

Practically Free L&D:

Capitalizing on Lower Corporate Tax Rates to Train and Retain Staff





development programs,” which beat out increasing wages, contributions to 401(k) benefits and one-time non-executive bonuses for employees.

Furthermore, the study found that medium and small companies (those making \$1 billion to \$10 billion, or <\$1 billion in annual revenue, respectively) anticipated making more long-term investments in employee training and development programs.

BENEFITS OF EMPLOYEE TRAINING AND DEVELOPMENT

While entire books and papers have discussed the benefits of employee training and development, there are common points on which most agree. Employees on every rung of the corporate ladder benefit from a solid training and development program, whether they are salaried or hourly . . . young or old . . . long-time veterans or inexperienced.

Unfortunately, in today’s fast-paced work environment, emphasis on training and development is often delayed or, at times, forgotten. As a business owner or member of management, you cannot afford to ignore essential, skill-building training and development.

This is why the new tax bill can potentially change the way your company operates today and for years to come. The bill allows you to keep sufficient money in the overall budget and increase the training budget—without having to make cuts in other places.

In 2017, American corporations received a large financial windfall from the government in the form of a corporate tax cut. Many businesses immediately began investing that money back into their employees . . . more will likely follow.

While some organizations have made news by handing out bonuses and raising some salaries, others are thinking both short- and long-term by increasing their training budgets.

Boeing, for instance, has earmarked \$100 million for employee training and development programs, while Disney Corp. says it is putting \$50 million more into its employee education program.¹ Not to be outdone, Lockheed-Martin plans to spend \$200 million on research and development in addition to significantly increasing money for employee training.

Also telling are the results of a survey Mercer² completed in January 2018—soon after the bill became law. In it, Mercer found that—of the top four anticipated actions for reinvesting by companies surveyed—the No. 1 response was “Increased investments in employee training and

1 <http://www.foxbusiness.com/markets/2018/01/26/tax-reform-windfall-these-companies-are-hiking-pay-delivering-bonuses.html>

2 <https://www.mercer.us/our-thinking/career/voice-on-talent/tax-reform-savings-to-employee-rewards.html>

So why is employee training and development so important? Here are just a few reasons:



Motivation: Training shows employees different ways to move up in a company, which increases motivation. They want to perform better and show that they are ready to learn new things to gain better positions in your business.



New technologies: Offering training in a new technology that pertains to your field is key in keeping your business current, competitive and on top of the latest market trends. It will ensure that you and your employees know how to run with the rest of the pack and stay competitive in the business world.



Lower turnover: When employees know their company cares about their careers and is willing to offer training and opportunities to improve skills and advance, they tend to stick around longer. This means less hiring and firing for you and more time doing business and making money.



Lower risk: Offering specific training in the workplace, such as sexual harassment prevention, can mean less risk for you when hiring new employees and keeping the old ones. This has the potential to allow your business to run more smoothly, with fewer hiccups or problems for you.



Satisfaction: Along with lower turnover and increased motivation, when employees are trained well they become happier, more confident and have higher overall satisfaction doing their jobs. If you can enable all of your employees to feel this way, you have just created a great working environment, and your employees are more likely to stay with you and not be on the lookout for another job.



Image: Your business image means a great deal to you; it often means just as much to your employees. When they receive training and development and feel they can grow with your organization, it gives your business a better image. You will see your business becoming known as the one that cares about its employees and ensures they are not only happy in their jobs, but also happy in their lives. You will become the light that future employees fly to like moths.



SOME QUESTIONS TO CONSIDER ABOUT YOUR TRAINING NEEDS

There is little doubt that no matter how much money your company is saving from the tax break, you will have to justify requesting more money for your training budget. So where are the metrics? In other words, where are the “Show me the money” numbers you can use to justify more investment in training and development?

When it comes to data, if it’s an important measure such as customer satisfaction or employee absenteeism or retention, it probably has already been converted to money. At this point, it’s a matter of finding the individuals who developed the value.

Start by locating where the measure is captured.

