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White Paper

The 70 – 20 – 10 Solution

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With help from friend and client Ms Lu Hong, Vice President of HR for the Asia Pacific, Pfizer Pharmaceutical

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-10 average backwards benefit budget credible delivered development dollars example expect experience facebook feedback focus give help john key kolm learning match measurement mentoring modern nobody organizations originality people pfizer practical problem productivity programs real resources results rule running science simulations solving spend tailored team things training unworthy workplace zone

Classroom training doesn't help productivity much. So why do we spend an average 70% of the training budget on it? The best estimates say you can expect only a 10% productivity benefit.

Feedback and mentoring each help productivity to some degree. You can expect about a 20% productivity bump from good feedback and mentoring, so it makes sense to spend about 20% of the training budget on these.

Practical experience and problem-solving help productivity most of all, offering an average 70% productivity payoff. And yet most organizations only spend about 10% of the training budget on such activities.

The 70-20-10 rule says that our spending on people development should match the productivity benefits we can expect. We are, after all, running an organization - not a school. Modern organizations such as Pfizer, a client of Team Results USA, match the expected productivity benefit by spending :

- 70% of the training budget on practical experience, tasks and problem solving, both real and simulated;

- 20% of the training budget on feedback, mentoring and learning by example; and

- 10% of the training budget on courses and reading that can't be done in any other way.

"A lot of organizations have it backwards", says Ms Lu Hong, Pfizer's AsiaPac Vice President of HR. "At Pfizer we focus our learning and development resources on the things that work."

"Team Results shares these values," she continues. "By running tailored simulations with Team Results aimed at practical improvement in the 70% productivity zone –the zone of experience, relevant problem solving, tailored team strategies and truly original simulations – we've been able to focus our training dollars away from things that don't give much return, and toward things that do."

Over 18 years of running these practical, results-focused programs (and more than a decade with Pfizer), we've learned that there are four key ingredients :

- Originality. The same tired old games and exercises will give you no productivity benefit at all. People need to be challenged by something they have never seen before. Without real innovation and genuine originality, nobody is motivated to explore and drive their productivity edge.

- Credibility. The people running the practical experiences and problem solving must be credible and believable in the workplace. A 25-year old teambuilder in a t-shirt may be treated politely – or not - by a group of 40-year-old production workers, but they will make no practical progress.

- <u>Results</u>. Good-looking and correct-looking inputs are useless without results. The practical, delivered, provable, sustained productivity benefit back in the workplace after a program is the only thing that matters.

- <u>Measurement</u>. The productivity benefit must also be objectively measurable in the short, medium and long term. Without measurement there is no science, and programs without good science are mere fluff and charlatanism – unworthy of your training dollars.

Modern organizations in both business and government which are thriving in a highly non-linear, information-driven and globalized world have embraced the 70-20-10 rule with gusto. If you want to be amazed by the results achievable with limited training dollars in a lean economy, follow their example.

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