

Key Question

What cost savings and other tangible benefits have companies seen for offering career development programs for individual contributors?

Context

Common strategies for developing individual contributors include identifying high-potentials to move into leadership-development programs or assigning mandatory performance improvement training to the very lowest performers. This leaves a missed opportunity to **develop the large pool of individual contributors** who sit between the highest and lowest performers and who currently receive little or no career development. This missed opportunity is costly during the War for Talent and the Great Resignation, when companies need to pay extra attention to retaining and developing their employees due to the difficulty of finding new qualified talent. By building career development programs for all their individual contributors, companies can increase **retention** and **productivity** in a cost-efficient way.

Benefits of Developing Individual Contributors

Retention

Maintaining high retention rates is critically important, since the turnover of an employee in the United States is conservatively estimated to cost 33% of the employee's base pay.^[1] Providing various types of development opportunities for individual contributors **increases retention** and generates a **high return on investment**.

50% Increase in Retention for Individual Contributors who Participate in Training at Penske

Faced with the challenge of recruiting and retaining skilled tradespeople during the "skills gap," trucking company Penske offered training focused on the latest technology and trends relating to the transportation industry. It found that employees who participated in the training were **50% more likely to stay at the company** compared to employees who did not participate. Penske focused its training efforts on 1600+ individual contributors such as Technicians and Associates.^[2]

Consultants Who Participate in Training Stay at Accenture 14% Longer

Accenture calculated that consultants across all levels of the organization in the 50th percentile and above in terms of training completion stayed at the company **14% longer** than those who completed less training. Accenture also found that providing training had a positive impact on attracting talent to the firm, helping to fill vacancies when turnover did occur. Considering training costs and benefits of retention, recruitment, and employee performance, Accenture saw a **353% return on investment (ROI)** for its employee training offerings.^[3]

94% of Employees Report Desire to Stay Longer at Companies who Invest in Them

Whether or not an employer provides development opportunities is also meaningful to employees, since 94% of employees state they would stay longer at a company that invests in their career development.^[4]

Productivity

In addition to retention, providing career development to individual contributors **drives productivity for both training recipients and those who work with them** and produces net positive ROI.

73% ROI from Spillover Productivity Gains at Hal-Com

Technology services provider Hal-Com achieved **73% ROI** from launching a junior technician development program. Reducing turnover among training participants from 50% to 10% was one driver of ROI. More notably, **productivity among senior technicians also increased** because they fielded fewer questions from the junior employees after those junior employees completed the development program, further increasing ROI.^[5]

42% ROI through Increased Productivity at Mindtree

Information technology consultancy Mindtree saw **42% ROI** by using a reinvented development program to **drive**

productivity through decreasing time from hire to billability for individual contributors firm-wide. It found that the time to billability decreased by 78 days to save Mindtree \$2,322 per learner. Though this case pertains to new-hire onboarding rather than continual career development programming, Mindtree illustrates the opportunity to **leverage many types of development** as it simultaneously provided in-person workshops, a library of virtual courses, formal mentorship, and informal peer learning to development program participants.^[6]

Types of Individual Contributor Development Programs

There are several types of development programs such as **building a learning library, mentoring, internal mobility opportunities, and tuition assistance programs** that companies can implement to cost-effectively develop individual contributors. These programs can be implemented either simultaneously or as stand-alone initiatives.

Learning Library

A learning library is a repository of **learning and development content accessible online to employees anytime**. For example, Novo Nordisk Inc. (NNI) improved its leadership development learning library and made it available to all employees firm-wide. The firm saw \$487,000 in savings from improving individualization of learning and user experience when deploying its new learning library across its 5000-person organization.^[7]

Mentoring

Formal mentoring programs can **supplement organic mentorship** and **drive retention** within the company. Retention among employees who participated in one mentorship relationship increased by 13%, and retention increased by 18% for employees who participated in two or more mentorship relationships. Similarly, turnover drops from 26% to 8% when employees with fewer than two years of tenure are assigned a mentor.^[8]

Internal Mobility

Lateral moves are gaining popularity as a method for career development. A study of 32 million profiles of active LinkedIn users since 2013 found that 62% of employees who made a lateral move within 3 years of hire stayed with the company, while 70% of employees who were promoted within three years of being hired stayed. This finding shows that **lateral moves can help retain employees** nearly as well as vertical promotions.^[9]

Tuition Assistance

Tuition assistance for college degrees and high school diplomas is another form of high-potential development program. For example, **the retention rate doubled** to 89% within five months for employees who participated in restaurant chain Chipotle's tuition assistance program.^[10] Another successful case of tuition assistance is the educational reimbursement program at Cigna Corporation, which produced **129% ROI**.^[11]

Future Trends

On top of the many benefits of building development programs for individual contributors, future trends of **personalized learning** and **social learning** also point to the importance of investing in these programs. Fortune 500 companies such as IBM and General Electric (GE) have invested a lot of resources to build learning platforms catering to these two trends. For example, the "IBM Your Learning" platform gives personalized learning recommendations to support each employee's current role and career path, and it had 9.1 million visits in 2019 from 99% of the IBM workforce.^[12] GE has developed Smartbits, a social blog where all employees can write, publish, like, and share content within the company's learning platform, to enable the exchange of subject matter expertise across the entire organization.^[13]

In light of the **retention** and **productivity** benefits of employee development, the **many methods for employee development** available to companies, and the future trends that point to **personalized** and **social learning** for all employees, investing in the development of all individual contributors is here to stay.

Citations

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