



RETURN ON INVESTMENT – HOW CONTRACTORS ARE SAVING MONEY THROUGH TRAINING

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“If you think education is expensive - try ignorance” -Derek Bok

If your company is like most, productivity is key to success. If you are like most employers, you would also say that it is your people that are responsible for much of your company’s success. The question is, *“How do we increase productivity without burning people out?”* Investing in technology and tools will help; however, **investing in your people brings double-digit returns.** “But training takes time away from the job and decreases productivity” you may say. -- I understand.

CONTRACTORS INVESTING IN TRAINING DURING ECONOMIC DOWN

Prioritizing training takes commitment and top-management buy-in, literally. However, the Return on Investment (ROI) both financially and in employees’ time will result in increased productivity, as well as a change in your company culture. The current economic down-turn has caused many employers to cut back to their core workforce. If this is you, maybe now is an opportunity to invest in your key employees and enhance your company’s culture.

Over the course of the last two months we have visited with numerous construction company officials to discuss craft worker and management training and explain NWCC’s outreach programs. We visited union and merit shops, small companies and large international, general and specialty contractors, all with the objective of learning more about their organizations so we could tailor a training plan to meet their needs. We met with Safety Directors, HR Managers, Estimators, Project Managers and owners. Each company has been receptive to educational opportunities and genuinely seemed interested in further utilizing some of our programs.

Some companies we visited had outstanding in-house training programs, but most were focused primarily on production. The question is, what is ‘Profitable Production’ and how do I get it from each employee? How do I get people to work smarter and ‘think outside the box’?

Investments in new tools and technology will increase productivity; however, I propose a paradigm shift, something that seems counter-intuitive. *Invest in Education.* We have all heard the aphorism; “It takes money, to make money.” Unlike investing in tools and technology, when investing in people, it is sometimes difficult to see visible results. Some of the most expensive remodeling work done on a house is replacing rotten structural members. When the project is

finished it looks like the same old house and you may wonder what you really got for your money. Investing in people is investment in your company's structure as well as increasing the bottom line.

Statistical research shows dramatic ROI for worker training and education.

The National Center for Education and Research (NCCER) and the Construction Users Roundtable provided funding for a Construction Industry Institute (CII) research study titled "Construction Industry Craft Training in the U.S. and Canada." Results of this study examining construction craft training found that investing 1% of a project's labor budget in training could have double-digit returns in productivity, reduced absenteeism, and the need for rework, among other impacts. (This study may be purchased from the CII Web site.)

The following statistics from the 2005 Houston Business Roundtable's Workforce Development Awards (NCCER) shows dramatic proof of these [training] benefits. These statistics were obtained from contractors who successfully train their employees:

- OSHA recordable injuries were down by 67%
- First aid cases reduced by 90%
- Productivity was up by as much as 24%
- Turnover was down by 32% to 43%
- Absences of those employees engaged in training were down 59%"

An additional benefit and result to further education is creative thinking. Having employees that 'think outside the box' can be stimulated through providing educational opportunities as well.

On-the-job training + NWCC standardized training = a winning combination.

Combining in-house training, to maintain company culture, with some NWCC programs, to promote standardized training, is a sound educational structure. If you have been persuaded to increase educational objectives and would like assistance in drafting a **Strategic Training Plan** for your company or department, we would be happy to help. Just give us a call to set up an informational interview.