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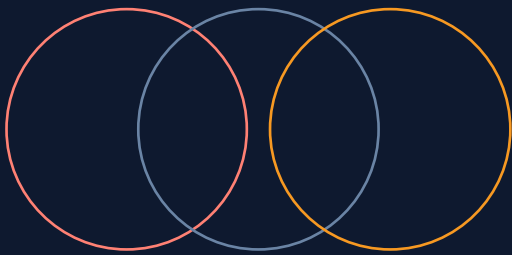
THE THREE THINGS YOU NEED TO MAKE A RETURN ON YOUR L&D BUDGET

INTRODUCTION

Is your organization's Learning and Development budget bolstering retention, an increased sense of employee empowerment, and tangible strides towards DEI? Odds are, probably not.

A whopping *75% of managers report dissatisfaction with the effectiveness of their company's L&D vertical, and as little as 12% of employees actually incorporate their organization's L&D resources into their careers.

While L&D is a vital element to the health of Fortune 1000 organizations, at The Forem we frequently observe a disconnect between the department's potential impact (on DEI, revenue, and retention), and where the money actually goes.

In this guide, we'll break down the biggest missteps and the biggest opportunities for investing in sustainable growth through L&D.

* "of 1,500 managers surveyed from across 50 organizations." - Harvard Business Review

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The State of Things Today

The "Great Resignation" (also dubbed the "Great Reshuffle") in the current/post-pandemic era boasts an air of triumph for many individuals, signaling a departure from unsatisfying work conditions in pursuit of passions and higher job satisfaction.

But for organizational leaders, the associated cost of attrition likely induces more anxiety than celebration.

It is estimated that for every resignation, an organization spends 33% of the lost employee's salary on productivity lag and resources to find and train their replacement. That's no small number.

But retention isn't the only cost. Even when leaders hire with good intent, they often stop short of truly investing in their human capital. Without dedicated follow-up, the cost of a new hire can easily sink the org's budget.

Aligned with the shifting job market is an increasing awareness of DEI shortcomings across the corporate landscape, and a widespread cultural push for personal development. Add that to the fact that Millennials, anticipated to represent 75% of the labor force by 2025, are most interested in working for "values-based, sustainable enterprises that contribute to the welfare of society" (McKinsey & Co.), and the picture becomes clear:

Retention is much more about nurturing a competitive atmosphere that *attracts* talent, than simply intervening to appease spotlighted issues within your current talent pool.

This nuance is also the biggest pitfall for organizations with high turnover rates. Retention demands a proactive approach, much more so than a reactive one.

⊘**KEY POINT:** it is the Learning and Development side of the business that bears the attrition burden.

> *Workers are now in charge of their personal and professional growth and development—one reason that people list "opportunities for learning and development" among the top criteria for joining an organization. Conversely,* **a lack of L&D is one of the key reasons people cite for leaving a company**. - McKinsey & Co.

Of course, leaders in the L&D vertical don't quite have an easy ride when it comes to addressing these cultural demands. Despite the increased need for L&D as processes and skills are revamped for the "future of work," in July 2021, 40% of companies reported L&D budget cuts — also as a result of the pandemic. That's up from 13% reporting in 2019.

Worse yet: even when L&D budgets are healthy, the allocation of these funds reinforces the inequities they are meant to ameliorate. Of the $357.7B spent in 2020 on L&D, only the top percentile of employees reaped the benefits.

	Less than $100	$100-$499	$500-$999	$1,000-$1,999	$2,000-$2,999	$3,000 or more
Senior Leadership	7%	11%	18%	18%	9%	37%
Midlevel Management	5%	17%	23%	21%	20%	14%
Supervisors	5%	25%	20%	31%	9%	11%
High Potentials	7%	19%	18%	19%	16%	20%
Individual Contributors	13%	36%	22%	17%	2%	11%

Source: Brandon Hall Group, L&D Benchmarking Study 2020

While strong leadership is undeniably essential for the health and success of an enterprise, **polarized L&D funding has created a culture of immobility from the bottom-up.**

