Idealliance

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Study Finds Employee Training Investment Limited

Whether we are considering adding new technologies, new services, or new markets to enhance our competitiveness, making wise capital investments is crucial in today's evolving industry. The Idealliance **Capital Investment Research Program** was developed to gain a better understanding of how capital investment choices are made, where industry investment is currently focused, and how company leaders can make the best capital investment decisions.

Based on input from more than 100 companies, the Idealliance *2017 Capital Investment Study* found that capital investment rates—average annual capital investment as a percent of sales—vary dramatically from company to company, but the greatest number of respondents (42.7%) invest between 3%+ and 6% of sales per year.

More than one-third of companies surveyed (38%) plan to increase their capital investment rate over the next three years, while only 6.7% plan to reduce it. Idealliance Chief Economist Andrew Paparozzi points out that the decisions to increase or decrease investment do not appear to be a matter of which companies are doing better or worse: "The rate of investment does not correlate with company profitability," he says, noting that "the level of investment and the effectiveness of that investment are very different."

Digital infrastructure (workstations, servers, networks, etc.), toner-based, cut-sheet digital presses, and workflow software top the list of investments over the past three years, while workflow software, bindery/finishing systems, and digital infrastructure top the list of investments for the next three.

Most Important Sources of Employee Development

Source	Percent
Suppliers of equipment, hardware, software	77.9%
Industry trade associations	50.5%
Technical/vocational schools	10.5%
Non-graphic communications colleges	7.4%
Graphic communications colleges	3.2%
Other	34.7%

Depends on Skills

"The return on capital equipment ultimately depends on the skills of the employees who will operate the equipment, market and sell its capabilities, evaluate how its performance compares with expectations, etc.," says Paparozzi, explaining why research participants were asked about their investments in employee development, i.e., training and education for all employees, not just production personnel.

The survey found that investment in employee development is limited, with two-thirds (66.7%) of those surveyed investing just 1% or less of annual sales—and slightly more than half of those (35.4%) investing just 0.5% or less. Only 3% of companies invested 2.0% or more.

Slightly more than half (53.1%) of those responding plan to maintain their level of employee training investment over the next three years, while one-third (33.7%) plan to increase it. Only 1.0% say they will decrease investment, while 12.2% were unsure.

Suppliers, Associations

When it came to sources of training, more than three-quarters (77.9%) of those surveyed said suppliers of capital equipment were the most important source of employee development. Half (50.5%) got their training from graphic communications trade associations, while just one in 10 (10.5%) drew on academic institutions such as vocational schools and colleges.

About one-third (34.7%) cited alternate sources such as online training programs, YouTube videos, etc., as development sources. The majority (59.3%) of respondents said they use more than one source for training.

Companies can join the Capital Investment Research Program panel at any time. Participants receive a free copy of the study and access to all research results. For information, contact Andrew Paparozzi at ***apaparozzi@idealliance.org*** or (703) 837-1062.