Many employers and HR teams tend to view employee development and training as an added benefit or optional activity. However, research shows that taking the time to properly train an employee will yield a far greater return on investment, encourage a stronger company and team culture, and establish a strong workflow and process.

In fact, just a two percent increase\(^1\) in productivity has “been shown to net a 100 percent return on investment in training.”

Ultimately, employee training should no longer be regarded as an option, but rather as a necessity and an investment opportunity.

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1. [http://coned.howardcc.edu/business_and_workforce_development/customized_training/ROI_for_customized_training.html](http://coned.howardcc.edu/business_and_workforce_development/customized_training/ROI_for_customized_training.html)
According to the American Society for Training and Development (ASTD), “investment in employee training enhances a company’s financial performance.” Based on the training investments of 575 companies during a three-year period, researchers found that firms investing the most in training and development yielded a 36.9 percent total shareholder return as compared with a 25.5 percent weighted return for the S&P 500 — a return 45 percent higher than the market average.

The ASTD also finds that “firms that invest $1,500 per employee in training compared with those that spend $125 per employee, experience an average of 24 percent higher gross profit margins and 218 percent higher revenue per employee.”

Across the board, it is clear that investing in employees is a wise business choice that not only yields a significant return on investment, but also saves your company from having to hire more experienced employees outright, or replacing or adding to your team with additional employees who can cover certain skill sets.

In general, looking at the resources on your existing team should always be the first step when addressing needed skill sets. Consider who may be able to develop a needed skill in a short amount of time rather than looking externally for another hire or resource. Investing inward is a powerful way to build a strong, committed team and also uncover the skills you need more efficiently.

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Employee training and the skills gap.

According to a 2013 Skills and Training Trends study done by Accenture, “Executives at large US companies confirm that a skills gap persists for their businesses, with nearly half (46 percent) concerned that they won’t have the skills they need in the next one to two years.”

With the growing skills gap a prevalent concern for employers and job seekers alike, not enough HR teams are looking inward for ways to address this challenge. One of the best ways to account for skills gaps on teams — and prepare new hires for optimal performance — is to embed successful training processes and resources internally.

The U.S. Department of Labor suggests that employer reluctance to invest in training is one of the key factors inhibiting a decrease in the skills gap. “Many employers would prefer that job seekers and employees provide all their own training, but this is increasingly unrealistic.”

Accenture’s study confirms this problem: “While nearly three-quarters (72 percent) of executives identified training as one of the top ways for employees to develop new skills, only 52 percent of workers employed by the companies surveyed currently receive company-provided, formal training.”

Employers must begin to approach training as an expectation for their HR teams to provide — not a challenge that they assume employees will take care of on their own.

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According to the Accenture study, “the inability to train employees with needed new skills, or to hire enough workers with relevant skills, is also causing additional pressure and stress for the majority (87 percent) of companies’ existing employees.”

Further studies⁴ show that “companies that fail to train their employees are more than three times as likely to lose them.” Yet another study⁵ finds that “promotional opportunities are a major psychological factor in job satisfaction.”

Reinvest in all of your employees and work to keep your best employees consistently engaged. Doing so ensures greater profit, stronger company culture, and more satisfied employees.

Career development isn’t just one factor that employees appreciate — it is considered “the number one factor in employee retention,” according to a survey of 6,400 employees.⁶ Another poll conducted by Louis Harris and Associates⁷ reports that 41 percent of employees with a lack of training opportunities looked to leave their jobs within one year — but at companies with many training opportunities, only 12 percent had considered or planned on leaving.

Establish a routine check-in with your top performers to ensure that they have a voice in their own professional development needs. At every check-in, seek to understand how they have grown from training, and understand what their training and development priorities are for the future.

Training is even essential to maximize a temporary hire. Today’s most effective and efficient companies require dynamic workforces, and many companies rely on temporary work, especially during specific times of the year. Training is a huge factor in ensuring that a temporary hire is truly an investment rather than an expense. Establishing sound training — or utilizing an external party to supplement onboarding for a temp hire — is crucial when dealing with temporary fulfillment needs.

Seek out a recruiting firm that is able to provide sound training and resources, as this cuts down on the need to invest in internal training programs but still offers reasonable training resources for temporary (and full-time) employees.

⁴ http://coned.howardcc.edu/business_and_workforce_development/customized_training/ROI_for_customized_training.html
⁵ http://www.academia.edu/4066547/Research_Project_Employee_Job_Satisfaction
⁷ https://www.linkedin.com/pulse/article/20140731043559-8175738-research-consistently-shows-that-training-employees-pays-off-with-profits

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Establishing a learning dynamic.

There are plenty of reasons why developing a strong training program is critical to your company’s growth — but implementing one successfully can be a challenge. The first step is to establish an environment that promotes personal growth and learning. To create a learning culture in your business, begin by underscoring the value and expectation of consistent growth, seek out training supplements and resources, and consider implementing a training program for your employees. Here are a few key practices that successful companies use to develop and implement a strong training program:

Keep future leadership development in mind.
A successful training and development program should constantly be prepared to address existing and future needs as they relate to leadership. Consider the upcoming roles that may need development or a new leader in the near future, and prioritize these roles in a training program. It’s always better to plan ahead and build up employees from within who exhibit the most potential. Being proactive rather than reactive when it comes to training can make a huge difference.

