

Looking after the pennies how to maximize returns on retail training

Review

What is the least glamorous role within the modern organization? Accountants are usually the butt of jokes about boring jobs and even more boring people who count the pennies. Receptionists also receive their fair share of flak, as does anyone working in office services or in a call center. However, one job above all others seems to garner more than its fair share of negative comments, and it is the position of the helpless training and development officer.

Now, anyone embarking on a career in human resources (HR) is unlikely to be doing it for the glamor; however, they will probably believe the work will be interesting, varied, and worthwhile. And yet the image of the lot of the trainer is that it is not a happy one – dull manuals, repetitive work, and constantly having to be updated as the latest HR fad sweeps through the department. Given all this misery, it is difficult to imagine that this very role could be the single most important post in the entire organization.

Training to win

Why? Well put simply, those involved in training have the singular most impact and ability to change behavior on the most people in a business. Sure, a boss can inspire their team – but it is only one team, not a whole company. And while a CEO can inspire a whole organization, can they demonstrably change actions and behaviors? It would be some boss who could do that. And yet the trainer does this, or has the opportunity to do it, every single day. But how can they ensure they make the most of their chance, and who's training will benefit the firm the most?

These are the questions vexing Cecilia Olexova, and she seeks to explore them in depth in her article “Establishing the financial returns arising from an evaluation of a retail training programme” (Olexova, 2018). In it, the author examines the retail sector, and specifically the most effective ways used to train retail assistants. Retail assistants? Yes, and with very good reason. In the case reported on in a retail chain in Slovakia, the training was based on key performance indicators (KPIs) linked directly to the profitability and success of the retail stores – get the training wrong for those people interfacing with customers, and there is potentially a dramatic effect on the bottom line.

The fifth element

To review training effectiveness, the author combines two previous studies to identify an ideal pathway for training that includes five levels. This “ladder” of training evaluation is as follows:

1. reaction and implementation;
2. learning;

3. behavior and application;
4. delivery of results; and
5. return on investment (ROI).

These levels are generally recognized to be more difficult to reach as you get higher, so that some firms do not even bother to check that training has been implemented in the first place, let alone develop ways to test what was learned and assess behavioral changes in Levels 2 and 3. In the study, the use of these levels was analyzed in a chain of 31 stores in Slovakia for training of store assistants on sales skills and product knowledge. Sales training for both aspects was given twice a year to coincide with new fashion lines going to market.

Training evaluation

As it is recognized that training evaluation is both more important and more difficult the higher up the ladder organizations have to go, the study focused on the top two levels. However, it is worth noting that for the lower levels, these are not universally followed despite the fact that they will help HR departments determine the efficiency not only of the firm's employees in their own roles, but also in their own effectiveness in implementing training protocols.

In the study, the overall sales of the firm were analyzed firstly to see how revenues were affected in 2015 compared to the previous year and before sales skills and product training had been implemented. The results showed that there had been a 21 per cent increase in sales year-on-year in the stores. However, there were three specific KPIs that sales assistants were measured against to determine the benefits of the training, which all increased in 2015:

1. conversion rate of sales, which increased by 3.9 to 12.2 per cent;
2. average price of item sold, which increased by 5 per cent; and
3. number of items sold to customers per receipt, which increased by 6.7 per cent.

Next level

If the delivery of results were all seen to increase against KPIs, that is still not enough to call the training a success, as this does not account for the cost of the training in the first place, and therefore, the return on that investment is not known. This fifth and final levels can be the most difficult to understand, and in the study, the author looks at the 21 per cent increase in sales and tried to isolate the other factors that may have contributed to this increase that were not dependent on sales training improvements, for example, increased footfall in stores. After stripping these effects out, it is reckoned that sales training contributed to a 10 per cent increase in revenues in 2015, or almost €1m.

Looking at costs, over 300 sales assistants were trained for sales skills and over 200 for product knowledge (out of a total of over 400 sales assistants throughout the chain). All told, the cost of training in the year amounted to just under €200,000, which meant that for every

Anyone embarking on a career in human resources (HR) is unlikely to be doing it for the glamor.

Those involved in training have the singular most impact and ability to change behavior on the most people in a business.

euro invested in training by the company, it received around €4 in return after costs were recovered. This means there was a net benefit over the year of nearly €800,000 to the firm, so when it comes to evaluating training and its effect on the bottom line, this is both a worthwhile and very profitable exercise. And suddenly the role of trainer does not look boring, but is one of the most pivotal in the success of an entire organization.

Comment

The article "Establishing the financial returns arising from an evaluation of a retail training programme" (Olexova, 2018) by Cecilia Olexova, is a hugely persuasive exercise in underlining the importance of training in an organization. This is not just through the profitable outcome and return on investment it shows but also the weight it gives the argument in favor of HR departments in taking training seriously, and following through on any training that is given as far as possible. Only by showing return on investment of training will full implementation of it be secured.

Keywords:
Training evaluation,
Retail chain,
Return on investment in
training

Reference

Olexova, C. (2018), "Establishing the financial returns arising from an evaluation of a retail training programme", *Industrial and Commercial Training*, Vol. 50 No. 1, pp. 20-31.

For instructions on how to order reprints of this article, please visit our website:
www.emeraldgroupublishing.com/licensing/reprints.htm
Or contact us for further details: permissions@emeraldinsight.com

Reproduced with permission of copyright owner. Further reproduction prohibited without permission.