

**FROM
THE
INSIDE**

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MAXIMIZING YOUR WORKFORCE

How much money did your company invest last year in employee training and development? The past five years? When it comes to your workforce and when money is tight, the training budget may be the first expense you slash. It's not that employers have their heads in the sand, but today's business environment has become more challenging.

Businesses are implementing cost-savings plans and survival strategies that could actually weaken their companies and damage their long-term prospects if the right priorities aren't established. Fear can be a motivator, but it can also leave companies short-sighted and lead them into bad decisions. As the current economical storm rages on, it may be difficult to see a bright side to a company's future. But history shows that the American economy is resilient, so it's not a matter of if the storm will pass, but when. In today's challenging furniture market a competitive advantage is necessary, and there's no better time than now to improve organizational performance. In the face of hardship and layoffs and seriously tough choices, training may be considered as optional (some may consider it an expense, rather than an investment).

Can companies really afford not to invest in their people? Investing in human capital and raising skill levels contributes to productivity and promotes competitiveness, and will fuel a turnaround. When the skills of the workforce increase, the workforce becomes more productive and loyal. Whatever the organizational size, for a business to prosper and grow in today's economy, a highly skilled and adaptable workforce is necessary and must be cultivated from within.

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Most people invest their money for the long term. Businesses should invest in their people for the long term. Investing in a business must focus on improving performance. Increasing productivity is one key to maintaining competitiveness in manufacturing, and from the perspective of the average American worker, rising productivity translates into higher real wages and a broader range of higher-quality, lower-cost goods. But in order for the industry to increase productive growth, the skills and innovative capacity of workers must be continually strengthened through lifelong learning activities.

U.S. manufacturers are realizing that training and development programs are not only beneficial, but necessary for survival in the global economy because of the tapering supply of highly-trained workers. In a recent survey conducted by the Mississippi Economic Council, almost 91% indicated that workforce training and qualified workers were highly important factors for Mississippi's economy. Of those participating in the survey, over 96% felt that education was important, and 48% indicated that the economy and jobs were the most important issues facing the state today. While there are three generations now working side-by-side (baby-boomers born between 1940 and 1964, Generation X born between 1964 and 1979, and Generation Y born between 1979 and 2000), they all have distinct, clear-cut values, expectations and attitudes. In a study conducted by Accenture (ACN), only 34% of

the boomers were confident of their ability to compete in the global economy.

Many manufacturers must spend a considerable amount of time and resources on simply training their workers to meet the basic skill levels that workers in other countries have obtained by the time they enter the workforce. Skills shortages are probably the biggest single workforce challenge facing U.S. manufacturing. Physical skills alone are no longer enough to meet the challenges of the workforce and a company's ability to continuously

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improve talent, increase innovation, and boost productivity rests in the skills of its workers. The human capital performance gap threatens our ability to compete in the current fast-moving and increasingly demanding global economy. Global manufacturing has been reshaped by the improvements in technology through computers, communications, and distribution. The global economy is teeming with new competitors, new technologies and new challenges. Technology alone is driving huge changes on the training and development front. It has transformed the distribution of manufactured goods

and has reduced the cost of transportation. It has influenced the way manufacturers operate, from the plant floor to the loading dock, and on to the final customer. And it has created the need for continuous training in the workforce.

Running a business is like growing a tree. Both rely on a strong root system that will nurture and strengthen them as the environment changes.

The shortage of skilled workers remains a daily reality among manufacturers. For a company to be globally competitive, worker training strategies should be at the top of the priority list. A manager must define the starting point for improving the skills of workers and determine what specialized training is needed to succeed in the manufacturing environment of the future. Here are some reasons why companies should invest in their workforce and the benefits associated with this investment:

Train To Gain

Success in business requires that the entire organization focus on common objectives. A commitment to teamwork can help increase productivity by encouraging a collective sense of purpose. Teams integrate the work of individuals with different perspectives and skills, encouraging innovative ideas and solutions by bringing together people with diverse viewpoints and experiences. Put a plan in place to develop new skills and transform the performance management system. By providing increased opportunities and a secure working environment, and by implementing best practices that create strategic advantages for all workers, productivity, quality and

safety are improved while costs are reduced. A long-term commitment will put companies in a more competitive, more profitable position. Building an inclusive environment of development and productivity for all employees and managers will maximize their contribution to the company.

