

## Guidance Note



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# The Value of Training to the Food Sector

## Training your staff for profitability

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Investing in staff training, both mandatory and non-mandatory, courses are key ingredients in the recipe for creating successful businesses. This is true whether it is a solo entrepreneur business (one-man or one-woman band), a small business with less than 250 employees or large 'blue chip' businesses.

Members of The Food Club represent a range of food businesses - manufacturers, importers and exporters, wholesalers, retailers, distributors and caterers. Training needs also vary widely depending on size of organisation, amount of turnover and profitability, the ratio of technical to non-technical skills required and if the business employs internal trainer(s). Indeed, food businesses vary in whether or not any training is available to staff beyond that required by law – Food Hygiene/Food Safety and Health and Safety certification.

Beyond the mandatory, many small businesses do not invest in training. Reasons given include:

- Not required for compliance with food hygiene, food safety and health and/or safety legislation;
- High cost of training from large training companies;
- Uncertainty about the level/quality of training from small training companies;
- Involve employees being away from work for several hours, results in down time and lower production;
- Difficult to measure or immediately see the Return on Investment in training. Sometimes, benefits of training are not quick wins, but actions 'today' that lead to profitable outcomes 'tomorrow';
- High cost of having a full-time trainer or Learning and Development team is an overhead many small businesses cannot afford.

As a counter to not training staff, many employers take the approach of recruiting technically qualified people from outside their business then seek to 'make do' with staff whose jobs are not technical but do require a degree of skill to be done efficiently. However, as a recent study from Cranfield School of Management showed, recruitment costs are higher than when companies train employees\*\*.

### Why train your staff?

In addition to mandatory training courses, there is a business case for food related companies to train staff. Among the reasons are:

- Improve effectiveness of individual employees;
- Increase communication skills and their ability to work better as a team;

- Reduce the absences due to sickness ('sickies') or stress caused by conflicts and tension in the workplace;
- Raise motivation among employees. They feel valued, therefore they contribute even higher to business profits;
- Just a small error in hygiene or a fault in machinery can lead to work stoppage for several hours. Valuable time is lost and delayed production could lead to lost earnings, as you are unable to make timely deliveries to customers or cause loss of life from food-related infections. One error could cost the company thousands of pounds, if not millions of pounds!

Without a skilled and highly motivated workforce, a business is doomed to low profitability as a result of low motivation and inefficiencies, delays in delivery to customers, high turnover in staff, high cost of recruiting new staff, failure to get new customers and loss of current customers to your competitors. Where a customer buys on price only, and this is often the case for many products, the key differentiator that leads to increased customer loyalty and high levels of referrals from satisfied customers is the quality of service experienced by customers. It is said that for every person a satisfied customer tells about your product, a dissatisfied customer will tell 10. So, even in businesses, bad news spreads much faster than good news!

### **Assessing the Training Needs of your organisation**

Food sector businesses find it easier to decide on training for mandatory courses. The opposite is true when the decision is about soft skills, leadership and/or management courses. A two-step approach can be used by decision-makers to assess business needs and determine which training will best meet the needs.

- 1) Ensure the annual Staff Appraisal is designed to link Key Performance Indicators with the overall business plan. Employees and their managers should be allowed to identify areas requiring improvement to help the employee be more effective. This, however, requires that employees are kept abreast of targets set by the business, are aware of how their own performance affects the overall profitability and be made to feel valued and valuable to the success of the business.
- 2) Discuss with training providers the types of training and/or coaching you would like to source. Provide information on the reason why the training is required, the level of staff that will be trained (e.g. recently promoted, technical staff etc). A competent Training Provider is likely to have ready and may ask you to complete a Pre-training Assessment Form. This will go a long way in customising the training course/workshop that will meet specific needs of your business, both immediately and in the long-term.

As the buyer or decision maker on training for your organisation, you may want also to consider if the Training Provider will:

- Provide your company with a post-training report;
- Is willing to include a follow up to assess the application of the training and the effect on your business in three to six months;
- Incorporates preparation of Personal/Organisational Action Plans by employees as part of the training.

Price should not be the key factor in selecting a suitable trainer. Relevance of the training to the needs of the people in your business and the demonstrated capability of the trainer provider to design bespoke training to meet the needs of your business should be the main criteria.

If you choose to buy on price only, you may find that the 'cheapest' option in the short-term turns out to be the most costly one in the long-run.

## **Why training is your wisest investment – even in an economic downturn**

In preparing for the upturn and to be ready to seize the opportunities for more businesses as the economy recovers, businesses need to invest in staff, especially during the downturn. In a 2<sup>nd</sup> November 2008 Times Online article<sup>1</sup>, the author cited research from Cranfield School of Management's Nurturing Talent study which concluded that employers would gain more from training employees than recruiting new talent.

