

Stronger People, Stronger Business

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What's the biggest difference between mediocre companies and exceptional companies? More inspiring leaders? A culture of innovation? While organizational capabilities certainly contribute to overall performance, people are ultimately responsible for the vision, ideas, products, and day-to-day work that make a company great. In a business environment where, according to human-resources consulting firm Towers Watson, 59 percent of companies have trouble finding critical-skill employees, the ability to attract and retain skilled and talented people is a powerful competitive advantage.

But exceptional companies do more than just hire the best people; they consistently outperform peers and competitors by training employees and making them more effective and productive—which has a direct impact on the company's success and profitability. These high-performing companies continue to extract more value from their people because they think of them as long-term, strategic resources with the capacity to improve and adapt to the changing needs of the business. Instead of hiring new people with a narrow skill set to meet a temporary need, leading companies strengthen existing people with additional skills to build a more agile workforce capable of responding to new competitive threats and capitalizing on new opportunities.

If you want to keep your people, give them the tools to leave

Employee training programs are often viewed as optional or expendable, and in today's challenging economic environment, the temptation to cut training budgets is even greater than usual. However, as employees are asked to take on more responsibilities at the same pay with the same (or fewer) resources, training programs become an even more important tool to keep employees engaged and productive. During turbulent economic times, training programs make employees feel more valued and secure as they build and strengthen skills that will make it easier to find a new job if necessary. When the economy is strong, professional-development opportunities improve engagement and induce long-term thinking about career prospects with the company. The Emerging Workforce Study found that 40 percent of employees who said their companies offer poor training opportunities also indicated that they plan to leave the company within a year. At companies where employees rated training opportunities as "excellent," only 12 percent of employees said they planned to leave the company.

The American Society for Training and Development found that companies that invest in training programs outperformed the market by 45%, while companies that don't invest in employee development underperformed by 22%.

Build skills and capabilities that align with business strategy

What skills are most critical to the successful implementation of your company's business strategy? What skill gaps pose the greatest risk? For most companies, future growth and profitability are highly dependent upon increasing sales and market share within rapidly growing multicultural demographic segments at home and in developing countries. Unfortunately, most people lack an essential skill to help companies expand into these markets: they are unable to communicate effectively with coworkers and customers in other languages. In today's globally and culturally diverse business environment, language proficiency has become a strategically important business skill.

Training programs to equip employees with language skills can have a tangible impact on three key business drivers: revenue growth, customer satisfaction, and employee retention.

Grow your business. The Multicultural Economy report estimates that minorities in the United States will control more than \$3 trillion in buying power by 2015, and The Conference Board projects that developing economies will grow three times faster than advanced economies over the next 10 years. Do your employees have the language skills necessary to help the company capture market share in these lucrative segments? The inability to communicate effectively in relevant languages will be a major constraint on the company's capacity to profit from these high-growth markets with tremendous long-term potential.

Keep your customers. A study published in the Harvard Business Review found that a 5 percent improvement in customer-retention rates can increase profits anywhere from 25 to 85 percent. As your customer base becomes more multicultural and international, it will be necessary to provide service and support to customers in languages they can understand. By empowering customer-facing employees with language skills to communicate



effectively with customers, especially when competitors ignore customers' language preferences, your company will be more successful in building loyal customers and profitable long-term relationships.

Keep your talent. A recent survey by talent-management firm Right Management found that 84 percent of employees plan to search for a new job this year. Turnover hurts productivity and morale, and it costs a company between 50 and 150 percent of a position's annual salary to replace an employee. What's the most effective way to keep people engaged and retain talent? Provide opportunities for personal growth. According to AON Consulting, this is the number one reason people stay with a company—over money or work-life balance. In the multicultural, internationally integrated economy, language training offers employees an opportunity to acquire a valued and desirable skill that is quickly becoming a requirement for many jobs.

As global competition for employees and customers intensifies, companies will have greater difficulty attracting and retaining the right people with the right skills to help their business succeed. Language training provides companies with a cost-effective tool to deliver a unique combination of personal development and strategically important business skills that can impact their sales growth, customer experience, and employee-value proposition.