IS TRAINING YOUR EMPLOYEES WORTH THE INVESTMENT?

By Laura Kerekes, SPHR, Chief Knowledge Officer of ThinkHR Corporation
Two managers are talking about training their employees. The first one asks, “Yeah, training costs money and what if we train them, and they leave?” The second responds, “What if we don’t train them, and they stay?”

— Old corporate training joke

Corporate budgets are tight, and in many organizations employee salaries, benefits, taxes and other employee expenses are the most significant expense line items in the budget. Adding further expenses for employee training and development sparks the question about whether this is a good return on the organization’s investment. The key is to define what that training investment buys for the company.

Consider that the prime competitive differentiator in any organization is how that business delivers its products and services to its customers. How is that product or service delivered? It’s done by the organization’s employees. Well-trained and motivated employees create value for the business, and those who are not can quickly destroy value.

Instead of asking if employee training is worth it, ask yourself if you can afford NOT to invest in your employee’s ongoing development. Consider the following questions as you review the return on investment (ROI) of employee training:

- Can we afford the cost of poor customer service and the potential loss of good customers?
- Can we afford employees who are not engaged in the company or their jobs?
- Can we afford to lose our best employees who may have better opportunities elsewhere in organizations willing to invest in their development?

The business case for employee training

Especially with some of the soft skills training, it may seem difficult to justify the cost for the program because the internal results aren’t readily apparent. Numerous studies are conducted annually to build the business case for employee training, and these studies are typically sponsored by training organizations justifying the sales of their products. The statistics for why businesses should invest in training segmented by different courses and types of training (eLearning, in-person, rotational assignments, external courses) are available. Using the argument that “other good companies train employees and in order to be competitive we need to do the same” is not always a compelling argument to your board of directors. Using the emotional argument that “training is the right thing to do to keep good employees and have everyone feel good about working for us” is an even less effective justification in the board room. Linking training to the business priorities is the strongest way to make an effective business case for employee development and training.

Consider these important reasons to keep skills and knowledge sharp:

- Employees who know their jobs and are up-to-date with the latest knowledge and skills are generally more productive, and this productivity can be measured;
- Companies known to invest in their employees attract better candidates — superstars want to tie their careers to high-performing companies that will invest resources in their personal success;
Employees who can see that the organization cares about their development (as well as their productivity) are generally more satisfied in their jobs and less likely to leave, and those retention statistics (and costs for hiring replacements) can be measured;

Those same highly-satisfied employees are more likely to produce the company’s products and services with care, creating less quality issues and greater customer loyalty while building a winning brand in a company others want to be a part of;

Internally, some types of training programs can enhance communications when the entire company is using the same key terms and work processes; and

Shared internal messaging and shared values furthers the “branding” and shared commitment to the goals of the company.

Some of these reasons to develop employees may be easier to quantify than others, but all can be valid justification for training. In our experience, each organization’s training and development needs are different and relying on certain external benchmarks to make your case is less important than first looking internally at your company’s strategic priorities. Best practice companies then conduct an organizational scan of the resources required to execute those strategies, honing in on the human capital resources available to deliver those strategies. After a thorough gap analysis of the human resources required and the skills and knowledge needed, it makes for a strong case for required employee training to deliver business results.

Andy Grove’s formula for measuring the importance of making training one of your highest leverage activities makes sense and is illustrated with this example:

1. You have 10 managers who are relatively new to management and you believe that they need training to handle difficult employee conversations more smoothly to drive performance in their work teams.
2. You calculate that each one of these employees works 2,300 hours per year for your company, or 23,000 hours in total.
3. The management training consists of a series of 4 courses and 8 hours of time to complete the courses.
4. This results in 80 hours of time invested to understand a management skill that can improve the managers’ effectiveness and enhance the productivity of the work group.
5. If that training results in a 1 percent improvement in performance for that management group, that would result in a gain of 230 hours of work as a result of 80 hours of investment plus the cost of the course. Not a bad ROI, especially if the groups improve by 5 or 10 percent!

