

# Marketing Instincts

## Training revisited...

Few weeks ago I was having lunch with a Senior Human Resources Executive who mentioned that their training budget was cut as the company was experiencing revenue shortfall and lower levels of business. This is not an unusual statement and often the training budget is the first one to go.

I could not help but think of how wrong this decision was. Cutting and/or eliminating the training budget in an organization that is experiencing shortage of revenues is similar to putting less gas in your car to save money.

My earlier career of 23 years with D&B and the NEILSEN GROUP consisted mainly of the turn-around of business units, training was invariably one of the first investments I made. To bring the company in the black we would, of course look at cutting expenses but not training costs. I always allocated more money to training. Did it work you ask? It worked very well every single time. Here is why:

The first rule to solving problems is to get to the real issue(s), problem or obstacle. You don't need to be a genius to know that if revenues are soft, you must reduce expenses, but the key is to determine what expenses to cut? If you need to run faster, you need to develop more muscle... You want to cut the fat not the muscle! Even if you want to lose weight, you want to lose weight sensibly; you certainly would not cut your legs to lose weight!

If the real issue is that revenues are not growing or are declining; that is the problem and that is what you need to fix. Maybe your quality has deteriorated; maybe a competitor is offering a better value etc. the bottom line is that you have to get to the root. Cutting or reducing the training budget is a temporary fix but a recipe for further decline of revenues down the road. I am not too sure who said it but it is such a wise statement: **you can't achieve greatness by cutting expenses.**

Secondly, in any business, one of your key objectives is to outdo your competitors by offering better value. Competitors can easily copy your winning recipe by acquiring similar machinery, offering free delivery, opening nearby stores; copying your advertising message and so on. They can duplicate your tangible and physical assets and promotions. However, what they cannot copy is your people skills, experience and motivation.

They can hire qualified people yes, but they cannot duplicate your team and this is where you can develop a competitive edge. Your people are the ones that will make the difference.

No sporting team be it soccer, basketball or hockey would cut or reduce the training as it is in the training that you prepare the team for a winning game. No coach in his right mind would say we need to cut expenses, so let's skip our practice! I am not too sure why would an executive think that cutting or reducing training expenses would be profitable.

Thirdly, although some accountants would not agree with me I believe that **training is an investment rather than an operating cost**. Investments in training should be allowed to be carried on the balance sheet and amortized over several years just like fixed assets (i.e. machinery, equipment, vehicles, computers etc.) Maybe not all training costs can be treated as investments but many training investments will result in increased value for several years, hence my opinion of having them carried as a fixed asset.

Let us review quickly the different types of training:

- **Induction and orientation training**: This is the training given to new employees to introduce them to the company, its products, policies, systems, organization etc.
- **Job training**: This is the training given to new employees in a specific position to train them on the job tasks and responsibilities. This training gives them the knowledge and skills needed to do their job effectively.
- **Safety training**: This is the training given to employees to minimize accidents and to promote a safe environment.
- **Promotional training**: This is the training that is given to newly promoted employees to teach them the skills of the new job.
- **Refresher training**: Is the training given to update employees on new technologies, systems and methods that will contribute to improved productivity and/or quality. In other words refreshing their knowledge to perform better.
- **Remedial training**: Is the training given to employees to overcome shortcomings in behavior or to improve sub-performance.
- **Internship**: Is the type of training given to new or experienced employees to complete a specific program that keep them up to date on developments within their job requirements.

These different types of training highlight the importance of the various kinds of training and their role in keeping the organization fit to serve its customers profitably and with excellence. Cutting the above training methods would simply weaken the team and reduce the effectiveness of the organization. The fact that the lack of training may not be immediately visible is not a reason to delay it or reduce it.

**In all organizations the performance of the people is in direct relationship to customer satisfaction.** Factory workers may not have direct contact with customers but their output

influence the satisfaction of their customers as well as determine how profitable the company will be. While front line employees have obviously a direct impact on customer satisfaction.

During the last sixteen years of consulting, I have completed successfully over 300 consulting assignments. These have given me the ability to quickly assess if a business has invested in the training of their employees or has cut corners on its training. And if management has cut corners on the positions that have direct contact with customers, you can rest assured that the back end is even worse.

