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Five Reasons Why Employee Development Creates Strategic Advantage

Effective use of knowledge is the key to sustainable competitive advantage. Successful organisations understand it is vital to tap and utilise the knowledge of their employees. The right product and the latest technology, while vital, are less likely to keep a company at the top of its industry. Engaged employees are the differentiating force of the future. They use their knowledge to solve the organisation's problems, create new customer solutions, and exceed customer expectations. So how do organisations utilise and grow employee knowledge? A crucial component is employee development programmes. Unfortunately, many of these can struggle. They are often less well funded than those designed to update or purchase equipment. They tend to be understaffed, and in a struggling economy are among the programmes hardest hit by budget cuts. Yet organisations that make employee development successful win in the end. Research has shown they perform better and deliver significant premiums to their shareholders.



Let's take a look at five of these winning reasons.

- 1) Improved employee skills**

Is there a group in your company that is not performing to standards? Do you have deliverables with preventable errors? Will you be rolling out new software or a new product? Are you concerned with the flexibility of your organisation?

Your employee development programme is a crucial partner in overcoming these challenges. Employee development can prevent issues such as procedures that are not followed or high error rates in deliverables. More importantly, good employee development programmes give companies a highly-skilled and flexible workforce. Employees who are part of a solid development programme have well-honed skill sets and can easily adapt to new circumstances by acquiring new skills as they are needed.
- 2) Reduced hiring and turnover costs**

If you are having trouble finding and hanging on to top-level performers, a non-existent or poor employee development programme may be why. Employees regard employee development as a differentiator when they are looking at prospective employers. Top-level performers in particular tend to choose the company who invests in its staff over one that does not. Employee development programmes also reduce turnover. Studies show that more than 50 per cent of employees regard development programmes as one of the most effective tools for job retention. Replacing staff can cost up to 150 per cent of salary, so reducing turnover by even a small margin can bring significant cost savings.
- 3) Increased employee engagement**

What is employee engagement? Put simply, it is the measure of an employee's discretionary effort at work. Research measures engagement by asking questions to which you would hope everyone could answer "yes." For example, do they know what is expected, do they have the tools to do their job, and has anyone at work talked with them about their progress or encouraged their development?

Yet studies show that engaged employees are less than 30 per cent of the workforce. The rest are apathetic or disengaged. Workers who are apathetic or disengaged have lower productivity levels. Worse, disengaged employees undermine the efforts of those around them. Employee development programmes increase employee engagement by making employees feel valued and providing them with a way to develop their career.

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- 4) Build leadership capability**

Leadership gaps are a major challenge in most organisations. There are two choices in filling a leadership position. Hire someone from the outside who has the required leadership skills and teach them the necessary organisational knowledge and develop their skills further. Or hire someone from the inside who has the organisational knowledge and teach them the necessary leadership skills. Either way, an effective employee development programme is a key component to building competent leadership.

Employee development is also crucial in succession planning. Maintaining a list of who might succeed existing leaders is pointless if you are not identifying and developing the skills they will need to succeed. Good leadership practices create strong companies and are a significant predictor of whether top talent will stick around. Ensure existing and future leaders practice good leadership by developing them.
- 5) Keep companies competitive**

A recent survey of C-level executives showed that most regard employee development as strategic in nature. Employee development builds flexibility, capability, and innovation. It is easier to provide exceptional service when employees are better trained than that of the competition. It is easier to be efficient when employees are trained on procedures. It is easier to be innovative when you have top talent on board and are developing that talent. Top companies in all industries invest in employee development programmes, regardless of the economic climate. Those companies know that employee development is a key part of what keeps them competitive.

How to develop employees

There are several tools available for effective employee development. Traditional tools such as books, mentoring, and instructor led classes are all good options to consider. Classes, for example, offer the ability to ask questions of an expert and discuss a particular topic. However, classes also require employees to be prepared when they come to class, to be away from their jobs during the training, and travel to the location of the class.

Technology has also created new and efficient ways to deliver employee development. E-learning, like that which ThirdForce provides, is an effective way to deliver training to a large number of employees. E-learning can be completed at the employee's pace, checks comprehension quickly and allows employees to fit development into their workday. Some employees point out that the missing discussion element is a short-coming in e-learning. Interestingly, social media may fill this gap. Blogs, wikis, and chat programmes are all good options for delivering content, promoting discussion, and facilitating informal learning.

So which tool is best? It depends on the topic and number of employees, but in most cases a blended approach works best. For example, a blended approach for leadership development might include employees taking e-learning, participating in discussion groups and then being assigned a mentor. Good employee development programmes experiment to determine which blend works best for the circumstances and the employee.

Making employee development programmes successful

One reason employee development programmes struggle is because they cannot effectively demonstrate their value to the organisation. To demonstrate value, talk with executives and managers to ensure you understand organisational strategy. Then create goals that are tied to that strategy, and build metrics to show success. Demonstrating positive achievements tied to organisational goals can protect employee development budgets and promote the value these programmes provide.

If you are creating a new employee development programme or rescuing a faltering one, start with the goals that are easiest to achieve. Quick successes build excitement and momentum, which are both important for maintaining your success over time.

For more information please visit www.thirdforce.com

ThirdForce background

With over 25 years experience, ThirdForce Plc, is a leading independent e-learning solutions provider, with a proven track record in delivering state of the art, technology enabled e-learning solutions which have reached over 17 million learners in leading organisations in the commercial, hospitality, education, government and healthcare sectors.

Blending technology, multimedia and pedagogy into unique learning experiences that lift performance and raise standards, ThirdForce provides a wide portfolio of e-learning solutions including IT Certification courses, Compliance training and Business Skills.

E-learning courses and assessments prove to be highly cost effective and change the way our clients do business. The ThirdForce business model is flexible to the needs of each client, avoiding a 'one size fits all' approach.