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DEALER INSTITUTE

Can the Impact of Leadership Training Be Measured?



WHITE PAPER

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INTRODUCTION

The short answer is yes. This white paper provides blueprint options to measure the degree leadership training with your leaders are put to work.

Leadership gurus tell us that billions of dollars are wasted each year on leadership training because the training was not put to use. Let me cite a couple such examples of waste.

Up-line leaders seldom have a clue about the subject matter offered in the training events attended by their down-line managers. One owner vented his frustration that the employees sent to Dealer Institute-sponsored leadership training did not report to him about the training event. Unfortunately, nor did he ask.

The participants attending the classes I teach develop a Leadership Improvement Plan specifying what they are going to implement upon returning to their dealerships with specific instructions to review these action steps with their supervisor and direct reports. The little data I have suggests these reviews typically don't happen. One dealership spent \$30,000 on on-site training and I was later told the dealer principal did nothing with that content. I could continue with other examples, but I'm sure you get the point.

Excuse my bluntness, but it's absolutely ridiculous to spend money to send employees to the training event and not do anything with it. Yes, I could use stronger language in the previous sentence, but I don't want to offend anyone. All of us, though, sometimes need a kick in the butt to help us recognize our foolishness.

From a trainer's point of view, it is very frustrating that the hard work required to offer training is all for naught.

There are many root causes for such negligence, but I'll only cite one – accountability seems to be a dirty word. I often ask class participants if the word *accountability* has a negative or positive connotation. It's disheartening to learn the majority respond negatively. In reality, accountability is a teaching tool to help employees learn the technical and interpersonal skill and, yes, leadership skills to be successful. What is negative about that?

Let's address four sobering facts. First is the growth and success of your dealership, which is dependent upon the growth and success of your people. If you question that logic, then tell all of your employees to go home and measure your financial success. How stupid of me to even suggest such a crazy idea, right? People are your most valuable resource.

Second is the importance of leadership. Leadership is about relationships that determine the level of employee engagement, customer service levels, and whether a dealership is a high-performing business or one that's infused with the disease of complacency and mediocracy.

Third is the message sent to employees when a dealership willingly throws money out the window via wasted training. It's always discouraging when employees tell me they don't know why the on-site training event is scheduled because nothing will change. In an attempt to exhibit a positive attitude, I tell employees that regardless of whether the dealership takes advantage of the training, the employees can and it's nice of the dealership to give them that opportunity.

Fourth is the return on the investment. Research suggests people issues account for a 25% loss in a company's operating efficiency. One dealership's senior management team was discouragingly willing to bet their loss approached 50%. Let's examine real numbers.

Suppose it costs \$5,000 per hour to operate a dealership. Losing 25% efficiency costs the dealership \$1,250 per hour. I've been told a dealership's average net profit is about 2%. That means, a dealership would have to increase its net revenue of \$62,500 the next hour to generate a profit of \$1,250 for the previous hour's loss ($\$62,500 \times .02 = \$1,250$).

I know this sounds cruel, but leaders are responsible for this loss of revenue when such inefficiencies are allowed to exist unabated. For example, the attitudes that conflict between parts, sales and service is normal and opens the floodgates to waste money.

The following three leadership skills are being used throughout this white paper to illustrate the measurement process:

1. Leading change. I've asked thousands of participants to illustrate the energy systems that are inherent in the change process. To date, not one participant has been able to do so.
2. Empowerment. This is a key tool to improve productivity and talent development.
3. Real-time feedback/advice. This is critical for performance improvement, yet most of the course participants in leadership classes readily admit this leadership responsibility is ignored.

BLUEPRINTS

I should mention there are statistical formulas that will measure the return on investment and they are statistically sophisticated, complex and require the company to monitor several data points. Needless to say, that complexity is above my pay grade.

The late Don Kirkpatrick, a university professor, author and past president of American Society for Training and Development, offered a four-level measurement system in his 1953 dissertation that has universal acceptance as the crown jewel for measuring the impact of leadership training. The four levels are listed below and each will be discussed in detail.

