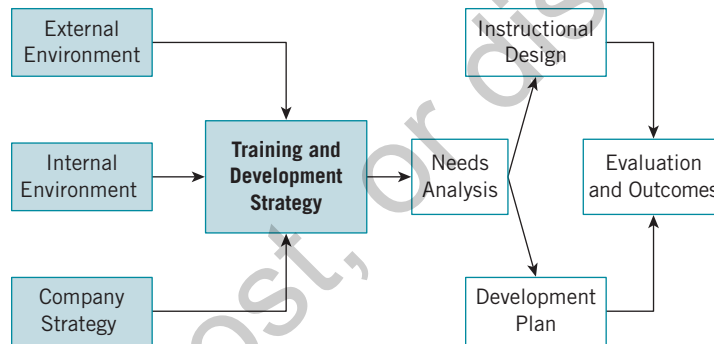


TRAINING AND DEVELOPMENT STRATEGY

Learning Objectives

1. Describe the elements that contribute to training and development strategy.
2. Assess the external environment for training and development opportunities and challenges.
3. Critique internal environment elements for training and development needs and readiness.
4. Illustrate the interrelatedness of training and development activities with other human resource functions.
5. Appraise a company training and development strategy for strategy alignment and contextual relevance.
6. Recall the ethical code for training and development professionals.
7. Recognize the importance of economic conditions for global training and development activities.



Organizations face increasingly volatile and complex markets. To compete, they need a business strategy that counteracts negative forces and guides individual lines of business toward positive outcomes. The strategy needs to present leaders with guidelines on how to make decisions and allocate resources to accomplish key objectives, as well as define the actions people in the business should take and the factors they need to prioritize to achieve desired goals.

The secret to successful strategy execution involves your employees. As such, a talent and learning strategy will ensure that an organization's workforce has the necessary skills to carry out the actions laid out in the business strategy. With that in mind, it's not hard to make the case that aligning an organization's learning strategy with its business objectives is a worthwhile exercise. However, less than half of companies actually align their learning strategies, according to the ATD Research Report *Aligning for Success*. One-third (33 percent) of leaders in the study say that their strategies are aligned to a high extent, and only 16 percent of

companies are aligning learning and business strategies to a very high extent. The report also reveals, however, that organizations that do align learning and talent development with business strategy have better market performance compared with organizations with lower levels of alignment. Among respondents from high-performing organizations, 60 percent said their organization's learning and business goals are aligned to a high or very high extent, contrasted to 49 percent of all organizations in the study.

So, why isn't learning aligned in more organizations with corporate strategy? Research from Bersin by Deloitte done in 2015 finds that not all organizations have an overall talent strategy, which it defines as interlocking decisions related to talent that enable an organization to most effectively execute its business strategy. "The talent strategy should provide leaders with guidance as to the critical investments—as well as some of the tactical decisions—that should be made," explains Stacia Sherman Garr, vice president of talent and HR research for Bersin by Deloitte.

But developing a talent strategy remains a challenge for many organizations. In Bersin by Deloitte's survey of 454 organizations, just 12 percent of organizations have a clear talent strategy with advanced and integrated talent processes in place. The survey also reveals that of those organizations that rate themselves at the highest level of effectiveness on business outcomes, at least half have an established talent strategy with some or many advanced processes in place. "Organizations with a talent strategy are more than four times as likely to be in the top quartile of business outcomes. These business outcomes include innovation, improving processes to maximize business efficiency, and anticipating and responding to business changes efficiently and effectively," says Garr.

Why don't more organizations have a talent strategy? The answer may simply be that one isn't required or expected by top leaders. Talent development expert Edward E. Lawler argues that some business leaders believe their organizations can survive without top talent. No need for talent equates to no need for a talent strategy. Meanwhile, others may acknowledge that talent management is important, but not as important as other business functions such as finance or technology. "Many executives are unable to see the relationship between talent issues and the business strategy of their organization," explains Lawler in a 2016 *Forbes* article. Consequently, chief talent development officers must take it upon themselves to develop a talent and learning strategy and link it to the overall business strategy.

