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HUMAN RESOURCES HR UPDATE

Managing Your Most Important Resource: P E O P L E

Training: Getting A Great Return On Investment

For years companies have declared "employees are our most valued assets." Companies that really meant it have long invested in their most valuable resource through proactive training. Those that didn't really mean it, may have treated their most valuable assets more like liabilities and trained employees in a reactive manner, cut the training budget during tough times, or just not trained at all. In either case, training today is extremely important to the success and competitiveness of most businesses.

Businesses will have no problem finding training resources. The challenge is to determine how to coordinate these resources to meet the companies training needs. Before training begins, a company must have business goals and objectives in place. The training process must be driven by these goals. Without them, training lacks focus and direction. It is important to make the point now that there is a major difference between orientation and training.

Orientation is that first-day introduction to work rules, insurance, parking, and job expectations. In the past, these sessions included warnings about the consequences of failure to conform to organization expectations. Though not intended as a threat, these warnings tended to raise — rather than reduce — the anxieties of the already anxious. Next, the new employee was introduced to their supervisor for further "training." While friendly, supervisors are busy people, worse, their instructions tend to be technical and little effort seems to be spent to clarify them. Typically fear keeps new employees from asking questions or seeking greater clarification. Hopefully, businesses have made strides to leave this example of an old view of orientation as training behind and better understand how to proceed for the future by having an improved orientation process and building better ongoing training.

Successful training processes are built by understanding adult learning; determining needs; providing proper training; implementing; ensuring job transfer; and evaluating. Once you understand adult learning needs, you can plan the training with these needs in mind. Keep in mind that adults:

- Need respect
- Need acceptance from their peers
- Perceive themselves as self directed
- Don't like to be told what to do
- Are practical
- Have accumulated a lifetime of knowledge
- Have multiple responsibilities

Keeping these characteristics in mind

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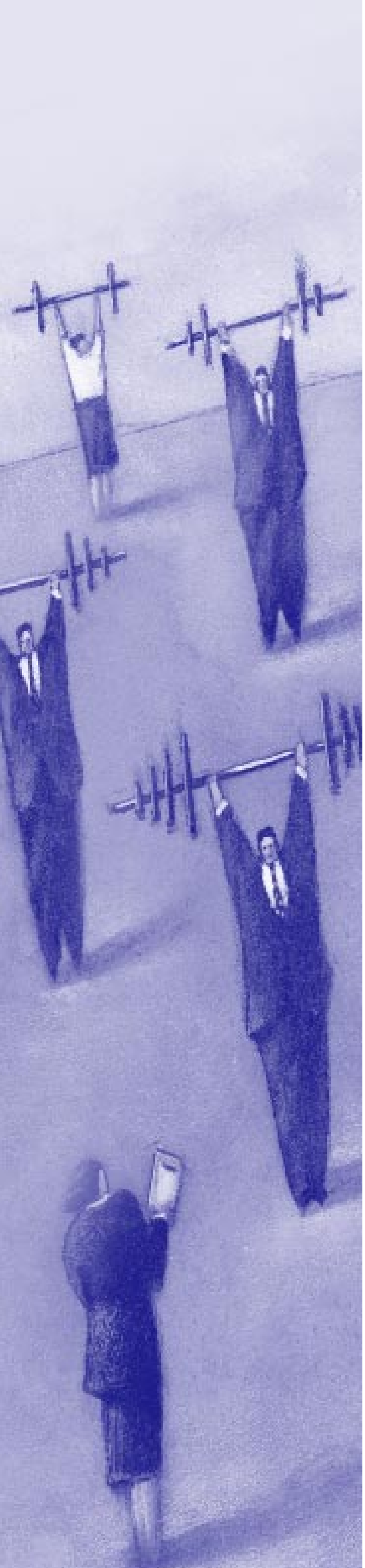
Business Solutions

More for Mid-Sized Business



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will give your training a good shot at success.

Determine your training needs by conducting a needs assessment. This task can be time consuming, but worth every second. There are three critical steps required to identify needs:

- List the objectives of each person's job in the business.
- List the major tasks and activities required to complete these objectives.
- List the skills and knowledge required to accomplish each task and activity.