1. Satisfaction of the course content and quality of training
2. Learning the content offered in the course
3. Transfer the learning to the workplace (obviously critical)
4. Statistically measuring the impact

Level I: Satisfaction

The first level is rating the satisfaction of the training event, e.g., instructor, course content, venue, supplemental handouts, etc. This level of measurement is widely used, but as you read this, you will see this measurement doesn't address a transfer of training to the workplace.

Dealer Institute training participants are asked to evaluate their satisfaction of course trainers as well as course content. Example questions include:

1. Did the course trainer competently present the information?
2. Would you recommend this trainer to others?
3. Was the course content relevant?
4. Would you recommend applying this content to your dealership?

The Dealer Institute uses a five-point Likert scale ranging from Strongly Disagree to Strongly Agree. Raters are also asked to make comments. The five-point scale is not the Holy Grail as there are seven- and 10-point scales available for your review when you Google Likert scales. Of course, the Dealer Institute is extremely pleased when the mean ratings for its courses and trainers approaches five on the Likert scale. Such information can be great marketing materials, but it tells us nothing about to what degree the content was learned, whether the content will be put to use at the dealership or the impact of putting the content to work.

I've had numerous conversations with participants concerning putting leadership training to work upon returning to the dealership, especially when taking into consideration the dealership's culture. It's discouraging to hear when a dealership spends the money to send its employees to leadership training and then learning the workplace culture won't support the training. This topic will be addressed in more detail during the discussion on transfer of learning.

The Dealer Institute also asks participants to express their level of dissatisfaction or satisfaction with the course. Comments can also be quantified by quickly calculating the percent of satisfied comments from the pool of comments.

I'm closing this section while emphasizing the overall satisfaction with the course and its trainer are critically important variables leading to participants' engagement in the training events and facilitating the eagerness for the participants to learn the content.

Level II: Learned

What did the participant learn? The answer to that question is of interest to both the Dealer Institute and the participating dealership. Obviously, learning is a prerequisite to ultimately using the content at the dealership. The Kirkpatrick model emphasizes learning the knowledge, skills, attitude, confidence, and commitment.

Dealer Institute's classes have several lessons learned opportunities embedded within the delivery of the training content. Several leadership examples are provided in the following paragraphs.

Change Management – The one constant every person faces is change, whether it's planned change, passive change that simply occurs over time, or change that is forced. Change is simply an energy system – the person is either going forward or retreating.

There is no standing still as life's changes are much like a river where it's impossible to put your foot in the same spot twice. The current of change takes us somewhere. There is no standing still because time and life experiences create change.

Every leader is going to be a change agent and address change improvements needed within their level of authority whether the change is initiated within the respective department or from the senior leaders. The fact is leaders need to learn how to sell change as opposed to dictating it.

Participants learn a seven-step process to manage the energy systems inherent in change. So, the question is, do the participants learn this seven-step process? In addition to being introduced to the change process, participants use the system twice during the class – using the content in an exercise with a personal subject and then in a breakout session with a dealership change.

Let me share a win with you. The staff from a given store attending the leadership course used constructing a new facility for their location as the example to sell change. That team did an excellent job and received an ovation. Fast forward. That team got its new store.

Real-Time Feedback/Advice – Role playing is an excellent tool to watch someone providing real-time employee feedback during a training event. The leadership class uses three different scenarios to observe the learning that occurred to deliver real-time feedback.

Empowerment – The empowerment process is challenging for some leaders for a variety of reasons and that is a subject for another time. The bottom line is delegating the degree of authority to make independent decisions. After introducing the empowerment process, participants role-play using the process to showcase their learning.

