

## Bridging Training and ROI (Part I of II)



Can investment in employee training and development be directly translated into bottom line improvement?

Is there evidence of a dollar-for-dollar ROI when it comes to education? These are tough questions, particularly for those involved in promoting the use of training materials in a bear market environment. Yet for those willing to look at the bigger picture, the results not only speak for themselves but provide considerable guidance on how to measure the outcomes of training and improve those measures with supporting activity.

In 2006, Susan Levering, Ph.D., partnered with the NAW Distribution Research & Education Foundation (now known as the Institute for Distribution Excellence), to survey wholesale distributors about their training practices. Forty-four market segments, including plumbing and PVF, were represented, with responding companies ranging in size from \$20 million to more than \$1 billion in sales. Through the data that Levering collected, they were hoping to identify a correlation between training and development (T&D) and a company's ultimate profitability.

While the hard data to support a direct connection wasn't readily available, what Levering *did* find were provocative similarities among some top-performing companies as to how they approached the training and professional development of their employees. In her research, which included in-depth personal interviews, she noted that wholesaler distributors usually don't think about training investments in the same way they might think about inventory or sales management.

**"When it comes to T&D activity," Levering says, "these top performers are driven by conviction, believing that it's good business to engage their employees in learning experiences. These companies identify their strategic initiatives, engage training personnel to partner with them, and provide training activities to support their vision."**

In her book, *Smart Investments – Developing Top Performers in Wholesale Distribution*, Levering explores the survey's findings, including five key strategies employed by the most successful distributors when it comes to T&D. In general they were found to:

- Integrate training activity with business strategies
- Form partnerships with training personnel
- Develop a strategic training plan
- Engage all employees in training activity and hold them accountable
- Utilize creative solutions to overcome obstacles

Levering's report cited that 97% of the reporting companies said they perceived T&D activity as an investment rather than as an expense.

Interestingly, a survey of membership of ASA in late 2007 paralleled those findings. Among ASA's respondents, 90.3% of them agreed that their companies view training as an investment, rather than as an expense.

Also in ASA's survey, "strategic initiatives" was cited as the number-one factor for determining training needs. Following is the ranking, among ASA's respondents, of their reasons for providing training:

1. Positive impact on bottom line
2. Keeps company competitive
3. Aligns employees to strategic initiatives
4. Reduces turnover
5. Increases sales

Data that supports a direct-line ROI between the expense of training & development and increased profits remains elusive because many other factors also influence payback. Fortunately many other measures can document the success of your company's training efforts. The most important of these is proving that your training is well-aligned with your business objectives.

Other factors that can measure success in your training program include:

- Changes in employee morale
- Sales figures per employee
- Internal promotions given within a given year
- Customer complaints/satisfaction statistics
- Employee quality and tenure
- Reduction in mistakes/actions
- Increased efficiency

Many leading employers go beyond job-specific training to improve their employees' general business acumen, interpersonal communications, team building, leadership and other development activities that improve their lives at work and at home. These companies possess the wisdom to know that a well-educated, high-morale, loyal team of business professionals provides the ultimate business advantage.

Implementing these measures isn't rocket science but does require a diligent effort to integrate business objectives and development activities into job descriptions, performance evaluations, the training program and even employee orientations. The ASA Education Foundation's *Employee Performance Improvement Tool Kit*® can provide considerable assistance in implementing many of the ideas that Dr. Levering discusses. **For more information visit [www.asa.net](http://www.asa.net).**

Dr. Levering's book is available at [www.naw.org](http://www.naw.org), where ASA members will qualify for discounted pricing. Likewise, ASA offers a wide variety of training programs, ranging from self-paced product knowledge courses, to business and sales training directed specifically to the unique needs of plumbing & industrial PVF distributors.

### WHAT AN EMPLOYEE WANTS

Employee-focused outcomes as a result of employer investing in T&D for employees:

- Ensures that employees know specific tasks and functions
- Fosters goal achievement
- Boosts performance ratings
- Improves quality of supervision
- Increases morale
- Makes the company a good place to work
- Prepares employees for promotion from within
- Provides employees with growth opportunity
- Reduces errors in work activity

### WHAT AN EMPLOYER WANTS

Top benefits that could accrue to an employer by engaging in T&D activity:

- Aligns employees' objectives with strategic initiatives
- Improves efficiency
- Increases sales
- Ensures continuity of leadership
- Keeps company competitive with other companies doing training
- Has a positive impact on the bottom line
- Protects the company from potential liability
- Reduces the quantity of supervision & guidance needed
- Reduces turnover

Source: Smart Investments – Developing Top Performers in Wholesale Distribution© by Susan Levering, Ph.D., published by NAW DREF, 2006.