Once you gather this information, you will know what skills your employees need to meet business goals, and then you know what training to provide. Next, do you write your own training or buy it? There are pros and cons for each option. Do you have the time and/or expertise to write your own, and can you deliver the product effectively to your employees? Is it better to purchase training provided by an independent third party? What is best for your culture? Will an outside trainer have more or less success in your organization? Will someone from the organization be an effective training provider? As you consider the options, remember, the key is to choose the resource that best suits your business needs.

After all the planning done to this point, it would be a real shame if the day of the training arrives and the trainer is not professional. Everything must be in place before employees arrive. The presenter must be an expert facilitator. Whether the training is provided by someone internal or external, preview the skill and ability of the trainer to ensure your happiness with delivery of the training content.

Training can both provide needed knowledge and be entertaining. It must relate to the employee's job. Trainers and supervisory staff must communicate about the expected result of this time and investment to ensure what is learned will transfer to the employee's job.

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No training is complete until it has been evaluated. Companies need to know two main results. Did employees like it or not? What did they learn? Both factors are important. Evaluation will help determine if the training accomplished what it was designed to do. Have employee skills improved? Are they doing something new? If you can establish a link between training and performance, your effort was successful.

Training is an investment in your most valuable asset, but it's probably not the correct answer for all problems. If you have hired improperly, and employees lack ability, training may not overcome this obstacle. Attitude is not a training issue. If employee attitudes are affecting job performance, it is important to determine what is behind their negative outlook and then tackle those issues separately. If you have gone through the proper hiring process and landed an employee with a positive outlook, and you implement an integrated training process, you will most likely be better prepared to reap added value from your investment.

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Hold on to what you've got…

Organizations Must Increase Retention Efforts

Today, employers cannot afford to lose good workers. There are few opportunities to find good help because of low unemployment rates in most areas of the country. In fact, unemployment rates will only get worse. By the year 2008, there will be 161 million jobs and only 154 million people to fill them.

The obvious message here is that it is in your best interest to retain your talent. The big challenge, however, is determining how to do that.

First, hire the right people and provide orientation. Second, realize that some turnover is good. If there is no turnover, it could be that your employees are complacent or nonproductive because they know how good they have it.

Do you know what the turnover rate for your industry is? If you hover around the average or are above average, you need to worry. The third step is to find out why employees are leaving. If you aren't sure, you should be conducting exit interviews to get honest feedback from departing workers. Another consideration is to conduct attitude or satisfaction surveys of current employees.

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In Leigh Branham's book, Keeping the People Who Keep You in Business, some good employees leave because:

1) They do not see any link between pay and performance

2) They don't perceive opportunities for growth

3) They don't see that their work is important or see that their contributions are being recognized or valued

4) They don't feel their natural talents are being utilized

5) The culture is abusive or managers are abusive (subtlety)

The fourth step is to train your supervisors on being good managers and good leaders. Understand that managers make the difference. In the book, First, Break All the Rules: What the World's Greatest Managers Do Differently (by Buckingham and Coffman, New York: Simon and Schuster, 1999) the authors indicate that 50 percent of typical workers' job satisfaction was determined by the relationship with their immediate supervisor.

The fifth step is to commit to becoming a company where employees want to work and want to stay (for the right reasons). You must commit to becoming an employer of choice.

How do you become an employer of choice? It requires several characteristics: strategies that have been written in many articles in the past couple of years. Outlined below are some of those strategies:

1) Creative benefits (including access to gyms, EAP's, day care, etc.)

2) Creative scheduling (to address work-family issues)

3) Effective communication programs

4) Effective policies

5) Effective reward and recognition programs (monetary and nonmonetary)

6) Effective culture

You might want to appoint a retention team to develop strategies that will work in your organization. You will certainly want to start out by asking your employees what they would like to see happen (differently) in your company. But you need to be committed to taking their suggestions seriously and making changes.

Start gathering information about what programs and/or suggestions are out there that would fit in your culture, and would be fairly easy and/or cost-effective to administer. The two books mentioned previously are a good way to start. Two other resources, 1001 Ways to Energize Your Employees and 1001 Ways to Recognize Your Employees (by Bob Nelson, New York: Workman Publishing, 1994), offer ideas such as:

- Suggestion systems
- Employee appreciation days
- Skip meetings
- Spot awards programs
- Providing employee services (banking, take-out, dry cleaning)
- Loans for computers
- Ice cream or popcorn parties
- Brown bag sessions on topics of interest
- Monthly Meet the CEO meetings
- Monthly use of nearby parking space
- Exercise facilities on the premises

If you have questions about getting started, you may want to contact qualified human resources consultants. They can help you develop and implement strategies that will be effective for your type and size of business.

