

## **Training in a Down Economy**

If your organization has cut-or is thinking of cutting-its training budget during these hard economic times, tell the top brass to think again. Experts say that's probably the worst move they could make.

In a down economy, the first place many employers look to cut costs is in their training budget. They figure that training is a luxury they can't afford now that revenues are down. So except for the minimum in mandated training, the budget is slashed and those resources are quickly moved elsewhere to shore up a sagging bottom line.

### **Big Mistake!**

Employers that think like this are making a big mistake. Mandated or not, training is a necessity, not a luxury. Without adequate training, the organization becomes vulnerable in many ways.

For example, employees who don't receive adequate training are likely to make more mistakes and have more accidents. Workers who aren't properly trained in issues such as discrimination and sexual harassment can behave in ways that can make the organization vulnerable to costly lawsuits.

Proper training, on the other hand:

- Improves employee performance
- Informs workers about critical policies and operations
- Protects the organization from legal problems
- Prevents accidents and injuries
- Develops skills and knowledge to prepare workers and the organization for future challenges
- Supports excellence and quality
- Keeps you competitive in difficult economic times when staying competitive has never been more important

### **Cost of Training vs. Cost of Turnover**

There's another very important benefit of training that's often overlooked - employee retention.

"Most companies under-training their employees suffer from higher turnover", says Dan Bobinski, CEO and director of The Center for Workplace Excellence. "The costs of replacing those people far outweigh the costs of improving their training."

According to Bobinski, in companies where adequate training and development are lacking, as many as 41 percent of the employees are thinking about jumping ship and looking for other employment.

To those who would slash training budgets, Bobinski offers this caveat: "If you invested more in training so your offerings weren't considered poor or nonexistent, you would retain more people. And, you would save on all those hidden costs that eat up your profits when you have to replace someone."

### **Cost-Effective or False Economy?**

If your organization has been cutting back on safety training this year—or if it is considering it—look very closely at the cost-effectiveness of that decision. Such a move could end up costing the organization more than retaining all of its training programs.

Just consider direct and indirect costs of inadequate training, such as:

- More accidents and injuries
- Higher workers' compensation costs
- The risk of OSHA fines
- Decreases in productivity from lost workdays
- Damage to morale and job satisfaction
- Replacement of workers who leave in search of better growth opportunities