- If the measure is customer complaints (e.g., how customer service training improves an employee’s ability to take care of the customer faster and allows more customers to be contacted per customer service rep), the customer care department will have the value
- If it’s absenteeism, you can likely find the data in the payroll department
- Employee retention/turnover or your company’s talent acquisition metrics? Your human resources department likely has these numbers.

The point is, there is a group or an individual who captures the data, and they may have already addressed the issue.

Therefore, in order to determine how much, when and where to invest your dollars, you’ll need to self-audit your training needs by answering certain questions.

- **What**, specifically, should employees be able to do after the training? What is the new behavior or proficiency they should be able to demonstrate?
- **Who** can support them as they develop this new skill? Is the manager involved? Are there co-workers who will be taking the training as well? Is there a coach or mentor available?
- **Where**, specifically, should the new training be applied? Where should employees look for triggers or cues to apply the new skills in a given work situation?
- **When** will employees practice these skills after the training? When should the manager look for the use of the skills in daily work?
- **How** will we know that the training is successfully applied? How will we recognize employees for successfully demonstrating the new skills in the workplace?
- **Why** is this skill critical for the employees’ success? Why is it important to the success of the work group or the overall enterprise?

You may want to rephrase these questions or add some of your own, but try to get specific. The more specific you get in the context and the application plan, the more likely you will see the learning applied.



THE GENERATIONAL MAKE-UP OF YOUR STAFF WILL DETERMINE YOUR TRAINING NEEDS

Despite the fact that the Millennial and Gen-Z generations are quickly becoming the largest segments of the workforce, there are still plenty of the other generations represented in today's workplace. Each carries its own strengths and weaknesses when it comes to training. However, your ability to modify training and meet their needs and preferences in training methods is easier with extra funds provided by the tax bill.



Silents (Born between 1925 and 1946)

Method: Prefer lectures and expert presentations followed by practice with no risk of embarrassment; most comfortable with classroom learning with little to no discussion.

Motivators: Benefits the company and training proves management values them.



Baby Boomers (Born between 1946 and 1961)

Method: Prefer a blend of classroom learning and interaction; like practical and fun activities.

Motivators: High achievers who see training as a perk that benefits them on the job.



Generation Xers (Born between 1962 and 1980)

Method: First generation to grow up with computers, prefer to learn by doing in independent self-directed learning using technology whenever possible.

Motivators: Little loyalty to the company providing training, but see it as career security and a plus on the job market.



Millennials and Gen-Z (Born after 1980)

Method: Prefer collaborative learning environments with peer interaction and thrive on reinforcement and affirmation (participation medals); dislike lectures and endless PowerPoint® presentations.

Motivators: Highly engaged by gaming and social networking and must see a direct benefit (to career or personal goals) or their interest wanes quickly.

One more word on Millennials and the Gen-Z workers coming right behind them: An article that appeared in *Forbes* in February 2016 reported that 94 percent of Millennials surveyed had made personal improvement commitments including career improvements. Within the next five years, this group will be the majority of your employees, and if you don't give them the training they want, they'll find another employer to do it.

Once again, for this next group of workers, the training opportunities you offer could be the difference between landing that A+ performer or losing him or her to the competition. Ask yourself: With the tax bill money, isn't this the opportune time to ensure that your organization is offering new employees a competitive training program that benefits everyone involved?



A FINAL WORD

In summary ... the tax cut presents companies like yours with opportunities that simply don't come around often. If your company believes people are truly its greatest asset, here is your chance to take their skills and knowledge to another level by investing in your staff. If you have questions about any facet of training for your company or how your organization can capitalize on the new tax cut with training, contact SkillPath Enterprise Solutions at **1-866-222-6315**. Or, visit **skillpath.com/enterprise** to sign up for a free one-on-one training needs assessment.



By the Numbers

How should companies use the tax windfall to their advantage? Let's take a look at the math. For this example, say you're an average company and your payroll is approximately 20 percent of your revenue. You currently allocate about 4 percent of payroll to training and development; however, that money is often cut and used other places. The approximately 14 percent reduction in corporate taxes frees up enough resources to double your current training budget for every employee. Furthermore, you will still have plenty of money left over for whatever ownership, the board or executive management wants to do with it.



800-873-7545 | [skillpath.com](https://www.skillpath.com)