1. Improved Workforce Skills

Employees learning new skills, or improving their existing skills, translates into reduced costs, improved productivity and increased efficiency. Not only does skill-based training teach employees how to do their job better, it also helps them to work more independently and to develop a “can-do” attitude. This ensures that the minimum number of steps, without repetition, are being taken to complete a task. This helps make production run more smoothly. The value of the worker increases when an employee knows the job and has detailed knowledge of the materials and finished product. With better skills, employees will be better motivated to become more efficient and productive, and to properly use and maintain materials and equipment.

2. Improved Job Satisfaction

Investing time and money in the skills of employees will make them feel valued and appreciated. It also challenges them to learn more and to get more involved in their jobs. Greater job satisfaction ultimately results in reduced turnover and higher productivity. Offering training can help employees to become more confident in their skills and abilities and this will lead to increased morale and self-

esteem. Employees who perform below company expectations often experience a loss of morale or a sense of failure. Many employees who are performing at this level are in this situation because they were never given the tools or information they

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needed to be successful in their jobs. When companies invest in workforce training, they will often see employee motivation and interest increase, resulting in improved work ethics and employee loyalty.

3. Increased Employee Productivity and Work Quality

One way to extend a business is to take inventory of the available aptitudes and build upon these existing skills. By getting the employees involved as “process owners” who take pride and responsibility in getting their job done right, the quality of the employee’s work greatly increases. In addition to learning how to complete more tasks and take on more responsibility, employees who learn advanced techniques are able to perform more efficiently. By having the knowledge to perform their tasks, employees are able to troubleshoot problems quickly and thoroughly. Greater efficiencies in work processes result with new ideas for strategies and products and enhance the company’s financial gain.

4. Reduced Costs

Costs must be kept down in order for a company to realize its desired profits. Employees often contribute to excessive costs through mistakes that result in product waste and equipment damage. Build a better business by providing more efficient production methods, employee skills enhancement training, and a safe and organized working environment. It could make a world of difference. Training can help reduce the costs associated with errors; thereby helping to offset the costs of further training.

5. More Qualified Job Candidates and Reduced Turnover Rate

Because training can improve skills and abilities, enhance productivity and efficiency, and give employees the opportunity to advance in the workplace, it is an attractive benefit for both potential applicants and for existing employees who want to continuously improve their skills. It demonstrates that there is room to grow and gives individuals the motivation and confidence to accept new challenges. Employees who don't receive guidance or those who have difficulty learning are much more likely to leave a company; whereas employees are less likely to leave if they have the opportunity to learn new skills and keep up with the industry. If a company is committed to training its workers, it will be more willing to hire a desired applicant who lacks a specific skill. In addition, by training existing employees, the need to hire new workers is reduced by promoting those who have learned new skills and are ready to accept new challenges.

6. Enhanced Company Image

Showing a training commitment to others will help market a company and enhance its image. Others will look upon a company that trains its employees as a desirable place to work and to purchase products; the feelings of employees and customers will set the stage for future interactions. A company's choices tend to set the standard for competition, influence employee and consumer attitudes, and define its reputation. Because employee training can boost workplace morale and improve skills, it can also have a positive impact on sales. Negative habits can be eliminated that might have hindered the desired production rate and decreased sales in the past. Companies that promote positive contributions to their workforce will generate a much more superior value to all involved and are more likely to experience long-term success.

Training Your Own

While the most common types of training are centered on computer-based skills, leadership, management, and technical skill training, companies should consider the benefits and long-term costs saving of training their workforce in other basic, but important areas.

Workplace Health and Safety Training

One of the biggest threats to a company's balance sheet is the skyrocketing costs of health care. Health care accounts for \$1 of every \$6 spent in the U.S. and costs are climbing at twice the rate of inflation. Many companies are forced to offer fewer benefits with higher deductibles because of these rising costs. Employees' poor decisions in

this area impact not only their health, but a company's costs and productivity. Work absences and lower productivity due to employee stress, illness, and accidents affect production efficiencies and product quality, as well as exacting a toll on the bottom line. Health promotion programs should appeal to employees and could help reduce a company's health care costs by increasing participation in programs such as disease management programs, health risk assessment, and lifestyle management programs. A health promotion program should focus on reducing stress and improving overall wellness with a system that places emphasis on exercise, nutrition, obesity and diabetes prevention, stress management, health screenings and tobacco cessation plans. This program would help to reduce health costs, improve overall employee health and reduce worker absenteeism.

