

## Employee Training and Development within Budgetary Constraints

Written by Nick Sanders

Wednesday, 06 March 2013 00:00

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***“The worst reason to do anything is because ‘it’s always been done that way’. The second worst reason to do anything is because ‘we don’t have the budget to do it right’.”***

– Nick Sanders



If you’ve read this blog for any length of time, you know the importance we place on workforce development. Quite honestly, we can’t think of a single more important thing for a supervisor or manager to think about. If you’re not developing your staff, then you’re not honoring your obligation to the future of the enterprise that’s paying your salary today.

A failure to provide your team with the necessary training to accomplish their jobs efficiently and effectively is negligence, plain and simple. And a failure to provide your team with the opportunity to grow and develop in order to accomplish *other jobs* efficiently and effectively is negligence as well.

Or—to paraphrase somebody else from another context – *you better get busy learning or get busy dying*.

But the challenge we all face is how to do that within the budgetary constraints we’ve been given, which are often established by our top-level leaders and forced downward on us from

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above. Assuming we have the best of intentions, and are desperately eager to give our subordinates the maximum opportunity to learn and to grow ... how do we do that and still meet those budget constraints—budget constraints that are, too often, arbitrarily set and imposed by leaders who have little or no idea of the consequences associated with those constraints. How can a leader who's committed to workforce development obtain the necessary training for his/her staff, when the budget's been slashed and people have started whispering about furloughs and layoffs?

(*Hint: Answer at the end of this article.*)

But before we offer a solution, let's describe the problem. Unfortunately for our government readers (and there are many of you!), our focus today is going to be on the contractor's training conundrum. Even though the budgetary constraints are the same for both government and contractor, we're going to focus on the contractor for several reasons. The first reason is that some training requirements have been made *mandatory* for government contractors through contract clauses. If the contractors don't conduct the required training, they run the risk of being accused of breaching their contracts. Government entities don't have that same risk profile.

The second reason for focusing on contractors is that the government already has some low-cost solutions available to its workforce. For example, most large government departments and agencies and independent commissions already have distance-learning solutions. (While we can certainly debate the efficacy of such training, we can't deny it exists.) In sad contrast, too many contractors don't have any part of their organizations dedicated to training and, thus, they simply rely on external training resources—of various types—to provide both required workforce training and elective employee development opportunities. Too many contractors approach their workforce training needs on an *ad hoc* basis, resulting in inconsistent results even in the best of times.

As one senior aerospace/defense executive explained to us: "*When times were good, we didn't see the need to invest for the future. Now that times are tough, we don't have the money.*" As you may gather, we were impressed by her candor and, at the same time, we were appalled at her leadership style.

But rest assured, even if you are in similar straits, we have a solution for you. You'll have to read the rest of this article to receive it, though. (*No fair scrolling down to the end!*)

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Getting back to moving beyond an *ad hoc* approach to workforce training, we want to focus first on required training before discussing other opportunities for employee development. We think that should be the learning prioritization. However, we daresay that the majority of government contractors *don't even know* what training is required of them by contract clause, let alone what other opportunities might be available to their workforce.

So let's start with *required training* for a typical government contractor. What kind of stuff do you need to train your workforce in, regardless of budgetary constraints?

Timekeeping is the obvious answer. We all need to make sure our employees have robust training in our timekeeping system and its requirements. That's the first answer that comes to mind, even though you probably can't find a single contract clause that requires such training. (Thanks, DCAA.) But yes, you need employee orientation training on your timekeeping system and you need annual refresher training as well.

Let's move beyond that answer and look at what some contract clauses might require of you, in terms of employee training.

The recently-enacted DFARS [Business Systems regime](#) mandates certain employee training foci. To the extent that a contractor has a contract containing one of the six individual DFARS Business System adequacy clauses, the contractor must provide its employees with certain training in order to have DOD reviewers find that its Business Systems are adequate. And—as we all should know—if any Business System is found to be inadequate, then the cognizant Administrative Contracting Officer will be imposing mandatory payment withholds, which could significantly impact future cash flows.

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An adequate Estimating System must “Ensure that relevant personnel have sufficient training, experience, and guidance to perform estimating and budgeting tasks in accordance with the Contractor's established procedures.”