Source: Excerpted and adapted from Ryann Ellis, "All About Alignment," *CTDO Magazine*, Summer 2016. Available from <https://www.td.org/magazines/ctdo/all-about-alignment>.

The research results discussed in our opening vignette make an important point about the relationship between organizational strategy and organizational success, and the impact employees have on both of these issues. Employees need the tools to be successful and help the organization achieve its objectives. Training and development

are essential tools that employees need to have a positive impact on organizational outcomes. To accomplish this, the organization's training and development (or learning) strategy must align with the corporate strategy.

As noted in the introductory chapter, the human resource (HR) department must ensure the company's training and development strategy is in alignment on three factors: the internal environment of the company, the external environment within which the organization functions, and the company strategy. All have to be considered when designing and implementing training and development activities. What follows in this chapter are more in-depth descriptions of each of the key inputs to a training and development strategy.

INTERNAL ENVIRONMENT

The **HR infrastructure** represents the horizontal integration the training and development strategy has across HR functional areas, and across key dimensions in the organization's internal environment. Training and development strategy does not exist in a vacuum, such that the plans made in training and development practices will have an interdependent impact on other aspects of the HR function and all aspects of the internal organizational environment. Training and development programs have to be embedded in a larger system so that HR policies are supported and reinforced across the whole organization. Each department, division, and functional area is so tightly interdependent that, like a Venn diagram, you cannot make a change in part of the organization or HR system without affecting everything to which it is connected. A systematic view of the internal environment indicates four important dimensions to consider: task, people, social, and organization environments.

Tasks

Organizations have to consider the tasks that employees do on a regular basis. These tasks encompass the activities that are essential to the company's business. The **task environment** requires us to understand what employees do, when they do it, and how often they repeat those tasks. This information provides the basis for job analysis and job descriptions. It also requires the organization to know the knowledge, skills, and abilities (KSAs) needed for employees to perform those tasks, which provides the organization with clarity on the job specifications needed for the employees to perform successfully. If an employee is not able to perform the required tasks of the job, this is the opportunity for training to help the employee obtain those skills.

People

The **people environment** includes the demographics of the workforce, including the KSAs, experiences, education levels, and motivations of the employees. The task and people environments of the internal organization directly inform training and development because organizations have to know what tasks are needed for the job,

and whether or not employees are ready, willing, and able to perform those tasks. One way the organization understands the people environment is by tracking employee records, including education, certifications, and any competency or skill training employees have undertaken.

Another way to assess the people environment is through surveys to get feedback from employees on their perceptions of the organization and how it is functioning. PepsiCo, for example, regularly assesses employees for feedback on many things, including benefits, working conditions, compensation, career development, and diversity and inclusion initiatives.¹ This information helps PepsiCo understand the people environment and informs how the organization manages its employees strategically.

Social

The **social environment** considers the social systems within which the employees work. Specifically, it includes the ethical and organizational culture, as well as the leadership style and general company climate. When an organization brings in new employees, it must train them on the way people do work, and familiarize them with the key values and ethical considerations that are important to the organization.

The social environment is one of the hardest environments to identify and communicate to new employees. As we discuss in more depth in Chapter 13, while some aspects of culture are visible and easy to identify, such as company logos and important historical events, other aspects are more unconscious and difficult to put into words. Helping employees get up to speed with the company culture is an important part of onboarding and employee development. Orientation programs should include aspects of culture, but it is through mentoring programs, whereby new employees are matched with more experienced employees who can help new employees navigate the company culture, that many of the unconscious aspects of culture are transmitted.

Ethics is also an important aspect of company culture and values. Because of the liability to companies if employees behave unethically, communicating the company's key values is essential if the company wants to avoid a lawsuit. The ethical aspects of the social environment are typically communicated to employees through ethics training and modeling and mentor programs.