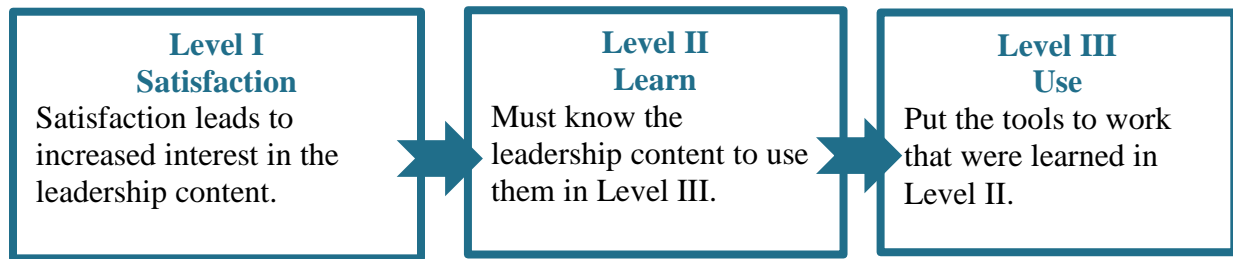
Showcase At The Dealership – An intriguing question that the training participant needs to answer is, *“Do I know what is expected of me when I return to the dealership?”*

In reality, participants are limited to what they can accomplish in a classroom, but there are a couple of great exercises that can be completed upon returning to the dealership. The best way to learn is to teach. Ask the participants to teach a class to other employees on a topic from the leadership class – change management would be an excellent topic. Or, have lessons learned discussions giving the participants an opportunity to showcase what they learned at a training event. Using participants to share information is a great way to multiply the benefit of sending an employee to training, and this can positively impact the financial return on investment.

Another excellent exercise to use upon an employee's return to the dealership is labeled *retroactive pre and post*. That is, create a survey with lessons learned and ask the participant to rate the degree of confidence and commitment to engage these skills prior to the training event and subsequent to the training event. Yes, completing the survey after the training event is not the most accurate data, but it gives the dealership an indication that content was learned during leadership training.

Level III: Transfer of Learning

What is the degree to which participants use what they learned upon returning to the dealership? Without a doubt, this level is critically important for a dealership to measure the return on its investment. Let's review the relationship between the three levels that have thus far been discussed.



One reason Level III is so critical is you will read that Level IV is more labor intensive. I hate to be skeptical, but only those leaders striving for elite performance will even consider Level IV measurement.

FACT – If transfer of learning is left to chance, you know what will happen – nothing. As previously stated, it is so depressing for course participants to tell me there is no way the leadership skills being taught can be used at their dealerships because their immediate supervisor is autocratic and doesn't want to try anything new.

Under such circumstances the two pieces of advice offered are: 1) resist allowing the immediate supervisor to dictate your leadership style (toxic leaders spread considerable poison throughout the dealership), and 2) remember that life is too short to keep putting your body where your mind does not want to go.

It is absolutely critical that corporate leaders create a dealership-wide leadership development culture and an accountability process. The accountability process that is currently being used in dealerships to monitor technical performance, i.e., regularly scheduled reviews of the data is the same for leadership development, but the data changes.

To begin with, senior leadership needs to ensure the management structure implements the following points:

1. Every leader needs to know the leadership content taught.
2. Every immediate supervisor needs to discuss the content with their direct report who participated in the training.
3. Every immediate supervisor needs to discuss how the content can be applied within the dealership with special emphasis on the Personal Improvement Plan (you'll learn about that on page 7).
4. Every immediate supervisor needs to implement the accountability process to review progress with their direct report on a regularly scheduled basis and coach for improvement.
5. An accountability report needs to be sent to corporate leaders at least quarterly and make the report an item on their meeting agenda to review progress throughout the enterprise.
6. Placing leadership development on corporate management meetings sends a powerful message about their seriousness for workforce development.

Challenge – I challenge readers to tell me which of these steps are impossible to do. Here's another challenge to think about while discussing Level III measurements – create a leadership improvement plan for every leader within your dealership. I often run into resistance and told that developmental plans are needed for lower-level leaders. Every dealership needs to remember: 1) senior leaders being a part of a developmental plan provides an excellent, positive example for down-line leaders, and 2) seeing top-down change produces bottom-up commitment, i.e., actions speak louder than words.

