

Measuring the Immeasurable – How to Determine the Economic Outcome of Instruction

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Abstract: Instruction and more specifically training is playing an increasingly important role in the lives of major businesses, and the rating it receives in terms of efficiency does make a difference. It is in the interest of both management and participants to be informed of the achievement of the required result, and that is indeed why measuring the impact of the variety of instruction is becoming more and more relevant. In addition to a brief explanation of direct and indirect measurement methods, effectiveness is illustrated by specific examples in the fields discussed.

Keywords: instruction, measurement, impact, result, training effectiveness

1 Instruction and Measuring Its Outcome

Instruction usually involves the development of working skills and is transformed into general practice mostly among employees in charge of execution. Instruction comprises professional development as well as courses aiming to change behavior, the latter including instruction to enhance knowledge, change approach or develop skills. There is a wide range of methods available for instruction, but training is one of the most frequently applied method among businesses.¹

Apart from identifying needs, planning instruction also requires aims and costs to be determined precisely. The principal task is to decide whether to take a cost or an investment approach to instruction.

As suggested by its name, the cost approach to training is the traditional way to follow, driven dominantly by professional conviction, the transfer of the largest amount of information in the shortest possible time, at the lowest cost available.

¹ Ferenc Nemes: Leadership Fundamentals. Budapest, 2001

The investment approach to instruction is based on the relationship between expenditure and outcome, and more specifically the payback period of the investment. This can only be addressed by performing measurements, the results of which are used to prove the achievement or lack of return on investment.

In order to evaluate the effectiveness of a specific instruction course, the conditions that enable measurement to be carried out need to be set prior to delivery:

- Setting targets
- Defining the outcome
- Defining indicators
- Determining the initial situation
- Estimating the outcome expected
- Cost-benefit analysis.

In terms of outcome, a difference is to be made between qualitative and quantitative change. The former is measured with indirect, the latter with direct methods.

Qualitative results may be achieved in

- approach,
- attitude,
- values and culture,
- stress management,
- conflict management,
- co-operation, and
- leadership style, to mention only a few.

Quantitative results may be achieved in

- sales,
- revenues,
- cost reduction,
- time,
- number of customers, etc.

2 Direct Methods of Measurement

In this section, I give an account of measured results of training courses we have delivered. In this case, this was the only form of instruction applied. Participants representing the T-Group were mostly asked to fill in questionnaires, but tests and task sheets are also common and may be used, naturally with due regard to the criterion that needs to be evaluated, before as well as after training. Generally, the following can be measured:

- impact
- opinion
- improvement of knowledge
- change in attitude and approach
- behavioral change.

When impact is measured, participants are asked to complete questionnaires before and immediately after the training in order to analyze the feelings, emotions, impulses, states of mind etc. generated.

The measurement of opinion follows a similar technical scenario to that of measuring impact, but here participants are asked to describe how they and their organization benefit from the course (choice of subject, structure, trainer, methods, usefulness, etc.)

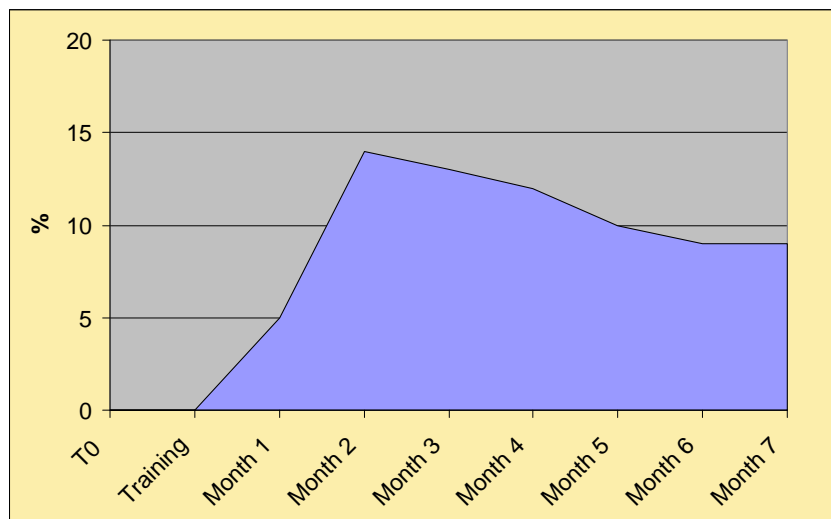
Improvement of knowledge is measured by means of tests and task sheets. Surveys are conducted before and after training, or only after it, regarding the acquisition of knowledge the training incorporates (knowledge of the subject matter, methods, clients, market, etc.). In our case, as part of the modernization training of Magyar Posta, 324 participants in 23 groups were introduced to the knowledge of marketing as well as modern sales techniques and methods that are essential for them to perform their work, followed by a test on the material covered with results averaging at 4.8 on a scale of 1 to 5.

