "employees get excited, and they say, OK, let's try it," says Mr. Phillips.

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2

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A business owner might need to think through what is causing this problem he or she wants to fix. If the issue is really that employees don't know how to do something, training can help. But sometimes problems are caused by other factors, and training isn't a solution.

2. Get managers on board. The second most common reason training fails, behind the business-alignment problem, is a lack of support from the managers. The person who has the most influence on the trainee is his or her immediate manager. "If managers don't support it, their employees won't use it," he says. "If I'm paying for this, I'm going to go to those managers and say, 'You're OK with this training?' "

3. Seek proof that it works. Many small companies hire vendors to conduct their training. Before signing on the dotted line, find out whether the company has data to show its program's impact on the bottom line at other organizations in the past. "If they have no answer, you get a little concerned," he says. Even so, a vendor may run an analysis for you if you ask.

4. Ask for an evaluation. A trainer's willingness to assess the program's success can separate the good vendors from the not-so-good. A progressive vendor may be likely to want to gather data so it can show its results to future clients. But a review takes time and resources, so a vendor may ask for an additional payment. It's reasonable for a small-business owner to offer to pay for half the time it would take to conduct an assessment, he says.

5. Set goals and follow up. Most small companies don't take the time to evaluate their training, but doing so is becoming more important as employee costs rise and training disrupts workflow. Consider looking at these four levels of objectives: how you want employees to react, what they learn, how they apply it, and the impact on the business.

When it comes to business impact, timing is key. If done too early, the changes may not have had a chance to have their intended effect. If you wait too long, the effects of the training may have already waned.

The most valuable and easiest follow-up is often a survey at the end of the training session to see if employees found it useful, practical or motivational, among other reactions. "That's important," says Mr. Phillips. "If employees don't react positively or see a need for it, they often reject it."

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