Something to remember: Research published by professor and author Rob Brinkerhoff in 2006 showed that scheduled involvement of up-line supervisors in the transfer of the learning process increases the likelihood of a successful transfer of learning by over five-fold.

Personal Improvement Plan – Participants in leadership classes develop a Personal Improvement Plan. That is, at the end of each topic, they are asked to record what they can do to improve their performance within this topic. Each participant will have eight to 10 ideas listed and they are asked to reduce this number to the critical one to three leadership strategies. Participants are asked to review these with their immediate supervisors as well as with their direct reports while asking these parties to help hold the participant accountable.

Note that I'm using a few behaviors associated with three critical leadership skills within the following example of the Personal Improvement Plan.

Personal Improvement Plan Smart Goals

S = Specific
M = Measurable
A = Achievable
R = Realistic
T = Timeline

Date:

Instructions: Use the following Likert scale to quantify the progress you've achieved through implementing your personal improvement strategies.

1 = I've not done anything 3 = I'm making some progress
2 = I've started 4 = I'm making considerable progress
5 = I'm proud of the progress made

Strategy	Progress				
Managing Change					
Ensure that employees understand the "whys" driving the need to change and the advantages associated with the proposed change.	1	2	3	4	5
Employee input is sought for changes that impact the department.	1	2	3	4	5
Empowerment					
Ensure that employees understand their level of authority to make independent decisions.	1	2	3	4	5
Establish timelines to monitor progress.	1	2	3	4	5
Real-Time Feedback					
Show recognition/appreciation to at least three employees today for a job well done.	1	2	3	4	5
Provide constructive feedback or teaching moments in real-time.	1	2	3	4	5

Using the Likert scale, participants are asked to rate themselves after 30 days while also being rated by their supervisors and direct reports. The multi-rater approach provides excellent feedback as to the progress being made. The results should be discussed with those who completed the ratings. Obviously, the immediate supervisor has editing authority to the behavioral strategies being implemented and measured.

Upon measuring significant progress, participants can return to their libraries of ideas listed in their Personal Improvement Plan for an additional set. Yes, leadership development is a continuing process.

Performance Management System – The Dealer Institute also offers a comprehensive Performance Management System that embeds both leadership development and technical performance objectives. In brief, technical and leadership development objectives are developed per quarter and employees and their immediate supervisors review the progress on a monthly basis. Yes, this is a comprehensive coaching workforce development system that can supplant the annual performance review. It's an excellent system, if I do say so myself. Please contact us to learn more.

FYI: I have a non-Dealer Institute client adopting this workforce development process and even developed a software program to facilitate its implementation with its 500 employees. Annual reviews will be simply used for salary adjustments.

Self-Assessment – Let’s close this section with completing a Level III self-assessment on a scale from one to 10. Number 1 anchors the low end (or “Hell No”), meaning the dealership will put this much effort into a Level III measurement system, or 10 (or “Damn Right”), indicating the dealership can implement a Level III measurement system to improve the dealership’s leadership development.

Circle your number before proceeding with reading.

Hell No		No		Don’t Know		Yes		Damn Right	
1	2	3	4	5	6	7	8	9	10

To become a talent development factory and an employer of choice, senior leaders have to score eight to 10. Imagine for just a moment that your dealership is recognized as the employer of choice in your marketplace. That could set you apart from the competition in this dog-eat-dog world search for talent.

Level IV: Measuring Results

Level IV measurement answers the question: *“Did the leadership training have a positive impact upon the dealership’s performance?”*

Yes, the question can be quantified with a Level III measurement. For example, on a scale from one (Strongly Disagree) to five (Strongly Agree) indicate your level of agreement that the recent on-site leadership class had a positive impact upon the dealership’s performance. But did it really? Metrics and statistics can provide the answer.

