City & Guilds

Investing in skills for growth

Making the case for investment in training to drive business outcomes

Contents

Standing still on skills is not an option	3
The importance of investing in training	5
What challenges are employers facing?	6
The cost of getting it wrong	9
The impact of recognised training and external certification	12
Quick wins to set you up for success	13

Standing still on skills is not an option

For many years, training has been perceived as an optional extra to support HR and people strategies. This is a misconception – how skills development is managed can make or break a business.

Today, this is more apparent than ever. With technology driving more and more aspects of our lives, customer expectations and needs are evolving faster than ever, and this trend is set to continue. In this changing world, standing still is not an option for any organisation.

Skills to drive your business forward

Employers must be prepared to change to succeed, and this applies to training too. Those who do not invest in developing their people run the risk of being left behind.

Do you have plans to adopt greener practices? Then employees will need the skills to implement them. Do you want to find your next managers within your current workforce? You will need to train up employees so that they can step into a new leadership role and succeed.

Giving your employees the right skills can be a key driver of success, support growth and help you set your business apart.

According to The 5% Club, a movement of over 820 employers committed to skills and training, members who prioritised long-term skills training saw a 71.2% increase in employee retention as well as a 94.2% increase in employee engagement. This is compared to only 38.2% and 41.2% increases in typical organisations*.

*Source - L&D's role in employee wellbeing: A 2023 survey, The Open University and The 5% Club.

There are always reasons not to make an investment whether it's general cost-cutting or the need for funds elsewhere, but the benefits of investing in high-quality training are too significant to ignore.

Investing in training is investing in the future success of your organisation.

Navigating the investment case for training

There are many factors that influence the success of workplace training, from planning and design to being able to demonstrate return on investment.

One of the difficulties that learning and development (L&D) leaders often face is that training doesn't become a priority until return on investment can be evidenced. The challenge is this return is typically realised only if investment has been made into high-quality learning.

In the coming pages we will consider four key aspects of L&D to help employers navigate this "Catch-22" scenario. We will explore:

- the importance of learning and development;
- the training challenges that employers face;
- the risks of not making learning a priority;
- how organisations are building recognised programmes to drive success.

Companies who prioritise long-term skills training see...

71.2%

increase in employee retention

94.2%

increase in employee engagement

*Source -L&D's role in employee wellbeing: A 2023 survey, The Open University and The 5% Club.

The importance of investing in training

Investing in L&D might not be the first place businesses look when they want to gain a competitive advantage, but there are many benefits that can come from focusing on nurturing and upskilling employees.

Organisational growth

High-quality L&D programmes support continuous reskilling, helping instil the hard and soft skills a business needs to meet changing demands. From training sales teams on new software to showing managers new leadership techniques, bespoke high-quality training creates agility and flexibility to support organisational growth.

Improved retention

Investing in opportunities for employee growth and advancement shows employees that the company is committed to their success, fostering increased engagement and boosting loyalty. Loyal and engaged employees will be more motivated and effective, improving productivity, while showing staff their value to the organisation can improve retention, reducing spend on hiring.

Strong leadership

Quality training is also the perfect way to enable progression within an organisation. By giving existing employees the knowledge and skills needed to succeed in high level roles, businesses can create their leaders of the future, smoothing out what could be difficult personnel transitions by encouraging continuity.

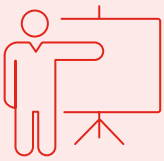
Innovation

Ultimately, organisations that prioritise L&D strategy put themselves in a position to be proactive rather than reactive. By creating a skilled, engaged and loyal workforce, companies can prepare for the future and drive innovation, keeping pace with the rapidly evolving business climate.

What challenges are employers facing?

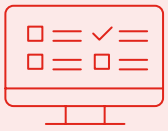
86%

Creating meaningful staff progression through continual training



85%

Delivering a high-quality and engaging learning experience



60%

Not having a mechanism to review and evaluate training

As more and more employers recognise the potential value of training, there are still a number of issues that they need to tackle to maximise the success of their programmes.

We surveyed L&D leaders from 400 large UK employers on the challenges they expect to face in the next five years and this is what they told us:

Creating meaningful staff progression through continual training

This was the most commonly identified challenge with 86% of the professionals surveyed saying that it was an issue they expected to face. Without carefully planned learning pathways that reward progress and encourage growth, training can feel fragmented and directionless, leaving employees disengaged and more likely to leave for an organisation with a structured career development plan.