An investigation of change in attitude and approach is not limited to participants but should also involve their environment, the organization. Its methodology comprises the focus group, in-depth interviews, a diagnosis of organizational culture, sociometry and observation to be carried out before the training and 3 to 6 months afterwards. Properties investigated include customer and market orientation, loyalty, solidarity, acceptance of changes, etc. We have two examples to illustrate this aspect: one is the change in culture introduced at Matáv, the other is the reorganization training for Miele. At Matáv, 1200 middle managers and 2700 line managers took part and the company produced better sales results and was characterized by stable operations despite simultaneous downsizing and reorganization affecting several thousand employees. We used the methods of

observation and employee evaluation. In assessing reorganization, we used organizational diagnosis, individual tests and observation. The results were spectacular development in willingness to co-operate, increased capacity, improved sales, and re-established trust and loyalty.

The assessment of behavioral change involves two groups of subjects: trainees and their environment, i.e. internal and external clients as well as subordinates. The aim is to adopt new methods, techniques, behavioral traits, patterns, styles, situation management, etc. The first group is surveyed by means of mystery shopping and observation, whereas questionnaires and qualitative techniques are used for the other. This case also involves two stages of measurement: prior to training and 1 or 2 months afterwards. Training was delivered to network salespeople at Johnson & Johnson and to dealers at Euroleasing.

With Johnson & Johnson, training aimed to improve the effectiveness of offers in sales communication. The result is illustrated by the following chart:



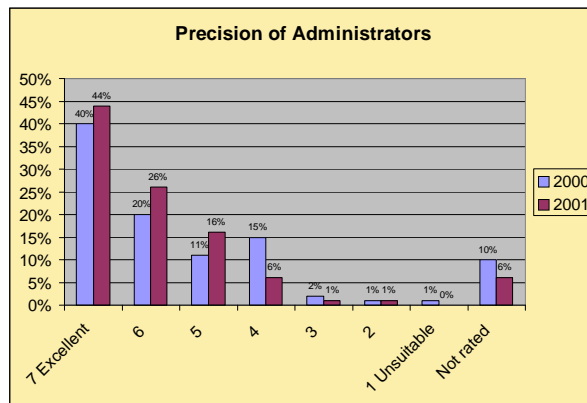
At Euroleasing, dealership sales staff were surveyed through mystery shopping using the method of drawing up and backtesting a list of communication deficiencies, aiming to make their communication client-centered and to improve needs analysis, offering and the handling of objections. Results: a 40% decrease in the list of deficiencies was accompanied by 10% of new deficiencies, that is, a net improvement of 30%.

3 Indirect vs. Direct Methods of Measuring Results

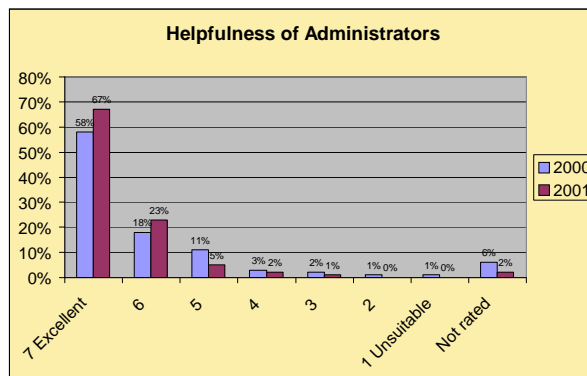
In an indirect assessment of results, the subjects of the survey are actually those in contact with the trainees, i.e. their external and internal clients. The fields measured typically include sales, negotiation, leadership, conflict management, service skills, efforts for agreement, empathy, leadership style, willingness to cooperate, etc. Qualitative assessment uses individual and group interviews, while quantitative results are obtained from standardized and partially structured questionnaires, in addition to importance-satisfaction matrices and the measurement of organizational satisfaction. The span of baseline and follow-up measurements is 6 to 12 months.

