

# Training on a \$hoe \$tring

Staff replacement, retention and upskilling doesn't need to cost the earth. **Stacey Ewin** sizes up the status quo.

**IF YOU ADD** up the cost of advertising, interviewing time, the recruitment agency's commission, and a training period to get staff up to speed; then replacing an employee will cost your business about one and a half times the annual salary of the employee you lost.

This doesn't even count the cost of the lost productivity of the team while the transition is happening. With the skills shortage, low unemployment and an ageing workforce, staff retention has never been more critical to a business owners' success.

## The Skills Shortage

A complete neglect of apprenticeship schemes, vocational education and training and university funding by governments over the last 15 years has resulted in a shortage a qualified people. The Department of Employment and Workplace Relations job outlook in 2002 revealed chronic shortages in the following areas:

**Professional industry groups:** Child carers, engineers, accountants, nurses and health specialists, secondary school teachers, lawyers and social workers.

**Trade industry groups:** Metal, automotive, electrical, construction, food, printing, woodworking, hairdressing and upholstery.

## Training Hotspots

Whether your business is directly affected by the skills shortage or not, as the supply of skilled, experienced labour decreases, all businesses will need to pay more attention to retaining, training and improving the performance of the staff they already have.

No matter what business you're in there are three main areas of training needs:

- ✓ New employees
- ✓ Upskilling
- ✓ Management

### New employees

Most employers prefer to hire people with specific industry experience, the reasoning presumably being that someone else has already footed the training bill.

However, even if they have had experience in a similar position in the same industry, your business will have its own idiosyncrasies and new employees will need training in how to do their job in your business.

### Upskilling

Upskilling is about improving the performance of existing employees. This may involve training the whole workforce simultaneously, as in implementing a new phone system, or it can be the general need to keep individuals up-to-date



in their skills and knowledge and expanding their knowledge of other areas of the business.

In April 2005 The Gallup Organization did a study of the Australian workforce and found that 85% of Australian workers are what they call “disengaged” and estimated that “disengagement” costs the economy \$31.5 billion per year. Disengaged employees are typically bored and disenchanted i.e. “people who are physically present but psychologically absent” and results in low productivity, a lack of efficiency, stagnated processes, often a high staff turnover and, ultimately, lost revenue.

Disengagement is caused by “a lack of clarity on what is expected of employees at work. Employees need to know why their role is important, and the outcomes for which they are accountable, a job description is not enough. Little or no feedback on their performance also contributes to employee disengagement.” How much is disengagement costing your business?

### **Management**

This is vital and yet it is the most neglected area of training. Most people become managers because they were the best at their job but few have ever actually been taught **how** to manage. Using untrained managers can be expensive. How much time and money does your business lose in re-runs and

correcting mistakes? Mistakes usually happen because the original instructions weren't clear, the job wasn't adequately supervised and the feedback was misunderstood. **Giving** the instructions, supervision and feedback is the role of the manager. The cost of mistakes is scary enough, but it is the hidden cost of not training managers, employee disengagement, that is terrifyingly HUGE!

### **Internal**

Human beings are curious creatures who **like** to learn. In fact, not only do we like it, we can't help it! Put any human being in a new job and they will immediately start trying to find out what it is they are supposed to do, why, and how to do it better. Proof of this phenomenon lies in the fact that, despite the lack of formal training, staff somehow learn to do their jobs well enough to keep the business ticking over. So the cheapest way to train your staff is simply to make it easier for them to learn.

### **Documentation**

One of the first ways people use to learn a new job is to read any procedures manual or diagram they can get their hands on. It is therefore a good idea to have these readily available to all you staff, preferably on a PC network so they can be easily accessed and updated.

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### **On-the-job training**

Training in any area that is particular to your business is best done internally by people who know the processes, systems and procedures of your business intimately. Use your managers to train staff on the job. Sure, you will still need to run the occasional presentation on a new product, run a regular Occupational Health and Safety (OH&S) drill, and certainly you'll have to train your managers; but the every day process of performance improvement can be left largely to your workers themselves being helped along by their manager/coach. Don't wait until a crisis happens to train your staff. By changing your organisational culture to a learning environment, your staff are learning on the job, constantly working towards improving their performance; your teams are coming up with better ways to sell, produce and deliver your product and everyone is “engaged” in their work because they know where they fit and they know that their skills and knowledge are valued by the business. Utopia!

