JOURNAL of PRACTICAL CONSULTING

When Training Costs Too Much and is Not Enough!

Don Brawley, III

According to the December 2006 issue of *Training and Development*, American corporations spent approximately $109 billion dollars on corporate training in 2006; however, their estimates also suggest that as high as 90% of all training dollars fail to achieve a positive return on the bottom line. While historically entrenched in modern organizational life, corporate training initiatives prove they are no longer sufficient for HR development since they do not motivate employee learning or teach employees *how to learn*. In today's dynamic, interconnected, and global environment, on-going, experiential, and organization-wide learning is paramount for sustained competitive advantage. Outdated training methods must now give way to newer and more effective learning models, like coaching, that are better suited for continuous learning, organizational adaptation, and individual behavioral change needed within post-modern organizational contexts. Despite training's previously cited shortcomings, it will still have a place in organizational life; yet, it is unlikely it will remain the primary vehicle of development it once was.

History of Training

During the 1960s, corporate training focused on employee motivation factors, management training, and organizational development. However, it was not until the 1970s that human resource agents began examining how group dynamics, management methods, and interpersonal skills affected the bottom line. By the 1980s, total quality management drew emphasis on quality training and management. During this time, David Kolb theorized that experience-based learning was the source of learning and development. Further, accommodating learning styles helped trainers tailor their efforts by offering an array of teaching techniques and experienced-based learning through role play, case studies, lectures, feedback, readings, fieldwork, and observations. These training efforts were considered very effective particularly when they resulted in behavioral changes that increased the bottom line. But times have changed and consequently so have the effects of training initiatives in delivering positive results today. Somewhere between the 1980s and the new millennium something happened.

During the 1990s, personal computers and the World Wide Web became popular tools that changed how information was created, accessed, and shared. Companies were forced to compete in global markets where organizational learning became vital to continued success.

Journal of Practical Consulting, Vol. 2 Iss. 1, 2007, pp. 16-22

ISSN 1930-806X

Currently, national and global companies continue investing in on-going training initiates with hopes of creating learning organizations capable of thriving during times of sudden change.

While training initiatives still have a place in organizational life, traditional models of training do not sufficiently prepare upper-level employees for post-modern organizational challenges. Historically, training focused on developing specific skills within a classroom or another offsite setting. Often these skills either did not apply to the individual employee's context or were not transferred from the classroom into organizational life.

This is not to say that traditional training initiatives will not retain a valuable place in corporate life because they will and should. According to the *Management and Training Journal*, there are several reasons for considering training in your organization:

- When new business opportunities arise.
- When a new system or technology must be implemented.
- When existing training programs must be updated or revised.
- When new job responsibilities must be assumed by people.
- When jobs must be up-graded.
- When organizations undergo down-sizing or corporate mergers.
- When organizations experience rapid growth.

While training still holds an important place in organizational life, it does not hold the *same* place it once did. Essentially, training should still be considered during times of internal organizational change. This is not new news; however, what is new is the change in organizational focus.

A New Era of Employee Development

In the past, the internal operations of organizational life were the focus of development and training efforts. Modern organizations were hierarchically structured "command and control" centers arranged for efficiency. People were generally treated as mere means to organizational ends. While some people worked diligently to climb the so-called "corporate ladder," others were grateful to be hired and trained for one position they could retire from. This is no longer the case.

The Information Age changed the world. It is seemingly much smaller and more connected than ever before. As a result, organizations are flatter, employees empowered for decision-making, and all upper-organizational members are expected to be forward-thinking and globally-minded. Nonetheless, long-term job security went out the window with all the other changes associated with the Information Age. This is clearly seen through the increasing number of people unemployed because of corporate bankruptcy, down-sizing, and restructuring. As companies no longer offered job security, employee loyalty to organizations weakened. Today, roles have reversed; employees see themselves as an organization's primary asset.

Employees are no longer recognized as just organizational resources; rather, they are considered an organization's *greatest* resource. The skills they bring and the effort they exert often determine whether an organization is good or superior. In recognition of this, employees won't stay with organizations that do not provide realistic yet challenging personal development opportunities.

Journal of Practical Consulting, Vol. 2 Iss. 1, 2007, pp. 16-22

ISSN 1930-806X

Perhaps even more importantly, human resource professionals recognize that an employee's commitment to their own personal development and learning supersedes skill attainment in providing their organizations' competitive advantage. Training and on-going learning can be likened to the old proverb that says, "Give a man a fish, feed him for a day; teach him to fish and feed him for a life-time." Training teaches, but employees are hungry and want to feed for a life-time!

Employee commitment to personal development and continual learning often may be more determined by personal motivation than personal training. Although training considers learning styles as a starting point for employee learning, it does not address the motivation needed for securing a continued commitment to it. Conceivably, this new age requires a new model for development.

Coaching: A Better Model for Learning

Our new global context increases the need for new learning models that support continual learning and adaptation. Traditional corporate training, designed during times of stability, is unable to deliver the goods today. Organizations seeking a competitive advantage must commit to learning and adaptation to achieve it. This requires continual learners and empowered leaders capable of independent problem-solving and committed to applying the new learning each experience brings.

