

GETTING THE BEST FROM LEARNING & DEVELOPMENT BUDGETS IN CHALLENGING TIMES

It is almost a cliché of the business world that when money is tight, Learning & Development budgets are amongst the first to be cut - and the present macroeconomic climate means that for most organisations money is tight right now. Of course financial difficulties are affecting some organisations more than others but few, if any, are unaffected by the current global downturn. CIPD research on Talent Management practices conducted during November 2008¹ had 20% of respondents reporting reduced learning and development budgets, and more suggested that business might be further affected during the succeeding months.

Learning & Development (L&D) professionals can respond to this situation in at least two contrasting ways: they can choose to bemoan the budget-cutting short-sightedness of their business communities - or they can choose to plan proactively to generate more business value with limited resources. The purpose of this article is to reflect on some options which may support this latter course.

Achieving value from L&D budgets derives from both qualitative and quantitative thinking.

Qualitatively, the issue is to focus on those uses of resource that will best support the business in the external climate it faces, helping it to survive, to remain strong and to prepare for the upturn - which will come. This is about best value from the resources invested, and includes developing the right people, in order of learning priority.

Quantitatively, the challenge is to deliver this 'best value' to the greatest number of people, in the minimum of time and at the lowest possible cost.

Qualitative approaches

- 1. Prioritise mission-critical learning.** Ensure that the review of needs on which learning and development is based is truly aligned with the business priorities of the organisation - building and maintaining its areas of core competence. Check - and recheck - with the business community what these priority learning areas are (skills, knowledge, attitudes). Investment in such learning must be championed energetically in all budget discussions, and a rapid, agile response from learning & development professionals becomes vital.
- 2. Check who are the highest priority learners.** There may be difficult choices between costly development for the few and more cost-effective learning for the many. This is talent management in the widest sense, because core competence is likely to be distributed widely in the organisation, and at all levels. It is not the preserve of a limited number of identified "high potential" individuals, but is embedded in the much larger number of people who produce the organisation's output, be it product or service. Sustaining the skills and motivation of this wider population will be key to the organisation's future, positioning it well for the upturn; failing to do so puts at risk the quality of the organisation's product or service, threatening its position with its customers.

¹ "The War On Talent?" - Copyright © Chartered Institute of Personnel and Development 2009 - February 2009 Ref.4685

3. **Pay attention to talent management issues.** Despite the comment above, organisations which fail to continue investing in the development of their high potential people also increase risk. It is inevitable that an organisation's best people will be those most eager to add value to themselves as well as to the organisation for which they work. This is what makes them valuable. If they are denied rich opportunities to do so, retention will become very much more difficult - and probably more expensive - as competition for their services focuses on salary. Even in times of tight budgets, it remains a cost effective strategy to continue nurturing high-level talent - though approaches to development may need to change.

The greatest priority (in good times as well as bad, actually) is to maintain a strong, open dialogue with those whose high potential is recognised, showing by actions as well as words that they are valued. Good quality mentoring by senior managers, perhaps in partnership with L&D professionals, can help the organisation underline this message, and sustain active development for highly-talented people. Such continued investment in them sustains a key aspect of the psychological contract, reducing the likelihood of losing these highly-valued people to other organisations when the market eases.

4. **Leadership talent matters.** There are also talent management implications in getting Learning & Development wrong in relation to the organisation's leadership talent pool. The CIPD research mentioned above found concerns that reduced budgets
- could limit individuals' career progress, or
 - could expose them to more challenging roles without adequate development.

Of these two issues, the latter represents risk to an organisation's leadership strength which could certainly affect product or service delivery in the short- to medium-term, and strategic position in the longer term.

The other - limiting career progress - carries with it two distinct risks to the organisation's talent pipeline. The more obvious and immediate is that some of the best people (it will always tend to be the best) will look for career opportunities elsewhere. Less obvious is the disruption to the 'talent pipeline', as potential future leaders will have lost valuable opportunities to gain the experience which would equip them for excellence in more senior roles.

In either case, the consequence is that the organisation will emerge from the present recession with too few talented people to lead the recovery process - or that they will have to be recruited expensively from outside.