Over the past few months, some food sector and catering businesses have reported a loss of market share and lower spend by individual customers. For others, however, it is a time of increased income as they find new opportunities in the marketplace. They have spent time at the director level discussing and identifying new strategies to bring in new customers. In some instances, they have invested in the services of a Business Coach to help them set realistic and achievable goals to help their businesses expand or increase profitability. They have begun their preparation for the upturn as they want to be ready to take new opportunities and use up spare plant capacity when the overall economy is in growth.

## **Availability of funding for training Directors and Staff in SMEs**

The Learning and Skills Council funds vocational training for employees to gain recognised National Vocational Qualifications (NVQs). For businesses with a strong research culture, subsidised training can be had through some local universities that are keen to provide work placements and stimulating projects in manufacturing/industry for their undergraduate and post-graduate students.

In addition, business support agencies such as Business Link provide short, taster courses on a wide range of business support topics, which are available FREE to SMEs, including many start-up businesses. Other business support and regional development agencies have initiatives in support of business that recognise the need for and are keen to invest in training as part of a strategy to grow their business and/or increase profitability. For example, in London, Small and Medium-size Enterprises (SMEs), i.e., with 5 - 250 employees, are eligible to receive up to £1,000 as a grant for training to strengthen leadership and management skills among senior staff with strategic and key decision-making responsibility in the business. Such training does not have to be only through attendance at formal classroom courses, but could include in-house seminars and workshops, 1 to 1 coaching or ongoing business mentoring. This gives businesses the flexibility to customise the training to meet their specific business needs and to receive that training at a time and over a period of time best suited to their situation.

## **Benefits of and Return on Investment in Training**

In some businesses, a budget is allocated to cover the cost of mandatory training, but upward revision becomes necessary when staff turnover is higher than expected and new recruits have to be sent off for their basic food safety/handlers training, for example. Other businesses take the approach of budgeting for mandatory training for non-management staff and leadership and management training for Managers and Directors.

Ways in which your business benefits when you invest in training your staff are:

- Ensures that you retain dedicated and highly motivated employees who feel great being part of a successful business.
- Reduces your recruitment costs, even if you do not contract a recruitment agency and, instead, rely on recommendations from existing employees/directors. Time has to be spent dealing with the administrative aspects of hiring and firing, e.g. HM Customs and Revenue, and the additional time is required to get the new employee 'up to speed'.

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<sup>1</sup> Training your way out of the recession, investing in your staff will improve productivity and save you money (<http://tinyurl.com/6qw4sb>). Times Online, Sunday 2nd November 2008.

- Maintains high customer loyalty. Customers like feeling part of your business when they are not confronted with ever changing staff dealing with their account.
- Research has shown that staff are trained are more highly motivated that those whose employers do not invest in training.

Progressive companies meet their training requirement by having training done on site or training rooms nearby and as half-day sessions, rather than full days. In this way, there is less time required for staff travel, so staff can return to their stations soon after training. Further, work continues as the staff can be divided into two groups for training, so that work continues even during training.

While on the job training is integral to many jobs in the food sector, providing external trainers can help to introduce efficient ways of management or team building in the workplace rather than sending the Manager on external training courses to then return and apply the new learning in the workforce. This is often the point as which the return on investment is low, as while the training has been done the application of new learning to improve the business and increase profitability has not taken place post-training. Increasingly, employers are considering and including more longer term strategies to training. Many have used Small Business Coaches, or Performance Coaches in some instances, to provide agreed guidance in setting realistic goals, exploring options for realisation of those goals and taking action to realise the business goals in an agreed time-frame. Managers in many non-food sector businesses have found this immensely beneficial and in some instances have been trained to be able to coach the people who work with them to be more effective, confident and make greater contributions to the business.

Veronica Broomes of Executive Solutions (Training) Ltd has written this article for The Food Club. She is an Associate Member of the Chartered Institute of Personnel and Management and a member of the International Association of Facilitators. Veronica works with businesses to empower their people (executives, managers and non-management staff) to achieve extraordinary organisational results and boost their confidence, morale and profitability. Results are gained through using interactive learning and business coaching approaches to deliver customized personal development and leadership skills training in Customer Service, Presentation Skills, Confidence Building, Assertiveness, Managing Change, Time Management and Team Building, among others.

For further information about assessing the training needs of your business, designing customised courses or other aspects of training or small business coaching, you can contact Veronica at [biz@executive-solutions.co.uk](mailto:biz@executive-solutions.co.uk), phone 0845 054 2870 or visit [www.executive-solutions.co.uk/business](http://www.executive-solutions.co.uk/business).

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