> *Until women move up to management at the same rate as men and are well represented at all levels, progress at the top will be uneven.* - McKinsey & Co.
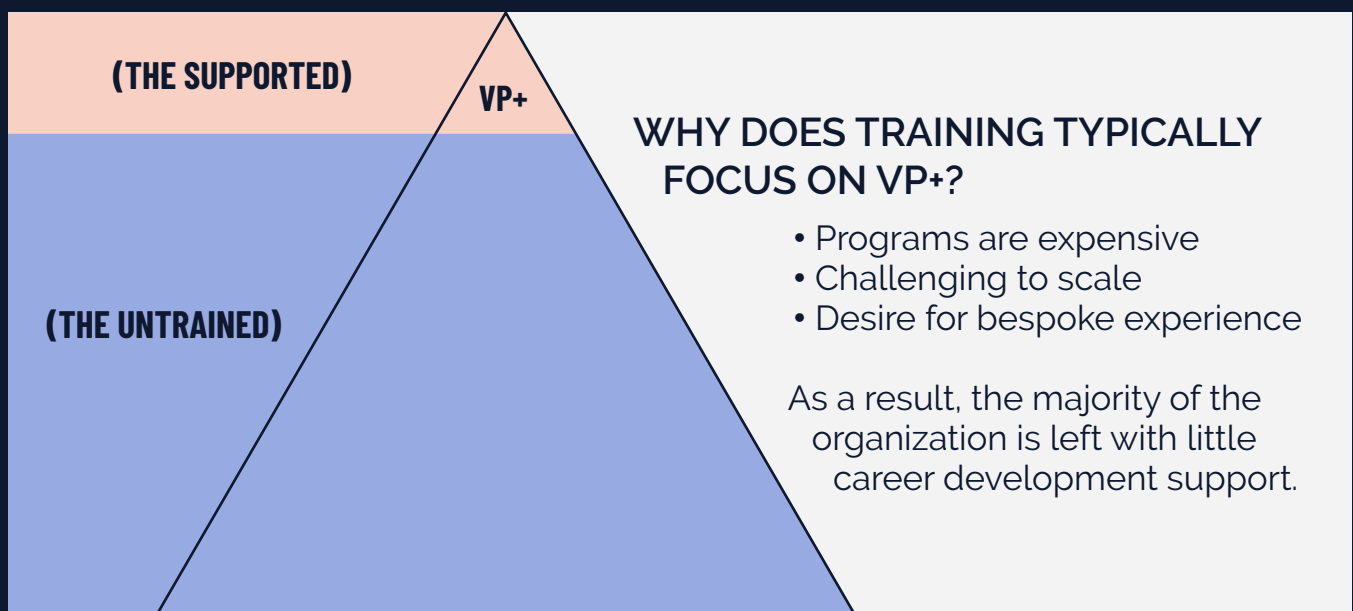
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Want to make a return on your L&D spend? Here's where that budget needs to go.

The reason internal mobility is so difficult to achieve is not for lack of trying.

Yet because there is no immediate data to measure the effectiveness of a learning or development program, and frankly, it costs money, the assumed "safest route" is to put all the org's eggs into a small basket of "high potentials" or "top talent."

80% OF TRAINING IS ALLOCATED TO 20% OF AN ORGANIZATION

(THE SUPPORTED)

VP+

(THE UNTRAINED)

WHY DOES TRAINING TYPICALLY FOCUS ON VP+?

- Programs are expensive
- Challenging to scale
- Desire for bespoke experience

As a result, the majority of the organization is left with little career development support.

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These are the people who are *already* performing well, getting promoted, etc., so it would make sense to bet on them to make your L&D spend go the extra mile, *right*?

Wrong.

The problem with investing (solely) in this group is that they need it the *least.* Either because they are naturally quick-learners, type A, or favored by some other privilege that bodes well for corporate advancement, they aren't likely to slow down any time soon.

Who *does* need it are the employees [stuck under that first rung](). Plenty of people have valuable skills, insights, and a willingness to grow, but simply lack the visibility and guidance to maximize on their potential.

Not to mention, when organizations hire with the intention of diversifying their teams and neglect to give these hires the resources to succeed, promises of inclusivity prove to be empty words.

Of course, the challenge continues to be: how do you justify investing money in groups of people who haven't (yet) demonstrated potential ROI?

There is a way. [At The Forem](), we designed a scalable solution for learning and development that helps foster internal mobility through individual career autonomy (at *every* stage of the corporate ladder).

Through the implementation of our programs across a broad range of industries, we've found there are meaningful ways to vet employees, based on interest and drive, that don't count out the lesser-heard populations in your organization (more on that later).

At the core of our [curriculum]() is self-advocacy by way of strategizing how one can make or save money for the organization.

Added bonus: that is precisely what *you* will do (by combatting retention, nurturing internal collaboration and innovation, the list goes on…) **if you prioritize *these three things* in your L&D budget strategy.**

1 | BOTTOM-UP AUTONOMY

An unfortunate reality: "basic skills training," including CPEs (Continuing Professional Education credits), pre-recorded training courses, etc. do little to buttress an organization's resilience.