The qualitative approach to getting the best from L&D budgets in difficult times comes down to two simple propositions:

- be sure that you focus on and protect learning of key skills, knowledge and attitudes, and
- be sure that you focus on and protect learning opportunities for the people most vital to your organisation's success.

Quantitative approaches

A further finding of the CIPD research was a focus by some professionals on achieving greater value by doing things differently. If the 'qualitative' issues are properly resolved, this comes down to choosing your learning delivery vehicle carefully! The aim is to deliver effective learning at lower cost per head.

1. **Individual, "on-demand" learning.** Over the past couple of decades there has been a move to increased use of low unit cost distance learning techniques. As bandwidth has become more plentiful (and cheaper!) this has frequently used technology-based solutions. At their best, and where the learning need is for factual information and certain types of analytical skills, such approaches can yield excellent results. On-line modules especially can include the option of objective testing, supporting strong learning evaluation - though care is needed in the design of such testing if it is to be meaningful ("Bloom's Taxonomy"² provides a helpful basis for design of both learning and testing).

In straitened times the issue may not only be ensuring that distance learning is the right vehicle for the learning needed ("Can it best help learners to meet learning objectives?") but whether necessary funds are available "up front" to design suitable new, high-quality learning material. Of course well-designed legacy learning programmes may continue to deliver excellent value for some time, perhaps with a widened 'catchment'.

2. **Pay attention to the whole learning process.** Where formal courses or other learning events are used, getting greater value from them (achieving better learning outcomes in shorter times) can be enhanced by embedding the course deeply in an ongoing learning process. All learning and development professionals will have worked hard to promote effective pre- and post-course learning, but this is the time to make such efforts stick! Achieving this requires four major steps:

- Engaging the participants' line managers. This is frequently difficult but remains the key to the success of the following steps. Learning and development professionals must market 'the learning process' over some months, rather than 'the learning event' over a few days, and must step into partnership with line managers, helping them fulfil their key role of developing their own people.
- Defining clearly which aspects of learning can best take place in the work setting, prior to the learning event, and designing short projects and activities to stimulate these (usually focusing on "concrete experience" and "reflective observation"³).
- Identifying opportunities (or categories of opportunity) for continuing learning/application of learning after the learning event and, again, designing suitable projects or activities to promote this. Such a process is considerably enhanced by forming action learning sets⁴ at the learning event and by supporting/facilitating these after the event. This can work very well even with geographically diverse 'sets', using teleconferences for action learning set meetings (in my own practice I have facilitated such meetings using voice conferencing combined with online collaboration tools).
- Documenting and communicating the pre-work in a clear, challenging and unambiguous way that engages participants as partners in their own learning.

² "Taxonomy of Educational Objectives: Handbook I, The Cognitive Domain" - BLOOM et al. (1956)

³ "Experiential Learning: experience as the source of learning and development" - KOLB, D. A. (1984)

⁴ "ABC of Action Learning" - REVANS, R.W. (1998)

3. **Action Learning.** This is an excellent time for business leaders, as well as learning & development specialists to revisit Action Learning. This was mentioned in the context of the learning process (above), but the approach is a valuable, cost-effective learning and development tool in its own right. I quote from the relevant CIPD factsheet⁵:

“Action learning works at all levels where individuals have some responsibility for the introduction of new ways of working or the achievement of complex tasks. It is especially useful where learners have to learn how to work across functions in an organisation, or across organisations. It can be used at a wide range of levels from recent graduates to those at senior levels in organisations.

“Action learning can also make a major contribution to organisational change by freeing up inflexible or traditional thinking and finding new solutions to respond to changing environments. It can be used to introduce or reinforce a new style of leadership, or to help members understand or implement their part of a general change programme. ...

“Action learning is a highly effective means of learning, with low cost.”

