

8 WAYS TRAINING CAN BOOST YOUR BOTTOM LINE

How a Training Program and LMS Can Increase Revenue, Cut Costs, and Improve Your Training ROI.

Wondering if the investment in training materials, a learning management system (LMS), or both, is worth it?

If so, you're not alone.

While every company wants to get peak performance and efficiency from its employees, companies are also wary about simply pouring money into training. They want to know that those dollars are well-spent and that there will be no "giant sucking sound" coming from their training budget.

To help you make your decision, let's consider some ways that a modern, technology-driven training program can dramatically reduce training costs and actually end up raising the value of your workforce and increasing the quality of your goods. Here are some ways you can save:

1. **Spending less on training materials**

2. **Cutting the cost of delivering training**

3. **Compressing the time needed to train a worker**

4. **Increasing worker efficiency and production totals**

5. **Decreasing costs of machine downtime and damage**

6. **Reducing costs of injuries and illnesses**

7. **Avoiding compliance penalties**

8. **Cutting product damage and waste through better inspections and maintenance**

#1

SPENDING LESS ON TRAINING MATERIALS

Many companies think it's cheaper to create training materials on their own instead of having a training company do it. It sounds reasonable at first—you've got experts in-house who know everything your employees need to know, right? And what's better, they're pretty handy with PowerPoint and maybe even some graphics tools as well. It's a no-brainer, right?

Although that sounds great, the reality of the situation is much different. First of all, because that in-house expert is an expert, he or she probably makes a lot of money. If you're looking to make training materials inexpensively, your experts may not be the ones to put onto the project. And secondly, that person makes a lot of money precisely because he or she is an expert and has proven value to you. Pulling that person off of his or her normal work duties is going to cause inefficiencies and create expenses. Remember that "giant sucking sound" we mentioned earlier? You can begin looking for that right here.

EXAMPLE

Assume your mechanical engineer makes \$100,000 a year. Add in payroll costs and you're up to \$115,000. 401(k) matching might take it up to \$120,000. Three weeks of paid vacation bumps that up to about \$126,000. And those are just (some of) the direct costs. Now add in the indirect costs that result from pulling your engineer away from his or her normal job and supervisory responsibilities. For giggles, let's peg that at another \$100,000, though it could be quite a bit more. let's assume that your engineer spends an entire year creating all the training materials your company needs—which in many cases is a stretch, as it's likely to take more time than that.

Finally, consider the quality of the training materials that engineer is going to create. Since this person has a degree in engineering and not in instructional design, the materials are probably not going to be designed with modern learning principles. The graphics are likely to be underwhelming, and the writing may also be less clear than you may desire.

As you can see, the indirect costs of producing training internally are higher than you would expect. NOW you may see the true dollars and cents (or should we say sense?) of having training materials created for you.

#2

CUTTING THE COST OF
TRAINING DELIVERING

Many companies do all their training in what they proudly refer to as “the old-fashioned way:” instructor-led training in a classroom environment. Don’t get us wrong: we think there are times when instructor-led, face-to-face, person-to-person training is just the right solution. But there are other times when different training approaches are the better choice. In some cases, that’s because the training is more effective. In others, it’s because the cost of training delivery is significantly less expensive. And sometimes, both reasons apply.

CASE STUDY

A training manager at a manufacturing facility in Louisiana bought our learning management system (LMS) and 3D animated training materials a few years ago. Before that, the training materials he used were created in-house and were delivered through instructor-led training.

But that instructor-led training wasn’t cheap. In some cases, the training manager had to pay travel expenses for the instructor. In still other cases, travel expenses for both the instructor and the employees were necessary. And there was an even bigger problem—in order to get all of those employees together at one time, the facility incurred an enormous expense in paying overtime for the training. Finally, there was the cost of time it took for the training manager to arrange all this.

This training manager reports that using a learning management system to deliver computer-based training modules that the workers could complete on their own during downtime at work dramatically reduced the cost of training delivery. In fact, in this case, the training manager explained that the LMS and computer-based training activities paid for themselves the first day he used them (literally here, not figuratively) simply by removing the need to pay the employees overtime so they could complete their training.

And that doesn’t even take into account that in many cases (though not all), the ability of computer-based training to incorporate sophisticated visual images, audio, and testing make for more effective training and assessments.

#3

COMPRESSING THE TIME
NEEDED TO TRAIN A WORKER

America, and Americans, are getting older. It's a demographic fact. The baby boom generation is approaching retirement age and preparing to retire. And if you hear yet another giant sucking sound, it's the sound of those very experienced, well-trained workers leaving a workforce that has nowhere near the necessary number of highly trained, younger workers ready to take their place. More and more, trainers are tasked with the seemingly impossible job of reducing the training cycle of average workers from a few decades to a few years.

CASE STUDY

The training manager of a manufacturing plant in Maine recently came to an alarming realization: a large percentage of his aging, experienced, and highly trained workforce would be retiring within the next ten years, but there were currently nowhere near enough young employees to take their place. And to make that even more problematic, his research showed that it typically took 30 years to train a new employee to fill the high-level machine operator jobs that would be vacated in only 10 years.

Stuck between the proverbial rock and a hard place, the training manager knew he couldn't continue with the status quo. He had to think outside the box, and so he approached us about the Enterprise LMS. He liked that the LMS provided him with an organized, efficient way to make sure everyone was receiving the type of training they needed, and also that it automatically changed the training assigned to a worker as the worker advanced from job to job through a line of progression. And, he liked that he could easily import his existing training materials into our LMS while supplementing those with retail training materials from Convergence Training.