Delivering a high-quality and engaging learning experience

85% of respondents highlighted the challenge of building high-quality and engaging training.

Workplace training may have the right objectives but if the design of the programme is not suitable for the target audience, it will not deliver the desired impact. Poorly planned and/or delivered training is more likely to be quickly forgotten or incorrectly applied on the job, wasting staff time and money with little or no return on investment.

Without carefully planned learning pathways, training can feel fragmented and directionless.

Tackling skills shortages

85% of L&D professionals agreed that skills shortages were expected to be high on their priority list in the coming years. This is no big surprise if we look the current trends when people are more prepared than ever to leave their employer for new, better opportunities.

This leaves employers having to embed more and more new hires, while ensuring that their existing staff have the skills they need for their constantly evolving jobs. This creates the perfect storm for skills shortages where the pace of training is unable to keep up with the pace of the changes in internal training needs.

Impacting business performance through training

For training to provide real value to an organisation it needs to have a clear and measurable impact on business performance, and this was a clear priority for almost 80% of the training professionals in our survey.

To achieve this, the aim of any training needs to be closely aligned with the business' objectives and clear evaluation measures need to be set out as part of the design process so that the reporting around progress, outcome and impact is meaningful.

Ensuring training is credible and recognised

Perhaps the most striking finding of all is a combination of statistics from three closely connected challenges:

- 79% of the L&D professionals we surveyed viewed making sure programmes on offer are both credible and recognised as a significant challenge for learning & development.
- 74% commented that raising awareness of their programme was also a challenge.
- Yet, less than half (43%) said that the lack of external recognition was an issue.

This suggests that many employers have not yet made the connection between external accreditation and the value it can bring to a business meaning they are losing out on the most important aspect of having training externally validated: continuous improvement.

74%

Need to scale up or expand existing training

79%

Ensuring training is credible and recognised

74%

Demonstrating L&D return on investment

Skills shortages mean employers need to ensure that their staff have the skills they need for their constantly evolving jobs.

The cost of getting it wrong

£143bn

is lost by british business due to low productivity

The challenges highlighted in the previous section can be overcome through ongoing investment in training. But what can happen if you don't get this investment right?

As highlighted in our ***Training Trends*** report, 99% of large employers have seen a training programme fail. This can cause many issues, many of which have an impact on the bottom line.

Lower productivity

Without the right training employees might be missing key skills that they need to succeed in their roles, negatively impacting productivity and revenue. According to a survey from Totaljobs, low productivity is causing British businesses a total of £143 billion each year, with an average cost of £4,467 per employee every year.

Higher staff turnover

Employees who feel either undervalued or that they do not have access to opportunities for growth may feel the need to move elsewhere, leading to a higher turnover and increased hiring costs (which can be up to £22k per person).

Poor customer service

Poor customer service is costing UK businesses £11.4bn a month in lost productivity. Poorly trained staff may not have the knowledge and skills to provide high-quality service, leading to a poor customer experience and damaging organisational reputation. Once again this can erode your customer base and share of wallet.

Increased safety incidents

A lack of effective safety training could lead to a higher number of dangerous incidents in the workplace, risking injury and damage to property. The Health and Safety Executive (HSE) can issue fines of up to £3 million for health and safety breaches with the average fine at £129,000.

Missed innovations

Advanced training can support the maintenance of up-to-date technological knowledge for employees. Without it they may be less likely to have the understanding they need to be creative in their sector. A report from PA Consulting found that innovation failures are costing UK organisations up to £64.7bn per year.

Leadership gaps

Without the right quality management training, employees will struggle to develop the leadership skills they need to take the next step with their organisation, making it harder to create the next generation of leaders. According to the Organisation for Economic Co-operation and Development (OECD) there are 2.4 million accidental managers currently working in Britain, whose poor operational skills are costing employers approximately £84bn a year.

Weak compliance

Staying compliant is often one of the most vital elements of maintaining a functioning business and if employees don't have the correct knowledge of the rules and processes their organisation needs to follow there is a risk of serious repercussions. The UK Regulators' Compliance Code cites potential fines up to 10% of a company's turnover for regulatory non-compliance. For a £50m turnover company, that's £5m maximum.

Committing to high-quality training

While it might seem that training is an easy area to take shortcuts or make budget cuts, there are many potential hidden costs of not prioritising investment in training, or investing in the wrong areas.

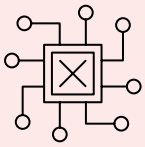
By recognising the importance of high-quality, credible training, employers can avoid these pitfalls and prevent them from losing ground on their competitors.