Employee development programs can also directly influence leadership style. The company identifies the type of leadership style it values, and develops management and leadership training to meet those needs. Internal coaching can help employees reach their full potential as leaders, and executive training programs, particularly for high-potential employees, will help the company prepare for future leadership needs. We discuss high-potential employees in Chapter 10 and coaching and development in Chapter 11.

Organization

The **organization environment**, through its vertical and horizontal alignment, including the HR infrastructure, as well as the policies and procedures, is also an important consideration for training and development strategy. The company structure, policies, and procedures create the frame within which the training and development strategy

functions. Trainers should take into account other HR activities when designing training and development programs to ensure the training is in alignment with HR policies and practices. The structure also informs what should be included in onboarding and orientation programs, as we discuss in more detail in Chapter 13, so employees understand what the company does and how company policies and procedures inform day-to-day activities. If the goal of training employees is to ensure they can perform to their maximum potential, understanding how the company is structured is a key factor that affects their ability to succeed.

Interdependence of the Internal Environment

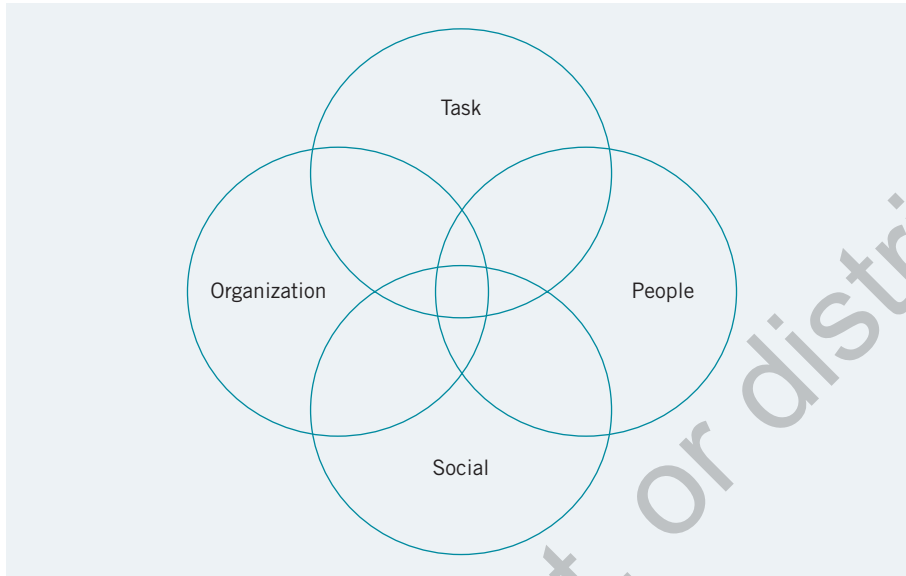
Exhibit 1-1 illustrates the four major categories of the organization's internal environment and how they are interdependent. As noted, changes in one area have repercussions for the other areas. For example, let's assume the organization wants employees to perform a new manufacturing task, fundamentally changing the process. A new task requires an assessment of whether or not current employees have the skills to perform that task. Investigating the people dimension, 25% of the employees who need to perform the task have previous experience, but the remaining 75% must be trained anew. The new task requires the organization to change the manufacturing process, so this affects the organizational procedures found under the organization dimension. Those new procedures must also be communicated to the employees during a training session. Finally, managers have to take into account the company culture, part of the social dimension, when instituting a change to company procedures to ensure employees buy in to the new process. As you can see, instituting a new change is not simple, and requires a broader organization-level view of how the change affects all parts of the organization, including the training and development function. The field of organizational development (OD) addresses organization-level change management, particularly how to make changes within the context of an organization's corporate culture. OD is at the core of the interdependence of the internal environment, and the training and development function works within OD to support overall organizational changes. As noted in the introduction, although OD is not the focus of this textbook, it is important to recognize how OD and change management work hand in hand with training and development.