More on the importance of employee retention: Companies leave people more often than people leave companies. There are certain industries and job skills that are in high demand, and in addition to the financial impact of retaining your best and brightest employees, consider the following based on our experience over the years in conducting exit interviews with people leaving companies. There is a common trend as to why people leave companies that emerges year over year and is not dependent upon the industry. Management often centers upon the financial reasons that employees most frequently give their supervisors for leaving. The deeper follow up question asks why that employee took the call from the headhunter or applied for that job in the first place — even before money, benefits, or perquisites are discussed — and gets to the root cause for the departure.
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The common threads leading to employee retention issues generally fall into two areas that are easily addressed by investing in training and development:

1. The employee felt the investment in his time and efforts was one-sided, and he didn’t feel that he was learning enough to advance his career within the company or within the profession; or
2. The employee disliked his manager due to the manager’s poor management practices, generally in the areas of poor or inappropriate communication, lack of constructive feedback and support, lack of mentoring or making new opportunities available for learning, or micro-managing projects.

Further, according to a recent Harris poll, 41 percent of employees who report “poor” training opportunities at their job plan to leave, compared to just 12 percent who report excellent training programs.

Types of training: Picking the right training for the right audience

For training managers, determining the best training method used to be simple. Do we send the employee out to an external course or university? Can the employee learn the needed skill through a rotational developmental assignment in another work team? Do we train the course in-house for the employees needing that training?

- If the training need was specific for a certain individual, then the decision typically was to send the employee outside to an expensive external course or create on-the-job training internally. The external courses were typically more expensive, longer in duration, and not specific enough to address the direct training need.
- If the training manager decided to bring the course in-house, the follow up questions centered upon (1) the logistics of getting everyone together at the same time and the service/productivity issues that created, and (2) the “make versus buy” (internal versus external) decision regarding the development of the courseware and deciding upon who could train the course. Training managers faced with buying external courses to bring in-house needed to ensure that the courses taught by outside firms who didn’t really understand the business were teaching concepts that were relevant to build the skills needed by the employees selected for the training.
- Before the explosion of the technical tools available to businesses today, it was naturally assumed by everyone that training (with the exception of computer skills) would be done face-to-face and not taught online with employees sitting alone in front of their computers.

Today, training managers have new options that can be more efficient, effective, and more readily adopted by the changing workforce. Deciding what type of training makes sense in your organization is crucial to making the training investment a good one for the organization.

First things first: The general rule for training managers in determining the best training method to use is to:

1. Assess the training outcomes: What do we want learners to know and demonstrate after completing the training program?
Consider the audience: Who needs this training? Are there any commonalities regarding how they access knowledge or learn new methods? As an example, technical employees from all generations typically are comfortable accessing data electronically and may prefer learning at their own pace as opposed to learning at a set pace in an in-person group. Numerous studies have shown that younger workers gravitate towards shorter and more interactive, technology-based forms of learning while baby boomers may favor more traditional and static methods of learning.

Determine the type of training needed: What knowledge and skills are needed to improve job performance? Is it functional, managerial, or behavioral? Is it product training for new employees? Company-specific? Tailored to a certain work group? Legally required for compliance? (Note: Depending upon your industry, there may be legally-required safety training. Certain states require management/compliance training in topics such as harassment).

Decide on timing: How quickly does this training need to take place? Will resources be available to teach the course and develop the course curriculum, and will learners be made available to attend the course?

In our experience, most businesses are moving so fast that this last question often determines what training method to use. Everyone is busy and no one has time for "extra" or "optional" work. If the training is important, training managers must often ensure that line management will be supportive and make the program mandatory for those who need to complete the course.

Classroom versus eLearning training?

While all of the buzz in the training industry today centers on eLearning strategies, learning management system platforms and methodologies, there are times when classroom training is still relevant.

When in-person training is most relevant: For just about everything in life, nothing takes the place of personal face-to-face interaction. Some may argue that the ability to bounce ideas off colleagues in a direct, interactive fashion strengthens not only the learning but also forms stronger bonds between employees that allows them to work together better.

The training topics that are best done in traditional classroom settings may include:

1. Training that is based on organizational culture, values, mission, and vision where a senior executive is leading the discussions to ensure that all employees understand the direction and are on board. This type of training builds camaraderie and ensures that all learners are getting the same message in the same manner to build that common corporate vocabulary and follow the right work priorities.