This is not to say that providing employees with the guidance to fulfill their roles isn't time well spent — it absolutely is — but the bottom line is…

Employees aren't going to invest the time and energy it takes to put those "next level" skills into motion if they don't believe their efforts are going to serve them *personally* in the long run.

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Today's employees often signal through continuous professional education (CPE) credits so that they can make a case for a promotion. L&D staff also signal their worth by meeting flawed KPIs, such as the total CPE credits employees earn, rather than focusing on the business impact created. - Harvard Business Review

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LET'S BREAK THIS DOWN.

There are plenty of resources available online to drill in "hard skills" that could prove competitive for promotions, raises, etc.

Pretty much anyone could surf the internet and find something that relates to their role, or a role they are interested in pursuing, but most of us do not do so. Or, if we do, we don't give it our full, "let's make this stick" attention.

Why? Before we take an hour or so after our work day to go that extra mile, the question weighs on our brains: *will this actually help me advance my career?*

At first instinct, you might think *yes!* But it isn't that simple.

For *any* initiative to mobilize, we need to feel motivated by a realistic truth, which is *not* (unfortunately) "my skills and hard work will carry me to the top."

The "meritocracy" is an illusion we might believe in our youth, but as soon as we move into the corporate world, we learn quickly that it does not apply.

And that does not change when learning and development opportunities are serviced through our employer.

The real truth (the one that puts employees into motion): "the more *visible* my work is, the more opportunities I receive."

It comes down to *navigating your organization,* in addition to *being good at your job*… and this navigation skill is what The Forem teaches, making our program scalable at every level, and more likely to bring top talent to light (where it was shadowed before).

Moving up the corporate ladder requires self-advocacy, personal branding, networking skills, and serious, strategic goal-setting (all central to The Forem's curriculum) which are things the majority of the organization is very rarely coached on, despite these being the core competencies that will determine growth and success in a career.

By empowering employees with *these* tools, you are supporting individual autonomy, and sending the message that employees already have the potential to grow and be leaders (because *they do*… otherwise you wouldn't have hired them). They just need to step up to the plate.

And when they *do* step up and start receiving more acknowledgement for their work, they will inevitably feel more fueled and productive.

It's a positive feedback loop, but it must begin with motivation at the personal, self-serving level before you can expect it to serve the org at large.

I.e., *I understand the unique perspective and set of strengths I bring to the table. I am complicit in my career opportunities, and I am capable of achieving my goals if I do x, y, z.*

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79 percent of people who quit their jobs cite 'lack of appreciation' as their reason for leaving." […] "Recognition is the number one thing employees say their manager could give them to inspire them to produce great work.
- Forbes

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Empower everyone at the individual level, and you maximize on the human capital you already have, instead of neglecting lower-level employees who can amp up your internal talent pipeline once recognized and mobilized. This is what The Forem solves for.

2 | (CONTINUOUS) COMMUNITY ENGAGEMENT

Of course, (key point): not everyone feels safe raising their visibility at work — particularly marginalized groups and women who are most consistently stuck under that first rung.

It echoes that unfortunate "ground truth:" *the system does not support my growth, therefore my efforts will not be received in earnest.*

This division — most glaringly between ICs and that first step up to manager — falls on leadership to demonstrate support from the top-down before any initiative evolves from the bottom-up.

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When highly engaged employees are challenged and given the skills to grow and develop within their chosen career path, they are more likely to be energized by new opportunities at work and satisfied with their current organization. McKinsey & Co.

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While plenty of organizations see this growing gap in their talent pool, they commonly stop short of making the necessary impact that will fuel their employees to commit to the organization long-term with their best foot forward.

This means prolonging commitment beyond an email thread, a one-off ERG (forged from the top-down), or a company-wide values statement.

All of these things look great on paper, but at the end of the day, they end up being line items that increase the appeal of the company's facade — not the company's culture.

Again: another misfire toward HR over grassroots L&D.

It is easy to formulate "fast fixes" in response to a society urging immediate action, particularly in the DEI sphere. But when your recruitment and hiring appeals do not extend into day-to-day office dynamics, retention backslides.

And frankly: attracting diverse talent, maximizing their fulfillment with inclusivity and equity, and reimagining internal biases/ promotion infrastructure is not a one-and-done deal.

The hard truth? There is little you can puppeteer to enact sustainable improvements without buy-in from the bottom-up. And there is little your employees will give you in terms of mobilization (the kind that organically spurs ERGs) without feeling like you are with them every step of the way.

Don't panic…

There are effective, lasting solutions, and we have them.

