

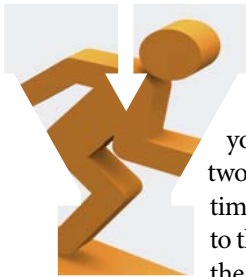
TAKE YOUR ROI...



T O L E V E L



GET GREATER RETURN ON YOUR TRAINING DOLLARS BY COMPARING WEB-BASED, INSTRUCTOR-LED AND BLENDED-DELIVERY APPROACHES



You just made the commitment to send all your employees through training. How do you deliver the training? Instructor-led classroom training that pulls your employees away from their desks for two days? Web-based training that leaves the timing and completion of training entirely up to them? Or perhaps, an approach that blends the two media? More importantly, how effective

are each of these delivery modes, how much will each cost you, and what will your ultimate ROI be for each?

At American Express, with its intense focus on how leadership impacts bottom-line results, we decided to conduct research that answered all of these questions — and in the process uncovered some groundbreaking results that not only informed our delivery approach, but also showed us how to gain incredible ROI for all of our future training programs.

The Study

We recently concluded a three-year study with more than 2,000 managers and directors, where we evaluated the impact of one of our core leadership training programs. The research specifically evaluated and compared the effectiveness of three training delivery options: Web-based training, instructor-led classroom training, and a blended learning approach (which combined

Web-based training with instructor-led kick-off and wrap-up sessions). The participants came from all American Express business units and staff groups in all of their four global regions.

The Evaluation Strategy

The evaluation and overall impact of the leadership development efforts were measured in part on the traditional Kirkpatrick/Phillips 5-level approach (See Table 1). Here, we compared how each delivery mode scored on each progressive level of evaluation. This was augmented with an additional critical measure — “Level 6” — that refers to the “transfer climate.” Level 6 specifically identifies the factors in the participant’s immediate work environment that predict the impact of the program, looking at what might inhibit or help the transfer of learning back on the job.

By developing and including this new level of analysis in our evaluation strategy, American Express was able to identify the “leading” indicators or predictors of program impact. What was it that made the same Situational Leadership II training program extremely effective for some groups, while others experienced almost no behavior change and business impact? Identifying and understanding these crucial factors helped American Express ensure greater impact and ROI as rollout and implementation continued across the company.

Table 1: The Kirkpatrick/Phillips Five Levels of Evaluation, Plus the crucial sixth level developed by Dr. Paul Leone, American Express

Measurement	Method of Evaluation
Level 1: Reaction	Learner responds to survey upon completion of learning event (satisfaction with experience)
Level 2: Knowledge	Learner responds to survey upon completion of learning event (new knowledge and skills acquired)
Level 3: Behavior	Assessment completed by manager, learner and direct reports three months after learning event (observed improvement in leadership skills)
Level 4: Impact	Assessment completed by manager, learner and direct reports three months after learning event (improved productivity of direct reports)
Level 5: ROI	Cost vs. Benefit analysis based on increase in sales productivity of direct reports over three months
Level 6: Transfer Climate	Assesses factors in learners' work environment (climate) that will help or hinder the transfer of learning

To measure effectiveness at the various levels of evaluation, employees participating in the leadership program were first given a survey immediately after training. This survey captured satisfaction with the experience and the level of new knowledge and skills acquired (Levels 1 and 2). Three months after the training was completed, participants were invited to take another survey online and were instructed to invite their leaders and direct reports to complete a similar survey to get multi-rater feedback. This survey captured behavior change and application back on the job (Level 3), as well as increases in productivity and performance (Level 4). A return on investment (ROI) analysis (Level 5) was then conducted for all participants reporting "sales revenue" as their primary performance measure. Included in the self-assessment across the organization was a "transfer climate index" that asked participants about the work environment they returned to post-training (Level 6).

The Results

■ **For Level 1 and 2**, the leadership training received similar positive satisfaction (L1) and acquired knowledge (L2) scores (88% to 90%), regardless of how it was delivered.

■ **For Level 3**, there was a significant difference based on how it was delivered with the blended clearly resulting in the greatest behavior change. This was measured according to the percentage of leaders showing "high improvement" in specific leadership competencies three months post training (32% online; 42% classroom; 51% blended).

■ **For Level 4**, we measured the productivity improvements of all of the participants' direct reports (leadership training should result in a participant's direct reports being more engaged, motivated and productive). We used a Level 4 calculation to isolate how much of their overall increase could be attributable directly to the training. Again, the blended approach had the most impact (results were 5% increases in productivity for direct reports of Web-based participants; 10% for instructor-led; to 12% for the blended approach).

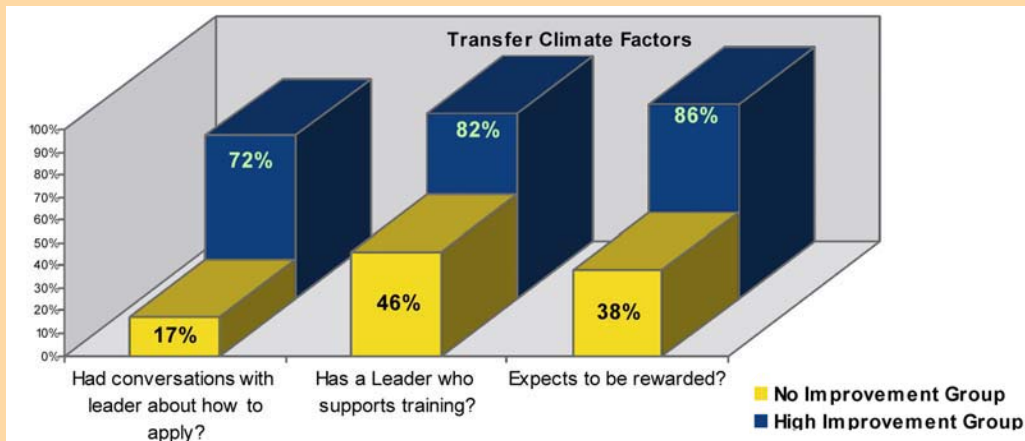
■ **For Level 5 (ROI)**, because the blended solution had twice the impact of the Web-based and was nearly half the cost of the instructor-led, the ROI for the blended was 75% to 100% higher than either Web-based or classroom alone.