Chapter 3 addresses needs analysis, which involves investigating the issues, concerns, and gaps in the internal environment that create a barrier to good performance. While needs analysis doesn't always reveal a need for training, the best way to identify training needs and design an appropriate training intervention is through investigating and understanding the four internal environment dimensions.

HR Infrastructure

Within the organizational environment, how does the HR infrastructure specifically impact the organization's training and development strategy? By exploring how some HR management activities affect training and development, we can see how the HR

Exhibit 1-1 Internal Organizational Environment Interdependence



infrastructure informs training strategy. Exhibit 1-2 illustrates the typical training and development concerns relative to other HR activities.

Along with general HR infrastructure concerns, if a company is unionized, this will have a differential impact on the interdependence of HR activities, including training and development goals and activities. The union becomes a partner in the discussion of all HR activities and helps guide the training and development strategy for those employees it represents. Without union voice and buy-in, training programs will likely fail. The collective bargaining agreement should include elements of training and development strategy, along with incentives to encourage union member participation in the training programs.

The goal of the union in collective bargaining is to ensure that employees both personally and professionally benefit from the training interventions. Training should not simply be subterfuge for the organization to generate more profits without sharing those gains with employees. Thus, training and development strategy in a unionized organization should ideally be embedded in a gainsharing program. Gainsharing is a system of management used by a business to increase profitability by motivating employees to improve their performance through involvement and participation.² As company financial performance improves, employees retain a share of the savings associated with improved performance. Gainsharing programs provide a clear connection between performance improvement and employee benefits, and give employees ownership of their work output and organizational success.

Exhibit 1-2 HR Activities and Training and Development Concerns

HR Activities	Training and Development Concerns
Job Analysis	<ul style="list-style-type: none"> Determine training needs given KSAs identified during job analysis
Staffing	<ul style="list-style-type: none"> Develop talent in-house versus acquiring talent Prepare employees for internal hiring opportunities Develop training programs for new employees depending on skill set they bring to the organization
Performance Appraisal	<ul style="list-style-type: none"> Train employees based on performance gap identified in appraisal process
Compensation	<ul style="list-style-type: none"> Design training program with performance incentives embedded
Human Resource Information Systems (HRIS)	<ul style="list-style-type: none"> Store KSAs and training development activities on HRIS

Job analysis.

The purpose of job analysis is to understand the important tasks associated with a job and then identify which KSAs are needed by current or potential employees to do the job. Training and development needs start with job analysis because in order to design a training and development program, you first have to understand what is needed of the employees. Thus, training and development programs are born from the results of the job analysis, particularly if employees are found to not have the KSAs needed to do a particular job.

Staffing.

Staffing strategy and training and development strategy are tightly interwoven.³ Both are directly impacted by corporate strategy and vary depending on the needs of the company. Strategic staffing must consider the staffing levels in the organization, as well as the quality of the employees needed to complete the work of the organization. For example, on the *staffing levels* side, organizations should decide whether they want to acquire talent through the hiring process or develop their talent in-house through the training and development function.⁴ Further, they need to decide if they will hire for vacancies from an external or internal pool of employees. When an organization decides to hire from within, care must be taken to ensure its employees are prepared for potential lateral moves or promotions. This entails having a training and development program that addresses the career needs of employees to ensure they are prepared for the organization's internal labor market. Succession planning is also an important aspect of internal hiring and requires close communication between the HR department's staffing and training and development experts.

