

## HOW NOT TO SQUANDER SKILLS DEVELOPMENT BUDGETS

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Issued by Perfect Word Consulting (Pty) Ltd*

***Many corporates spend a large amount on skills development or training, without considering whether their employees are being sent on the correct training at the right time. This hinders return on investment, results in a frustrated workforce and is, essentially, nothing more than an unnecessary waste of money and time.***

Considering the current economic environment, it is difficult to grasp the concept of paying for something simply because it is required, without taking every precaution to ensure that it is a worthwhile investment. Without conducting thorough needs analyses and skills reports on a continuous basis, training will inevitably be allocated incorrectly. If a proper skills audit system is implemented that runs concurrently with the performance management system, management would be able to fill real gaps through different types of training interventions. Company spend on irrelevant courses or those that seem cheap (and quick) but have no link to actual skills gaps due to a lack of planning delivers no results and thus no return on investment (ROI).

There are two main reasons why corporates should care whether these budgets are being squandered. Firstly, skills development is a productivity and performance issue. The company's focus is naturally on the bottom line, the bottom line is connected to productivity and, productivity is connected to performance. If performance is being undermined because the staff complement does not have the skills required to do the job, productivity is negatively affected resulting in increased risk in terms of the bottom line. Secondly, people's sense of motivation is often connected to believing that they are good at what they do. Both a lack of skills and being sent on irrelevant training will cause staff to feel devalued, decreasing their level of motivation considerably.

In order to utilise skills development and training budget funds effectively, professional learning and development and skills development practitioners should be appointed or contracted. An elemental skills development strategy fault is usually caused as a result of an expert in skills development not being employed at strategic level. Where required, expert consultants should be outsourced in order to build the structures needed to ensure ROI. Line management should be briefed accurately with regards to how and why training is being executed, in order to ensure buy in and an understanding of the processes and the reasons for the training. Once a manager understands that training can in actual fact *increase* his/her own performance margins, by increasing the team's skills, a healthy relationship can be fostered between management and skills development. Skills gap analysis should be a continuous process which is connected to the company's performance management system. When training is sourced, it is important to utilise these skills gap reports to request customised training, tailored to the real needs of the workforce. This is also applicable to in-house options such as coaching and product knowledge training.

Return on investment is not a next-day calculation. If skills gaps are correctly incorporated into the company's performance management system, the up-skilling of staff and the resultant return will be evident. Remember that ROI is not always a Rand figure; there are softer components that should not be forgotten. Skills development is not a social responsibility issue and it should not be done for BEE points; it is a profitability issue. The focus of skills development from step one must be on ROI - after all, who can afford to remunerate a workforce that cannot effectively execute its duties?

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