Listed below are several examples of leadership/people metrics that can help answer the Level IV question.

<ul style="list-style-type: none"> • Employee engagement • Employee satisfaction • Internal promotions • Regrettable turnover • Both customer and employee net promoter scores 	<ul style="list-style-type: none"> • Intent to remain with the dealership • Financial performance • Safety performance • Production rates • Frustrations that interfere with performance • Etc.
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There are several requirements to successfully implement Level IV measurements. One is that specific objectives need to be established. For example: 1) employee engagement at 60%, 2) employee satisfaction at 80%, 3) employee net promoter score at 80%, 4) customer net promoter score at 90%, 5) improve financial performance of the department by 10%, and 6) reduce frustrations that interfere with performance by 10%. Okay, I’m sure you see the picture and you probably also know what is next.

Two, once the objectives and expected results are established prior to training, benchmark data need to be collected. For example, suppose the benchmark employee engagement level is 37%, which is an actual number measured by a dealership. The dealership established the key performance metric of 60%.

Three, training is targeted to improve employee engagement and, at a later date, employee engagement must again be measured. Suppose the post-test showed the score increased to 45%. An 8% increase looks pretty good, but is it good enough? Statistical analyses could be completed to determine if that increase is statistically significant or perhaps occurred by chance.

Another step is to analyze the employee engagement results to identify strengths and weaknesses. Then the dealership decides to develop strategies to strengthen its strengths or weaknesses that could drive improvements in the engagement scores. Hint: It is probably easier to strengthen the strengths than it is to strengthen the weaknesses. With that said, a weakness can have devastating effects on employee engagement dictating that it needs to be strengthened.

After implementing the defined strategies for a period of time, e.g., quarterly, a third measurement is taken to measure the progress. Suppose the engagement score climbed to 50%. Is that score good enough for now even though it is less than the targeted 60%? The dealership has to answer that question. Again though, statistical analysis would be required to determine if that is a statistically significant change.

The results can be even more complex for dealerships with multiple locations as the results will probably vary by location because of the dynamics between store leadership and employees (i.e., employee engagement is driven by leadership behaviors).

A Success Story: We completed an employee engagement survey for a dealership that gave us permission to discuss the methodology to put its data to work. The bottom line is the dealership wanted to improve its engagement scores. The statistical analysis showed the dealership's employee engagement score was driven by several leadership behaviors, including *"I feel that my opinion/input is valued"* and *"I'm cared for as a person first and as an employee second."*

The dealership organized meetings at each store to review the data and discuss what can be done to 1) show employees their input is valued and 2) show they are cared for as a person first.

After working on these for about three months another survey was completed to assess the progress. The following table shows you the comparison between the benchmark measurement of the percent of employees who somewhat or totally agreed with the statement and the follow-up. The data clearly show the managers' work clearly improved the scores.

Level IV Measurement

Leadership Behavior	Benchmark	Subsequent
I'm cared for as a person first and as an employee second.	53.9%	78.8%
I feel that my opinion/input is valued.	78.8%	85.0%

The owners had established a goal to achieve 85% of the employees who would either somewhat or strongly agree with these two statements. The data show that goal was reached to show employees their input was valued.

This dealership recognizes that employee engagement drives employee retention and other metrics, such as reducing wasted time, net profit and customer satisfaction. The exciting news is the dealership intends to continue measuring on a quarterly basis to monitor results.

Another option for Level IV measurement is the *pulse survey*, a regularly scheduled employee survey asking employees to rate a particular metric. For example, the employee Net Promoter Score, which has become popular in the equipment industry, represents the degree that employees are likely to recommend their department/store/dealership as a place of employment to their family members and friends who want to work in a dealership. It's also used to measure whether customers are likely to recommend the dealership.

You can Google the mathematical formula used to calculate the score. Some research suggests that a Net Promoter Score of +/- 30% is good. I'm more optimistic and recommend dealerships set the bar higher.