On the *staffing quality* side, organizations can hire individuals based on either the skills they bring to the job or the person–organization match with the company

culture. Southwest Airlines is a great example of a company that hires for the person-organization match and then trains the individuals on the KSAs they need to do their job.⁵ Julie Weber, a vice president of people at Southwest Airlines, states the company looks for three characteristics when hiring new employees: a warrior spirit (a desire to excel), a servant's heart (willingness to put others first and proactively serve customers), and a fun-loving attitude (an aversion to taking themselves too seriously).⁶ Once hired, employees are sent to Southwest Airlines University to receive the technical, personal, and professional development needed for a career at Southwest.⁷

Other staffing quality issues include whether to hire for specific or general KSAs, both of which have important implications for the kinds of training that employees may receive. Lastly, the decision to have exceptional or acceptable workforce quality impacts hiring decisions, as well as the training and development decisions that follow. Companies like Apple Inc. not only hire high-quality employees, but also ensure employees maintain their high levels of KSAs and competitive advantage through extensive training and development opportunities. Conversely, companies like McDonald's Corporation, when they hire entry-level workers, are more apt to hire for the minimum acceptable quality needed to do a job (e.g., high school education), while training new hires on the specific skills needed (e.g., running the cash register, cooking hamburgers).

Performance appraisal.

The performance appraisal is the first step to identify the gap between actual and desired performance for employees. The appraisal is designed with respect to the tasks and KSAs deemed essential by the job analysis. While managers should provide ongoing performance feedback to employees, the appraisal process is the formal mechanism whereby employees are assessed on their previous period's performance and subsequently develop a plan to improve performance gaps for the upcoming assessment period. Training and development goals are then set based on feedback from the appraisal process.

As well, we know that training managers to do performance appraisals appropriately and effectively can have a direct impact on the quality of employee performance.⁸ All too often, organizations invest in sophisticated performance appraisal system design but fail to teach managers how to do performance assessment. Training managers and supervisors how to do performance assessment involves not only documenting employee performance to identify gaps needed for training purposes, but also daily coaching and fostering employee development, both of which are central to the development function, discussed further in Chapter 11.

Compensation.

We know from motivation theories that in order to sustain performance, employees need reinforcement. One way to reinforce employee performance is through a "pay for performance" system. Whether the employees receive merit pay or bonuses as a reward for past performance or are provided an incentive to induce future performance, a pay for performance system must work in conjunction with the training and development strategy to reinforce the KSAs needed to achieve high levels of performance among employees.

Human resource information systems.

An organization's information technology (IT) system should include a human resource information system (HRIS) to keep track of HR activities. More HR activities are being conducted online, including benefits management, recruitment, selection, and training and development. Computer-based training (CBT) is an easy way to track employee progress on training goals and expectations. Along with conducting training online, organizations can keep track of performance data and use the HRIS to manage succession planning and internal hiring and promotions. An HRIS also keeps track of employees' skills through a skill inventory. This database can be searched when trying to identify employees who are qualified for a promotion, and also when determining the types of training individual or groups of employees may need to meet job requirements. Training and development works best when there is an integrated IT system to help employees, managers, and HR professionals keep track of KSAs, as well as the detailed training and development plans for the organization. The role of technology in training and development is discussed further in Chapter 9.

COMPANY STRATEGY

Aligning Company and Training Strategies

Company strategy and training and development strategy must be in alignment in order for training and development to meet organizational needs and be effective. According to the Association for Talent Development (ATD), "If the organization is to successfully act on its strategy and meet its goals, the workforce must possess the necessary skills to carry out the actions described in the strategy. For this to happen, the organization must have a learning strategy that is synchronized and closely aligned with the business strategy."⁹ ATD's 2015 report on aligning business strategy and employee performance found that in 2013, almost half of the survey respondents said their training strategy was in alignment with corporate strategy to a high or very high extent.¹⁰ Another third said their training strategy was in moderate alignment with corporate strategy. Only 3% argued there was no alignment. Those organizations that exhibited high or very high alignment between corporate and training strategy also had higher market performance than those with low levels of alignment.

What is probably most disturbing is the difference between what learning professionals felt about the importance of strategy alignment and their perceptions of what business managers thought was the importance of strategy alignment. Ninety-three percent of learning professional respondents thought strategy alignment was highly important or critical, whereas only two-thirds of those surveyed said they thought business managers believed strategy alignment was highly important or critical. This presents a big opportunity for learning professionals to bring managers on board with respect to the importance of aligning training and corporate strategy.

