Employees **Sales Partners**

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CUSTOMER CARE
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Organizations spend more on training sales partners than employees

By Michael Laff

A large pharmaceutical company planned to use a robot to dispense medication at retail outlets. To cut costs, the company decided to forgo formal training and provide stores with a simple user's guide. The plan backfired.

Six months later, Doug Harward spoke with panicked executives from the pharmaceuticals company whose customers were unhappy with the product, being unsure how to use it. The company decided to reverse course and send a professional for three days to a large retailer to train employees.

Customer training—offering training outside a company's walls to representatives of partner companies or to buyers of a product or service—is distinct from employee training, which refers to a company's own employees. Organizations that sell technology products or services are more likely to emphasize customer training for reasons of complexity, according to Harward, CEO of Training Industry.

"One of the problems in the industry is that we don't talk about customer training, we talk about employee training," he says.

Statistics support that contention, as recent research indicates companies spend 52 to 58 percent of training dollars on customers, according to Harward. Training Industry and Expertus completed a recent survey regarding customer training efforts.

Most survey respondents expect the budget for customer training to stay the same, with slightly more reporting that the budget will increase versus those who anticipate it will decrease in the next year.

"In a recession economy, customer training is going up while employee training is going down," says Gordon Johnson, vice president of marketing for Expertus.

A lot of companies spend more on training channel partners, entities that sell the company's products, than on employee training. A classic example is

auto manufacturers, Johnson says, who focus their training on dealers and not on buyers whom they reach only indirectly. Analysts are aware that as corporations are clutching their pocketbooks, increased training even for departments that generate revenue does not guarantee greater results.

"If the economy is in the tank, the question is: how much value do you get out of every dollar for sales training?" says Tom Kelly, a California training consultant. "You'll have trouble selling in this market no matter how good your sales force is. Organizations won't stop training, but they're not going to invest heavily."

As a preferred means of training delivery, webinar technology has far outpaced any other form of training delivery. The only caveat with webinars is that they cannot hold participants' attention longer than one hour. Beyond that point, Johnson says, viewers may get distracted or disinterested.

"Every training department uses webinars now," Johnson states. "It's an incredibly cheap way to reach a lot of people."

Two-thirds of survey respondents are in the technology sector. The second-highest industry participants were business services such as banking and telecommunications. Company size ranged from 100 to more than 5,000 employees.

Another distinction in the field is how organizations categorize their training departments. Among respondents, 42 percent operate training as a cost center while 58 operate it as a profit center.

Kelly views customer training as a branch of marketing and customer loyalty, and not a direct source of revenue. Oftentimes, organizations hope to reduce customer calls regarding a product or service with increased training. Kelly says such aims are difficult to measure. Customer training might help customers become more independent, eliminating the basic service calls, but more complex calls often continue to rise.

"I don't know of any organization whose number of calls is going down," he says.

Harward identified a crucial benefit of customer training aside from the obvious as reduced sales calls and increased customer satisfaction: liability. Companies want protection from liability claims by customers that they did not prepare or train them on a product in the event of a failure.

"It comes down to the cost of failure to use my product is greater than the cost of success," Harward says. "It doesn't show up in advertisements, but it is being talked about in boardrooms."
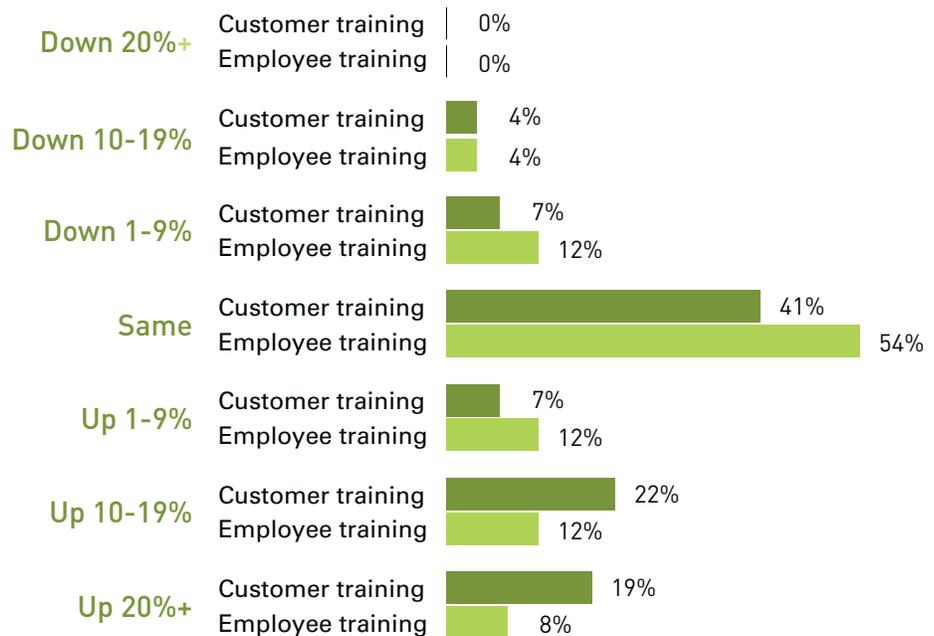
There are other mechanisms for offering training to customers. When Oracle sells its software to a client, the package includes training credits

"All CLOs want to make money off training, but the revenue from it is not as important as generating future sales," Kelly says.

As might be expected, much of the customer training is handled through the marketing or sales departments and not through training departments.

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TRAINING BUDGETS CHANGE EXPECTATIONS 2008–2009

Down 20%+	Customer training	0%
	Employee training	0%
Down 10-19%	Customer training	4%
	Employee training	4%
Down 1-9%	Customer training	7%
	Employee training	12%
Same	Customer training	41%
	Employee training	54%
Up 1-9%	Customer training	7%
	Employee training	12%
Up 10-19%	Customer training	22%
	Employee training	12%
Up 20%+	Customer training	19%
	Employee training	8%

Source: Expertus