Always offer a complete introduction to your company culture.
It’s critical to consider the role that training plays not only in the recruiting process, but also in the HR onboarding process for all new hires. Promote your company’s learning culture to every new hire. In a survey conducted by AON, participants stated that the opportunity for personal and professional growth was the main reason they took their current job — and stayed in that job. Use this talking point to assure new hires and recruits that your company is a place of personal growth and development, and then put this into practice from day one.

Ask yourself what success looks like.
Pay attention to the results that an ideal training program can offer; don’t make decisions based on other budget needs or limitations. Many companies cut their training resources as soon as budgets become tighter, but seeking a balance of consistent, year-round training that fits within a budget is the best way to approach training. Inconsistent or unreliable resources can quickly offset the advantages that training programs provide.

Identify your top performers.
Prioritize the training that your strongest employees seek. Build out programs around their needs to validate their historically strong contributions. According to a recent study, “Many people assume that once employees are trained, they are more likely to leave the company for greener pastures, but actually, the opposite is true: trained staff are happier and more likely to stay put. Their self-esteem improves, which in turn improves their morale in the workplace and their loyalty to their employer.”

Benchmark similar companies.
Look to other companies who faced similar problems or growth goals and consider using a training program or solution that worked well for them. The Cheesecake Factory, for example, spends “an average of $2,000 on training per hourly worker each year, has an employee retention rate of about 15 percent better than the national average.”

8 http://coned.howardcc.edu/business_and_workforce_development/customized_training/ROI_for_customized_training.html
9 http://coned.howardcc.edu/business_and_workforce_development/customized_training/ROI_for_customized_training.html
Integrate formal and informal training mechanisms.
With countless forms of content in today’s tech-centered world, it’s important to diversify the delivery mechanisms for training. The Accenture study found that “Executives are continuing to use new methods of delivering training to employees. 42 percent use mobile delivery for training, 35 percent use social media, 27 percent use massive open online courses (MOOCs) and 13 percent use gamification.” Consider integrating learning or mentoring methods into everyday work; training doesn’t always have to happen in a closed setting.

Consider new skill development tools.
Training materials today come in a variety of forms, and some companies find it useful to incorporate “gamification” or highly immersive, first-hand techniques for their employee training.

Balance your targeted training approaches.
One challenge that many employers face when implementing a training program is integrating training resources that are right for each individual employee. To combat this issue, many employers prioritize the common denominator — the primary training need that impacts the most employees. However, another solution that more and more employers are turning to is the integration of an external program that incorporates numerous options for training. One program like this is Adecco’s SkillBuilder program.
To better serve employers and employees alike, Adecco developed the SkillBuilder program: a comprehensive set of courses and training resources for employees to take advantage of, whether they are currently on a job assignment or not. Merri Dillinger, Adecco Group North America’s Head of Associate Testing and Training, says, “We not only wanted to offer a benefit to our temporary associates, we also wanted to be able to address missing skills and knowledge so that existing associates could fill more job assignments. The program continues to grow and we continue to invest in SkillBuilder. Each year more associates take advantage of the training, and it has an over 90 percent approval rate by associates who use it.”

Adecco’s SkillBuilder program.

“For Adecco temporary associates, SkillBuilder is a benefit that not only provides targeted training for specific job assignments, it also provides significant opportunities for overall professional development,” says Dillinger. “They can take these skills and knowledge with them wherever their career takes them.”

Adecco SkillBuilder benefits employers in three key ways. First, it provides them with temporary associates who have the necessary skills and knowledge. Second, by engaging associates who remain longer in the associate pool, clients have access to more experienced associates. Finally, in a wider sense, SkillBuilder benefits the entire local workplace through general skills and knowledge development.

The SkillBuilder program has proven to be highly successful — 93 percent of associates said the knowledge and skills gained through SkillBuilder will improve their job placement potential, and 72 percent of associates said they applied their SkillBuilder learning within six weeks to improve job performance.

10 https://s3.amazonaws.com/external_clips/attachments/24828/original/ADO_skillbuilder_survey.pdf?1410366624%29
An investment in employee training is a win-win.

According to Nobel Laureate Gary Becker,\footnote{http://coned.howardcc.edu/business_and_workforce_development/customized_training/ROI_for_customized_training.html} professor of economics and sociology at the University of Chicago, “Any company has to recognize that not only is the human capital of their employees a major asset, it is also a depreciating asset that needs continuing investment.”

Despite the outstanding facts that emphasize the value of formal training, many companies are still reluctant to implement real solutions. The situation could have dramatic repercussions for unwilling companies, though:

“Among companies currently facing or anticipating a skills shortage, 66 percent anticipate a loss of business to competitors, 64 percent face a loss of revenue, 59 percent face eroding customer satisfaction and 53 percent say they will face a delay in developing new products or services.”

With the constantly evolving global marketplace and international reach of many companies, a constant examination of learning and individual progress is one of the most important things to invest in for company success. Employees will always be a baseline, critical asset for any company. Investing in your team intentionally and strategically will continue to yield results that far exceed the initial investment.