The following results were achieved through the training of HR Service Team at MOL:

The precision of administrators improved in the upper categories (7 – 6 – 5 scale).

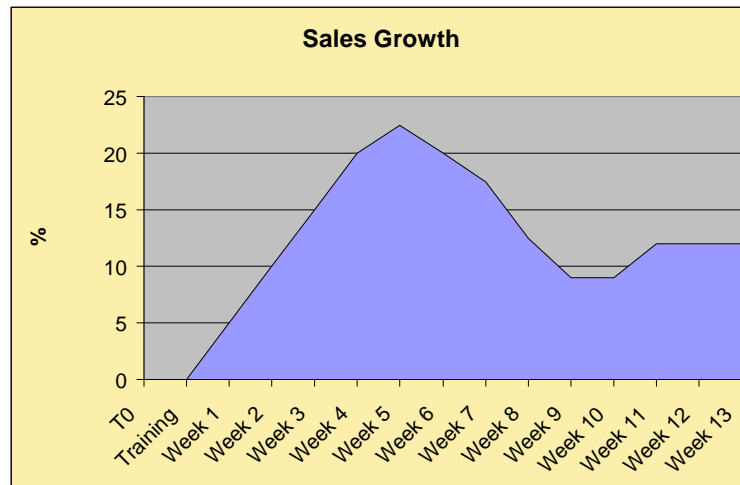


Positive results were also measured for administrators' helpfulness.

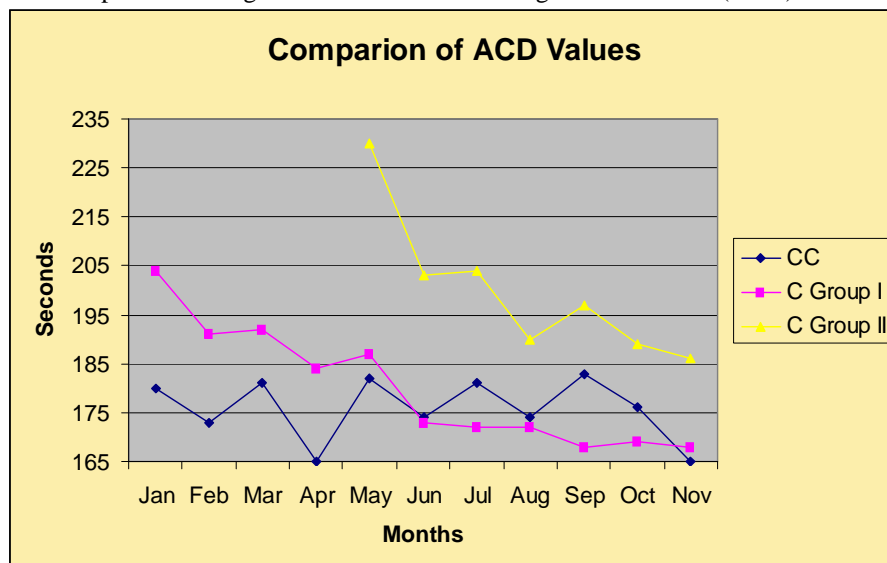


Methods of measuring results directly include data analysis, time series analysis, and trend analysis. The survey involves revenues, sales figures, CRM, databases, management data, etc. Training is generally focussed on sales figures, the number of clients, the number of complaints, customer service time etc., and surveys are conducted regularly before and after training. Training was delivered to telesales representatives at Coca-Cola and call center operators at Vodafone, while Gelato Italiano and an insurance company needed sales training.

