

# Employee Development is Important – You Must Protect It From Budget Cuts

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## The Problem

- Employee development is the first cut
- And the last put back in the budget
  - Only mandated training remains in the budget and it is current-job oriented
- Why the problem occurs
  - Lack of strong advocacy for training
  - Lack of Council awareness
  - Lack of factual evidence supporting employee development

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## How to avoid the cuts

- You must believe in employee development
- Then you must convince the mayor and council
  - Make sure they understand it
  - Stress its importance
  - Provide empirical evidence

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Pretend that you are the Mayor and City Council and I am the city manager.

I am trying to persuade you not to cut the employee development line items in the budget.

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Here is my approach for  
defending the budget line item  
for employee development

## TAKE 1

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Ensure that Council understands  
“employee development”

Development – opportunities for training and education inside and outside the organization

- Inside: leadership, team work, project management, etc.
- Outside:
  - Training – for employee’s current specific job
  - Education – for employee’s future job

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## Emphasize that you want “effective” employee development

### Traits of effective employee development:

1. Not “sit and git” training
2. Employee actually grows and changes
3. Improves productivity
4. Helps avoid repetitious problems
5. Allows employees to apply what they’ve learned

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## More traits of “effective” employee development

6. Allows employee input on the training
7. Prepares employees for the training
8. Doesn’t focus only on technical skills
9. Includes leadership, team building, people skills
10. Be selective in whom you train/develop

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## Explain to Council why city should develop employees

1. To increase the probability of achieving a successful job by
  - Improving organizational capacity, productivity, and resiliency
  - Enhancing employees' career path potential
  - Growing and developing the employees
2. It is the right thing to do if we really believe in the value of human capital

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## Provide Council with Research Results Supporting Employee Development

1. 575 publicly traded firms
  - More spending on training resulted in 86% higher total stockholder return than firms that spent less than average
  - 45% higher total stockholder return than firms that spent average (American Society of Training and Development)

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## More Research for the Council

2. Analysis of 75,000 exit interviews
  - People join firms when they expect to receive training and career support (Fitz-enz, 2000)

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## More Research for the Council

3. 71 industrial organizations
  - Training and development expenses have statistically significant positive relationships with firms' revenue and operating return on equity
  - And lower employee turnover and absenteeism

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## More Research for the Council

4. Sample of 596 city clerks with 73% response
  - Average agreed-to-strongly agreed that training improved their effectiveness (Schumaker 2004)
  - (Note: contributing factors to this high payoff from training was the employer, the trainer, and the city clerks)

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## Local evidence for the City Council

- Training has enabled us to promote qualified personnel from within
- It has improved the recruitment of highly qualified personnel for our openings
- It facilitated the successful conversion to our new software system
- It has helped to maintain staff morale
- It helped us to save \$            in outside consultants by having in-house capacity.
- Etc.

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## Summary to the Council

- Employee development is important to the provision of city services and goods
- The research proves that it pays off
- Our local experience demonstrates that it pays off
- Please keep the training funds in the budget.

**THE END**

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## Presentation Summary

- Managers must believe in employee development and advocate it
- Managers must ensure “effective” employee development
- Managers should develop supporting documentation for training
- Managers are the leaders for training

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