

Cut it out!

Faced with challenging times, many department managers are under pressure to cut their spending. Training budgets are often amongst the first to come under scrutiny, but knowing what should be trimmed without diminishing L&D's vital business contribution isn't always straight-forward. Clive Johnson suggests that budget cutting exercises can offer opportunities for developing an organisation's L&D portfolio, rather than curtailing it.

Strength in forethought

Few organisations predict that the coming months will allow for extravagant spending. Commercial firms in most industry sectors are of course already feeling the squeeze, whilst public sector and not-for-profit organisations are also under pressure to keep spending under control. In such circumstances, a call to tighten the belt will often be heard and more often than not, this will mean pressure to cut budgets across the board by a fixed % or other predetermined multiple.

Facing a pruning exercise, where should a Training Manager start? How can most benefit be delivered whilst minimising loss of service to customers? Should some courses be dropped or the frequency of runs in the annual prospectus just be trimmed down? Should the basis for choosing what to keep and what to lose be the same if an L&D operates as a profit centre (funded by courses paid for by other parts of the business, and so at the mercy of their budget plans) rather than being fully in control of the organisation's training budget? And what about plans for launching new programmes and learning methods - will these just have to wait another year before seeing the light of day?

A thinking person's approach suggests that apart from making strategic decisions and isolating the "must have" training, choosing between what may quite a complex range of options should make use of a structured approach, considering the relative advantages and disadvantages of the different options. Time to set up a weighted-score spreadsheet you might think, but how then to judge the relative worth of each possibility against

perhaps what are the most critical concerns - which are most needed and which deliver the best return for the organisation?

Happily, there's a relatively simple answer to these questions, which we'll return to shortly. Firstly though, it's helpful to take a bird's-eye view of the make-up of most L&D departments.



Tough decisions may need to be made when considering budget options, but a well informed strategy can minimise the scale and impact of casualties.

The way it is (or may be)

Whilst the nature, scale and structure of L&D department portfolios inevitably vary between organisations and also evolve over time, many Training Managers will recognise several common characteristics:

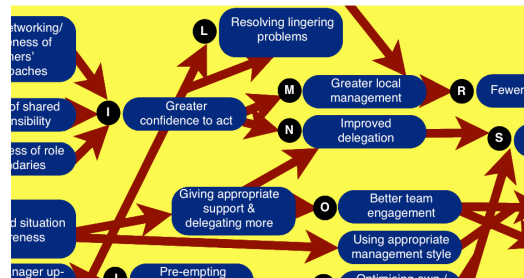
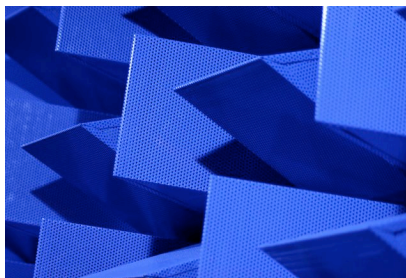
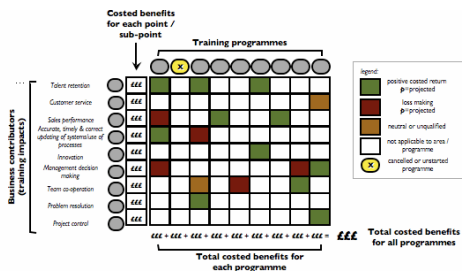
- ♦ Training portfolios have typically been built up and adapted over a continuous period of time. Important new initiatives have come and gone and the focus of different programmes and the methods used to deliver learning may have varied, but still the core of the portfolio has been built upon and adapted rather than being subject to periodic rethinks as a whole

- ♦ In adapting the portfolio, emphasis has usually been put on changing or enhancing existing programmes and launching new ones (including new learning methods). In consequence, many courses have remained standard fixtures in the L&D prospectus, even long after they may have become less relevant than when they were launched or could more usefully be incorporated into other programmes (common skills courses often fall into this category, for example, "presentation skills" is seen as a useful standard course, relevant for a large population of staff)
- ♦ End user feedback may be sought some months after training, but keeping abreast of what is delivering most benefit for the business at the current time is often difficult - meaningful and up-to-date intelligence data may not be available
- ♦ Portfolios may distinguish between types of training - what is core for a role, what is designed to enhance productivity, etc. - but once accepted as a "given", courses which are seen to be as "must have's" tend to be largely left unchallenged when making annual plans.

