



The Benefits of Training and Developing Your Staff

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Most business owners or executives intuitively understand the benefits of training their staff. Most managers know in their minds and in their hearts that educated employees make better employees. Everyone knows this... but few actually make the time or budgets available to their staff to make it happen. The US Department of Labor states that 50% of new hires last only six months in their new jobs. This is a terrible statistic and the ramifications are far worse than you might think.

One Cause for the High Turnover: According to both the Canadian and Australian governments in articles published on their labor websites, “40% of employees who receive poor job training leave their positions within the first year”. The majority cite a lack of skills, training, development and formalized orientation as the major reasons for leaving.

Cost of Turnover: According to a University of Wisconsin, Center for Community Economic Development study, the cost of replacing an \$18,000 customer service representative is more than \$58,000 and this cost is increasing rapidly as the cost of benefits continues to rise each year. Some studies, including a study by the author, put this figure at nearly \$80,000. A study evaluating the effects of the US Family Medical Leave Act found that “turnover costs for a manager average **150%** of their salary”. That same University of Wisconsin study also pointed out that the average turnover for all companies in the US is about 12% per year. All of these costs are the “easy” costs. What is really hard to gauge is the unseen and unknown costs of underdeveloped employees delivering a bad experience to your clients, prospective clients, partners or other internal stakeholders. A single employee could be costing you hundreds of thousands of dollars in lost revenues. The real issue is that you don’t even know if this is the case!

The Employer Commitment: Before going any further, it is important that the reader understands a very important concept that seems to be missing from most corporate cultures. When you, as the employer, make the decision to hire someone, you also make the commitment to do whatever you can to create an environment where that employee (and all employees) can excel. The corporate culture and the environment that your people work within... those are things that you control to a very large extent. So everything in this article is presented from the perspective that you are not looking for ways to “put employees on probation or notice”. When you have an issue with an employee, the first thing you should be considering is; “how can I work with my employee to help them achieve their goals, objectives and potential?” You don’t put someone on probation, you put them on an “improvement plan” that clearly states the investments of time, money and resources to be expended by both the company and the employee. In this way, your employee has the opportunity to “opt-in” to the program. If they choose not to make the investments to improve even when the company is making investments on their behalf, then it will become clear to everyone that this relationship should terminate. But because you were working with them to ensure their success, the responsibility and the decision was theirs.

Improved Productivity: So why is it so important to keep you employees trained? According to a Gartner study, it takes three to six times as long for an untrained person to accomplish the work done by a trained practitioner. The global educational consulting firm CTSI found that training employees can result in a **30%** increase in productivity per person. Consider the effects on your bottom-line if you could see this kind of increase in productivity from your people without any additional hiring or even an increase in compensation.

Booth Research found that untrained users use 24% of the capabilities and functions of their primary productivity tools (i.e. internal ERP, CRM, Project Management/Tracking, etc.). Trained users, on the other hand, utilize as much as 66% of the tools at their disposal. Think of the increase in the value of the data your company would possess? Think of the improved Key Performance Indicator (KPI) or Best Practices data you would have to analyze?

Employee Development: Getting the most from your employees is part of a formalized employee development culture, process and methodology. Employee development is also a very *deliberate* initiative that is not complex, but it is comprehensive. Most companies have some kind of job description or role description – even if it does not accurately represent the role as it has evolved (a topic for another posting). Most companies also have an “employee file” with basic information like address, phone, next of kin, withholding, etc. But very few companies have files that include:



- Personal Profile:
 - o What motivates the employee
 - o How do they communicate and how can you most effectively communicate with them?
 - o Other personality profile information to help you understand your employee better
- Professional Profile:
 - o Measuring things like reliability, integrity, dedication, analytical skills, listening skills, etc
 - o What certificates do they have – or need? What continuing education requirements do they have/need to remain certified
 - o Are they management material? It’s okay if they’re not, but you would manage them differently
- Business Profile:
 - o Are they efficient? Do they follow procedures? Do they have a corporate culture (looking for ways to maximize profitability for example)
 - o Are they strategic in their thinking?
 - o Do they understand the vision/mission and can they effectively live that vision/mission?
 - o What does their rolodex look like? Are they even building a rolodex?

Three sheets of paper added to an employee file can make ALL the difference in the world. It would completely change the evaluation process. It would change the way you communicate with employees (since you can’t communicate the same way with each of them). It would help you jointly determine the areas where you can work together to help the employee become more productive, valuable and successful. Most importantly, you cannot obtain and maintain all of this information unless you interact with the employee in the first place. This, more than anything else, sends a clear and appropriate signal to your employees – “my company cares!”

The Power of Limiting: One final concept. In order to empower your employees to become as productive, efficient, collaborative and professional as possible, you should seriously consider how you can *limit* their role. Most people find this concept to be counter intuitive but believe me, this is the way you want to go. Think of it this way. If you arrive at the office on Monday morning, and your options for the day are this big (see picture), it is really hard to know how, where, or even why to spend your time on a certain project, program or initiative. When faced with unlimited options, most employees will make their determination based on highly personal reasons. They will do what they are comfortable doing. They will focus on the items that help them exceed their quotas, make their bonuses, etc. And while this might seem appropriate, what if the steps they take to maximize their production actually keep others from meeting or exceeding their goals? What if they are making decisions that are not in the company's best interest? What if their efforts go against those of the team? By limiting the scope, you actually increase the employees ability to be creative (again, this seems counter intuitive but it is not). You can help to ensure that all of your employee's activities support one another. You can significantly improve communications, cooperation, teamwork, attitude and employee satisfaction. All by just helping the employee to focus in a more limited fashion.



Scalability – Achieving More with Less: Finally, if you were to improve the knowledge, capabilities and focus of your team, you could achieve exceptional results far in excess of what you are obtaining today. Geoff Ashley & Associates specializes in working with VAR's, ISV's and OEM partners to create comprehensive employee evolution methodologies that can drive increased productivity, less turnover, better communications, and the ability to scale your organization well in excess of the people employed today. Feel free to contact us at:

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