There are dozens of reasons to offer safety training to employees, and a few major reasons that this training should not be ignored. One reason is that non-compliance with any of the OSHA (Occupational Safety & Health Administration) standards for hazard control and prevention in the workplace, with training requirements aimed at reducing risk factors for injury and disease, could lead to company fines. Another reason is that workers may not be familiar with all of the different types of equipment, materials, or products that a company uses on a daily basis and training will teach them the proper techniques for working with these items so that everyone can work safely. The third reason is that it can help prevent or

reduce the number of workplace accidents and injuries and keep the costs associated with these incidents to a minimum. Unsafe use of items or practices can be costly for employers and too many incidents may lead to inspections and fines from regulatory agencies. OSHA offers interactive software that will guide individuals through specific standards and their web site, www.osha.gov, provides information on workplace safety and health issues.

Safety training can also help to improve the workplace morale by demonstrating a concern for the well being of employees. By helping to prevent accidents that would negatively impact employee's physical or mental well being, this type of training can show a commitment by management to provide a safe workplace. In addition, this type of training can also be useful with practical advice for avoiding assaults, etc. When the environment of the plant is safe and organized, workers feel psychologically valued.

Work site health promotion and safety training programs are necessary to familiarize employees with recognition of job hazards, identifying safe work practices, and learning preventive measures. A system to effectively communicate health and safety information to employees is needed in every company.

Communication

"Without communication there is no organization." This soft skill has a hard impact on companies. Communication skills can be internal, external, or both. Effective and clear communication is essential for teamwork, problem solving and conflict

management. It is essential for workers to convey information, whether in person, on the telephone, with coworkers, through written communication or by the use of e-mail. One-on-one meetings, public speaking skills, and written company communications are all important areas of communication that should not be overlooked. When the stress that surfaces from poor communication is reduced, healthier and more productive working conditions will result.

Human Relations

The increased stresses in the workplace today can include misunderstandings and conflict among workers. Training on the day-to-day expectations can encourage and help employees to get along in the workplace. Employees should be informed of all company policies. This includes worker behavior expectations, service attitudes, and dress codes, for example, to support the social and business structure in the workplace.

Reasonable application of employment laws training should also be offered to management in areas of harassment, discipline, discrimination and termination practices, and the use of company electronic communication resources. These areas involve great risks to employers and while many managers think they understand and act within the law, they might be surprised to find that common sense is not always enough when it comes to legal requirements. The process of bringing everything together will help to achieve

higher levels of productivity while giving a company, and its employees, cost-effective and social satisfaction.

Diversity

With the increasing diversity of today's workforce, there is a wide variety of languages and customs in the workplace. Diversity training usually includes an explanation about how people have different perspectives and views that should be respected. By helping employees to resolve conflicts while learning to maintain their differences, a company can build a better team of workers.

Ethics

Expectations about social responsibility in today's society have increased. A diverse workforce brings a broad assortment of values and morals to the workplace. Ethics training should include the company's ethics rules, codes of conduct and compliance

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regulations. People are increasingly embracing measures such as fraud awareness, legal compliance, integrity, accountability, confidentiality, and any other wrong doing. While virtue is its own reward, the costs of not improving workplace ethics is sure to steadily increase.

Sexual Harassment

Any type of harassment hurts productivity, damages morale, and can cost employers

millions. Sexual harassment training should include a careful description of the company's policies about sexual harassment and what is considered as inappropriate behavior. Prevention is always the best tool to eliminate undesirable actions in the workplace. Employers should clearly communicate that this will not be tolerated. Avoid costly litigation and loss in valuable productivity by employing knowledgeably trained personnel.

Time and Project Management

Time management and organizational skills are needed by almost anyone who is responsible for completing scheduled tasks on time. This helps to keep materials organized and to complete tasks more efficiently. Good project management involves much more than the ability to complete specific tasks in a given time period. Most professionals will have to manage some type of project at some point, regardless of the industry in which they are employed. Projects can range in size from small tasks to very complex tasks, but all projects require good planning and coordination in order to be completed on time and within a company's budget. By training employees to use their time more effectively, companies will see increased productivity, more timely project completion, and noticeably improved teamwork. Time management training also helps to reduce stress and it creates a sense of value for the employee.

