

# Evaluating the Impact of Soft Skills Training in Your Organization



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We know the value of hiring employees with strong technical, or hard skills. You want to hire developers that are fluent in multiple programming languages, and you want accountants that have a strong sense of finances. Without those skills, the jobs that need to get done simply can't. But what about the value of those skills that aren't learned through step-by-step processes or following instructions? Those intangible skills that involve critical thinking, recognizing emotions, and communicating well?

How can we learn to look for and assess those kinds of soft skills? Are they less valuable than technical skills because they're harder to comprehensively measure? Or is that precisely what makes them highly valuable – because their affects are so pervasive?

**In this ebook, we'll help you look objectively at the intangible skills that are proving to make the biggest difference between high and low performing organizations today.**

# The Soft Skills Umbrella

First off, let's talk about what types of skills fall under the umbrella of soft skills.

**Communication:** This category of skills encompasses both verbal and written communication.

It's a presenter that knows how to work a room, or a manager who can address difficult conversations when they need to be had. It's also the ability to write clear, concise emails that save the reader the headache of figuring out what the sender meant to say.

And perhaps most importantly, it's listening, which should always be at least 50 percent of communication.

**Courtesy:** When we say courtesy, we mean employees that know how to act in any situation, that don't expect others to clean up after them, and who never say "that's not my job." Courtesy includes business etiquette, and of course, gracious behavior - knowing when to say please and thank you.

**Flexibility:** A flexible employee can quickly adapt to change, and is open to challenges like learning new things and changing habits. It's the employee that stays late when needed, and meets new challenges head on.

**Team Work:** Team work means having a cooperative attitude, a willingness to help, and the ability to get along with others.

**Work Ethic:** This one may seem more obvious, but work ethic is a willingness to work hard, to demonstrate loyalty, initiative, and a desire to produce excellent work.

**Integrity:** Researcher Tom Stanley wrote a book called *The Millionaire Mind*. In this book, Stanley studied first-generation decamillionaires (people with a net worth over ten million USD), and discovered that these individuals had 38 statistically significant behaviors or traits in common.

**The most common trait of first-generation decamillionaires? Integrity.** This is a reflection of strong character, which isn't built in a day.

After reading through this list, hopefully you can think of several employees who embody these various skills and traits. We'll call this group your superstars.

You also may be thinking of employees who don't possess these types of skills. We'll call this group your bench players.



## What if you have more bench players than superstars?

If so, does that mean it's time to do massive layoffs, and hope that this time you can hire more superstars? Thankfully, no; to create a company full of superstars, it won't require measures quite that drastic. That's because research, and experience, has shown us that soft skills can be learned!



**Even the laziest, most unprofessional, least flexible team member you can think of has the ability to learn the skills they need to become a superstar.**

## How Can Improving Employees' Soft Skills Impact My Business?

Stanford Research discovered that Fortune 500 CEOs reported they perceive soft skills to be 75 percent responsible for the long-term success of an employee - almost everything in business, from client services, to sales, to company culture, are all entirely dependent on your employees' soft skills.

That means training and developing your employees' skills, like emotional intelligence, problem solving, and active listening, would create more top performers in your organization. Think about the incredible benefits that creates - your customers are more likely to be satisfied with high performers, your sales are likely to increase as a result, and your production team is going to be more efficient.

**Imagine what having a team full of high performing employees would do to lift you above your competition!**



If everyone in your organization is working smarter than everyone working for your competitor, it's easy to see who is going to win. That's why smart businesses invest in soft skills training. It's not only important for the culture and strength of your organization, it also gives you a massive edge over other companies competing for your market share!

Since we know soft skills can be learned and improved in every individual, at any point during their career, let's see how to objectively show the importance of this investment in your people.

# Measuring the ROI of Soft Skills Training

Keep in mind here - while there are ways to put dollar estimates on the ROI of soft skills training, it's important to recognize that the very nature of these types of skills makes them **impossible to comprehensively measure with complete accuracy**. There is a difference between "ROI" and "total impact." Although the full impact can't be measured with numbers, finding the related objectives that you can measure will prove to be only the tip of the benefits iceberg.

