

***Michelle Ockers:***

In the spirit of reconciliation, I acknowledge the traditional custodians of country throughout Australia and their connections to land, sea and community, including those of the Brinja Yuin Nation on whose land I sit today. I pay my respects to their elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples listening to this podcast episode. In Elevate 31, the last episode of Learning Uncut Elevate, I was joined by Kade Brown from RMIT Online and Rhiannon Yetsenga from Deloitte Access Economics to discuss their joint research report, Ready, Set, Upskill, which was subtitled Maximizing the ROI of Skills and Training. The report was released in March 2024 and provides a snapshot of the Australian skills landscape for employers, which also included research using the voice of employees.

Today, I'm doing a solo episode to give you a practitioner's perspective on the four recommendations in this report for maximizing your training spend. I was delighted to be invited to be part of the lunchtime panel at the launch of this report in Melbourne in late March. And it's given me an opportunity to reflect a little further on the practical implications of this research, which I'd like to talk through today. So you can listen to this as a standalone episode. I do encourage you for more context on the research and overall findings to go back and listen to Elevate 31 at some point.

Two caveats before I begin. The title of this report refers to maximizing the ROI of skills and training. The word or the term ROI, return on investment, I have some reservations about this particular term, which I did discuss with Kade and Rhiannon, in that it makes it sound like we're needing to go and measure using financial metrics return on investment. And really what I prefer to talk about is business impact. And the context of the report, when you read the report, they really are talking about measurement generally of the impact of your skills development initiatives. The other word that is used in the title, which is not a word I use as a first option, but is sometimes appropriate, is the word training. The title talks about skills and training explicitly. But the content of the report does encompass a wider range of approaches to skills development. And of course, I prefer the term learning to communicate that formal structured learning courses, programs and so on. It's just one way that people build skills. And there's a link in the show notes to a previous Learning Uncut Elevate episode where I discuss a wide range of approaches, multifaceted development approaches with my colleague Ravina Bhatia. Let's get into the recommendations. There are four recommendations that are explicitly made to maximize the return on your skills building initiatives. I'm going to talk about three of those today and set up the conversation for the fourth for a later Elevate episode.

The first recommendation is to measure ROI. And as I indicated earlier, I want to talk more broadly about measuring impact and about learning evaluation as a recommendation on its own. There's a chart in the report, chart 4.2, which presents employer survey data. There were 416 responses to the employer survey that was conducted as part of this research. There was a much broader base of research that was used, but that was one of the pieces of research that was used. And one of the questions asked or an area explored in the employer survey is what organisations are measuring regarding their investment in learning. This data suggests that 35% are actually measuring change in financial metrics. 35% coincidentally are also measuring changes in customer satisfaction, and as a separate item, productivity, with 44% measuring the changes in productivity. 17% aren't measuring or aren't sure, and 40% are measuring employee satisfaction when training undertaken, which of

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course, if you've heard me talk anywhere about evaluation, The challenge with measuring employee satisfaction with your learning initiatives is that there is no evidence that correlates with learning effectiveness, let alone learning impact. Observation on this data, the figures on the use of operational metrics to measure the impact of learning seem on the high side to me. I think they may be overstated, and I'm not sure exactly how the question was asked, but if I compare it, for instance, to the most recent annual report from Watershed and GP Strategies on measuring the business impact of learning, 2023 was their seventh year of this report, link in the show notes.

What their data indicates is that 14% are measuring improvements in on-the-job performance, as opposed to the 44% in the skills research that are said to be measuring changes in productivity, 19% are actually measuring organizational impact. So they're well below the figures from the Deloitte Access Economics research. What the Watershed and GP Strategies report also talks about, which I think is a valid observation, is that there is a high demand to measure the business impact of learning from both L&D leaders and business executives. And I certainly know when I speak about learning evaluation at conferences, or when I talk about evaluation on my LinkedIn posts, I get more interaction, more interest in those topics than just about anything else I talk about. I think we are hungry to know how to measure the impact of learning well. The Watershed and GP Strategies Research goes on to say that only 28% actually set aside budget for measurement efforts and only 45% have any type of learning analytics focus skill set on their team. And the biggest barrier is being reported as competing priorities. We just don't have the time or make the time for this as an activity for learning evaluation or impact evaluation.

There is an interesting data point in the Watershed and GP strategies research that those who see themselves as strategic partners to the business rate higher on all aspects of evaluation maturity. And I think the two go hand in hand. Once you are positioning yourself and seeing yourself as a strategic function, a strategic partner, to business activities, you are, of course, more interested in understanding what the business or operational metrics are that you're trying to impact through learning and holding yourself accountable for achieving those and looking for ways to improve those through evaluation. So, in the work that I do with organisations on looking at what I call the L&D management system, I do this work alongside my colleague Ravina Bhatia, and normally when we do an initial review to look at the existing processes, tools and techniques in place and skill set for learning and development teams. Evaluation just consistently comes up as an area where process, practice and skills are not where learning and development teams, or certainly the ones that we are working with that are seeking to be transformational, high impact. They're just not where they need to be. So where do you get started? There's a strong desire to get on with it, but you need to educate yourself to know what good practice looks like for evaluation as a start point before you start leaping into improving your practices with evaluation. One reference source, which I'll pop in the show notes, I found very useful in terms of education without sending people off to do courses and so on, which in themselves can be quite confusing.

