Feature

Topic: Don t trim your training budget
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*No company can do without training its employees, and no employee can perform without adequate guidance. **Renuka Vembu** tells how not to cut the training budget when money is sparse and to make the best out of nominal resources*

A series of trainings and a slew of needs. Though training programs are mandatory and imperative to an organization, and critical to reap ROI, in times of crisis they are often the first casualty on the shrinking pockets. To keep the wheels of productivity whirling, and the knowledge pool of the workforce spiraling, it is important to invest in appropriate training programs and not compromise on the same.

Reviewing the training schedules, rekindling new methodologies to impart information and share knowledge, remapping the underlying interests and reviewing the agenda, re-skilling employee proficiency, reconsidering the budgets, are the factors that will ensure that training is perennial even when problems abound.

At Four Soft, they use the same method developed by Donald Kirkpatrick nearly five decades back, with some minor modifications, to manage training costs and increase training effectiveness. These criteria are:

- Post training feedback to check reactions to training
- Tests to check levels of knowledge acquisition
- Quarterly performance evaluation to confirm changes in job- related behavior
- Improvements in organizational results
- Calculating the training ROI

A comprehensive evaluation of ROI is typically conducted for approximately 20% of all training programs, especially the ones with high numbers of participation or cost. This has resulted in all the stakeholders (including managers, staff and even customers) prioritize the training type, duration and frequency of each training program rather than arbitrarily capping the training budgets.

Regular employee feedbacks to assess the effectiveness of each training practice, testing the knowledge grasped through every module, tapping the programs where increasing interest is shown and participation seen, gauging the retention level and application of the learnings into the work-life, are some of the steps that can help weed out inefficacies and enhance the optimum output.

Cutting cash or compromising on the cream

"New projects require new skills or calibration on the same, so if the training budget is reduced, it will apparently impact new projects and skill sets required for executing the same"

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Group CEO & MD, Mindteck (India)

"Most training programs do not provide an immediate benefit to an organization nor to an employee as considerable amount of time is required to put in practice the learnings"

- Nikul Shah
Senior VP, Commercial and HR,
Omnitech InfoSolutions

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- S R Manjunath
Head HR, NetApp India

Every initiative has its set of timelines for the benefits to be accrued. Rushing through a course or scrapping it, not recognizing the inherent value that it possesses, can have adverse effect on the quality of the labor pool of an organization in the long-term.

Also, all trainings cannot be determined on cost vs. output ratio, as some of them may have intangible benefits.

Partha Patnaik, GM, HR and Admin, Four Soft, said, "Since training and development budgets are continuing to grow in most organizations and are often very easy to quantify, they are often the first to go during a cost reduction drive. As the output ROI is often not immediate and many training programs often fail to deliver what was expected, these are often treated by organizations as secondary activities which can be postponed till the revenues and profits improve.

Nikul Shah, Senior VP, Commercial and HR, Omnitech InfoSolutions, also agreed that training budgets are the first targets on tight pockets, "It is considered that there is no direct revenue generation out of the expenses incurred on training. Also, most training programs do not provide an immediate benefit to an organization nor to an employee as considerable amount of time is required to put in practice the learnings."

The repercussions

Reducing training investments will invariably mean that there is lack of refreshment courses and employees would be naive to the latest technologies to hit the market, not giving them the competitive edge as against their counterparts. This will not only affect their in-house performance, but also lead to poor and dissatisfactory client service.

Pankaj Agarwal, Group CEO & MD, Mindteck (India), opined, "Training is perceived as a feel-good, non dependable perk. So, if the organization freezes the training requirement, it will affect the workforce s competency level and succession planning to the next level. New projects require new skills or calibration on the same, so if the training budget is reduced, it will apparently impact on new projects and skill sets required for executing the same."

S R Manjunath, Head HR NetApp India, viewed, "An organization needs to continue to invest in developing people as they are the key for the business to flourish. Making sure that the employees have the opportunity to learn and develop to acquire skills on an ongoing business is beneficial to the business. The continued investment in training leading to employee development would also

help in keeping the employee morale intact in the light of business uncertainties and general economic slowdown. Employees will also see this as the commitment shown by the company to invest in them even during difficult times."

"The major impact would be in the area of continued employee development. Reduction in training budgets is also related to the hiring at that point in time. If recruitment continues at the same pace, but training spends are reduced, the quality of professionals and consequently work done will be adversely affected," added Chetan Shah, MD, Synygy India.

Patnaik pointed out that one of the most important aspects of training from an organizational standpoint is determining the costs and benefits that are involved with a training program. All training programs must build to a desired outcome that will advance the objectives of the department/organization, the employee and the customer. Without a clear payoff, managers will back away at the expense of sending a team member through the training and the loss of productivity during the training. Also, employees will be less enthusiastic for training if they fail to see a benefit to their job performance and career opportunities.

Training categories

Training, if classified and segregated as top priority, need-based and non-critical, can help organizations phase out the program schedules in accordance. Technical project based trainings should be given the utmost importance and cannot be compromised upon. Non-critical areas like soft skills, behavioral skills, communication, time management, cultural familiarization, etc., can be put off till times get better and business picks up. These can also be handled temporarily by in-house experts, thus extracting value at no cost.

Nikul Shah highlighted that segregating it into two broad categories like „need to have‟ (which is priority) and „good to have‟ (which can wait), can pave way for clear decision-making and planning by the organization.

Chetan Shah shred light on a different facet, "An additional aspect of training, especially during dire situations, is that you would most likely keep your top performers, in which case, the need for training should reduce. On the flip side, employees participating in training take them away from working on projects and deliverables." So, equilibrium needs to be created between all these elements to ensure that we are making smart and informed decisions.

Dr. Rajesh U Chheda, Managing Director, Raj Software Technology (India), said, "Negative impact can be reduced by continuing with critical and project-specific trainings. Success of the organizations depends on training also and doing away with it altogether is not advisable. But performance would be affected, as training provided by in-house professionals would not be of the class and caliber as that provided by experts and consultants."

The concept of mentorship can act as a methodology to impart training on a day-to-day real-time basis. Also, exploiting the alternate ways like video-conferencing, e-learning, etc., can help reach a wider audience base in diverse geographies and negate the operating costs associated with the same. They can also be reviewed easily and remodeled as necessary.

The all pervasive

Agarwal said, "Training is the backbone of improvement of a company in terms of optimizations of solution, quality of deliverables, addressing mission-critical skills gaps, increasing need for return on technology investment, new technology purchase or refresh, and need to mitigate risk of implementation failure and fulfilling the demand of expertise." So under any circumstances training shouldn‟t be neglected, instead it can be modeled in an efficient way to consume less cost.

So like it or hate it, you can ignore it. Trainings are indispensable to a company‟s business needs and employees‟ work-life. All an organization can do is plan prudently, act judiciously, budget cautiously and extract optimally.

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