

If Learning and Development Are Essential to an Organization's Growth and Competitiveness, Then Why Is Your Budget Always in Jeopardy?

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Desired business results are achieved only when an organization has highly engaged, skilled employees and learning and development are absolutely necessary for this to occur. Yet in most organizations, the C-suite is not seeing the value they expect and deserve from their learning programs—and budgets are at constant risk of being cut, particularly in uncertain times. In the USA, some learning budgets are being reduced because of the uncertainty in the economy. In the UK, learning budgets are frozen or reduced because of the unknown impact of the Brexit vote. In Singapore, budgets are reduced because of the possible new trade agreement with the USA. In the United Arab Emirates, budgets are cut because of the turmoil in the region.

The truth has never been more clear: Learning programs must get connected to hard business results if you are to protect your funding. Yet, if you're like most learning and development professionals, you face some daunting roadblocks.

- Over 50 percent of learning and development is wasted.
- What senior executives want from learning and development is rarely measured. One study found that 96 percent of Fortune 500 CEOs want to see the business connection, yet only 8 percent see it. And 74 percent want to see ROI, yet only 4 percent see it.¹
- Very few learning and development professionals have data to show top executives that their programs make a difference.
- Most executives perceive learning and development to be a cost, rather than an investment. Thus, in times of economic anxiety, it's the first budget to cut—when, really, it should be enhanced.
- Hard skills are widely perceived as being far more valuable than soft skills— even though data shows the payoff of soft skills is higher.

How do we correct these persistent dilemmas? Design thinking is the answer.

What is Design Thinking?

With roots from innovation, design thinking suggests that goals should be set for the desired outcome the entire team is mobilized to design the product, service, or process to achieve the goals. More specifically, design thinking involves these elements:

- A way to take on design challenges by applying empathy
- An approach to collective problem solving
- A framework to balance needs and feasibility
- A means to solve complex or wicked problems
- A mind-set for curiosity and inquiry
- A problem-solving approach to handle problems on a systems level
- A culture that fosters exploration and experimentation²

In terms of learning and development, it means that all stakeholders work in a very collaborative way to design for the results desired from learning. The results desired could be any or all of these levels of outcomes: Reaction, Learning, Application, Impact, and maybe ROI. These outcomes represent a logical flow of data from a classic logic model. In today's economic climate, the desired level of results is impact, expressed as improvements in output, quality, time, and costs.

This can be accomplished with eight steps to design for the needed business impact.

1. Start with Why: Align programs with specific business measures.
2. Make It Feasible: Select the right solution to drive the business measures.
3. Expect Success: Design for business results. Objectives are set to push accountability to the business impact level, with reaction, learning, application, and impact objectives. Designers, developers, facilitators, participants and managers of participants know what they must do to deliver business results.
4. Make It Matter: Design for Reaction and Learning, ensuring that the content is important, meaningful, and actionable, setting the stage to drive business results.
5. Make It Stick: Design for Application and Impact, ensuring that a participant is actually using the learning (Application) and that it has an impact. Results are measured at both Application and Impact levels and barriers must be removed or minimized.
6. Make it Credible: Measure results and calculate ROI – With impact data in hand, the results must be credible. The first action is to isolate the effects of the program on the impact data. If ROI is planned, the next action is to convert data to money. Then the monetary benefits are compared to the cost of the program in an ROI calculation. This builds two sets of data that sponsors will appreciate: business impact connected directly to the program and the financial ROI, which is calculated the same way that a CFO would calculate a capital investment. Evaluation at this level is pursued very selectively, usually involving 5-10% of programs each year.³
7. Tell the Story: Communicate results to key stakeholders – Reaction, learning, application, impact, and perhaps even ROI data, form the basis for a powerful story.
8. Optimize Results: Use black box thinking to increase funding. Designing for results usually drives the needed results, but there's always an opportunity to make the results even better. Process improvements increase ROI in the future. Increased ROI makes a great case for more funds.

Using this process almost guarantees business results, because you have designed for it.

Influencing the Budget

With this approach, four important principles emerge. First, process improvement permeates the eight steps. If the desired results are not delivered, adjustments are made at steps four, five, and six to ensure that the results are delivered with the next group. The second principle is that a few programs should be evaluated all the way to ROI to show executives that learning is a good investment.

The third principle is that top executives now perceive learning as an investment. Maybe instead of cutting funding, it should be enhanced. Evaluation leads to optimization, which leads to allocation of funding.⁴



The fourth principle is that you can help your funders of learning and development to decide how to invest their money. If learning is delivering a positive return, maybe executives should invest more. It's a logical argument and one that can radically change the budget for learning and development and the support and influence that you need.

References

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