



# Where should I spend my training dollars?

BY DR. TIMOTHY D. HILL, PH.D., CLSSBB, PMP

Often have people ask me about where they should spend their training dollars. Do they spend them on job-specific training or should they spend those dollars on broader, more conceptual training? Do they attack a specific issue within their Lean training, or cover the basics of root cause problem solving. The recent economy has helped to answer that question—spend it on job-specific training. But don't be so quick to do this; there's a false economy there.

That false economy is based on the idea that you'll get a better ROI (bang for your buck) if you train for what you believe you need immediately. It's false for a few reasons:

- 1) You'll be training your people for the problem of the day. Tomorrow's another day, right? What goes wrong today isn't necessarily what will go wrong tomorrow.
- 2) If you heard that company X down the road had tremendous success with training package "A" you might feel that's what you want for your company. Wrong. More than 95 per cent of training fails because it fails to generalize from one organization to another. As W. Edwards Deming said, "I think that people here expect miracles. American managers think that they can just copy from Japan. But they don't know what to copy."
- 3) You get the whole general-specific thing backwards. Although it might seem tempting to train for specific items first, often it's not.

While there's little doubt that TWI (Training Within Industry) works, it works best

**“When the economy picks up, the race will be won by those who have a trained workforce and can get it done right the first time.”**

when people have been trained how to recognize and solve problems first.

When I do training, I generally start with root cause problem solving to make sure they really tackle the correct root cause. It's rather like taking your child to the emergency ward if he or she is spiking a fever. What you don't want is the doctor to say take the child home and put them in an ice bath to reduce their temperature. Sure that might address the largest presenting symptom (the fever) what about the malady that's really causing the problem? What happens if it's an inner ear infection that causing the little one to spike a fever? Putting the child in an ice bath won't help.

I've seen the equivalent of "putting the child in an ice bath" countless times, across many different organizations. They are not training to ask "why" five times and get down the one root cause that they can do something about. They never learn that most problems have more than one "real" root cause. They never learn to select the one actionable root cause that will lead to measurable gains.

So when I've been asked about where to spend that training dollar, I say concentrate on building up an understanding of root cause analysis.

#### How to train for RCA

- Use simple, everyday, examples to begin with, like the one I provided

above with the child and the temperature. That way, everyone will get it. Do this before you attempt to train a naïve group with an example from their workplace. Remember, they're not getting it, which is why you need the training in the first place!

- Remember to measure! Use a baseline measure, then train, then follow up your measurements. Almost no companies do this and, as a result, almost no companies can tell me if their training was a success! They can mark people down as having received the training, but until you can show pre- and post-training increases in the desired behaviour, what you've got is expensive adult daycare.
- Once you've got the first wave of people trained, have them train the next wave. Not everyone is going to move on to become a trainer, but for those that do, remember to support them, facilitate their progress and don't make being a "trainer" a new job. Rather, integrate being a "trainer" into what they do. Do this enough times and you'll build a real learning organization and this will help your Lean efforts tremendously. Also remember why you're training – to see an improvement in the desired behaviour. Research has shown that if you can increase workplace performance by one standard deviation, there will be

considerable cost savings to be had. That same research has shown that the standard deviation of employee performance, in dollar terms, is about 40 per cent of salary. That's the same as saying increase employee performance by one standard deviation, and you'll save 40 per cent of the payroll from the people trained.

When you think about the average costs for a day's worth of training and what you get from it, it should come as no surprise that training has fallen by the wayside. In terms of the economy, people think that they should be pulling back on such things. But in reality, a downturn in the economy is just the time to train. When the economy picks up, even a little, the race will be won by those who have a trained workforce, can get it done right the first time and, as Taiichi Ohno said, get the right piece to the right place at the right time and price. 🍁

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## Question from the floor...

**QUESTION:** I am familiar with the term "kaizen" but what about the term "kaikaku?" I've looked it up and it's supposed to mean "radical change." I've just started Norman Bodek's book, *Kaikaku: The Power and Magic of Lean*.

**ANSWER:** First, congratulations on getting this book. I found it to be an enjoyable, autobiographical narrative and I particularly liked the bits about dealing with an eccentric Shigeo Shingo! Both terms have their origin in the Toyota Production System. I find it helpful to think of a kaizen blitz—a radical improvement in a limited area during an intense week.

- Kaikaku means a radical change, during a limited time, of a production system
  - Kaizen is the continuous small changes of a certain area of a production system
- We want to keep doing continuous improvement (kaizen) but every now and then, we need a more radical change (kaikaku). In kaikaku, people get together and effect a large change. Then they return to doing kaizen. Ideally however, the number of kaikaku that you'll need to do are much less in number than the number of kaizens!

## From the bookshelf...

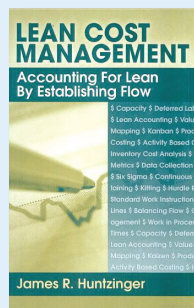
### *Lean Cost Management* By James R. Huntzinger

One area that I have been arguing for North American managers to get training on is Lean accounting. This is the book that I would recommend for people to get started.

While I'm not an accountant (by any means) I do know about the importance of obtaining and developing useful accounting information and how that's required by any organization to share information—for managing costs, showing where savings come from, linking performance to profits and for other internal and external purposes. Huntzinger makes clear how today's accounting systems don't really tie into production and fail to reflect the realities on the floor. While he speaks about a manufacturing environment, these lessons will be helpful to healthcare and the office alike.

Huntzinger says, "For the most part, traditional accounting methods have failed the test. Indeed, rather than being part of the cure as to what ails American business, management accounting systems have been part of the disease." In the second chapter, "Why Traditional

Accounting Methods Fail," Huntzinger describes the three failures of traditional accounting and notes that Henry Ford and Taiichi Ohno both disliked cost accounting. Ford wrote, "They (the accountants) think of a factory as making money, not goods. They watch the money, not the efficiency of production."



This is an excellent book for those who want to bring their understanding of Lean to the next level. It offers a combination of principles, philosophies and technical attributes for a transition to a Lean enterprise and the role cost management plays in this new enterprise. It also includes a working model of a production factors spreadsheet for tracking value stream costs and argues that "managerial-cost accounting" should be about designing, executing and improving the business system.

Lastly, it illustrates very nicely the techniques, principles and philosophies developed by the architects of Toyota's very successful operational accounting system.