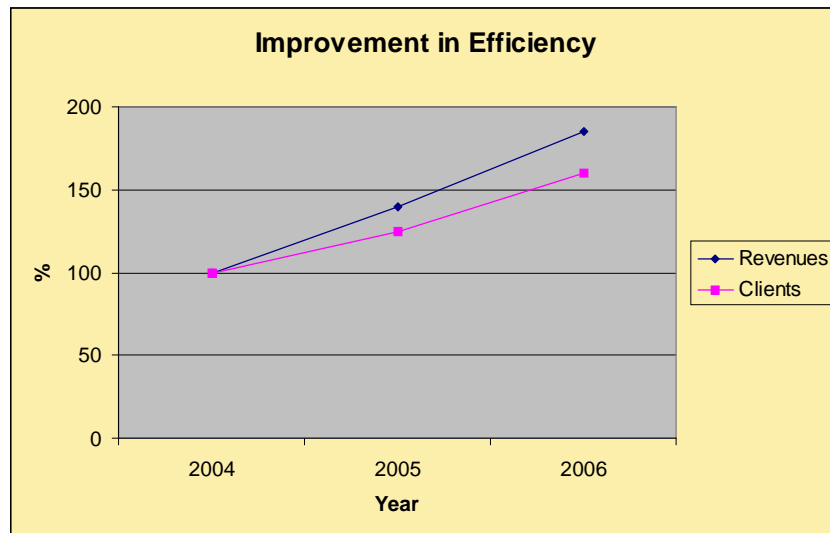
At Coca-Cola, a permanent increase in revenues of 12% was recorded.



Vodafone produced a significant decrease in Average Call Duration (ACD):

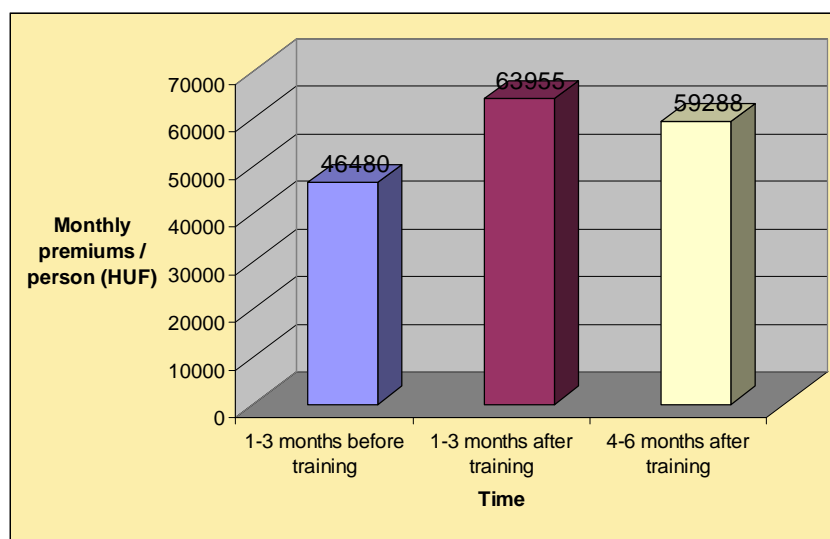


In the case of Gelato Italiano, training aimed to improve efficiency and sales and



to facilitate a change in attitudes as well. This was made necessary by the entry of new operators to the market, the bankruptcy of small companies, a sharp decrease in sales due to cold summers, a reduction in the number of partners, a stagnant budget for wages and commissions and stronger fluctuation. Training results:

Increase in premiums at the insurance company:



4 Criteria for Measuring Training Effectiveness

- Prudential and detailed instructions
- Fully defined training targets
- Defining expected results
- Identifying measurement points and measurable variables/properties
- Verifying the homogeneity of training groups
- Communicating expected results to trainees
- Motivating trainees to meet the targets
- Analysis of available measurement and research data and information
- Linking training targets, common marketing research and organizational surveys
- Analysis of the cost effectiveness of measurement
- Preparing a protocol (methodology, field and duration of survey)
- Baseline and follow-up measurements
- Comparison and evaluation of training and economic results

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