Quality Initiatives

Initiatives, such as Total Quality Management, benchmarking, job task analysis, workplace literacy, high performance skills, etc., require basic training in quality concepts, guidelines and standards for quality. Continuous efforts to train employees on how to improve life skills and strategies for products, services and processes will help them be able to identify opportunities, plan and implement changes, analyze results, and determine whether the process has made a difference. Helping workers to stay competitive through ongoing monitoring, evaluation and improvement is probably the best way to retain and upgrade the workforce and to profit in today's competitive market.

Gaining Your Own

Everyone wants to be recognized for their hard work, their special achievements, and for their loyalty. Give reward and credit where it is due. To effectively motivate employees, managers should show appreciation by recognizing them and by building incentive programs. Recognition should be derived from specific goals that are clearly measured and outlined from inception to completion and effectively communicated company-wide in order to effectively build awareness and maintain employee excitement and motivation. The reward or recognition should be memorable to employees by giving a positive and lasting impression. Whether recognition is shown through individual awards, service awards, peer-to-peer recognition, or even safety awards, it should be meaningful to the employee.

Many employees do the work expected of them in order to fill their job requirement—no more and no less. If a manager wants to see excitement and good performance in employees, if they want to increase the motivational level and bring out an employees' full potential, then create a workplace incentive program. Incentives should focus on the "people part" of the company, building a healthier workforce that is much more motivated and productive.

If a company doesn't have the money and would like to invest in employee rewards and recognition, there are low-cost strategies to encourage and retain employees. A personal note on a card that recognizes the employee's hard work, reserving a parking space for an Employee of the Month, presenting a certificate at a staff meeting, granting extra time for lunch, or allowing an employee to leave a little early one day are a few low or no-cost ways to recognize and reward deserving employees. By offering rewards and incentives, a company actually puts money in its pocket by increasing services and values from within.

Bottom-Line Benefits

Even in turbulent economic times, companies are looking for ways to help them maintain and sustain business and their workforce. Many questions arise from the issue of how to provide training, how much and how often it should be provided, and who should cover the costs. Workers are also interested in this issue because they want to maintain productive, well-paying jobs that support adequate standards

of living. When they do not have the option to obtain any training, they may jeopardize their employment and earning power. Employers are interested because they want to maximize their profits. Because worker productivity is probably the most important factor in determining output levels and profitability, employers should take the steps necessary to attract, develop and retain employees. This translates into higher profits and a whole host of bottom-line, sustainable benefits, both direct and indirect, when an investment is made in training and a company gets the most out of its workforce.

To calculate the cost and benefits of training, Workforce Management, www.workforce.com, has an online tool that will compare costs and savings per participant as well as the potential savings. To illustrate the costs savings, the Federal Aviation Administration hired 1,075 controllers during 2005-2006 who were trained in-house. Through this action, FAA realized a direct labor cost reduction of almost \$1 million and, with the time savings, was able to begin providing air traffic control services to five newly-built contract towers. Within the one year period in 2005, they reached their 3% productivity target and plan to attain their 10% productivity goal by the end of 2009. Another example of organizational costs savings is demonstrated by the Greater Baltimore Medical Center. Through a workforce planning process that analyzed the annual cost of temporary nursing staff that exceeded \$5 million, nine major factors were identified as areas that would impact future operations and resources were devoted to long-term employee retention.

Through a “train-the-trainer” approach, GBMC was able to establish effective training programs that generated \$4 million in cost savings through a decrease in position vacancy and turnover rates.

During tough times, surprising and extraordinary efforts are being made by businesses across the globe. From technology to energy and transportation; from design to marketing and retail; and from health care to politics and innovation, each company should redefine their future, not being afraid of new challenges, and set goals for a better tomorrow. Involve employees in the company and teach them not to run the train off its tracks. Build sustainable relationships and keep employees engaged through frequent communications. Provide “behind-the-scenes” support and resources that will show commitment from within and ensure smooth operations. Improve organizational performance and engage all employees in continuous learning and improvement. Companies that adopt these philosophies should see business improvements—increased plant productivity, improved scheduling, material cost savings and labor reduction, to name a few—that positively impact the company’s bottom line and help to realize its full potential.

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