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How to Maximize Your Employee Training Dollars

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As Newswise reported two weeks ago, a University of Iowa study found that a good portion of the \$134 billion that businesses spend annually on employee development strategies "could be wasted if companies don't assure their employees that they have a promising career with the company."

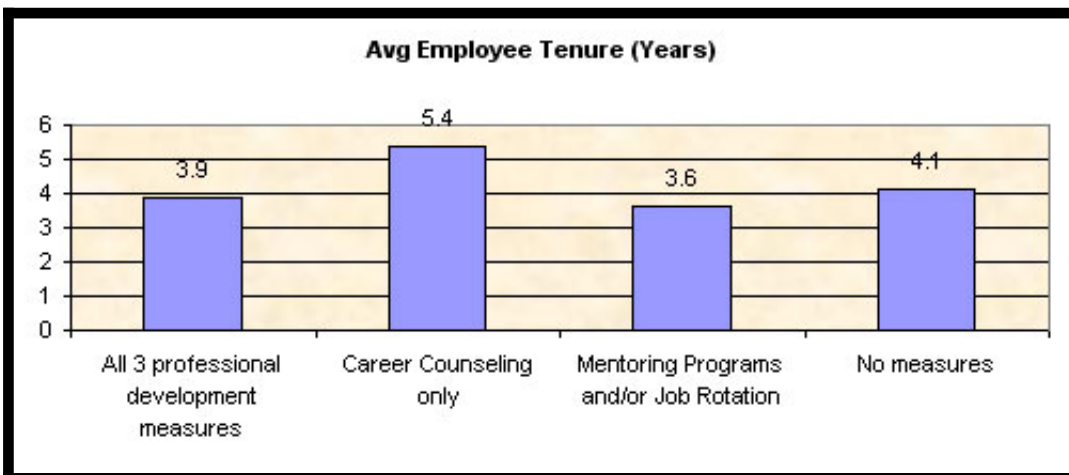
That's a *huge* chunk of change – savings that struggling small businesses, especially, would love to see back on their balance sheets. To it in perspective, Standard & Poor's said Sunday that the U.S. bond market could lose roughly that amount if our economy loses its triple A rating as a result of the debt ceiling not being raised by the Treasury's August 2 deadline.

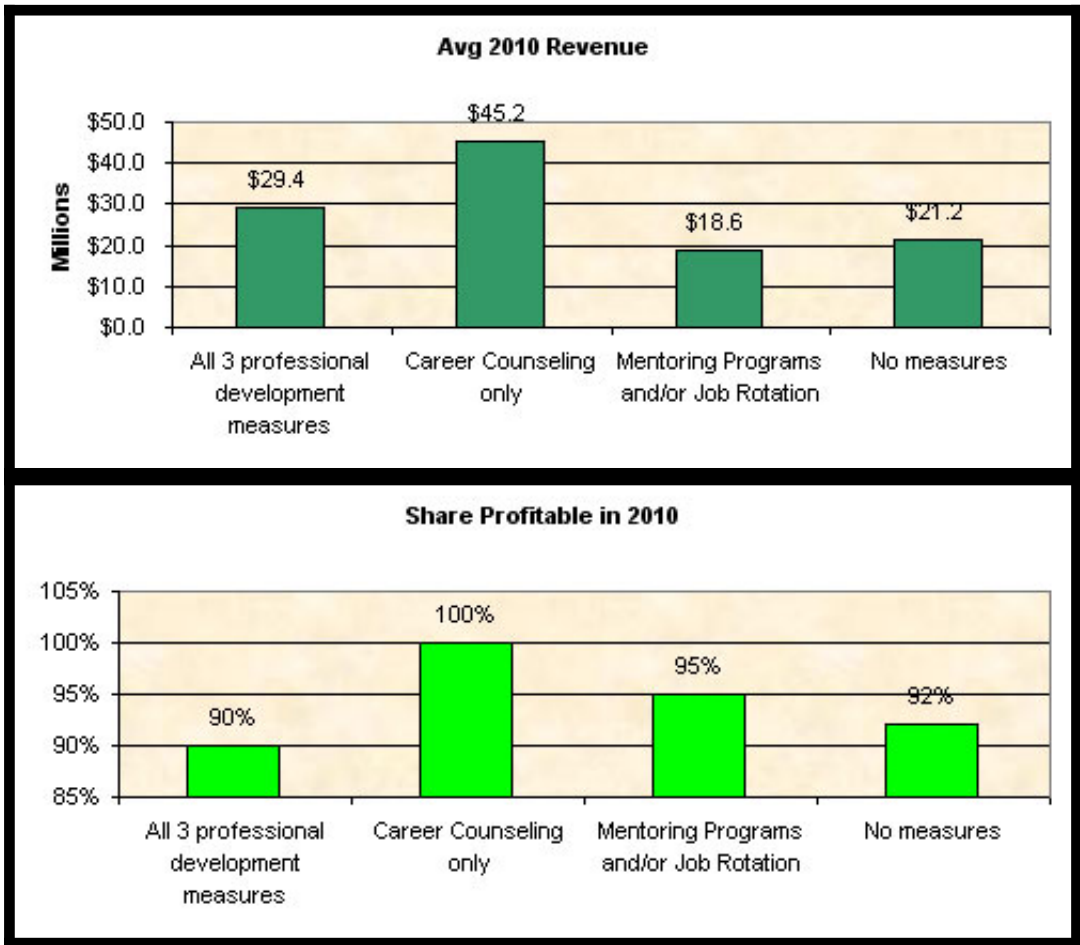
According to the study's authors at the UI Tippie College of Business, **spending on professional development is most effective when it's tied to career advancement opportunities**. In fact, they argue, when it's not, turnover actually increases.

They also say that **in addition** to employee engagement activities like career counseling, "**programs like mentoring and job rotations** as well as good relationships with their immediate boss can create the feeling that career opportunities are available."

In fact, tying professional development dollars to career counseling is a practice the small firms that applied for Winning Workplaces' 2011 Top Small Company Workplaces award earlier this year have used to great effect. And by "great effect," I mean keeping their workers longer, so they end up spending far less recruiting and training new hires to replace those who've left for jobs where they see more long-term career potential. This, in turn, helps maintain the knowledge base and facilitate the kinds of quality customer and client relationships which generate businesses' favorite revenue, repeat business and referrals.

Check out the charts below. Among our sample of nearly 350 firms applying for our workplace award this year, those providing career counseling experienced better employee tenure on average than their peers with no professional development approaches.





We also saw that companies providing mentoring programs and/or job rotation – which the study authors also pointed to for the most "lean" spending on employee training – in addition to career counseling earned more average revenue in 2010 vs. who don't fund professional development practices. And firms providing mentoring and job rotation, but not career counseling, were more likely to be profitable than those who don't fund professional development.

Related: For more workforce effectiveness tactics that are low-cost but high-impact, read this article on our website.

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