But if you lean into Dr. Will Thalheimer's book, Performance Focused Smile Sheets. It's a really good place to start to look at underpinning evidence and to have your perceptions of what good data gathering for evaluation looks like, what you should be asking about, how you should be asking about it, how you can use the data. So I would recommend some education and then creating an evaluation framework that clearly defines what you're going to evaluate and how you would do it in a way that is practical, repeatable, simple, but effective. I did do some one-on-one interviews last year with L&D leaders about their evaluation practices. Some were doing it well and had matured their practices with the team over time. Others wanted to do it well, but were struggling to know where to start. And this

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need to keep it practical, Simple, repeatable, scalable means you need to be laser sharp with what good practice looks like and making sure everything you ask is relevant to learning effectiveness, to improving learning effectiveness or learning impact, that you know exactly how you're going to use all the data you gather and how you're going to turn it into actionable insights and make good quality decisions to continue to improve learning. I'm going to leave it at that for the moment. There's a lot more I could say about evaluation.

I think it's a great call out from this report, and you need to be doing something to be measuring learning effectiveness and learning impact in order to start increasing the return on learning initiatives in your organization and improving them. The second recommendation is to match training to skills gaps. Almost half, 45% of those surveyed in the Deloitte's access economics research are not prioritizing training and development in areas of existing skills gaps. I think there's two aspects to the practical challenges and barriers that get in the way of being able to do this prioritization well at an enterprise level. First is you need to actually know what your skills gaps are. You need to be able to identify them. And secondly, you need to be able to prioritise investment right across the organisation. I did talk a little about the practical challenges of implementing this recommendation at the research launch event. So let's start briefly with identifying skills gaps. This is about being clear, not only on what skills you have, I'm seeing organizations lean into this, often with self-assessments. Some are doing a better job using data if they have it from talent marketplaces or other databases. But we can start with simpler ways of gathering existing skills data and approaching it based on criticality.

So there was a stack of podcasts that Red Thread Research did several years ago. when skills was really hot, I think just coming out of the pandemic, maybe around 2021. Again, I'll find a link and pop that into the show notes as a resource. But they had lots of examples where rather than trying to boil the ocean and develop full enterprise skills frameworks, take 12 to 18 months to create these skills matrices, by which time half of them are probably out of date anyway. And what are you doing with them? Why put so much effort into developing skills frameworks if you're not actually implementing them and using them? One common approach was more following what I'd call the Pareto principle or the 80-20, looking at criticality. What are the most critical skills that are needed by your organization to execute on its business strategy and business goals? Start with that simple question. Even if you don't have solid data on what you actually have, if you start by asking what do we really need and working that through. A piece of work I've recently been undertaking is to develop an end to end capability planning and management process for an organization. And it starts with the business planning process.

You will all have a business planning process of some sort. It's normally an annual business cycle. Start working with your business stakeholders and the owners of key initiatives on your annual business plan to ask the question in order for us to successfully execute against this business plan, one initiative by one initiative at a time, what are the skills that we need and who needs those skills? That would be a great place to start to identify the demand for skills and then do some work to rapidly understand for those specific skills where the key gaps lie and to lean into prioritising skills development initiatives for those key gaps. The second question then is being able to prioritise investment right across the organisation. Every organisation I have worked with in the last three years around developing a learning strategy has had a challenge with silos in some way, or in being able to make well-informed investment decisions right across the organisation. Often budgets are distributed rather than centralised, and there's no overall governance process in place to make prioritised investment decisions at an enterprise level, sometimes not even at a business unit level. So the opportunity here is to look at some sort of governance body. It could be an existing governance body with a smaller organisation. We identified this was the responsibility of the

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senior management team in which the head of each of the key business units in the organisation was represented. In other cases, we had to set up a particular forum, be it a learning advisory board, a learning governance board, a strategic learning forum, somebody which had the authority to work with the head of L&D and in some cases, the L&D business partners as well, to make decisions about where to invest dollars in skills building across the organization. And this is about L&D guiding and informing the prioritization process, but recognizing it is a business decision to get this investment right across different parts of the organisation and not be constrained simply by where the budgets are currently distributed and this decision making being made independently by budget holders across the organisation, which is always going to end up being suboptimal.

