High Potential Employees: The Risk of *Not* Investing

"If you think education is expensive, try ignorance!" (Derek Bok, Harvard University)

Many times in business we are challenged to think in terms of ROI: Return On Investment. However, thanks to Bennington and Laffoley (2012) there is another ñROIò that plays a major role in our decisions when it comes to the development and retention of our most valuable asset: people. That ñROIò is Risk Of (not) Investing. Less than ten percent of all organizations regularly evaluate the value of their Learning and Development efforts. Even so, more HR departments than ever before are being asked to justify the money being put into their programs. The difficulty they face comes from the fact that such programs produce long-term values more readily than short-term effects. Since ñIt is difficult to remember your objective was to drain the swamp when you are up to your neck in alligators,ò companies are reticent to invest in such efforts of potential value as training when facing a financial challenge.

It was not until the 1990s that hard research was obtained to support the value of people-growth. In one study results showed that the more a company invested in developing its employees, the higher its stock value was the following year. However, even knowing that training does result in higher levels of promotion, retention, satisfaction, skills and knowledge accrued, it is still a challenge to convince top management to pay the bill.

So how can you find the value in such a program? There are a number of ways Fortune 500 Companies measure the value to them: 1. Replacement cost of an employee (current estimates are between 100 and 125 percent of their annual salary), 2. Turnover expense, 3. Employeesô behavior in terms of economic value, and 4. Benefits of increased satisfaction, commitment, or other job attributes (Green & Brainard, 2005). Any one of these is a start in uncovering the value of High Potential Development.

Now the question is, ñWhat can we do to carry out such a program of self-evaluation?ò Here are ten steps many companies have found valuable: 1. First, define ñsuccessò for a given program and stick to a focus on it; donôt get sidetracked, 2. Track results obtained, the effect of learning, rather than the subjective quality of experience, 3. Continuously monitor the value of each program, 4. Develop and prioritize learning points based on your organizationôs needs, 5. Obtain feedback from as many sources as possible, 6. Consider results such as quality, effectiveness, and other learning measurements, not just money, 7. Be conservative by using evaluations carried out after some time has elapsed (After all, we are interested in lasting results, not feel-good responses.), 8. Calculate costs in terms of per-participant investment, 9. Share results; communicate the meaning of the numbers, and 10. View low numbers as data on what needs to be changed or scrapped, not as indication of failure (Garvey, 2012).

Humber, Mundie & Mc Clary can help you develop and sustain a valuable effort for the growth of your High Potential employees. Call us today.