Even a small 5% productivity lag across a £10M revenue company results in £500K less revenue annually.

Higher turnover leads to increased hiring costs, which can be up to

£22k

PER PERSON



Innovation failures are costing UK organisations up to

£64.7

BILLION PER YEAR

For health and safety breaches HSE can issue fines of up to

£3

MILLION

Low productivity is costing British businesses a total of

£143

BILLION PER YEAR

Poor customer service is costing UK businesses

£11.4

BILLION A MONTH

in lost productivity

Knowing where your training needs more work is key to knowing where to focus your efforts and investment.

The impact of recognised training and external certification

With the costs of failing to provide high-quality training so significant, forward-thinking businesses are taking a more innovative and strategic approach.

Companies are fast tracking their training design by having it externally accredited. This gives instant credibility and helps promote training both to existing and future staff, leading to better staff engagement, improved retention and recruitment.

The biggest benefit of external certification, however, lies in the feedback employers receive. It gives a focus to improvements, opens up new opportunities and, most importantly, helps unlock ongoing investment.

The right type of external certification is focused around continuous improvement. It looks at an organisation's training capabilities, including systems and processes, and provides a personalised roadmap with recommendations so that an organisation can create their own action plan depending on their goals and priorities.

Knowing where your training needs more work is key to knowing where to focus your efforts and investment.

COSTA EXPRESS
Field Service Engineer Programme 1
City & Guilds ASSURED

HOWDENS
Kitchen installation Programme
City & Guilds ASSURED

PAPA JOHNS
Better Ingredients. Better Pizza.
Training General Manager Programme
ilm ASSURED

SAINT-GOBAIN
Commercial Site Managers Course
City & Guilds ASSURED

Quick wins to set you up for success

Whether you are developing or improving a training programme, preparing to put forward a business case for investment, or seeking to establish a stronger learning culture within your organisation, here are a few tips to support your business and L&D goals.

1

Get alignment with your organisation's strategy.

While this may sound obvious, without a clear link to the goals of the business, training could be misdirected, and therefore have little or potentially no impact for the organisation.

2

Build your training around continuous improvement by embedding high-quality systems and processes to underpin your programmes.

Linking external certification to your programmes can be a highly effective way to get an independent view on the strengths of your training and the opportunities for improvements.

3

Consult key stakeholders when preparing your business case to get their feedback on what success needs to look like.

Identify and engage stakeholders early, and get input from managers and end-users during the needs assessment and design phase. Work closely with them to get a shared view on quantifying the benefits. Aim to focus on factors that the training programme will drive, like increased revenue, lower costs, higher productivity, improved quality, or reduced turnover.

4

Create your evaluation metrics upfront by determining what you are going to measure (and why) to show success.

For example employee retention, recruitment costs, or employee engagement and satisfaction. This will support your business case and ensure that you don't end up with a lot of data that you cannot put to good use.

5

Focus on your team's needs to make sure that your training framework supports their on-the-job development and career aspirations to help them progress.

And take every opportunity to recognise achievements. All of these steps will help build loyalty and trust which are the two most fundamental elements of a successful business.

6

Create an internal coaching and learning culture.

For example, encourage internal mentoring opportunities so that your teams upskill each other. This will help create an environment where getting new skills and knowledge is the norm and learning is seen as a natural part of their job. Teams that learn together, work better together which will feed into the organisation's productivity and ability to innovate – both of which will benefit the bottom line.

About City & Guilds and ILM Assured

At City & Guilds we offer Assured accreditation for this purpose, providing credibility through a global quality benchmark for excellence in training design and delivery.

Built on 145 years of experience in quality assurance and skills assessment, Assured is the solution of choice for organisations around the world to develop talent, drive growth and make an impact.

About City & Guilds

City & Guilds is the global skills partner, empowering people, organisations and economies to develop the skills they need for growth. With almost 150 years of trusted expertise, we support people into work, help them develop on the job and move into the next job.

We work with Governments, employers, training providers, colleges and industry stakeholders to design and deliver high-quality training, qualifications, assessments and credentials that lead to meaningful career progression. We understand the life changing link between skills development, social mobility and success. Our solutions span critical sectors including construction, engineering, transport, energy and electrical, serving over 1 million learners annually.

Through our comprehensive portfolio of brands and trusted global network, we set industry-wide standards for technical, behavioural and commercial skills to improve performance and productivity. We believe you can achieve your potential - and we're here to help make it happen.

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