The third recommendation then is to better capture on-the-job training. Now, the verb I don't think is quite the right choice of verb. If I was writing this report, I would have used a different verb such as support or enable. So, to better support or better enable on-the-job training rather than capture, because it's certainly not just about recording and the content of that is recording on the job training. The way the report is written, the content of it really is about supporting and enabling on the job training. So apart from the 400 employers who were surveyed for this report, there were a thousand employees surveyed. And what came back in regard to formats, learning formats. They call them training formats. I'm going to stick with learning or skill building formats. They explored a range of different formats from on the job, virtual, hybrid, externally delivered, and so on, and training types, formal qualifications, certifications, free online courses. But surveyed employees and employers alike see on the job training as the most cost effective and impactful way of building skills. There's a stack of underpinning evidence from learning science about the importance of context to remembering. So learning on the job solves the context issue. It also provides the most realistic practice opportunity that is available if it is safe and you have all the resources and space. And by space, I mean not just physical space, but time available to learn on the job, to practice on the job. Most realistic practice environment you can get for building skills if guided and overseen by a workplace trainer or an experienced person who knows what they're doing in terms of providing workplace-based skill instruction and giving feedback, there's an opportunity for immediate feedback in the workplace and an opportunity to build confidence in your environment.

Now, I want to acknowledge it's not always the best method and there are practical constraints, which sometimes you can't provide instruction and practice in the workplace in a realistic environment. So, for instance, when I was doing some work with Qantas, the aircraft cabin evacuation training, which was a repeat training required every year, that couldn't be done in a real environment of course. So there were simulated environments available for that. But certainly endeavouring to make the training, development, skill building opportunities to incorporate the real world and on the job training to the extent you can is highly effective in my experience. I've worked with one organization, a manufacturing organization that had gone heavily towards digital learning, e-learning in particular. For training people who really are workers who are in physical environments who don't have good access to computers. Their goal was to support development and learning at scale, but it really wasn't effective. And what came back very strongly in the human-centered design research we did from the employees, the workers themselves, is that they really wanted and needed on-the-job training. But the organization had swapped down investment in on the job trainers for investment in digital learning, which, of course, you know, it's in terms of repeatability, consistency, scalability and digital learning has advantages. But if it's not effective, if it's not meeting staff where they are and actually suits the skills that they need to be developed, many of which were physical, practical, hands-on skills, then it's not the right option. So I strongly support that recommendation and looking at how you can scale that and support that. So for instance, when I worked at Coca-Cola Amatil with the Supply Chain

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Technical Academy, we created on-the-job training guides for our production environments for using the different pieces of equipment.

So we did have some digital learning to introduce people to fundamental principles, but then we would have these guides. We had people that we had skill assessed who we knew could do the job properly, and they would work through the guides using the knowledge in their head to properly instruct the skills that were needed in the work environment to observe, to provide feedback and we developed and rolled out a short six-hour training course on workplace-based skill instruction and feedback, and then provided initial support when people were starting to deliver on-the-job skill instruction in how to do that well and making sure that they understood not only technically the subject matter they were training, but also how to deliver effective workplace based skill instruction. So there are certainly things you can do on the job. Training does not necessarily need dedicated trainers to be invested in. It does need some capacity from skilled people who you have set up to provide on the job skill instruction and training effectively.

So there is a fourth recommendation in the report, which is to leverage new technologies like generative AI. I'm going to save that for another episode. I do have a guest in mind to discuss that with me, someone who has been experimenting with AI in their organization and I think can bring deeper insights into what that might look like.

So there you have it, a practitioner's perspective on the three of the four key recommendations from the Ready, Set, Upskill report, the first of which was to measure ROI, which I'll encourage you to think about as measuring the impact of learning. The second was to match training to skills gaps, which I've suggested you need to be able to identify those skills gaps in some way. And you need to have a governance mechanism to prioritize investment across the organization, regardless of your org structure or the way your budgets are set up. And thirdly, to better support or enable on-the-job training. I look forward to your feedback and thoughts and other input and ideas via some discussion on LinkedIn is where I'm going to encourage people to continue this conversation. Thank you for listening in to Learning Uncut Elevate. And an appeal I don't often make, but it's worth making, if you're enjoying Learning Uncut, please leave a rating and review on your favorite listening platform, because it does help to provide more visibility to others and make it easier for others to find. See you next week.

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### About your host, Michelle Ockers



Michelle is the co-founder and Chief Learning Strategy at Learning Uncut. She is an experience, pragmatic organisational learning strategist, L&D capability builder and modern workplace learning practitioner. She also delivers keynotes, workshops and webinars for learning and broader professional or workforce groups at both public and in-house events.

Michelle received the following prestigious industry awards in 2019:

- Australian Institute of Training and Development Dr Alastair Rylatt Award for L&D *Professional of the Year – for outstanding contribution to the practice of learning and development*
- *Internet Time Alliance Jay Cross Memorial Award – for outstanding contribution to the field of informal learning*



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