

In-House or Outsource Training?

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How do you maximize your Return on Investment (ROI) for your training dollars? As a former employee of GE, I heard a lot about making your backroom someone else's front room. This was one of the driving forces behind then CEO Jack Welch's business improvement efforts¹. As one of Jack's many fans, I thought about applying the same logic to Six Sigma training.

Six Sigma training represents a specialized type of training that many larger organizations feel is better conducted in-house. There are many good reasons for this reluctance to outsource Six Sigma training. But, let's look at the cost benefit aspect for now.

Many organizations use Master Black Belts (MBB) or Black Belts (BB) to lead their training classes. The expectation is that practitioners bring hands-on experience into the classroom thereby enhancing the learning environment. While this approach may be one of the best ways to enhance the learning experience, it comes at a cost. The simple fact is that while these practitioners are in the classroom, they cannot be in the field working on projects or mentoring.

So, what's the cost of having your MBB or BB out of the field? The answer to that question comes down to how much benefit you are deriving from you practitioners. Let's be conservative and say that your MBB or BB should be driving \$500,000/year in improvements and your Green Belts (GB) \$50,000/year. If your MBB or BB is expected to mentor 20 GB projects to a close and you are completing GB projects in 3 months, then at any given time your MBB or BB should be supporting approximately 5 GBs.

Now, since your trainer is out of the field for a week, you should expect a one week delay in quality benefit from their annual project savings for a cost of $\$500,000/50 = \$10,000/\text{week}$ (assuming they get 2 weeks holidays). Plus, there will be a delay in mentoring GB projects of $\$250,000/50 = \$5,000/\text{week}$. Thus, the direct cost of in-house Six Sigma training starts at \$10,000/week, but it can climb higher depending on how much maintenance your GBs require. It is not difficult to justify a real cost of close to \$15,000/week and we haven't talked about indirect benefits.

If our assumptions are close, this means that if you can outsource your training for less than \$15,000/week, you are saving money. From a straight cost perspective it makes sense but, what about the quality of instruction? Saving money is one thing, ensuring that your GBs receive the best training experience possible is quite another.

You should be looking at three aspects of training when considering effectiveness: training atmosphere, comprehension and retention. All three are inter-related but, require a few words on their own.

¹ Welch, J. (2001). *Jack: Straight from the gut*. New York: Warner Books.

The training class is your chance to get your GBs fired up and ready to drive positive organizational change. As such, the training environment needs to be both positive and above all fun. When people endure a painful training session they never truly appreciate the power of the knowledge they gain. My favorite quote from a GB is still: “[my co-workers] told me this would be the longest 3 days of my life. But it wasn’t at all, this is pretty cool stuff!” It should be safe to say that the newly trained GB approached their project with much more enthusiasm than her co-workers. She left a positive classroom experience energized to apply the methodology to her business issue! Ask any potential trainers or training partners how they bring fun into the classroom and what do they do to capture the learners’ attention. It’s far more important than you might think.

If your GB’s enjoy the classroom session it is far more likely that they will enjoy a strong comprehension of the material as well. Better comprehension means better projects driving more improvements and lessened mentoring needs, which will free up your BB’s to work on their own projects. Furthermore, people who “get it” are more likely to be sold on the methodology. People who believe in the methodology are the driving force behind any successful Six Sigma program. They infect others with their positivism and results.

Comprehension is also contingent upon explaining the concepts at a real world level often, in several different ways, so everyone understands. Many of the tools and skills taught in a Six Sigma training session can be related to experiences that learners bring to training with them. When you can explain Design of Experiments (DOE) in relation to making banana bread or playing golf, learners relate the new information to existing knowledge in a way that makes sense. Making sense of Six Sigma is what your training is supposed to be doing in the first place.

Sensible, simplified concepts that relate to prior knowledge are easily retained. In addition, when related to a positive experience (enjoyable training session) learners are more likely to apply the methods and tools they have learned. A well-trained GB will look for opportunities to apply what they have learned in training. Applying the methodology and employing the tools will cement the requisite knowledge into the learners’ experience. Which is to say that they will retain what they learned in training for years to come. In the end, the GB will be armed with the right stuff to successfully complete their project and the projects that follow.

There is one final consideration in the questions of in-house versus out-sourced training and that is to do with the instructor’s experience. A good trainer must be able to relate the training material to the business that it is to be applied within. This means that the trainer should have at least a general grasp of your business climate and how it operates, which can be acquired through effective preparation. Further, when considering Six Sigma training, the trainer must have project experience as well, and that’s a question of ensuring you find the right training partner who’s trainers have significant BB experience. There is no standard certification for Six Sigma practitioners just yet so, be sure to find out how and where trainers received certification.

Finally, whenever you are talking to a prospective training partner you should be asking them what their present process capability is and how it is measured, mine is $Z_{ST}=5.47^2$, what's yours?

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² Based on all training feedback questionnaires received to date, rating overall instructor effectiveness on a scale of 1-5 (where 1=Poor, 3=Average, 5=Excellent) and average is considered a defect.