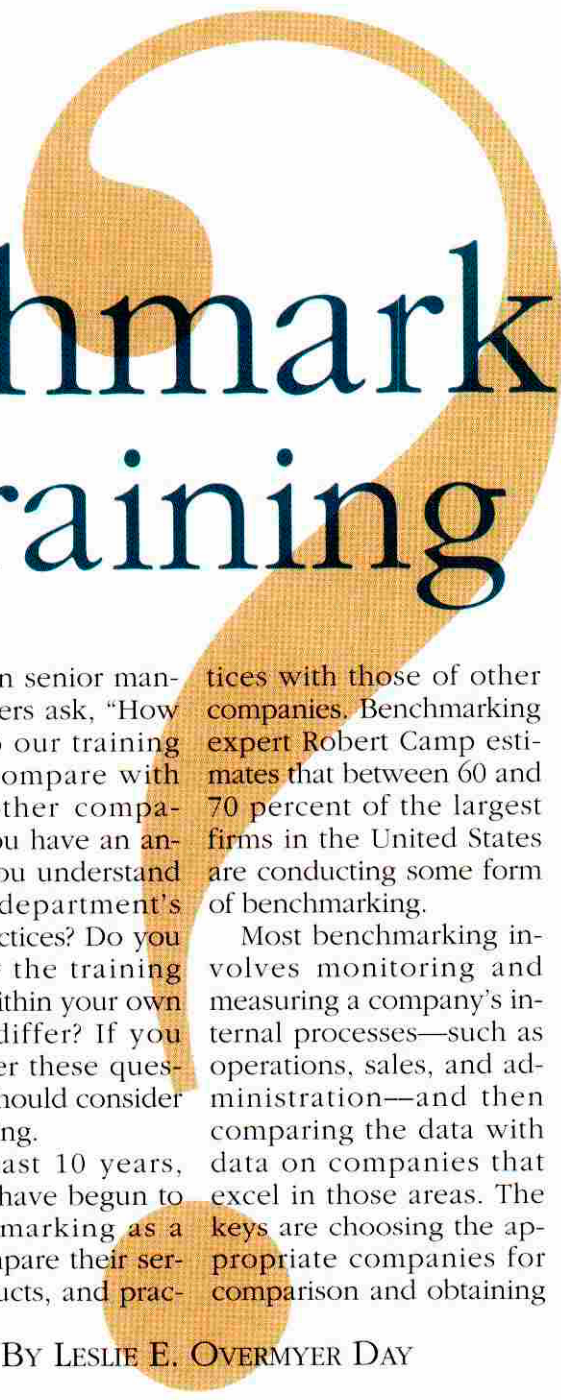




IN THIS ARTICLE

*HRD Research Design,
Benchmarking*



Benchmarking Training

When senior managers ask, "How do our training practices compare with those of other companies?" do you have an answer? Do you understand your own department's training practices? Do you know how the training functions within your own company differ? If you can't answer these questions, you should consider benchmarking.

In the past 10 years, businesses have begun to use benchmarking as a way to compare their services, products, and practices with those of other companies. Benchmarking expert Robert Camp estimates that between 60 and 70 percent of the largest firms in the United States are conducting some form of benchmarking.

Most benchmarking involves monitoring and measuring a company's internal processes—such as operations, sales, and administration—and then comparing the data with data on companies that excel in those areas. The keys are choosing the appropriate companies for comparison and obtaining

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Here are some recommendations on how to benchmark training, based on four years of firsthand experience.

the appropriate data. Companies can also benchmark their own training practices.

Approaches include the following choices:

- ▶ **Internal.** Comparing common practices among diverse functions within a company.
- ▶ **Competitive.** Collecting information from a competitor on a process or practice.
- ▶ **Cooperative.** Targeting a specific practice and comparing how it's done in other industries.
- ▶ **Collaborative.** Forming partnerships for exchanging information.
- ▶ **Shadow.** Monitoring one or more companies without their knowledge.

The choice of approach—for instance, collaborative versus shadow—may depend on how much the other companies (your benchmarking partners) are available and willing to cooperate. But most benchmarking approaches produce comparative data for one purpose: to learn about a company's performance, effectiveness, and competitiveness in one or more functional areas, compared with

the same areas in other companies.

First, it's important to determine the areas to benchmark. Should they be industry-specific or more general? Should the company share information or study the competition quietly?

Next, the company should determine the aim of the benchmarking study. Is it to establish a baseline of internal operations or to obtain competitive information? Once that's determined, the benchmarking investigators can set realistic expectations and seek appropriate, useful data.

The use of comparative benchmarking is expanding beyond core business operations. Training functions are using benchmarking to evaluate their programs in terms of value to an organization. Benchmarking is especially attractive to training executives who must justify training costs and ensure that training is delivered as efficiently and as effectively as possible.

Still, there is little information on which companies are conducting benchmarking on training, what training practices are being measured, and

Survey Instrument

The ASTD Benchmarking Forum offers a survey instrument for collecting training data. The instrument includes questions on training costs, staffing, administration, design, development, and delivery.

