ILRHR 6640
Case #3
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April 11, 2014

EXECUTIVE SUMMARY

FINAL QUESTION

What are the business impacts of having career development practices/programs?

INTRODUCTION

The utilization of employee development programs by companies has become increasingly popular in recent years; economic and external pressures to outperform competition have been a key driver in this arena. For sales organizations specifically, the resurgence of the United States economy will undoubtedly create higher demand for goods and services; it is essential that these organizations are prepared from their front line and up. According to a CSO Insights 2012 Sales performance optimization study, "a vast majority of the firms surveyed reported having education programs for their sales teams."[1] However, the more important issue is to have a clear development strategy that will result in positive business outcomes. According to the American Society for Training & Development, U.S. businesses spend $15 billion a year on sales training, only to yield sub-par results that sales employees view as "ineffective or less than useful." [2]

DEVELOPMENT PROGRAM BUSINESS IMPACT

Two specific areas to focus on when evaluating business impact are Return on Investment as well as Employee Engagement. Measuring business outcomes are essential in determining whether or not a development program is effective. Below I have highlighted these positive business impacts.

1. Return on Investment

According to CSO Insights, there are four levels of the sales process[1]:

1. **Level 1- Random Process:** The company lacks a single standard process; every sales person does their own thing their own way.
2. **Level 2- Informal Process:** The company exposes its salespeople to training and suggests using these skills; does not monitor or measure effectiveness.
3. **Level 3- Formal Process:** The company provides training and regularly reinforces use of defined sales skills. The company also conducts periodic reviews of the process and makes appropriate changes as needed.
4. **Level 4- Dynamic Process:** The company dynamically monitors and provides continuous feedback on salespeople's application of prescribed sales skills. They also proactively modify the process when they detect key changes in market conditions.

Applying the above methodology to its 1500+ survey participants, CSO Insights identified a significant difference between the Level 1 and Level 4 Process. As shown in Appendix A, sales employees trained by the Random Process (Level 1) only met their quotas 60% of the time, while their Dynamic Process (level 4) counterparts met sales quotas 72% of the time.[1] Another key finding in their research was that commercial training programs generated better improvements in sales performance when compared with internally developed programs. [1] Please refer to Appendix B for another Level-based framework on development programs.

Hewlett Packard is one company that has experienced a positive Return on Investment through a development intervention for its telephone sales employees. It utilized a basic ROI formula as shown below:

ROI% = (Net Program Benefits/Total Program Costs) x 100

HP's program monetary benefit was $3,296,977, and the total net program cost was $1,116,291; the net program benefit value is $2,180,686.[3] Thus, the development intervention yielded a ROI of about $2.00 for every $1.00 spent.

2. Engagement

Training and development programs can also have positive effects on employee engagement. According to Kieran Colville, EMEA Head of Leadership at Kenexa High Performance Institute, employee engagement can be achieved through effective training programs. He points out that due to many seasonal sales positions, more companies focus on product basics and sales training.[4] By giving seasonal employees little training, they are not motivated or engaged to be high performers. Colville recommends that companies can increase employee engagement by "focusing on behavioral capabilities such as building trust and empathy, teamwork, and problem solving." [4]