#4

INCREASING WORKER EFFICIENCY
& PRODUCTION TOTALS

Now let's shift our focus to the production of well-trained workers. All things being equal, a well-trained workforce will outperform a workforce with inferior training. And with better performance and increased efficiency, well-trained workers have a direct influence on the profitability of a company.

CASE STUDY

We recently worked together with the training manager of a mill in Georgia. He came to us after investigating his workforce and finding some disheartening facts. One of those was stunning—his typical production worker had only been trained on 20% of his or her work responsibilities.

The training manager knew that getting an LMS was going to be critical in closing that gap. He chose the Convergence Enterprise LMS for many reasons, including the fact that he could buy titles from our retail training libraries but also create his own materials and then import them into the LMS. He is now actively closing that 80% training gap, and production numbers at his mill are trending up as a result.

#5

DECREASING COSTS OF MACHINE DOWNTIME & DAMAGE

A modern, industrial facility can produce at nearly miraculous rates. When everything's working, that is. Downtime is the enemy of efficient production. Downtime is expensive—very expensive. But a properly trained workforce can help you decrease that downtime dramatically and keep your machines operating 24/7 all year round.

CASE STUDY

A few years back we worked with the training managers of a converting plant in Pennsylvania. The facility was brand new and sparkling clean. The machines and equipment were cutting edge and state-of-the-art. No expense had been spared. And the workforce was newly hired, intelligent, excited about their new jobs, and eager to perform.

The facility had been in operation for a while when we arrived. When they got there, we quickly learned that they were still operating at less than 50% capacity. Their trainers explained that getting their new workers properly trained and geared up was one of the biggest contributors to their problem.

The trainers were trying to provide training to everyone, but there were only two trainers and delivering face-to-face training was time-consuming for them. When they tried to supplement instructor-led training by providing written materials, they discovered that workers often took a long time to read and often didn't understand written training materials.

The trainers decided to have us create custom training content for their production processes, delivered via the Convergence Enterprise LMS. The training managers were ecstatic—they now had training options other than instructor-led training, paper-based text documents, and VHS cassettes. They were able to deliver a lot of training via the computer, meaning they could strategically use instructor-led training when it was most helpful. CBT training with audio and visuals increased comprehension when compared to written training materials. And so on. Production efficiency increased rapidly after that.

#6

REDUCING COSTS OF INJURIES
& ILLNESSES

There are MANY reasons to make sure people get their proper safety training. The first and most important is that nobody wants to see anyone get hurt. No job is worth getting hurt or killed for—it's something you hear all the time, but it's more than just lip service. It's true.

Companies also have financial motives to provide safety training. When a worker gets hurt, sick, or even killed on the job, it's expensive. You've got to take time out to ensure the safety of that worker; you may have to train a replacement; you may have to reassign the sick or injured worker to a new, less-critical position.

CASE STUDY

A training manager in a Georgia mill explained to me that an employee had suffered a back injury while lifting materials improperly from a conveyor (even though there was a mechanical lift for that purpose). In one year, direct costs associated with that person's injury had totaled \$200,000. To make it worse the company had to reassign the worker to an unnecessary position they created solely to keep that person employed. And of course, additional costs came with staffing the injured worker's former position.

#7

AVOIDING COMPLIANCE PENALTIES

You should provide compliance training to your workers for the right reasons: because it makes them safe, and because it's the law. But along with those carrots, there's a stick: penalties and fines. And these can be costly. Using prepared training materials can help you comply with the regulations you face. And a learning management system can not only help you deliver that necessary compliance training, but can keep records and let you run reports to prove it.

CASE STUDY

A quick scan of OSHA's website shows these penalties in their "Recent Significant and/or Egregious Cases" listings: \$758,000; \$1,013,000; \$463,000; \$917,000; \$1,200,000; \$360,000; \$307,000; \$550,000; \$729,000; \$378,000; \$563,000; \$1,200,000; \$157,000; and \$1,900,000. All those fines were levied in 2011 or 2012. That money could have bought an awful lot of LMSs and computer-based training courses!

In addition, OSHA placed at least one company in their Severe Violator Enforcement Program, "which mandates targeted follow-up inspections to ensure compliance with the law." You can only imagine that's not fun.

#8

CUTTING PRODUCT DAMAGE
& WASTE

There's another way training materials and an LMS can help you save money, too. It's not directly related to training, but instead helps you ensure that routine inspections and maintenance are being performed when they should and being performed correctly.

Not all LMSs have this ability, but the LMSs that Convergence Training makes include special tools that let you make checklists that can be used to audit your employee's inspections and maintenance activities. And they can work together with a mobile tablet that lets your workers access your entire training library from the field. This turns your training library into a reference library that's available to your workers whenever they need it and where they need it.

CASE STUDY

A customer came to us recently and explained that his company was losing \$600,000 every year as a result of improper machine inspection, maintenance, and repair. Here's the example he gave us: He was consistently losing sellable product—rolls of paper, in his case—because there was oil spilled all over the rolls. After investigating, he found the machine the oil was leaking from. After further investigation, he found that the oil was leaking because a temperature setting had been set too high, increasing the viscosity of the oil and leading to the leak.

Since then, he's used the Convergence Enterprise LMS and paired it with a mobile device that workers can take into the field. Now his maintenance staff can quickly access SOPs, troubleshooting guides, manuals, and more with the click of a button. This means they can instantly check to find what the temperature of a given machine should be, for example, and thereby reduce product damage. And the training manager can assign checklists to maintenance workers on a regular basis—daily, weekly, or monthly—and later run reports to ensure the work has been done.