One great example of a successful, alternative strategy around Learning and Development (with DEI intentions), played out early in 2021 at Vocera: a mid-sized company with (up until recently) noticeable gaps between men and womens' sense of belonging.

These are the steps they took to invest in their employee growth culture (you can read the full story here):

CASE STUDY

PHASE I: ACKNOWLEDGEMENT

1. L&D department heads recognize inequities via company-wide inclusivity surveys.
2. As a gesture of community commitment, Vocera hosts an International Womens' Month event, featuring women in leadership roles throughout the company.
3. Ending the day's panels, Vocera invites The Forem's CEO, Alli Young, to share her own personal career journey. Alli announces a new initiative at Vocera: The Level Up Bootcamp.

KEY ACHIEVEMENT: community building through empathy and recognition.

PHASE II: INITIATIVE

1. Vocera offers to sponsor up to 35 employees to partake in The Forem's Level Up Career Advancement bootcamp. They receive 85 applications.
2. Managers are notified of those who apply, and play a key role in approving who will ultimately attend.

KEY ACHIEVEMENT: vetting for desire to grow (personally and professionally) instead of previous, demonstrated successes.

PHASE III: INTEGRATION

1. Throughout the bootcamp, check-ins with managers and fellow cohort members are facilitated internally to reinforce top-down support and to foster cross-vertical connections.
2. Post-Level Up, the Vocera L&D team continues to check in with past participants to pressure-test the effectiveness of the program. (Spoiler alert: 100% of participants reported that the workshop motivated them to take ownership over their careers.)
3. Level Up Alumni continue to receive external career support through The Forem's year-long, post-Level Up Membership program.
4. Vocera Level Up alumni organize independently and create the company's first employee-led women's ERG.

KEY ACHIEVEMENT: networking across departments, i.e., a more holistic sense of community and work-wide culture of support (plus: measurable progress).

BOTTOM LINE: if Vocera had stopped at Phase I (as is the journey for many organizations), the ROI from that first Womens' Month event would have been marginal (if at all).

If you want your employees to keep growing and to scale their investment in the company, you have to demonstrate that you are growing and scaling your half of the deal right alongside them. This is why the Level Up program is not only repeatable, but a scalable, year-round experience.

3 | A REMOTE LEARNING JOURNEY

Prolonged engagement is also the best way to make those newfound leadership skills (or any skills) stick.

[Experiments on learning and retention](#) (namely, "The Forgetting Curve") reaching back from the 19th century to today conclude: **if we do not *apply* new knowledge, we will forget 75% of that new information after about six days.**

This might not seem surprising. "Use it or lose it" is tossed around commonly as motivational lip service. But though we may know and understand this in the back of our minds, this does not mean that L&D leaders can assume employees will revisit information on their own time, or will find ways to apply new skills consistently to their roles.

If there is anything we can learn from the legitimacy of The Forgetting Curve, it is that learning does not take place in a vacuum.

It takes legitimate effort, time, and accountability to grow – time and effort that your employees are likely running low on in the throes of pandemic-era reshuffling.

To make things worse: L&D leaders, HR, and managers *also* do not have the bandwidth to appropriately support prolonged learning integration.

So what do you do when employees are too busy to remember new things and you are too busy to remind them?

This is where the perks of a third-party partner come into play.

At The Forem, for example, not only do we have the time and resources to personally check in with team members and provide guidance (via our mentorship program), we have a year-long, automated "nudge" system and task-generator that support year-round development and the evolution of knowledge into sustaining "success habits."

Specifically relating to autonomous career development, facilitating externally can also encourage risk-taking, authenticity, and horizontal exploration (an often-overlooked alternative to resignation).

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According to a 2016 [McKinsey & Co. survey](#), *...many [employees] said that they prefer to develop and practice new skills and behaviors in a 'safe environment,' where they don't have to worry about public failures that might affect their career paths.*

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In support of this sentiment is also a collection of surveys and anecdotes compiled by Alana Karen, notable inclusion thought leader and author of *The Adventures of Women in Tech*.

A driving theme throughout her book strives to predict why women will stay or leave careers in the technology industry. Two of the strongest factors the text arrives at are:

1. A sense of community that extends beyond their immediate teams, and
2. The availability of horizontal growth opportunities at their organization.

⊘ **KEY POINT:** the safety and sense of empowerment that rides tandem with a diverse and supportive community (extending beyond an employee's direct cohort) is invaluable, *and* something leaders might not even be aware is within their power to facilitate.

