

DON'T CUT TRAINING, JUST CUT THE COST

As a result of the current economic downturn, companies are closely examining their budgets to trim costs wherever possible. Whenever this happens, the Corporate Training and Development budget is one of the first areas to be reduced, or even eliminated, and it is happening again this time.

A recent survey by the American Society of Training and Development (ASTD), found “Many organizations surveyed reported that they’re seriously slicing into the resources used to support learning and nearly seven out of 10 said that in these tough economic times, their organizations are to a high or very high extent, taking a close look at their learning budgets.”

However, cutting the training and development budget may have serious negative consequences for the company’s future success. Two key issues arise.

The first is that an economic downturn is the time when organizations need to focus on developing the core skills that make them more competitive. Craig Barrett, the recently retired CEO of Intel noted in a recent edition of Newsweek, “There is a general rule in business life: market share is won or lost during transitions”. Organizations improve their ability to compete and win in their marketplaces by ensuring employees are capable of taking on the new challenges to win new business or coming up with innovative ways to cut costs or improve business performance.

The second issue is about an organization’s ability to attract and retain talent. It was less than 24 months ago that companies were fiercely competing for talent. They were using every benefit and program possible to compete for talent and demonstrate that they were the organization of choice. We all know that those days will be back. The current recession is forecasted to end later this year and many expect that along with the recovery will come higher oil prices. The shortage of skilled workers will also return. Companies that demonstrate their ongoing commitment to employee development in tough times will have a definite advantage in attracting and retaining employees when things pick up.

The question is, how can companies make the most of their training investments in difficult times? The ASTD survey found that leading organizations favor new and less expensive methods of delivering learning. The need for the right people with the right skills does not diminish in an economic downturn. Rather than spending money to send employees to expensive external seminars or have people sitting in classrooms, they seek other innovative cost and time saving solutions.

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