4. **Rescheduling.** Another approach is to reschedule and postpone the most expensive learning events (in terms of cost per head), perhaps offering great alternatives, where these are not mission-critical in the short term. Two examples come to mind here.
- High unit cost Business School courses, typically aimed at ‘high potential’ people, are often designed to affirm (and retain) those people, as well as to provide a rich learning opportunity and (frequently) to offer them an enhanced personal network. With a little careful thought it may be possible to offer equally rich learning through vehicles such as secondments (which could include exposure to other organisations) and project leadership opportunities (including ‘third sector’ projects outside the home organisation) combined with active coaching or mentoring. The talent management payoff comes from giving much-valued personal attention to each individual’s growth, involving them in the process of designing their development.
 - The second example is that of “high touch” development programmes - intense behavioural programmes designed to build personal effectiveness. Such programmes are inherently expensive due to the necessarily high trainer to participant ratio. Personally I value such programmes highly as tools for transforming both individual and organisational effectiveness; however, where the need is not immediate and business-critical, judicious resequencing may release resources for other approaches which have a significantly lower per-participant cost.
5. **Larger events.** Learning technologies which deliver learning to more participants at lower unit cost do exist. Here are two examples:
- For delivery of content-rich material, it is frequently possible to invite very able presenters from business schools or the private sector to deliver short inputs to larger groups. These may be invited, high-potential groups or more widely available; the sessions may be prescribed or offered on a voluntary basis (for example, at the end of the working day). Although the presenter cost may be relatively high, the lower unit cost of delivering excellence in both content and presentation can deliver great value - especially if senior managers also attend.

⁵ “Action Learning” - a factsheet published May 2008 and available from www.cipd.co.uk © CIPD 2008

- Highly-experiential programmes can be run for larger numbers, too. For example, a single trainer can run a well-designed “lived-in” (not computer-based) business simulation over 2-3 days for groups of 30-40 participants. The level of energy, excitement and the range of learnings that can be addressed in this way (finance, supply chain, sales and marketing, leadership, personal effectiveness ...) is limited only by the creativity of the organisation and trainer. Moreover the shared experience creates a significant ‘critical mass’ effect in the organisation, delivering high-value and long-lasting learning results at relatively low unit cost.
6. **Insourcing.** Where external consultants have been used to deliver programmes in the past, consider bringing this expertise in house. Working in larger organisations, it was part of my own strategy to maintain a ‘pool’ of trainers capable of running each of our major development programmes, ensuring that the pool always included a mixture of externals and well-developed internal trainers. This is not a cheap or short-term option, because it takes time for internal trainers to develop a level of competence on a particular programme equivalent to that of an external who may run it several times a month. However it is worth reviewing the balance of costs and benefits of such tactical changes.
 7. **Leverage in-house expertise.** There will undoubtedly be people within the organisation who have expertise in key areas, but may not have good skills in passing on their knowledge or skill. Examples may come from technical, supervisory, finance, HR, leadership, project management and other roles in the organisation. It may be possible for L&D specialists to work with such acknowledged ‘subject matter experts’ to develop creative ways of engaging learners with their area of expertise. In addition the ‘experts’ themselves can be trained as trainers or facilitators. This benefits both individual and organisation competence; it also provides a cost-effective training resource, allowing the organisation to substitute expensive external resource with good quality alternatives.
 8. **Localise.** For larger organisations, costs may be reduced by bringing relatively local groups together for learning experiences, rather than incurring large travel costs. At a global level, I have clients who choose to bring regional groups together, saving on intercontinental travel (except for the relatively small number of trainers). Nationally it may be effective to bring staff from the units across one city or region together for a learning experience, rather than gathering staff from across the country at a central point.

Conclusions

The current business climate poses real challenges to organisations, and this is having direct impact on learning and development functions. However this is not a time for retreat, but a time for clarity and courage:

- Clarity is required to think objectively and powerfully about how learning and development **expertise** can play its part to sustain and build an organisation, positioning it to lead its field as the economy begins to recover.
- Courage is required from learning and development **professionals** to champion their distinctive and valuable solutions amongst the many competing voices.

With careful attention to both qualitative and quantitative issues, it is possible for Learning & Development specialists leverage their expertise and to increase their value to the organisations for which they work - even in challenging times!

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