



## Investing in Employee Growth Makes Bottom Line Sense

For many owners, traversing the peaks and valleys of a fluctuating economy is just part of the entrepreneurial adventure. And when the market takes a downturn, a natural survival reaction is to cut overhead. It's a logical place to start. But where and when do these cuts adversely affect your business?

Employee training often is seen as double overhead because employee salaries reside in the expense side of the business, while things such as equipment appear on the balance sheet as assets. Because the company invests in training and educational courses, with the added costs of travel and lost productivity; employee training is often one of the first things to go when money becomes tight.

What some employers don't consider is that while cutting these training and development programs may immediately help lower overhead, the affect of putting employees on a company backseat can have long-term ramifications that result in financial negatives.

To compete in business today, companies need to understand that most potential employees are no longer simply seeking a job; they're seeking career advancement. However, this advancement does not necessarily mean promotions; it can be as simple as knowledge and skills. New-generation employees know career development requires a commitment to growth. They seek companies that understand that a paycheck is only part of the career equation. In fact, training, education and degree-completion programs are some of the most desired employee benefits available today.

So what does the company have to gain from investing in employee growth? When a company satisfies employees' desire to obtain more training, the result often can be a company team that is more capable and willing to accept responsibility and control over the part they play in the company's success. Well-trained employees often need less supervision, leaving management with additional time to focus on other critical areas of the business. In addition, a well-trained employee generally has a higher level of productivity, and is more inclined to remain loyal to the employer that has taken a vested interest in them.

Savvy employees see training as a way to create value for the company. They know it's the difference between their company merely surviving and thriving. In a world that grows ever more competitive, many employees fear their company may fall behind competitors and lose market share.

In 2000, the American Management Association conducted a survey of 352 human resources executives. The AMA's findings confirmed that among issues of top importance to employees were certain enhancement issues. These issues also had a direct correlation to increased retention.

*"Investing in an employee's future is more important than immediate compensation," said Eric Rolfe Greenberg, AMA's director of management studies. "Programs that improve work skills and future career development are seen as particularly effective."*

The AMA survey identified the following skill enhancement techniques (the percentage of companies employing them as a retention strategy is noted as well):

- External conferences and seminars, 78.1 percent
- Tuition reimbursement, 67.3 percent
- Managerial training, 66.8 percent
- Company support for degree, 62.2 percent
- Interpersonal skills training, 56.8 percent
- Technical training, 54.5 percent
- Employability training, 35.2 percent

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*Our mission is to provide information and strategies to business owners and managers for improvement in the effectiveness of its business management so that key objectives can be realized.*

CFO Plus, LLC

Ted Hofmann - Principal/Senior Consultant

John Morre - Principal/Senior Consultant

Linda Panichelli - Principal/Senior Tax Consultant

Jim Chamberlain - Senior Consultant

1450 Grant Avenue, Suite 102  
Novato, CA 94945-3142

Home Office: 415-898-7879  
Toll Free 866-CFO-PLUS or 866-236-7587

Email: [thofmann@cfoplus.net](mailto:thofmann@cfoplus.net)  
[jmorre@cfoplus.net](mailto:jmorre@cfoplus.net)  
[lpanichelli@cfoplus.net](mailto:lpanichelli@cfoplus.net)  
[jchamberlain@cfoplus.net](mailto:jchamberlain@cfoplus.net)

Web: [www.cfoplus.net](http://www.cfoplus.net)

## Investing in Employee Growth Makes Bottom Line Sense (cont.)

In a study of more than 3,100 U.S. workplaces, the National Center on the Educational Quality of the Workforce found that, on average, a 10 percent increase in work force education led to an 8.6 percent gain in total productivity. While a 10 percent increase in the value of equipment increased productivity just 3.4 percent.

Investing in employee growth is a philosophy first and a program second. No matter how strong the training or mentoring program, it only will be successful if principal business decision-makers are fully committed to it. Employee development cannot be an item that easily hits the chopping block when times are tough.

If you are unsure about where to begin building an employee development program that nurtures your employees and creates long-term relationships, consider an anonymous survey. For best results, be sure to provide employees time to think about the questions and provide meaningful responses. Obtaining information straight from employees is a great way to increase their sense of importance, and helps you avoid wasting time by offering programs that are not valued by your team.

Investing in employee growth can go a long way to creating loyalty, saving your company money and providing a platform to reward top performers for exceptional work. A well-rounded program will put company goals in line with employee development, and can deliver a measurable return on investment. We're here to assist you as you navigate new territory. Call us to learn more about how skilled employees are one of your company's most important advocates.