

Addressing the Strategic Issues Around Training and Development Investments and Realized Benefits.

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According to the American Society for Training and Development, American businesses will spend an estimated \$50 billion on training and development in 1999. The age of investing in the learning organization is here. And with it, business leaders, especially the ones putting up this \$50 billion, ask, "What are we getting for it?" But there is nothing new about this. For about forty years now, businesses have been trying to measure the benefits of training. Some progress has been made, but some remains.

Providing proof of the benefits of training, when it means precise bottom-line evaluations, is hard, expensive, and time-consuming. On the other hand, providing evidence, and not proof, of the benefits of training is easier. Evidence, for it to not only be credible but also convincing, needs to go beyond statistics on the volume of training hours delivered and the demographics of people that receive training. It means articulating and examining the cause and effect linkages to explain the dynamics of the system that lies between training investments and realized benefits. Only by understanding and communicating these linkages can we provide convincing evidence on the benefits of training that can be traced back to the initial investments.

We documented these linkages, the assumptions behind them, and our hypothesis for how the linkages create behavior in a system dynamics model. The model helps address the strategic issues around training investment and realized benefits in several ways. First, the model, including the process of building it and the finished product, provides the means to articulate and communicate the strategic issues in measuring the impact of training on business results. Second, the model informs decision-making by making explicit the system of cause and effect linkages that lies between training dollars invested and the impact of those dollars on the company's performance. With a better understanding of the dynamics, executives are equipped to make better decisions on the magnitude of training investments, the type of training programs to invest in, and the metrics to use in measuring training benefits. The third use of the model is in providing the means to test the value proposition of training in conjunction with the assumptions that underlie training investments. Fourth, the model helps solve existing problems with training by helping identify disconnects and inconsistencies in the current training activities. Finally, and probably most importantly, the study provides managerial insights and practices that can be applied across organizations.