You don't always need to provide specific numbers to show leadership how soft skills impact business - you only need to prove that your training initiatives are valuable.

Here are four steps to take before worrying about numbers:

- *Identify the specific performance areas you're seeking to improve*
- *Engage all of the key stakeholders in identifying performance needs*
- *Clarify and define what a successful training effort will look like*
- *Establish the data points and metrics that will help clarify success*

## Recommended Resource

Going through these steps helps you set goals that align with the overall business strategies, and get leadership on board with your initiatives.



Once you have goals and objectives outlined, you can start pulling the right numbers and making calculations to see how they affect ROI.

One of the most common business challenges we see with our clients is training new managers to successfully lead their teams. We're going to use this challenge to help you see how others have successfully measured the return from investing in soft skills training for new managers.

$$\text{ROI} = \frac{(\text{Investment Gain} - \text{Investment Cost})}{(\text{Investment Cost})} \times 100$$

Let's look at how For Instance Company, Inc. (FIC) figures this out through a realistic (yet fictitious) example:

We start by calculating the investment costs - it costs FIC \$520 per year to deliver soft skills training to one manager. For the 80 managers that need training, that's \$41,600 per year. This training is delivered in a variety of ways, including assessments, instructor-led training, online videos, and social collaboration tools.

Calculating the investment cost (\$41,600) is the easy part – determining the investment gain is more difficult.

To get hard numbers out of the gains, we'll need to **look at benefits that can be quantified**. For instance, plenty of studies have been done linking poor management to high employee turnover, and there are calculators available to determine the cost of turnover.

So, FIC wants to calculate the ROI of soft skills training for managers as it relates to reducing employee turnover.

Before training was delivered, FIC had a **turnover rate of 22 percent**. Six months after training, that rate had decreased to **14 percent turnover**.

The average employee salary at FIC is \$45,000 per year. The Center for American Progress released a report in 2012 showing that for employees earning an annual salary of \$75,000 or less, the average cost of turnover was approximately 20% of their salary. **That makes the average cost of losing one employee \$9,000 out of FIC's pocket**.

The 80 managers receiving training oversee 500 employees. So before training, the number of employees lost per year was 110 (500 x 22% turnover rate). After training, the number of employees lost per year was 70 (500 x 14% turnover rate).

By improving managers' soft skills, FIC saved 40 employees from leaving.

**\$9,000 cost of turnover per employee x 40 employees = \$360,000 saved in turnover costs alone.**

That number is the investment gain from the soft skills training. Now we calculate that against the investment cost to get FIC's benefit to cost ratio and ROI.

The benefit to cost is  $\$360,000 / \$41,600 = \$8.65$

For every dollar of training investment in managers, the benefits from reduced turnover returned \$8.65. As for ROI:

$$(\$360,000 - \$41,600) / \$41,600 \times 100 = 765\% \text{ ROI}$$

Based on those numbers, it's safe to say FIC made a wise investment!

And that's only one of the benefits from implementing soft skills training. You could add in other quantifiable benefits such as productivity gained or sales increased to calculate an investment gain that includes multiple factors.

That's the most difficult variable in this equation to determine, so here are some ways to use the Kirkpatrick – Phillips training evaluation model to find the investment gain for your calculations.

# Using the Kirkpatrick-Phillips Model to Determine Investment Gain

The Kirkpatrick – Phillips Model shows us how to measure return by breaking down the learning process into levels.



The **first level** is gauging participant satisfaction. Most organizations do well with seeking feedback and understanding how employees react to training. In fact, most training leaders can use their soft skills to gauge participant satisfaction by reading body language and monitoring feedback and tone.



The **second level** demonstrates how employees use this training. It begins by asking the question, “Did your employees learn anything new?” If they did, are they aware of how they can use this new knowledge in their skills and attitudes?



That leads to the **third level**, which is application. When employees are able to apply their learning directly to their job, we can begin to measure how much impact a training program has had on an employee.



We do that by analyzing the factors in the **fourth level**, which is monitoring business impact.



Finally, this combination of information leads us to the **fifth level** and final measurement, the investment gain.