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you select will largely influence the type of person you attract and retain. And since employees drive your business, it's important to design a total compensation program that reinforces what your business is all about.

It's also important to consider pay mix — the percent of a person's total cash compensation devoted to base compensation, incentive or variable compensation, and benefits. A start-up company with little capital may focus less on base compensation and benefits and more on incentives (thus paying employees well when the company does well). The risk in the start-up is huge, while the payout of an incentive program could also be significant. A company in a mature life cycle may focus more on base and benefits, while simply maintaining a competitive variable pay level.

Base Compensation

The next step is to determine what the market actually pays with regard to base compensation for key benchmark positions in your organization. Once you have identified market rates for the benchmark jobs, you may need to review your compensation philosophy and make sure that it not only aligns with your business strategy, but is also within your financial capabilities. You'll run into a barrier if your philosophy indicates that you'll attract and retain top talent, but financially you cannot afford to pay competitive market rates. This step in benchmarking key positions helps by brining a "reality check" to the compensation philosophy and helps to focus the total compensation efforts to support the organization.

Variable Compensation

Before assuming the need for variable compensation, be sure it aligns with your compensation philosophy and company goals. If you choose to offer variable compensation, make sure employees know why they may or may not receive a payout and what they can do to affect the amount of the payout. Although employees may be delighted to receive a year-end bonus, it will be a waste of your money if employees do not know what they did to deserve it or how to do it again. The employees who know what they need to do to help the organization succeed, also know it when they've achieved the goals. And more than likely, they'll know what to do again the following year.

Benefits

Most employees take benefits for granted. Almost every employer should improve communication channels with employees with regard to the benefits it gives. Benefits are often overlooked as a form of compensation, when they actually play an influential role in pay mix and the type of employee that is attracted and retained in an organization. Conduct a competitive benefits review — know what the market is doing and reexamine your compensation philosophy for guidance on how to structure a benefit package that will help you achieve your goals. Don't just gather the best practices out there and assume they will work for your organization. Benefits, and for that matter – total compensation programs, reflect your philosophy and your culture — make sure what you offer matches your environment and business direction.

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More Than Just a Paycheck

Is your key employee ready to walk out the door for an increase in salary? Are you rewarding your employees consistent with your business philosophy? Where do you stand in regard to total compensation (base pay, variable pay and benefits) relative to the market?

Employees pay attention to compensation. Pay and benefits are personal — process or policy changes may raise some eyebrows, but changing employee compensation is another story.

How compensation makes a difference

Compensation programs affect the people that drive your business. The way and amount you pay people will largely affect the type of person you hire and retain. While several factors influence recruiting and retention success, compensation cannot be ignored. Compensation practices alone will not actually cause an organization to succeed, but they can definitely drive success by supporting business goals. Rewarding people for specific behaviors and results will only reinforce those behaviors and results. Thus, a haphazard approach will achieve haphazard results.

Compensation should be a strategic part of your business and human resource plans. Strategic compensation should also involve four components: compensation philosophy, base compensation, variable pay, and benefits.

Compensation Philosophy

The compensation philosophy simply establishes key components and guidelines for your business' pay practices. The philosophy explains why you pay people the way you do. Is your organization in a fast-paced, highly dynamic business environment where attracting and retaining top talent is essential? Or is your organization in an older, established industry that attracts employees who want a more stable, predictable environment? Identifying your industry, its characteristics, your organization's strategic direction, and operational goals must largely influence why and how you pay people. Based on those parameters, a compensation philosophy must also contain the desired market position for base salary, benefits, and total compensation.

The compensation philosophy also addresses strategy. For example, a company trying to attract and retain top talent may pay its employees at least competitively (if not above market) with base salary, create significant "up-side" potential in variable pay, and sacrifice some of the more traditional coverage levels of employee benefits. On the other hand, a company with a more stable, predictable environment may focus more on benefits, even to the point of being less competitive with its cash compensation. Whichever approach

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