While I do not suggest eliminating training altogether, I purport building upon it as training and organizational life have always evolved together. In her article, *Coaching for Improved Performance*, business Coach and contributing writer for *About: Human Resources* Robin Nitschke, states, "I have found that Kolb's learning cycle becomes so much more effective when approached from a coaching perspective. It incorporates 'empowerment causes involvement which causes commitment which results in increased performance.'" The next level of training is coaching.

Coaching addresses the often missed yet most critical part of employee learning and development: motivation and commitment. How? Inherently, it addresses an individual's personal goals, passions, and potential within a support dyadic relationship. In their article, *Personal Coach: This Coach's for You*, Teresa O'Neill and Brooke Broadbent say that "having a coach is like having a learning program tailored to your personal and professional development. And coaching is the ultimate self-directed learning experience because you identify your own issues, performance gaps, and obstacles." While in some ways coaching is still new to organizational life, in other ways it may be considered as ancient as Jesus and his 12 disciples.

Modern coaching began gaining real momentum in the 1970s. It started as a learning and discovery prototype composed of a partnership, a focus on performance, and the communication of insights. Over the last several decades, coaching models have evolved to meet the contemporary demands of organizations and the rapid changes within markets and industries. As these models evolve, leaders have questioned their ability to produce results.

For executives wondering if or how such coaching results can be measured, they can be. There is even better news. If you have used Kirkpatrick's Levels to assess your training initiatives, you will be pleased to know the same tool can be applied to assessing coaching results. Many coaches assert that there is a natural adaptation of the Four Levels Framework to human resource development programs, including coaching. This is how the framework might be applied within a coaching context:

ISSN 1930-806X

Level 1: What is the reaction to coaching for both the coach and the participant?
Level 2: What has been learned?
Level 3: How have behaviors changed?
Level 4: Are the behavioral changes of value to the company?

Kirkpatrick's four levels build upon each other and serve as one tool for evaluating the effectiveness of coaching in organizational life.

Coaching Processes and Results

Fortune 500 companies have already begun measuring the results coaching delivers. For example, Dell Computers has been tracking their return on investment for more than 5 years. Measurable results include 90% satisfaction from company executives. Also, those who participated in the corporate coaching program tended to be promoted more often than those who did not participate in coaching.

Despite misconceptions, performance coaching does not cater to poor performers; rather, it further develops managers and executives already performing. Coaching offers an individualized approach to leadership development by helping clients discover and assess their strengths, weaknesses, and even blind-spots. Coaches use 360-degree feedback results for improving their client's leadership and management capacity. Unlike a mentor-protégé relationship, coaches and clients are partners and peers in an individual's development process.

Clients take ownership of their personal and professional growth. Self-awareness, personal inquiry, and measurable behavioral goals motivate employees in achieving and building self-reliance rather than dependence. Coaching uses inquiry to build on an individual's natural strengths. The process helps develop employee elasticity, creates an awareness of shortcomings, and inspires personal commitment to development and achievement.

- Marce Fuller, President and CEO of Mirant Corporation, knows first hand how performance coaching helped his company. He reported, "The results we have seen in our organization speak volumes about the success [of coaching]. We now have a management team that is very focused on coaching and developing future leaders of the corporation and we also are working much more effectively as a team."

Today's managers work within a team context; therefore, intellectual ability alone is not enough to raise the bottom line. Managers work *with* and *through* others. The profitability of their organizations often depends upon whether they develop interpersonal skills enabling their successful interaction with others. At times, managers interact with internal supervisors and employees while at other times with external suppliers, advisors, and consumers. Research indicates that training and IQ account for as little as 20% of the difference between star performers and ordinary employees. The remaining 80% is attributed to emotional intelligence (EQ). Emotional intelligence is defined as the awareness of and ability to perceive, assess, and manage one's emotions in a healthy and productive manner and promotes intellectual and emotional growth.

IQ may affect what leaders are capable of, but EQ determines *how* leaders do what they can do. The days have past when those who have been trained can only be held accountable for what they do and not for how they do it. A study of 130 executives discovered how people

ISSN 1930-806X

handled their own emotions determined how much people around them preferred to deal with them. More than not, it's the *how*, not the what, that affects the bottom line.

Training programs cannot adequately reveal root causes that attribute to how an individual responds to change, crisis, problem-solving, and interpersonal conflict. Further, since training is not facilitated within a relational context and does not address the individual's specific personal development, it may no longer be a sufficient tool for leadership development, reproduction, or retention. Conversely, performance coaching can be.

Coaching that links organizational strategy and values with long-term employee behavioral change can significantly increase an organization's bottom line. Transformative coaching does exactly that. It helps individual's clarify their values and goals and thereby maximize their performance. Further, it helps employees deepen their self-awareness and in so doing better navigate through interpersonal conflicts. Finally, coaching explores the client's core issues, deepens his or her commitment to the organization, and frees the human spirit.