### **External**

The most cost-effective way to address generic training needs like Microsoft Office, management skills or telephone techniques is to send people on external courses because you save the time and cost of developing and delivering the training yourself and you can send people along in ones and twos so you don't have the trauma of having everyone off the floor at once.

#### **What to look for**

**Cost:** Of course you are going to be attracted to the cheapest course you can find but it's a waste of time and money to send people on a course that doesn't work, so consider all the other aspects of the course before you make your decision on whether or not you're getting value for money.

**Content:** When choosing External Training start out by looking at the content of the course. First, determine exactly what your training need is by asking “What do I want them to be able to do?” Your answer has to be specific. Saying “I want them to be able to use Excel better” or “I want them to manage their staff more effectively” isn't clear enough. How can they *show* you that they can use Excel better or that they are more effective managers?

If you're looking for Management Training ask yourself “What does every manager need to be able to do to effectively manage their people?”



Here are some ideas:

- Give clear instructions - delegation
- Meet deadlines – time management
- Improve performance – give feedback that trains staff
- Establish trust with their team – this may sound a bit soft but the staff have to be willing to follow their leader's instructions; we can't shoot them for not following orders!
- Resolve conflict in the team and re-engage the disengaged.
- Communicate with and involve the whole team – i.e. run a decent meeting that generates new ideas and solves problems.

Once you're clear on what result you want from the training, look for the course that most closely matches your objectives.

Also, beware of “courses” that are just a sales pitch in disguise. Be sure to check out the content detail of time management, telephone techniques and customer management courses in particular.

#### **Methods and class size**

You can tell someone how to ride a bike, you can show them how to ride a bike but they won't be able to actually ride the bike until they try it themselves. This is true of every skill. You can impart knowledge by telling and showing but people can only learn a skill by doing it themselves. So, if you are sending them on a course to learn a skill, look for courses that are interactive and use



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## Government Assistance

Regardless of the industry, staff training is tax deductible because, for tax purposes, it is treated as a normal cost of doing business. If you are in an industry that employs apprentices then the news is even better. From 1 January 2006, the GST is no longer payable on New Apprenticeships incentives paid to employers. The removal of the GST on incentives will simplify the administration of the paperwork because you will no longer be required to include incentive payments in your Business Activity Statement for the ATO.

If you don't currently employ apprentices, new apprenticeship schemes abound and are ever-expanding so check out the following websites to see if your business qualifies for government funding:

New Apprenticeships Training	<a href="http://www.natinfo.com.au">www.natinfo.com.au</a>
Department of Education & Training New Apprenticeships Centre	<a href="http://www.delnac.com.au">www.delnac.com.au</a>
Australian Business Limited	<a href="http://www.australianbusiness.com.au">www.australianbusiness.com.au</a>

words like workshop, case studies, role plays, exercises in their description. In order to allow people to practice a new skill, the class has to reasonably small, so check that your trainee isn't spending an entire day in a lecture hall with 300 other people being told how to answer a phone.

## Logistics

Your business can't do without your staff for long periods of time and it's easier for someone to learn one skill in a short session than it is to learn 6 skills in a 3 day course, so choose short courses on specific topics.

Also check out what's included in the cost of the course. Are you paying for the training or is most of your money going on glossy printouts, a fancy training room and a slap-up lunch at a 5 star hotel?

## Measuring Results

The key to measuring the effect of any training is to be clear from the beginning on what it was that you wanted them to be able to do. Measure the performance before they went on the training and then measure it again periodically afterwards. The effect of Management Training takes a little longer to show itself than direct training because it needs to flow-on to the team so give it a month or so before deciding whether the training has helped or not.

Due to the skills shortage and the high cost of losing good staff, it is vital to focus on retaining and renovating your workforce. By using your managers to encourage their natural curiosity, you can help your staff to teach themselves. This will lead to a more motivated workforce and increase the productivity of your business. ●



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