Implications for budget planning

If one or more of these characteristics resonate, it may be timely to consider the implications of sticking with the *status quo*.

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Perhaps most importantly, portfolio and budget planning involve taking a helicopter view of what L&D services an organisation most needs and can most benefit from now. To be able to understand this, information is needed about what current programmes are delivering, what is strategically important for the organisation (i.e. what drives it and makes it successful) and what individual department managers see as important and needed to fill their teams' skill and knowledge gaps.

Both an evaluation of the impacts of past training and a current, holistic cross-organisation training needs analysis are required. This means looking at the portfolio of programmes and other learning interventions offered by the L&D function as a whole.

In some cases, the analysis may point to a need to suspend all but what is truly "must have" training and construct a brand new portfolio altogether. This may not be quite as daunting as might first appear to be involved - the content building blocks for new modules, trainer talent and evidence of which types of training are most effective should often already be available. A few forward looking organisations have already put this into practise.

Reviewing the portfolio

In my earlier pieces (see selected on-line article links below), I've often referred to a simple approach for evaluating learning, which is as applicable at the macro or department level as well as at the level of the individual programme.

Central to this approach is the concept of demonstrating the value of single or co-ordinated learning initiatives relative to the time, resource and cost which they involve. The output is a simple description of both the *what?* and the *how?* of L&D's contribution toward the organisation's core function.

Value can be demonstrated through financial and performance outcomes, rationalised experiences and qualifying the "value chain" which each learning initiative produces. More often than not, evaluation of what value is being delivered by which initiative will involve a combination of each of these.

The portfolio approach provides a simple means for deciding which initiatives to prioritise and which to curtail, re-design or drop. It also ensures that the entire portfolio of training offerings remains relevant as business need changes.

This shouldn't preclude considering any option to satisfy budget constraints - including encouraging line managers to play a greater part in training, re-pacing or "crunching" courses into fewer days, promoting self-help methods of learning and reviewing current sourcing arrangements. Neither should it limit looking at each option in isolation - but rather encourages a holistic view, reflecting on how different learning initiatives do or can link together and how they relate to both individuals' and the organisation's needs.

Which initiatives deliver the "best" return might not necessarily be those which deliver the biggest pay-back in pure financial terms. Investments in new skills or transformational training may be as critical as ever to equip an organisation for changing times, whilst both the material and the non-material benefits of training extend well beyond pure cash flow. Again, the portfolio approach takes account of the time-phasing when initiatives are expected to deliver benefit, rather than just adopting a single snapshot view.

What next?

If the opportunity for re-evaluating what the current portfolio is delivering makes sense, L&D Managers might reasonably be wondering what they should do next, especially if the board is already shouting for next year's budget proposal. Carrying out a training needs analysis and portfolio evaluation will take time, after all - well, perhaps more time than might seem to be available before the budgeting cycle gathers a head of steam.

If a budget must be settled on quickly, I recommend committing only to what you know will be required. In the immediate future, this may mean staying committed to what are currently seen as the "must have" and pre-registered courses, paying up the annual subscriptions for on-line resources, and honouring any call-off contracts with external suppliers. Anything else will need to be accommodated within the general budget cut.

In this case, "everything else" can be worked out after you've had proper time to evaluate needs and priorities. This approach allows flexibility to progressively revise the portfolio, including any programmes which are currently thought to be "must have's". The approach buys time after budget submission to take the big rain check on the current portfolio.

An approach which delays decisions on the detail but not the bottom line of what to cut cannot easily

be criticised if it is designed to ensure that the organisation will obtain the best value. It allows responsiveness to a changing business environment, an opportunity for L&D to be proactive in proposing how it can help the organisation through the tough times, as well as to engage with and be reactive to end users' current needs. In short, it's a sensible approach to take.



Clive Johnson is director of Proactive Style and creator of The Radial Method®, a comprehensive toolset and method for measuring return on people investments, and presenting the results simply and succinctly.

Proactive Style offers fixed price ROI studies and portfolio evaluation, typically costing around £2,000. We also offer consultancy, tools and training in evaluation framework enhancement and implementation.

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