These Level 1 to 5 findings were extremely valuable, but we didn't want to stop here. We still wanted to understand what it was about the blended approach that really drove these great results. This is where our Level 6 analysis really paid off.

The Level 6 — Transfer Climate measure tells us the extent to which factors in a participant's immediate work environment were either helping or hindering the "transfer" of the learning back to the job. This additional level of analysis not only lets the organization know why training is far more effective for some groups over others, but also informs business groups of what they can do to maximize the effects of their employees' training in the future.

In this case, the new measure indicated that the blended learning approach was more effective because it created an incredible post-training climate for transferring the learning and applying it back on the job. That is, the majority of participants going through the blended experience had significantly higher support and endorsement from their immediate managers, more frequent one-on-one follow-up conversations with their immediate managers, and had a much higher expectation that they would be

Table 2. This illustration depicts just how much these factors (all directly controlled by the immediate manager) could discriminate between levels of impact. For example, 72% of learners in the "high improvement" group were having one-on-one conversations about how to apply, while only 17% of the "no improvement" group were having these conversations. This table shows how all three factors were present and pervasive for the "high improvement" group, while they were all significantly lower for the "no improvement" group.



recognized and rewarded for the improvements they made (see Table 2).

The real reason why the blended experience resulted in a greater ROI was because it was significantly better at building this manager support and follow-up right into the training design itself. When you put this greater post-training climate together with a cost that is nearly half of the instructor-led option, you can understand what caused the ROI to be 75% to 100% greater than the other two delivery options.

Based on this research, American Express established that the key criteria for a high transfer climate includes having a manager who clearly communicates endorsement and support for the training; who sets goals and expectations before the employee initiates the learning event; who follows up with the participant one-on-one after the event to discuss what was learned; and who recognizes and rewards the improved leadership behavior.

High Transfer Climate



- **Manager clearly communicates endorsement and support** for the training – sets goals and expectations before learner initiates learning event
- **Manager follows up** with participant after the event to discuss what was learned and how to apply
- **Manager recognizes and rewards** improved leadership behavior

So What?

These findings clearly indicate that the blended approach to training can yield a significantly greater ROI than classroom or Web-based training. Most importantly, we found the true impact of a training program will best be predicted by the work climate each participant returns to after the event. The only reason the blended was more effective was because it had the immediate managers' support built right into the design. It included components like leader-led kick-off and wrap-up sessions, a high degree of overt support for the training, and very effective follow-up conversation starters built right into the program content. This led to the high climate, which led to higher improvement in leader competencies, greater impact on business and vastly greater ROI.

We found it is the immediate managers of each of these participants who can quite literally make or break any training investment. Instead of concentrating a tremendous amount of time and money on acquiring the greatest course content and delivering it at the most elaborate retreats, organizations should first make a much smaller investment to ensure the climate is right and all the immediate managers of their participants are ready to spend some time with their direct report trainees. Here is where you will receive your greatest returns and drive your highest possible ROI.

This research also underscores the crucial need for a new Level 6 analysis to understand why the training has such incredible impact for some, while in other cases it appears to be a simple waste

of time and resources. Through such analysis, we were able to tease out the most important predictors of ROI and make some great adjustments to our delivery strategy. Any company doing a similar study would be able to quantify how much its own internal factors might affect an ultimate ROI.

The immediate manager's decision and ability to drive ongoing one-on-one discussions around application on the job, communicate endorsement and support for the training, and properly recognize and reward a participant for behavior change will ultimately predict the effects and ROI of the training program. With leaders

at all levels of an organization able to critically impact the effects of training programs, the importance of understanding and creating a high transfer climate should swiftly move to the forefront of any training initiative or strategy. As clearly evidenced in this particular research, the right leader with the right approach will truly work wonders to maximize any training investments.

Dr. Paul Leone is the senior learning leader at American Express. Paul is the author of seven books on business education and training. Email Paul at paul.a.leone@aexp.com

FastFacts

- The American Express study shows the benefits of strong management throughout the organization.
- In the AmEx study, 72% of learners in the "high improvement" group were having one-on-one conversations with their immediate managers.
- Only 17% of the "no improvement" group were having those conversations with managers.
- The expectation of being rewarded drives more than twice as much success among the high improvers versus the "no improvement" group.

Takeaways

- Level 6 ROI is possible, but it requires careful planning and detailed record-keeping.
- Level 6 brings learning full circle, starting and ending with employee performance.
- Build manager support and follow-up into your training for the best success rate.
- Converting to online learning can help increase ROI potential by 75-100%.
- Survey employees both pre- and post-training to ensure the highest levels of learning retention.
- The "Transfer Climate" measurement is effective for identifying what's hindering advancement.