The cost of the instrument is \$100. To order, call ASTD Customer Service at 703/683-8100. Use priority code FMM.

how successful the studies have been. No standard terms, measures, or accounting requirements exist for benchmarking training.

To help develop some guidelines, the Benchmarking Forum of the American Society for Training and Development has been involved in benchmarking activities for the past four years. Here are some recommendations that have grown out of its work.

Purpose and perspective

Before beginning a benchmarking effort, the parties must clarify the uses of the data that will be collected. In benchmarking training, the training measures should be broad. Training practices vary widely among organizations. Measures that are too detailed and complex make it more difficult to find organizations with comparable systems and measures to benchmark.

It can be difficult to collect data for benchmarking, especially from decentralized training operations. And few companies maintain thorough accounting records of their training. Companies that do collect training data may be atypical in other ways, so their data might not lend themselves easily to comparison.

Benchmarking data should provide a macro view of training within a particular company, including the role of the training function and the training courses, costs, and delivery methods. Benchmarking data are less useful for addressing specific questions about training practices. Typically, the data lack enough details to improve training curricula. The primary users of benchmarking data are usually decision makers and strategic

Forum Statement

The Benchmarking Forum of the American Society for Training and Development focuses exclusively on training provided by member companies to its own employees. The forum does not address training provided to external customers. The forum does assess how much training is provided by internal training staff, compared with external suppliers.

Established in 1991, the forum provides an opportunity for training professionals from leading corporations to work with ASTD to conduct comparative analyses and identify successful training practices. The intent is to be a learning opportunity for all parties, as members share information and identify new ways of examining and evaluating training.

Goals include the following:

- ▶ establishing common definitions
- ▶ gathering training data from participating companies to create a data base of information
- ▶ using benchmarking to improve training in member companies
- ▶ sharing improvements with other

members of the training community.

Member companies of different sizes and structures are from the service and manufacturing sectors in such industries as automobiles, electronics, computers, public utilities, telecommunications, and financial services. Several members are winners of the Baldrige National Quality Award, the Deming Prize, and ASTD's Corporate HRD Award.

Current membership is limited to 50 companies, to keep activities manageable and still yield sufficient benchmarking data. New members are invited after a thorough review. They must be one or more of the following:

- ▶ recognized industry leaders that show a commitment to training through either training dollars spent or training awards received
- ▶ firms in an industry new to or underrepresented in the forum
- ▶ firms that exhibit commitment at the executive and companywide level to improving workplace performance.

planners, not training practitioners.

Most benchmarking measures assess and compare training inputs. For example, benchmarking questions frequently ask about the cost of training, the ratio of training staff to employees, and whether new or more traditional delivery systems are used. Few companies systematically measure individual learning or the effect of training on organizational performance. The shortage of valid measures for assessing training outcomes can make it difficult to benchmark training.

The ABCs of benchmarking

The parties leading the benchmarking effort must explain the reasons for the benchmarking, how the data will be used, and who will use the data. It's important to determine a specific focus so that the benchmarking investigators don't gather the wrong data or too much data.

Collecting the data can be a challenge. Training functions are decentralizing; more training is being outsourced. It can be difficult to capture information from both internal and external training suppliers. It may be more feasible to limit benchmarking to one business unit, supplier, or site (such as a field office) rather than try to benchmark all of the training in an organization.

To help identify an appropriate benchmarking target, the Benchmarking Forum has identified three categories of internal training functions:

▶ **Category A.** A centralized training function providing a full range of internal training to the organization, or several training functions from which the combined data represent the full range of internal training.

▶ **Category B.** A training supplier providing training services to a subunit aligned with a major division or business unit in the organization. The training activities are tailored to the unit's special needs.

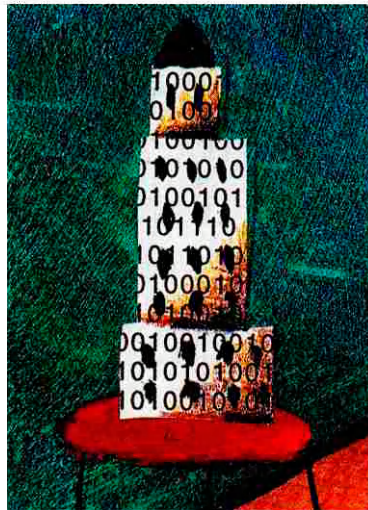
▶ **Category C.** A training supplier providing specialized training—such as executive development or sales training—across the organization.

Before collecting data, the benchmarking investigators must identify the structures of the training functions they plan to benchmark. The categories can help them identify a sepa-

rate training supplier rather than a mix.

Once the investigators have identified the appropriate unit to benchmark, they should define key terms. Every company has its own language regarding training tools, techniques, and activities.

For example, the terms "computer-based training," "computer-based learning," and "computer-aided instruction" are often used interchangeably—as are "interactive multimedia," "interactive video," and "multimedia." All



parties involved in the benchmarking effort should agree on what they mean by such terms as "delivery costs." For instance, does that term include participants' salaries and travel expenses?