## Let’s look at this model through the lens of a real-world example:

Brandon is an employee in your organization who has conflicts with his coworkers on a fairly regular basis. Most recently, Brandon yelled at a colleague for using social media on the job. Outbursts like this have kept Brandon’s colleagues from collaborating with him, since they’re walking on eggshells all the time, resulting in a less enthusiastic and productive team environment.

Brandon’s manager, Susan, wants to solve his inability to work out conflict. Other than his lack of conflict management skills, he’s great at his job and delivers strong work. Susan meets with Brandon, and coaches him through conflict resolution training.



This is where our measurement can begin:

## Level 1

After the completion of training, Susan asks Brandon how he felt about the training. Brandon reports that he was able to see his behavior through his coworker's perspective, and begin to empathize with their frustration at his outbursts.

## Level 2

Brandon confirms to Susan that he now understands that he needs to display more patience, listen better, and communicate his feelings to his coworkers better.

## Level 3

The next day, Brandon watches his coworker Todd drink the last cup of coffee without brewing more. Typically, this behavior frustrates Brandon and he is quick to cause conflict. This time, Brandon brews a batch of coffee, and then quietly approaches Todd with a friendly smile and tells Todd how much he would appreciate it if Todd could remember to brew more coffee if he takes the last of it.

## Level 4

After two months, Brandon has not had a single conflict that required escalation. This has saved 10 hours of Human Resources time; time which in the past usually went to solving Brandon's multiple conflicts. In addition, Brandon has had better morale and has delivered more work on time. His coworkers also appear more cheerful and less on edge. As a result, they are collaborating better.

## Level 5

The CFO estimates that HR has saved \$2,500 by working on more pressing issues in the time that they would have spent with Brandon. In addition, Brandon's department has become 8% more efficient, a number that projects to \$6,000 more in revenue over the course of a year.

In this example, the investment gain is \$8,500. Plug that into the ROI calculation with the investment costs of training Brandon, and you can see how much return you gained.

Keeping track of data like this can take a lot of effort, but it also goes a long way in creating a more productive, happier organization. However, if that still seems like a lot of work that you don't have time for, we can get a simpler look at the impact of training using the Success Case Method.

# 3 Simple Questions

The Success Case Method narrows down the five levels of the Kirkpatrick – Phillips model by asking three questions:

- *What, if anything, did this person learn that was new?*
- *How, if at all, did this person use the new learning in some sort of job-specific behavior?*
- *Did the usage of the learning help to produce any sort of worthwhile outcome?*

While a little less scientific, this model still helps us come to a measurable impact. For the sake of simplicity, we'll use the example of Brandon once again.

### What did Brandon learn that was new?

Brandon learned how to combine patience, empathy and communication to solve conflict.

### How did Brandon use this new learning?

Brandon was able to negotiate a conflict in a productive manner for the first time.

### Did Brandon's usage of the learning help produce a worthwhile outcome?

Brandon didn't escalate the situation, and as a result, the department carried on with business as usual. This saved several hours of time. By estimating time saved, you can estimate cost saved.



## Prove Your Intuition Right

Soft skills form the foundation of nearly all our interactions with people. The final evaluation of the success of ANY organization comes down to how employees interact with prospects, customers, the market, and each other.

**Soft skills, therefore, are not extras. These are not skills that should be reserved for training when we have extra time and the hard skills training is finished.**

But soft skills don't always lend themselves to easy measurement for excellence. We know great "people skills" when we see or experience them. Measuring the business impact isn't something that traditional approaches to training investment help us do very effectively, unless we dig deeper.

So, dig. Perform exhaustive analysis to FIND the actual cause of the difference between the current levels of employee and organizational performance and the desired level of performance.

Stay focused on performance improvement, and find the supporting behaviors you can influence that will impact those behaviors. By finding the gaps, understanding the metrics that explain them, and examining the behaviors you want to influence to bridge those gaps, then you have set the stage for developing and producing data-driven measurements.

These are what will help you PROVE your soft skills development efforts are delivering the business benefits you intuitively know are already occurring.

# Recommended Resources:



Did you know? 75% of long-term job success depends on a person's ability to develop soft skills.



Having leadership support is critical to the success of your employee training program.



Goals and metrics are the wheels to your online employee training program.

## Sources

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