

Why Training is Your Best Investment

by Hal Slater



Most retailers must face the following question: How much available capital should be committed to advertising? In fact, the question should be: What is the optimum ratio of expenditure for advertising to training to achieve the best return on investment? Advertising may provide leads for salespeople, but without the proper training, those leads will be wasted. High ticket selling is not a numbers game. Some balance must be achieved between training and advertising.

Advertising can only buy a limited number of sales, at a steeply rising cost per sale. One urban legend tells of a meeting between the once famous New York merchant, Gimble and his peer and rival Macy, both of department store fame. When asked how things were going one responded that he felt as though he wasted half of the fortune he spent every day on advertising, whereupon the other responded, "So do I and as soon as I find out which half, I will stop it immediately."

The cheapest advertising you buy is usually the most effective because those ads, such as classified ads, are sought out by buyers actively looking for your product. Display ads must "cut through the clutter" to compete with other dealers for the buyers attention and capture your share of a given sized market.

Institutional advertising is designed to build market and create more demand. Since it takes more to get a person's attention if they're not already looking, this kind of advertising is a much more expensive proposition and affords less ability to measure or track results. As a result, it usually offers the lowest return for advertisers competing within a limited market.

Training can, with time, ultimately produce an unlimited flow of sales with only incremental cost increases. Advertising can only provide a "jump start" and should always be a part of the marketing mix, but sales-

people should be taught to self-generate leads through prospecting and referrals. These contacts are usually better than people who respond to ads offering low prices. Individuals marketing themselves and their company with well-designed programs to an existing, satisfied customer base are more efficient than splashy or glossy advertising from a stranger, no matter how frequent.

In this environment, successful producers serve as inspiration and role models for the new recruits. Thus, the

cost of training is even further reduced as the rate of learning increases. Ultimately, the cost of training will level out before the rate of sales does, thus creating a very profitable environment.

As a businessperson, you are constantly seeking low-risk, high-gain situations on which to bet. In this particular case, the gain is extremely high, relative to the risk. The question, then, is... what are you betting on? The answer is people! In the final analysis your advertising will mostly end up as bird cage liners, whereas your investment in training will accumulate in your people as they become wiser and more effective.

