



If you think Training is Expensive...think about the Cost of Ignorance!

I hear it all the time..."our most valuable asset is our people"...and then I see and hear the big BUT... "We don't have the money for training or we don't do a lot of training in that area because of our turnover."

Yikes! Beware that not only do your guests know that you don't train your people, your message tells your employees that "their not worth it and their lack of competency is their problem". Here is what they will be saying to you:

"If you are unwilling to invest in me, as an employee, then you can count on me doing a mediocre job as it is the best I can do with the limited knowledge I have and odds are if I mess up enough one of us will decide I should leave."

Recently I was at AJs Fine Foods, a gourmet grocery store where you can put a down payment on a small car or you can shop for dinner. I have never stepped out of that place with more than 2 bags of groceries and never have any money left in my pocket! Their competitor is Whole Foods and if you want to know the difference between the two stores just go visit.

During my last, and I do mean last, visit to AJs I was told by a new employee that they didn't know anything about the fish they were weighing out for me nor how to prepare the stuff mushrooms as they were new and didn't get much training. I felt bad for them as no one wants to be put in a position of feeling incompetent; and, I felt bad for AJs as they have all the bad press they need with just this one employee.

And if you don't think it happens in the hospitality business think again. Last week I was told that the smoking room that I was given was the best they could do and that the person on the afternoon shift didn't pre-block rooms correctly so I would have to find away to enjoy the second hand smoke I proceeded to breath all night (part two of this statement is my own interpretation of this hotels' lack of training – and this is a 4 star hotel folks!)

For those of you who question the return on training here are a few facts around investing in and keeping you employees dizzy with happiness:

FACT 1: Incompetent employees make for unhappy employees and unhappy employees are talking to your guests...who are soon to be unhappy guests.

Source: White House Office of Consumer Affairs - Concerning an unhappy guest

- 96% of your customers do not complain to anyone who can help them
- 90% of your customers with unresolved complaints will never return
- 60% of your customers with resolved complaints will return
- 95% of your customers will return if they feel their complaint was resolved quickly

This study reveals that:

- On average for each customer who was "wronged," there are approximately 25 others who remained silent.
- On average each person in this silent majority will, by word of mouth, tell between 8 and 16 people – an average of 12 – about their complaint. (Over 10% will tell more than 20 people)

- When you do the math, a potential 300 people can be influenced by just one negative situation. Heck, I am telling the thousands of readers that HMM touches each day!
- Guest satisfaction has a direct affect on price, value proposition, RevPAR and GOPPAR.

FACT 2: Competent employees feel confident and confidence creates pride and enthusiasm. Happy employees enjoy their work and guests know it. They also don't quit!

Source: Harvard University Survey & Business Review Research

- Retaining 5% of your business is a huge financial advantage to your business. It can increase the profits from between 25 to 75 percent.
- The cost to replace a manager is estimated at \$5000 in total. Unhappy employees leave and replacing them has a direct impact on profit.

Source: Executive White Paper – SITE Foundation (The importance of caring for the internal customer)

- Industry turnover rate hovers between 78.3 percent and 95.4 percent nationally as an average.
- Overall, higher levels of motivation and motivated performance translate into a 53 percent reduction in worker turnover.
- It will cost roughly 100% to 200% of a line level employee's base salary to recruit and train the replacement.

Source: "The Service Profit Changing: How Leading Companies Link Profit & Growth to Loyalty, Satisfaction, and Value" by James Heskett, W. Earl Sasser, Jr. & Leonard A. Schlesinger

- Costs imposed by dissatisfied customer are perhaps more important. The dissatisfied customer buys less over time, demands more service than a satisfied customer and has the power to dissuade potential customers from doing business with your company.

Source: Customer Satisfaction and Profitability: The Link - 12-14-06

- Research demonstrated that a highly satisfied customer is **six times** more likely to re-purchase than a customer who is merely satisfied.
- In fact, a 6 percent change in the proportion of customers who were highly satisfied was associated with a 5 percent change in profitability.

Training is the first domino in retaining and building a talented team/Community. Professional football players train all week for the game on Sunday. If you are not actively coaching and training your employees you can count on:

1. Turnover which hits profitability directly
2. Lower guest retention levels which hits revenue and increases marketing costs
3. In-competency which costs you time, money and bad press!

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