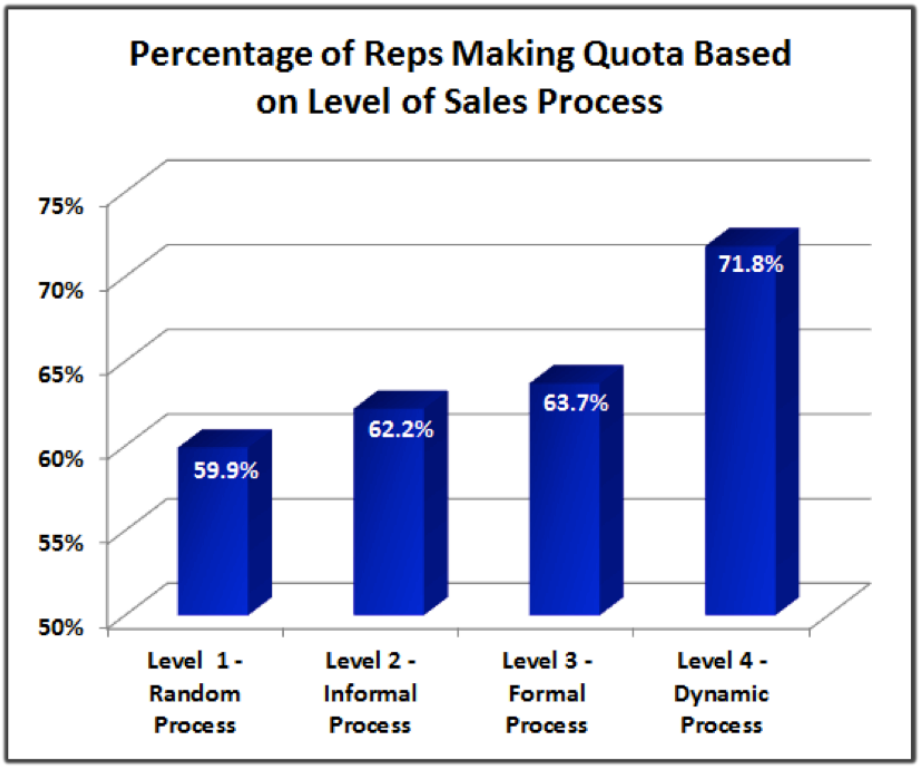
DHL Express is a company that has experienced success in engaging employees through training and development. In 2010, DHL identified that it was losing its customer centric focus and that employee engagement was declining, negatively affecting its customer satisfaction and bottom line.[5] To improve its service quality and correct the problem, DHL partnered with NKD Learning to roll out a global learning and engagement platform. Specifically, the initiative included "strict project management disciplines, a dedicated program manager, a project team, country champions, and dedicated support." [5] Furthermore, DHL's goal was to deliver the training and development in 18 months to 100,000 employees, across 220 countries, in 42 languages. Through strong senior leader support and effective program management, DHL achieved its goal even quicker then its set deadline, experiencing a target 7 to 11 percent increase in employee engagement and learning & development.[5]

CONCLUSION

In light of my research and findings, it is clear that the sales workforce can be positively impacted through the utilization of effective development programs. Organizations have come to the realization that in order to remain top competitors in their industry, investing in their people is essential. To ensure that this firm's development programs are effective from both a return on investment and engagement perspective, I recommend two key approaches:

1. **Actively seek support from senior leadership:** Top management's involvement in this process will ensure that development programs are dynamic and of great importance to the company's strategic direction. Instead of relying on persuasion and beliefs to convince these top leaders, HR professionals can present cost/benefit analysis to provide concrete evidence of the business need for development programs.[6]
2. **Always communicate:** Many organizations fail to effectively develop their workforce because they do not maintain an open dialogue with employees. By constantly soliciting feedback and facilitating discussion, companies can adjust their programs to meet specific employee needs.

APPENDIX A


Percentage of Reps Making Quota Based on Level of Sales Process
75%
70%
65%
60%
55%
50%
59.9%
62.2%
63.7%
71.8%
Level 1 - Random Process
Level 2 - Informal Process
Level 3 - Formal Process
Level 4 - Dynamic Process

APPENDIX B

Kirkpatrick/Phillips Five-Level Framework	
Level	**Brief Description**
Level 1: Reaction and planned action	Measures participant's reaction to the program and outlines specific plans for implementation.
Level 2: Learning	Measures skills, knowledge, or attitude changes.
Level 3: Application and implementation	Measures changes in behavior on-the-job and specific application and implementation.
Level 4: Business Impact	Measures business impact of the program.
Level 5: Return on Investment	Compares the monetary value of the results with the costs for the program, usually expressed as a percentage.

The Kirkpatrick/Phillips Five-Level Framework provides organizations with a step-by-step process for evaluating the effectiveness of a development program. According to Phillips, "if measurements are not taken at each level, it is difficult in the end to conclude that the business results achieved were actually caused by the program." [7]

CITED REFERENCES

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