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An adequate Contractor Purchasing System is defined by 24 individual criteria. Criterion No. 18 states, “Perform internal audits or management reviews, training, and maintain policies and procedures for the purchasing department to ensure the integrity of the purchasing system.”

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The adequacy of a contractor’s Property Management system is largely defined by the FAR (instead of the DFARS). According to the attorneys at McKenna, Long & Aldridge, an adequate Property System will ensure that relevant property management training “is performed on an annual basis.”

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Having an adequate Earned Value Management System doesn’t expressly require employee training; but, looking at the [32 criteria](#) of an adequate EVMS (per ANSI/EIA 748), you’d have to be an idiot to think you could implement an adequate EVMS without significant amounts of employee training.

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Similarly, an adequate Material Management and Accounting system does not depend on any specific employee training. On the other hand, if you are subject to MMAS requirements, and you want to comply with them, then you had better have really well-trained staff on hand to assist you.

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Interestingly, none of the 18 criteria associated with Accounting System adequacy require employee training, even though adequacy depends on compliance with the 19 Federal Cost Accounting Standards (CAS) when they are applicable—and many of the Standards become applicable when the FAR Cost Principles of 31.205 are invoked. Thus, we suggest that training your accounting staff in the intricacies of government contract accounting and cost accounting may be worthwhile.

But that’s not the end of the story.

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It's been about five years since FAR contract clause 52.203-13 ("Contractor Code of Ethics and Business Conduct") was promulgated. We note that the clause requires "an ongoing business ethics awareness and compliance program." That requirement includes the following—

... reasonable steps to communicate periodically and in a practical manner the Contractor's standards and procedures and other aspects of the Contractor's business ethics awareness and compliance program and internal control system, by conducting effective training programs and otherwise disseminating information appropriate to an individual's respective roles and responsibilities. ... The training conducted under this program shall be provided to the Contractor's principals and employees, and as appropriate, the Contractor's agents and subcontractors.

*Yeah.* How are you doing with that one?

We could go on, discussing the Drug-Free Workplace Act (FAR 52.223-6) or Export Controls, or other, arcane, stuff that requires specific employee training in order to assure compliance. Our point is: if you don't understand what training is required of you, it's going to be difficult to demonstrate that you provided it when the auditors start asking, several years from now.

Moving on to desirable, though not required, training, one has only to visit the websites of the major training houses to see the available options.

Over at venerable Federal Publication Seminars, there are 76 different courses offered under the heading "Accounting, Costs and Pricing." There are 200 courses offered under the heading of "Government Contracting." But that's not all. There are 18 courses offered under "Construction Contracting." There are 21 courses offered under "International Contracting." And there are three courses offered under "Grants."

Over at the up-and-coming Public Contracting Institute, it's less easy to tally the number of course offerings. But PCI also offers multiple courses under the headings of "Accounting and Costs," "Government Contracting," "International Contracting," and "Federal Grants." PCI also offers lower-cost Webinars, as well.

Enigmatic Marcus Evans offers "by invitation" conferences in various government

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contract-related areas. And the relatively new American Conference Institute offers its own conferences, as well. ACI has conferences in Aerospace/Defense-related topics, such as “Government Contract Cost & Pricing,” “DCAA Audits – Overview,” and “ITAR Compliance.”

There’s no scarcity of training opportunities when you’re thinking of employee development. So what’s stopping you?

Oh yeah, you don’t have the budget to send your staff to these outside training opportunities, that’s what’s stopping you.

You don’t have \$1,000 or \$1,995 or \$2,595, or even (in at least one instance) \$3,495 for an “Elite Pass” that entitles your employee to attend the training conference and *both* associated workshops. You don’t have \$400 or \$500 or \$1,000 to send your employee on a flight across the country. And you don’t have \$120 or \$150 or \$229 to spend *per night* to put your employee up at the hotel associated with the conference. And you don’t have \$25 or \$38 or \$49 to spend *per day* on meals and incidentals. Not to mention local mileage, car rentals or taxi fares, and airport parking. You don’t have \$3,000 or more (likely more) to spend on sending a single employee off to one of these training opportunities—even if you could spare your employee for the three days or so that they’d be away from the office.

And you certainly can’t afford to send two employees to the same conference or seminar at the same time, even if by doing so you’d save 50 percent on the cost of the seminar. (Gotta love those 2-for-1 deals!)

