

# Your Company Can't Survive Without Professional Development: 3 Cost Effective Approaches

by Othniel Denis, MBA

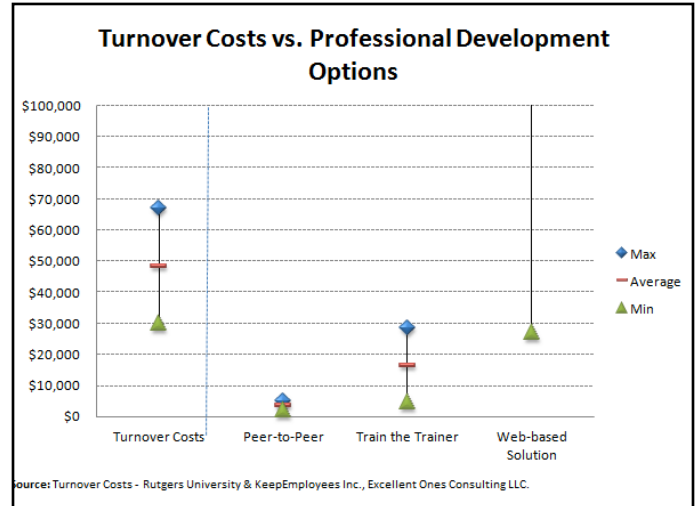
During the recent period of economic uncertainty many organizations slashed or eliminated funding devoted to training and development. These actions have implications beyond bridging the short-term budget gap. One such by-product is lowering employee retention. According to a study appearing in *The Academy of Management Journal* by John E. Sheridan, retention rates are impacted by various factors and one of them is professional staff development.

Professional development is arguably one of the most important parts of any company budget. In many organizations salaries represent 60% of total expenses. This enormous asset needs to be maintained and nurtured. Very often organizations invest in their physical capital such as upgrading software and refreshing computers and neglect the human capital. Cost is often cited as the reason for taking such drastic measures. The chart to the right compares turnover costs to several modest development strategies to be discussed later. In short, it costs less to invest in retaining an employee through professional development than to suffer the costs associated with turnover.

As an HR professional, how can you utilize that important retention tool on a modest budget? The following is a list of several cost-effective methods:

*Peer-to-Peer:* A colleague and I recently implemented a peer-led series of workshops called "Power Hour." In essence, each month an employee shared some of his/her expertise with peers. This method capitalizes on the strengths of individuals and diffuses it throughout the group. I kicked off the series with a seminar on a Microsoft Excel tool that increases productivity. The presentation was titled "Using Microsoft Excel for Administrative Innovation: The Power of Pivot Tables." The peer-to-peer program can be run on a humble budget. In order to encourage employees to become speakers several options are available. Use funds to supply speakers with stipends, organize a special luncheon for speakers, or purchase gift cards for seminar leaders. Each of these items can be used to recognize the employee for delivering the workshop and encourage future participation.

*Train the Trainer:* A slight variation on the peer-to-peer method is train the trainer. Hire an expert to diffuse certain knowledge into



a selected employee. After the employee has received a new skill set, he/she then shares the newly acquired expertise with the group. This method requires an upfront investment, but can lead to valuable returns. It is important to remember that only skill sets valuable to the group should be approached in this way.

*Web-based Solutions:* Many organizations are using web-based offerings to handle development needs. It is important to mention that, while this could be a cost-effective approach, costs are based per class and per person. This approach differs from the others in that costs increase with each new employee to be trained. The chart assumes 10 employees are being trained every month during a given year.

Professional development is an instrument which is commonly wielded as a perk for employees. To the contrary, this item can be used to engage employees and increase the profitability of an organization. Before you cut, think of the long-term implications.

– Othniel Denis, MBA

Principal

Excellent Ones Consulting LLC

[odenis@excellenton.com](mailto:odenis@excellenton.com)

## HR/NY's Job Board: NY Is Your Market for Top HR Talent!

HR/NY is your source for access to nearly 2,000 HR professionals in the NYC area. Post your HR job openings, and watch your hiring efforts become more efficient and effective!

HR/NY members who do not work for a search firm, agency, or recruitment firm can post for free—another benefit of membership for you to enjoy! We will keep your position on our site for 30 days. Want an additional 30 days? No problem—just [contact us](#).

If you are not an HR/NY member, or you work for a search firm, agency or recruitment firm, there is a fee of \$200 per job listing per month for access to the HR/NY community.

HR/NY's job bank only includes job postings, and helps you only with the first part of the recruitment process. If you receive a resume from a candidate you like, be sure to take the next step and contact them.