If a restaurant's outside signage is shabby looking, you can bet that the inside will be the same. If the dining room is not clean, you can bet that the kitchen will be even worse.

Here are some examples of poor training you might have encountered yourself:

- ✓ You call a company and the receptionist mumbles her name and asks with an annoying and unpleasant voice if she can help you? Thirty minutes of simple training on telephone manners would change this situation from a negative to a plus!
- ✓ You are looking for a sales associate in a large retail store and as soon as an employee sees you, they run to hide or change isle to avoid seeing you. Employees should not run away from customers, but run to serve them. Steve Jobs once said: "Get closer than ever to your customers; so close, in fact, that you tell them what they need well before they realize it themselves!"
- ✓ You bring an item you want to purchase to the cash register and wait until two employees finish their conversation before they are ready to serve you. You feel like you have interrupted their discussion and should apologize for the inconvenience. Training should include what Henri Ford once said: "It is not the employer who pays the wages; Employers only handle the money; It is the customer who pays the wages!" Training 101!
- ✓ You call an 1 800 help line described as Customer Care and discover that you have to go through a maze of instructions . Push 1, push 3, or push 6 to finally speak with a human being who tells you, this is not the right number and you need to redial because they cannot transfer you. The best training here is to get the President and the Vice president to call the 800 number themselves twice a day for a week! A new training budget would be approved promptly!
- ✓ In some large companies, the call center is designed to direct you to their website because they do not want to talk to their customers. They miss on a great opportunity. The more you engage with customers the clearer things become and the easier it is to determine what you should be doing! Senior managers are in need of serious training!

All these are examples of organization that have cut on their basic training and on the development of their employees' skills. It is a matter of time before they become history. A simple rule says: **If we do not take care of our customers, someone else will.**

In today's business world, technology improvements and lower communication costs have made providing good training a more effective and affordable proposition than at any time in the past. Review the following points:

- (a) **Training can be provided via the internet** with on-line seminars, video conferencing across the world, by the way of videos available on laptops and even mobile devices. Employees can learn new skills, update their existing knowledge and much more remotely, without setting foot in a classroom.
- (b) Organizations can hire - on demand - **professional trainers and experts** for a fixed assignment or by the day and/or by the hour as need be. In other words, you can rent training resources with the utmost flexibility and you can provide training in any language you need at any locations worldwide.
- (c) You can introduce **coaching and mentoring programs** developed and perfected over the years for a fraction of their original costs thanks to a wider global distribution of training material. Programs that were only available to large organizations and corporations few years ago are now available at very reasonable prices to small and medium size companies.

These new training programs, courses and seminars are not only applicable to your front line employees but available for your managers, executives, board members and even the most senior positions in your organization. **Coaching** one on one allows you to get feedback and to acquire knowledge and insights in a customized manner. **Mentoring**, also, on a one on one basis focus on developing on-going relationships and attitude development.

Training is defined as the acquisition of knowledge, skills and competencies. The goal of training is to improve one's capabilities, capacity and performance. Here is a key question for you: **Are you tracking and measuring your organization's performance and your people's productivity?** Just think if you can improve the sales closing ratio of your sales people from 1 in 8 to 1 in 4! What would that do to your revenues? Just imagine transforming every customer complaint into a new sale! My experience tells me that complaining customers represent a huge opportunity for more business.

In closing, let me say that treating your employees with respect and dignity and through good training programs will result in **happy employees**. Happy employees equals **happy customers**. Happy customers contribute to **high profitability**. High profitability means **happy shareholders** plus the ability to make investments so that you can sustain your good fortune. In the wise words of Aristotle: « Excellence is not a single act but a habit ».

I say « **Make training a habit and you will be more successful!** »

Hugh Latif & Associates

*Management Consultants & Corporate Governance*

Deloitte Building 400 Applewood Crescent, Suite 100,

Vaughan, Ontario, Canada, L4K 0C3

Tel. (416) 229 0520

Website: [www.hughlatif.com](http://www.hughlatif.com)

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