2. Management training topics that are unique to the organization where the company expects those in supervisory positions to manage the issues uniformly are best done in a group setting. Supervisors can then discuss particular situations they are dealing with and get the benefit of team coaching while they build trust and support for each other. If everyone is on the same page and management is consistent in the application of those management practices, it will create a more positive employee relations environment.
3. Specific hands-on skill training is more effective when the learner can physically practice the concepts and obtain focused feedback from the instructor. Types of training that fit in this category include training to assemble or repair objects, learning hands-on operational or preventive safety practices, or any training where physically practicing the concepts with direct feedback from the trainer may be useful.

Today, just about any other type of training can be done through flexible eLearning training platforms. Even in the classroom training situations outlined above, many businesses use a two-pronged approach by first using an online learning program to deliver the “what” and “how” of the training and then bringing the groups together to practice what they learned in the online session and to clarify any questions or issues.

The face of today’s training and why eLearning has become the method of choice for most businesses

eLearning solutions have been around for a while and continue to improve. With all of the features and functionality available to quickly deliver cost-effective and relevant training solutions, it is the face of today’s training and essential to businesses in just about every industry. eLearning solutions have the added benefit of high adoption rates with employees. Training programs are more engaging with multiple ways to learn within the course – videos, online chatting about the concepts being taught, and the ability to pause the program and practice the key learning objectives.

The two main objectives of any business are to increase revenue and decrease cost. A comprehensive and well-planned eLearning strategy can contribute to both objectives. Besides the cost-savings benefits — no travel costs, no lost time associated with traveling, no lost time waiting for meetings to begin and lower training production costs — there is the ability to leverage the investment in developing the programs online with reuse opportunities. These economies of scale, coupled with ease of use, high employee adoption and enhanced employee learning, are key contributors to the success of the online learning industry.

E Learning makes quality training affordable for all businesses, and for smaller businesses without big training budgets, this can be a huge plus by allowing businesses to provide the best training solutions at lower cost and less disruption to the business.

Besides the benefits mentioned above, training managers report these additional advantages to eLearning:

- Reduced need for in-house training staff or external instructors and “experts”
- Repurposeable and consistent learning — all training participants get the same presentation, and once online, others can access as needed
- Immediate access to the course so the learner can take the course when she or he is ready at any time or in any location, and the company can schedule employee training during slack periods in the workday
- Reduced costs for materials — the online platform includes all of the content required to successfully learn the concept without printing out presentation slides, quizzes, and other instructional materials
- Ability to use a learning management system (LMS) to customize the company’s training solutions. Where in the past LMS systems were out of the price range for many companies, this is no longer the case.
LMS products allow companies to create courses quickly with a variety of tools, choose what is displayed to whom, and control access to courses as well as track participant usage, course starts, and completion rates. The flexibility of LMS tools today can be a game-changer.

For training participants, another benefit to online learning is that the training allows the participant to work at his or her own pace and test out the theories with less embarrassment if the concepts are not understood. No one likes to fail or slow the class down in front of his or her peers. ELearning allows more chances for “do-overs” while the employee learns the material at a pace comfortable for him or her.

**Key eLearning statistics for 2014**

The statistics for the eLearning industry for this year paint a rosy picture of the popularity of this training medium.

- According to a report released by IBM, companies who utilize eLearning have the potential to boost productivity by up to 50 percent. That means that for every $1 that company spends, it is estimated that the company receives up to $30 worth of productivity.
- The Research Institute of America reports that eLearning has the power to increase information retention rates by up to 60 percent, making eLearning more effective in knowledge retention.
- According to training company Skillsoft, 93 percent of CEOs plan to increase or maintain their training budget, and 85 percent already have a mobile training strategy, or will soon implement one.
- Consulting firm Bersin reports that companies with strong “learning cultures” are 46 percent more likely to be market leaders and innovators in their markets.
- According to training company Kineo, 84.2 percent of enterprises use eLearning today for employee training and development.

**Summary**

From a best practice perspective, investing in focused employee development and training programs can reap big dividends for employers, including cost savings, enhanced productivity, greater employee satisfaction, better customer service, higher retention rates and improved company image. The keys to training success include a robust assessment of training needs and targeting the right participants; determining the best training methodologies for the types of training required; and selecting the best platform(s) to optimize training results.

An eLearning solution coupled with a strong learning management system (LMS) can accelerate the success of your employee training and development program.

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