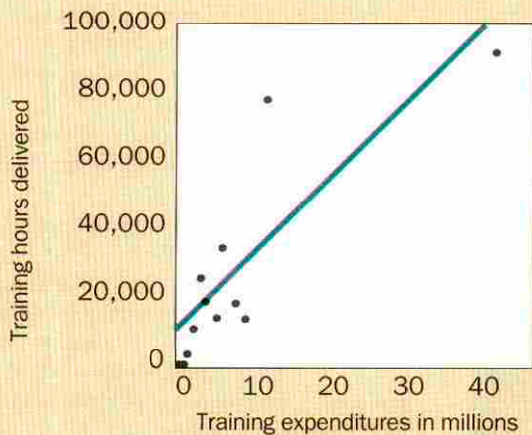
The ASTD Benchmarking Forum has agreed on the following definitions for several terms:

- ▶ **Customer.** An employee who receives services provided by the training function.
- ▶ **Internal staff.** Permanent full-time and part-time employees of an organization, including line employees who have been temporarily assigned to training programs. Excludes full-time and part-time temporary employees, contractors working on-site, and external suppliers.
- ▶ **Multimedia platforms.** The combined use of two or more instructional media, such as text, video, and graphics. Implies learner control.
- ▶ **Training days.** The total number of hours that an organization's employees spend in training, divided by eight. Includes self-paced learning; does not include employee attendance in noncompany-sponsored training such as tuition-reimbursement programs.

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Aetna Life & Casualty	Ford Motor Company
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Internal Training Expenditures, by Training Days



Using the proper tool

The benchmarking investigators will need a data-collection tool to gather consistent information from all of the companies being benchmarked. The most commonly used tool is a paper-based survey.

Questions should be kept to a minimum; the exact number varies with the scope of the benchmarking effort. Questionnaires with 100 items tend to discourage people from completing them. Often, overlong surveys show that the designers weren't sure what to focus on, so they tried to measure everything. That approach usually results in questionable data.

Each survey item should have a

clear rationale for being included. The investigators should justify each item as they develop the survey. That can help ease their analysis and interpretation.

The questions should be broad and strategic. Training data are used most frequently for strategic planning and budgeting.

Training practitioners have to step out of their usual roles when developing benchmarking surveys. Practitioners might be interested in comparing hourly costs of developing courses

that use various delivery methods. But most strategic decision makers don't need that level of detail. And most companies don't collect such data on a routine basis. Benchmarking such data can be challenging, if not impossible.

The analysis and interpretation of benchmarking data differs from the traditional use of statistical data. Companies often combine benchmarking data with more qualitative information about processes to define best practices.

Benchmarking training focuses on top performers rather than average companies. But benchmarking data alone won't necessarily reveal an excellent practice. The data may just

highlight characteristics to explore in more depth. A true best practice isn't a number. It's a mixture of philosophies, processes, strategies, and activities that may be suggested by statistical information.

In quantitative benchmarking data, the unusual points or "outliers" provide the most valuable information. (See the figure.)

For example, the graph of training hours delivered by cost shows an extreme case at the top left. This outlier doesn't fall neatly within the average range of values among its benchmarking partners. The point represents a company that spends a relatively low amount of money on training but delivers a lot of it.

After examining the graph, the benchmarking investigators should follow up with interviews or site visits to the company to see how it delivers so much training with so little cost—and to determine whether that phenomenon represents a best practice.

As the training function becomes pivotal to organizational success, it's crucial to examine training practices in other companies and learn from them. New methods and measures for benchmarking training continue to evolve. A common language is emerging. And training data are becoming easier to compare. Benchmarking training enables us to better understand how training is practiced in our own organizations as well as others. ■

Additional Reading

The Benchmarking Book, by M.J. Spendolini, Amacom Books, New York, New York, 1992.

"Benchmarking HRD," by Donald J. Ford, *Training & Development*, June 1993. ASTD.

The Benchmarking Management Guide, American Productivity and Quality Center, Productivity Press, Cambridge, Massachusetts, 1993.

"Benchmarking the Training Process," by Sandra M. Younger, *Info-Line 9405*, May 1994. American Society for Training and Development, Alexandria, Virginia.

"New Options in Benchmarking," by J.J. McGonagle and D. Fleming, *Journal for Quality & Participation*, 1993.

"Strategic Issues: Top Trainers' Benchmarking Wish List," *Training Directors' Forum Newsletter*, January 1993.

"Understanding Benchmarking: The Search for Best Practice," by Sandra M. Younger, *Info-Line 9207*, July 1992. ASTD.

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Leslie Overmyer Day is a former senior research officer at the American Society for Training and Development, 1640 King Street, Box 1443, Alexandria, VA 22313-2043. Many of the guidelines in the article come from the experiences of the ASTD Benchmarking Forum since 1992. Summary results from the forum's most recent effort are published in a special supplement, available for \$15. Call ASTD Customer Service at 703/683-8100.

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