The ROI of Coaching

According to the International Coach Federation, professional coaching is "an on-going partnership that helps clients produce results in their personal and professional lives. Through the process of coaching, clients deepen their learning, improve their performance, and enhance their lives." Perhaps this is why; according to a survey by Manchester, Inc., a Jacksonville, Florida career management consulting firm, about 6 out of 10 organizations currently offer coaching or other developmental counseling to their managers and executives. Another 20% of companies surveyed said they plan to offer such coaching within the next year.

Coaching managers facilitate employee development and reap long-term dividends. Research shows a strong correlation linking the *quality* of the relationship between manager and employee as a large factor in an employee's intention to stay in an organization. Less turn-over equals greater organizational savings in training and recruitment efforts. However, these are not the only benefits professional coaching provides.

- Capital One VP of Human Resources,Ron Lawrence knows first hand the tremendous return on investment his bank has gained from executive coaching. He says, "The return on investment for executive coaching is exponential, which is why Capital One invests so much in external coaches every year. We have seen that for each individual executive that receives coaching, that nine individuals in the organization are positively impacted." How does executive coaching yield Capital One such a great return? Lawrence attributes coaching to increasing operational efficiency and reduced costs that are achieved by retaining key executive talent, eliminating costly negative behaviors, and enhancing executive productivity.

Capital One is not alone in experiencing such a phenomenal return on investment from coaching endeavors. Back in February 2001, *Fortune* magazine reported the results of a poll taken of upper-level managers and executives who had received 6-12 months of coaching with a Masters- or Doctoral-level executive coach. The executives were asked for a conservative estimate of the monetary payoff from the coaching they received. Respondents valued the coaching they received at six times the cost that their company paid for the service. For example, a nine-month, $18,000 coaching program investment for a VP, was given a rating of being worth

ISSN 1930-806X

six times that, or $108,000 to the organization. Other findings that the executives reported included:

- 77% had improved working relationships with their direct reports, 71% with supervisors, and 63% with peers.
- Marked increase in job satisfaction (61%) and in organizational commitment (44%).
- Considered together, these results prove coaching yields corporate growth and greater profitability. They show coaching helps leaders better interact, reach optimum performance, increase productivity, and develop overall effective leadership skills in the workplace.

The results are the same whether considering a mid-sized company or Fortune 1000 companies. Consider the following:

- A 2001 research report involving more than 100 executives, mostly from Fortune 1000 companies, found the average company experienced a 600% Return on Investment (ROI) when they provided their executives with 1-on-1 executive coaching and leadership development. The executives reported directly saving or making an average of $100,000 for every $15,000 to $20,000 spent on their coaching, in addition to other intangible benefits such as enhanced morale, improved interpersonal relationships, and a stronger leadership team.
- A 2002 study of mid-size companies found an average return on investment of over 520% for management and leadership coaching initiatives.
- According to the International Personnel Management Association, other measurable results of coaching include: quality - 48%, customer service - 39%, teamwork - 67%, job satisfaction – 61%, and working relationships with direct reports - 77%.

Conclusion

It is likely that training has not given you results like these recently. While still useful for skill development, training will not build an organizational culture committed to continual learning and adaptation. Coaching has, can, and will continue doing so. If you have not sought out the assistance of a professional coach yet or began a coaching initiative within your organization, doing so could be the best professional decision you have made in a long time.

About the Author

Don Brawley, III obtained an M.A. in Organizational Leadership and is currently a Doctor of Strategic Leadership candidate with a concentration in coaching from Regent University, Virginia Beach, Va. Brawley is the founder and pastor of Canaan Land Church International in Snellville, Ga., and president of Leading Life-Change Coaching and Consultancy, LLC where he develops and coaches leaders to live their passion, maximize their potential, and pursue their purpose. He can be reached at 770-979-7079.
E-mail: leadinglifechange@yahoo.com or donbraw@regent.edu

ISSN 1930-806X

References

Kurtus, R. (2001). *Basic principles of total quality management*. The School of Champions. Retrieved from http://www.school-for-champions.com/tqm/principles.htm

Chapman, A. (2003-2006 review). *Kolb learning styles.* Retrieved from www.Businessballs.Com/kolblearningstyles.htm

Leonard, T. (2001). *Executive coaching is hot.* Leadership Advantage. Retrieved from http://www.leadershipadvantage.com/executiveCoachingIsHot.shtml

Nitschke, R. (2007). *Coaching for improved performance*. About: Human Resources. Retrieved from http://humanresources.about.com/library/weekly/uc031903a.htm

O'Neill, T., & Broadbent, B. (2003). Personal coaching: This coach is for you. *T & D.*

Ritter, J. B., Jr. (2005). *The history of coaching.*

Skiffington, Dr. 2005. *Measuring ROI*. Retrieved from www.1to1-coaching.com/Measuring_ROI_Business_Coaching.htm

University of California-Irvine Distance Learning Center. (n.d.). *Using training and development to address human resource needs.* Retrieved from http://ocw.uci.edu/courses/AR0103061/pages/l1t1p1.html

Wall, Bob. 2007. *Being smart only takes you so far*. *Training and Development.* Retrieved from http://www.astd.org/astd/Publications/TD_Magazine/760701ExecSum.htm

ISSN 1930-806X