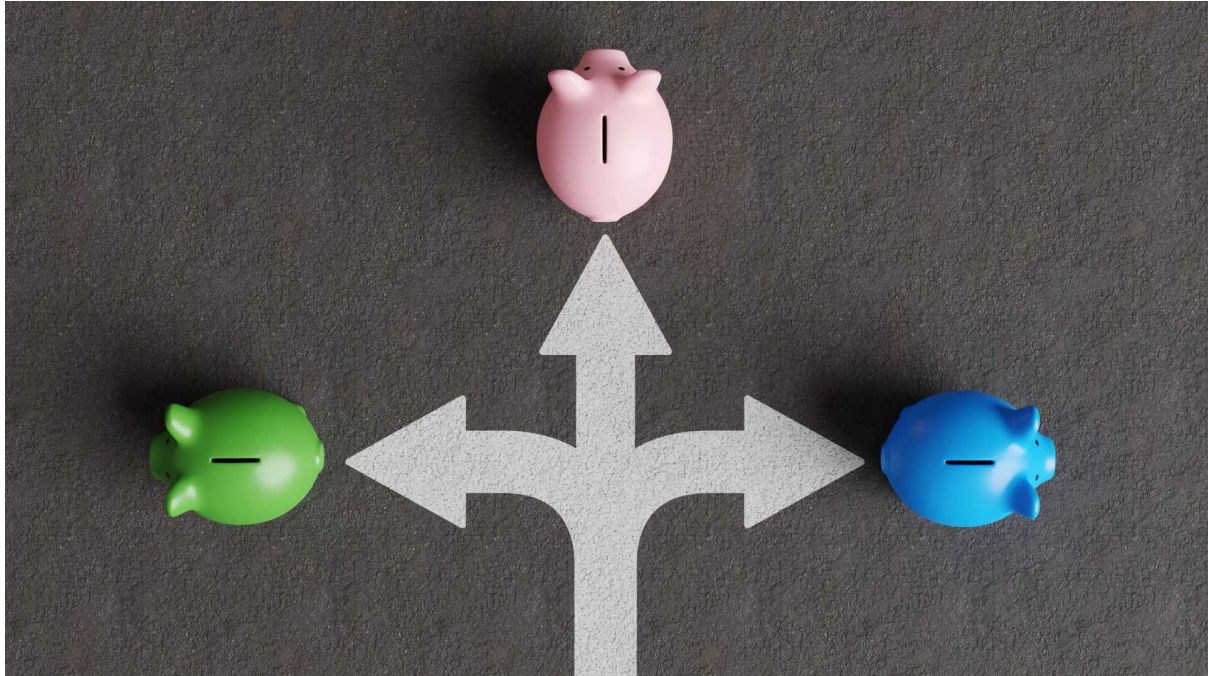


The Hidden Costs of Cutting Learning and Development and Why It Matters (Dec 24)

December 11, 2024, Loren Sanders, CPTM



In challenging economic environments, businesses face difficult decisions on where to cut costs. All too often, learning and development (L&D) becomes an easy target for budget reduction. This short-sighted strategy often causes long-term harm, undermining employee engagement, innovation, and profitability.

The True Cost of Cutting L&D

When organizations encounter financial strain, decision-makers often prioritize immediate, tangible returns. L&D initiatives are frequently viewed as expenses rather than investments, primarily because their value is harder to quantify compared to more direct revenue-generating functions.

These cuts are often justified by the logic that skill development can be paused and resumed without significant consequence. This is simply not true, but businesses are often focused on people *doing* the job, not people *learning* the job.

Organizations that don't prioritize L&D risk:

- **Decreased Employee Engagement:** When development opportunities disappear, employees feel undervalued and the investment in their roles is drastically reduced.
- **Higher Turnover Rates:** Talented employees will seek growth opportunities elsewhere when employers are not investing in their future.
- **Skills Gaps:** Cutting training hinders an organization's ability to adapt and compete effectively as the way people work quickly evolves with the impact of digitization.

- **Innovation Stagnation:** Without continuous learning, employees lack the fresh perspectives and skills needed to drive innovation.

These outcomes, while not immediately visible, accumulate over time, impacting the business's ability to stay resilient and competitive.

Why L&D Matters More Than Ever

Data underscores the importance of ongoing employee development in the following areas:

- **Employee Retention:** [LinkedIn](#) found that 94% of employees would stay longer at a company if it invested in their learning and development.
- **Business Performance:** [IBM's Value of Training Report](#) indicates that organizations prioritizing skill development consistently outperform their competition.
- **Employee Engagement:** [Research](#) consistently finds that development opportunities are one of the key drivers of employee engagement.
- **Employee Priorities:** In a [Korn Ferry](#) survey, 67% said they would stay in a job they hated if it offered them opportunities to progress and upskill quickly.
- **Attracting Talent:** [McKinsey's research](#) indicates that organizations prioritizing people development become talent magnets, as employees seek to build their knowledge and networks.

4 Ways to Make the Case for L&D

When teams struggle to articulate their value in terms the business can understand, L&D becomes dispensable. Demonstrating impact requires going beyond the surface of learner satisfaction.

Here's how we can do better:

1. Align L&D With Business Goals

L&D must directly support business objectives to position itself as a strategic partner. Identify your stakeholders' success metrics and align your training objectives to these outcomes. Frame learning investments as strategic levers that drive business performance. If you don't see the connection, you are in trouble before you start.

2. Utilize Data and Analytics

Leverage learning analytics to track and report how the training influences key performance indicators (KPIs). Present real examples where L&D initiatives led to tangible business improvements, such as cost savings from improved processes or revenue growth from better-trained sales teams.

3. Tell Compelling Stories

Use storytelling to humanize data. Share narratives of how training has improved employee capabilities, boosted morale and driven innovation. This helps stakeholders meaningfully connect with and understand the role of L&D.

4. Establish Feedback Loops

Create feedback loops where post-training performance is monitored and tied back to business goals. Use performance analytics to track learner progress and link it to business outcomes such as increased efficiency or revenue. This approach not only improves future training but showcases continuous value delivery.

Building Agility and Resilience Through Learning

The instinct to cut L&D budgets during downturns is understandable but counterproductive. These cuts can create a lagging effect where the impacts on innovation, adaptability and performance may only surface when it's too late. Companies equipped with agile, well-trained teams can adapt to market shifts more effectively and move at the pace of the business.

Organizations that prioritize learning, even in tough times, position themselves for sustainable growth. By better aligning with business objectives, leveraging data and telling impactful stories, L&D teams can ensure they are seen as essential drivers of organizational success. After all, the true cost of cutting learning lies in the opportunities lost and the long-term impact on employee potential and innovation.

Businesses are often focused on people doing the job, not people learning the job.