And if you have a decent-sized staff, there’s no way on God’s green earth that you could afford to send everybody to one of those seminars/conferences. Sure, maybe you can send a couple people to one held locally. They hold them in Washington, D.C. almost every week, so if you have a major office in that area, then you’re golden. And they hold them in other places, too—places such as San Diego, and Hilton Head, and Irvine, and Denver, and Chicago. So there’s a good chance that you can avoid the airfare, and perhaps even the lodging expense. So if you’re smart and look far enough in advance, you can probably find a conference or seminar that’s close enough to avoid some of the additional expenses.

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Probably.

But still, even at 2-for-1 advance pricing, you're going to pay *a minimum* of \$500 per attendee. Send five people, and that's \$2,500. Send 10 people, and it's \$5,000. Not counting anything else.

And chances are, your folks aren't going to want to go to the \$1,000 seminar that's offering 2-for-1 pricing if you order today. Nope. Your folks are going to want to go to one of the fancy conferences, the ones with the workshops. And that's going to cost you a lot more than \$500 per head. Count on it.

Did we mention that you don't have the budget for that? Oh, we did. *Right.*

What's a manager to do?

Well, here's your answer. (Free of charge.)

***Call Apogee Consulting, Inc. Bring us into your facility. Let us train your staff in-house.***

Here's our pitch: Nick Sanders, Principal Consultant, is a very experienced trainer. He's instructed at UCLA Extension in the Government Contracts Certificate Program. He's instructed at ESI in its Government Contracts Masters Certificate Program. He's taught more Federal Publication Seminars than he can count—and he coordinated and managed and taught the "Government Contract Accounting" seminar on behalf of Federal Publication Seminars, LLP, for many years. He's taught "Cost Reimbursement Contracting" and "Cost/Price Analysis" and "Cost Accounting Standards". He's instructed in-house at Sandia National Labs and at the Stanford Linear Accelerator Center. He's conducted training in "Hot Topics in Government Contracting" for Fluor Engineering and Jacobs Engineering. He's conducted training for the NISH Leadership Academy. He's conducted training—and developed his own course—for the Raytheon Company. In short, he's a very experienced trainer.

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And he's a good trainer, as well—if we do say so ourselves! His student feedback scores at Fed Pubs and at NISH consistently ranked among the highest of any instructors. His “war stories” of real-world experiences, combined with his (shall we say?) unique sense of dry humor, were listed as being positive attributes in student comments. Believe us: people rarely get bored when Nick Sanders is up in front of them, teaching them about dry CAS or FAR or DFARS topics.

Enough about us. Let's talk about you.

You need training. You want training. But you don't want to pay a lot. You *can't afford* to pay a lot. That's where Apogee Consulting, Inc. comes into the picture. We work cheap.

You tell us what you want, and we'll give you a quote. You want a 4-hour seminar—you got it. You want a one day seminar—you got it. Ditto for two and three day seminars. You pick the topics, we'll do the rest. And if you want us to tell you what you need to know, no problem—we'll handle that end, as well.

You want somebody to explain to your executive leadership that it's not just you—that DCAA has gone insane across the country and all contractors are feeling the same pain—then we can do it. We know executives don't have a lot of time, so we'll knock off an executive briefing in an hour. We'll come speak at your offsite retreat, if you'd like.

You want an intro course to introduce non-accountants to the FAR Cost Principles or to the Cost Accounting Standards? We can do that.

You want an advanced course in cost/price analysis or the financial implications of the different contract types? We can do that.

How much will we charge you? Depends on what you want. But we're pretty confident we can train 5 or more employees for about the same cost as sending one employee across the



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country to one of those fancy conferences with associated workshops.

You want to create a webinar and have lots of folks watch from a distance? Not a problem. You want to video tape the training and use it to train your employees for years to come? We can work that out. You want to mitigate risk by having us quote our travel on a firm fixed-price basis? We will.

The point is, Apogee Consulting, Inc., is flexible and we will work with you to deliver the training you need and want, at a price that's within your budget constraints. We are confident that you will not find a better employee training value, *anywhere*.

So what are you waiting for?

Call us at (949) 705-9773, or e-mail us [here](#) .