

# Does the Budget Include a Line Item Called Training?

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Jami Henry is the Vice President and COO of Bellewether, a management consultancy improving the Practices, Processes, People and Performance of client organizations by providing value added products and services that generate measurable change.

Imagine if you will a business where upper management is fully on board with the concept of training. Employees are focused and understand the benefit of having an employer who provides training. Training is a line item in the budget. It's really not that far out of the realm of possibility.

Training budgets are historically one of those mushy items that are vulnerable to the short falls of cash and revenue. Small businesses have so many costs to consider, that when it comes time to spend on training, it's easy to "cut that for now and come back to it if we can." Just know this; in today's market, training is not an option. So let's consider a method for creating a real training budget that can serve you and those you employ.

## Step 1: GRASP THE COMMITMENT TO INCLUDE TRAINING IN THE BUDGET

Before you can create a budget item for training, the organization must be committed to it. If you need a reason, listen to this. There's a shrinking workforce (retiring baby-boomers) and a shortage of replacements (fewer Gen Xer's and Gen Yer's able to step in, especially in management positions.) These two facts alone should have you at the alter saying "I do commit to training." More and more businesses of every size are realizing that growing their own may be the only way to truly find the talent they need to take their businesses to the next level.

If that doesn't move you, throw in some risk management training for the legalities of our world today. Topics like Sexual Harassment, Diversity and Ethics. Perhaps it's better to budget once now, rather than paying multiple times later.

## Step 2: IDENTIFY THE REAL TRAINING NEEDS

Don't just guess and don't just do it because everyone at the business lunch last week said they were implementing the latest trend in the training circuit. This is not a useful or evaluative method for deciding what training to budget for.

Look at your organization's goals. What is the organization's strategic direction? Do the manager's, supervisors and employees have the knowledge and skills they need to get there? There are tools and instruments on the market) that will objectively evaluate knowledge, skill level, aptitude, etc and can provide a gap analysis between current strengths and areas of development need. These tools can save tremendous sums of training dollars by taking the guess work out and providing hard core outcomes for topics that are truly needed.

Then there's always the old fashioned way. Communicate with the people in the organization and ask them what training they think would be helpful to improving their knowledge or skills.

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## Step 3: UNDERSTAND ALL THE COSTS

When you look at the training costs, (assuming you use an outside source) don't just consider the cost of hiring a facilitator. Using an Excel spreadsheet can help you track all the possible expenses. Consider things like:

- ▶ Number of participants per class (cost per person)
- ▶ Outside venue (Do you need to rent a meeting room)
- ▶ Room Supplies (White board, markers, flip charts, name tents, etc)
- ▶ Treats! (You have to have treats)
- ▶ Cost of the materials (Participant guides, handouts)
- ▶ Travel costs (Airfare, hotel, meals: for facilitator or participant)
- ▶ Down time of the employees attending training
- ▶ If you use an assessment tool upfront, the cost per person
- ▶ How will we evaluate the outcome of the training

Average costs for the training day vary, depending on the level of trainer you seek and their expertise on topic. A good facilitator with experience to handle the room and a class of 25 people can run between \$2,000-\$3,000 per day.

If these numbers seem daunting, consider this; with the proper training your team can return those dollars in no time by implementing the knowledge and skills learned. Without training, the costs you will no doubt incur in employee attrition rates, costs of errors and costs of lost customers will outpace this figure in a record pace. This thought leads to Step 4.

## Step 4: MEASURE THE OUTCOMES AND FOLLOW UP ON WHAT IS LEARNED

Too many times, small businesses trip on training du jour and say they tried. What is critical to training beyond the classroom is that the lessons move *beyond* the classroom. Find creative ways to implement the learning. Measure what people learn and as budgets allow, consider developing deeper evaluative tools by using Donald Kilpatrick's Levels of Evaluation.

- ▶ Level 1: Reaction: did participants like the training? Was it relevant?
- ▶ Level 2: Learning: often includes pre- and post-assessment on the topic
- ▶ Level 3: Transfer: are the newly acquired skills (or knowledge) being used in the workplace
- ▶ Level 4: Results: measuring increased production, improved quality, decreased costs, reduced frequency of accidents, increased sales, and even higher profits or return on investment

Each level of course requires more but when successful at Level 4, both the organization and the bottom line will grow and so will your commitment to the training budget.