Creating a Level IV leadership culture requires additional work, but the measuring and monitoring of putting the training to work can produce an exciting, major positive impact upon employee morale, performance, and net profit.

Leadership Requirements for Level III and Level IV Measurements

The intent of this white paper is to illustrate the different measurement opportunities available to dealers to realize a return on their investment to provide leadership training. Though we recommend using Level IV measurements, we understand doing so requires extra effort that most dealerships will not do. With that said, we strongly recommend the use of Level III measurements, i.e., transfer of training.

I'm listing several essential leadership requirements to successfully use Levels III and IV measurements.

Confidentiality – Raters must be certain the data and their comments are confidential which is why the recommendation is to use an outside vendor. We happen to know one. I've had clients read the comment section and exclaim "*I know who wrote that.*" The dealership has options to discourage these attempts: 1) Encourage employees to refrain from using their clichés, 2) Don't ask for comments, or 3) Refrain from making judgments that can be challenging so keep your mouth shut. Having said that, themes in comments can provide valuable insights.

Accept The Truth – Elite leaders want to know the truth and prefer data that opens the door to improvement as opposed to receiving positive affirmations. I've had clients who openly stated, "*I don't believe those numbers.*" Another favorite excuse is, "*The question must have been worded incorrectly or at least was confusing.*"

Share The Data – Leaders have a responsibility to share the data with their raters. One dealership with whom I worked completed an employee satisfaction survey. The owners didn't like the results and quietly buried the report. Fast forward and you'll find that dealership continues to struggle with its internal culture today. Yes, talent has been driven away from the dealership.

We just completed another employee engagement survey and I received emails asking, *“Is this going to be another survey where we will never learn about the results? That’s not a good reputation to have... and remember the dealership mentioned in the preceding paragraph that quietly buried its employee satisfaction report because the owners didn’t like the results.*

Put The Data To Work – A word of caution: Not using employee data is a morale buster for employees. Putting the data to work is relatively easy. Another company’s data also showed the importance of valuing employees by putting their input to work. In this instance, the company conducted a brainstorming session to identify what must be done. This showed employees their input was valued.

Feedback Is A Gift – As previously stated, elite leaders seek feedback from every source and want information that can lead to further improvements. Not having or using data is like the blind leading the blind. It’s been said that even a blind hog can find an acorn, but its success rate would be markedly improved with feedback to show the locations of acorns. When we look in the mirror to ensure that we look okay to go to work and make final adjustments this is putting feedback to work. We do it all the time even while driving to the dealership. It is the natural process of being alive.

Talent Development – Talent development is the signature of elite leaders. They enthusiastically lead by example to continue developing their skill sets and understand the importance of talent development throughout the dealership.

In Conclusion

This white paper was written for two reasons – to share ideas that 1) you can use when sending leaders to a leadership class (preferably one offered by the Dealer Institute) in an effort to obtain a greater return on your financial investment and to help you develop talent, and 2) to organize my thoughts on this subject and to generate additional ideas to improve the quality of the courses that I teach.

Thank you for reading and please feel free to offer your thoughts and suggestions to improve this content. If I didn’t provide the promised blueprints for the four measurement levels – then push back and hold me accountable at 501-269-1728 or teammax100@gmail.com.

About the Author

Larry Cole earned a Ph.D. in Psychology from the University of Oklahoma. Larry was on the faculty of Arkansas Tech University and served as CEO of a Comprehensive Mental Health Center before founding his consulting company, TeamMax®, in 1989.

Since then, Larry has specialized in improving leadership effectiveness and teamwork while fostering the fact that frustration is your best friend. He created the TeamMax® Advantage methodologies to measure behavior change in real-time. Larry has authored 10 books, written numerous articles for professional, business and trade magazines, and written unpublished manuscripts, such as this one. He has worked in the agriculture industry for over fifteen years and wrote the first two books published in the integrator and poultry grower relations.

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