The success of these interactions also does not have to suffer under the constraints of a remote-first work culture. In fact, **to further increase your chances of an ROI, keeping the bulk of your L&D processes remote and/or virtual is undoubtedly most cost-effective.**

Forbes reported in an article titled "[The Wasted Dollars of Corporate Training Programs](#)" that $29.6 billion dollars in L&D spend went to "training expenditures (i.e., travel, facilities, equipment, etc.)" in 2018.

Taking into account the marginal amount of information that "sticks" following those org-wide L&D/training events, rerouting investments away from catering bills and toward more practical, long-term development initiatives is a no-brainer. Great news, considering the ongoing hesitance around return-to-office plans.

That being said, though value loss isn't a risk when going virtual, the difference in efficacy between pre-recorded materials and live, human to human interactions is resoundingly in favor of the latter.

Attendees need to be able to speak and practice their skills alongside other real, engaged participants. They need the opportunity to ask questions, meet new faces, and create connections with their fellow cohort and the materials.

It is in step with the fundamentals of "lean learning" (an offshoot of the "lean manufacturing" model). Get a feel for the basics, apply what you learned to real world situations (as soon as possible), receive feedback and refine your approach accordingly… repeat, (*Harvard Business Review*).

This is why we, at The Forem, host our Level Up career advancement bootcamp via live video, with opportunities for breakout sessions, Q&As, and brainstorming breaks for personal reflection and "real world" goal setting within our platform.

A remote, virtual experience is also supportive of the digital transformation that defines this era of corporate advancement.

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> *Companies that make investments in the next generation of leaders are seeing an impressive return. Research indicates that companies in the top quartile of leadership outperform other organizations by nearly two times on earnings before interest, taxes, depreciation, and amortization (EBITDA). **Moreover, companies that invest in developing leaders during significant transformations are 2.4 times more likely to hit their performance targets**.* - [McKinsey & Co.](#)
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> **"**

Every organization is undergoing a "significant transformation" right now, whether through office decentralization, operational overhaul, shifting team dynamics (aka attrition crises), cultural demand and response…the list goes on.

This is not just the best time to invest in your employees' leadership skills, but arguably the last chance for many organizations to capitalize on grassroots momentum and in-house talent (that may already be window shopping), before competing reputations sink their appeal, and (by proxy) the sustainability of their revenue.

In a Nutshell

WHAT You Need	WHY You Need It	HOW We Can Help
Bottom-Up Autonomy	When you empower employees at all levels (not just "high potentials" or established members of leadership), you amp up your internal pipeline, develop a culture (and reputation) of mobility and equitable opportunity, and maximize on each individual's strengths and sense of fulfillment (before they become retention risks).	The Forem's curriculum covers the core competencies of autonomous career advancement – self-advocacy, networking, personal branding, stakeholder alignment, financial fluency, and manager essentials (across varying programs) – all of which ameliorate attrition through strategic empowerment at the individual level.
Continuous Community Engagement	Commitment to equitable opportunities must be transparent and continuous to stand the test of time (and to appeal long-term to talent). Prolonged investment is also scientifically the only way to ensure learning is effectively integrated and applied (i.e., will make a return).	The Forem's 6-week, Level Up career advancement workshop extends into a year-long, repeatable experience including monthly mentor 1:1s, automated "nudges," access to our networking hub, and community thought leadership events. We also offer scalable workshops for new managers and executives to sharpen their leadership skills.
A Remote "Learning Journey"	Remote processes are the most cost-effective means of internal development, but only if they are facilitated as live, active experiences. Participants glean the most value when they embark in real-time alongside others with whom they can network, relate, and take risks.	Level Up takes place over Zoom with opportunity for breakout sessions and real-time workshopping of new ideas. Attendees have continuous access to the community via The Forem's proprietary career advancement platform to ask questions, engage with others, and seek practical guidance to achieve their personal career goals.

THE FOREM

Ready to investigate growth opportunities for your own organization?

The Forem offers a range of learning and development models centered on maximizing initiative and leadership at the employee level. We work closely with each company to ensure we accommodate your unique needs and goals.

TALK TO OUR TEAM

RJ SALUS

Director, People Experience and Culture @ Vocera

"Gender inequality has been more apparent than ever during the pandemic, and yet there is increasing opportunity to empower and develop women leaders. Partnering with The Forem has created tangible change and led to an increased sense of empowerment, belonging, and opportunity. The skills, connections, and confidence participants gained will make us stronger."

JESSICA YUEN

Advisor to people-focused leaders

"The way we learn is changing. It has to, with the way the world has shifted and the way that awareness is changing around DE&I. I'm so excited there are trailblazers like The Forem leading the way."

TESTIMONIALS