Research by Impact International underscores ATD's findings and argues all levels of management must buy in to the idea that training and corporate strategy have to be in alignment in order for training and development activities to be effective.¹¹

This research indicates four key questions that organizations must answer in order to align training and development strategy with corporate strategy.

1. How can you garner support or sponsorship from senior management so that learning and development is regarded as key to driving the business strategy?
2. How do you ensure that the learning and development you are delivering is in alignment with the business strategy?
3. What methodologies can you leverage in your learning and development that will make the company's strategies run through them?
4. How do you involve line managers' pre- and post-learning and development delivery in linking program content to the business strategy?

Impact argues the best way to protect training budgets is to make a clear link between corporate strategy and investment in training and development. By demonstrating value, return on investment, and the real business impact of training initiatives, the use of actual company-specific strategic issues and challenges makes training and development both timely and relevant. Chapters 5 and 6 cover how to evaluate training programs in this way. Impact makes the following suggestions on how to best address these four key issues.

Senior management support.

Without top management support, most corporate initiatives fall flat. Training and development is no different. Impact suggests a good way to get top managers to buy into the company's training and development strategy is to have them experience a portion of the flagship training and development programs for themselves. Once they have actively participated, they will be more likely to play a key role in content and delivery of the programs for other leaders in the company.

Ensuring alignment with corporate strategy.

Because corporate strategy today is much more of a moving target than it was 20 years ago, it is imperative to recruit a strategic steering group that not only understands the importance of training and development but also can identify and respond rapidly to changing training needs as strategy evolves. Just as just-in-time inventory was born from the need to manage inventory strategically, so must just-in-time learning solutions be developed to manage the organization's training and development needs.

Training methodologies to support corporate strategy.

With a rapidly changing environment, evolving strategies require innovative solutions and training methodology. One way to create state-of-the-art training content is to use realistic, live strategy cases and action learning, which are company-specific. This creates transparency, as well as provides trainees with up-to-date information on strategic issues

for the company. Impact calls this a “triple hit” approach to training and development—state-of-the-art development techniques (discussed further in Chapters 7 and 8), better understanding and commitment to company strategy, and actual productive solutions to real strategic problems. In fact, recently published research argues that companies that use training and development programs to enhance their corporate strategy are more likely to experience greater productivity among employees and profitability for the organization.¹²

Line managers link training content to corporate strategy.

Line managers are no different from top management when it comes to the importance of buy-in for training investment. Getting them directly involved in aspects of training programs, whether as stakeholders, panelists, or dialogue partners, is key for ensuring training content transfers into action. Another important consideration is to link compensation to training involvement, which helps create a rich culture that values training and development at all levels of the company.

Corporate Strategy Theories

In order to best align corporate strategy to training and development strategy, understanding how corporate theory guides organizational action is important.¹³ There are many theories of how corporate strategy helps organizations obtain a competitive edge. In a broad sense, organizations grow, stabilize, or retrench (shrink). Typically, this decision is based on external economic factors (discussed in the next section) and company success, such as profitability and market share. How the company wants to position itself in the market, as compared to competitors, drives its competitive strategy. One researcher, Michael Porter from Harvard Business School, identified generic competitive strategies, describing how an organization responds to competitive pressures to achieve its competitive advantage.¹⁴ Similarly, Raymond Miles and Charles Snow designed their strategy typologies based on the degree to which an organization is aggressive with respect to risk taking and product innovation.¹⁵ Regardless of the strategy undertaken, all organizations can benefit from a well-developed training and development strategy. Training and development activities benefit all companies, and ensuring those activities are in alignment with corporate strategy is the key for an organization’s success.

Differentiation and prospector strategy.

Let’s start by looking at the strategy typologies of Porter, and Miles and Snow. Exhibit 1-3 illustrates the training and development activities associated with a variety of competitive strategies. Apple computer products are known for being highly innovative and high in quality, with great customer service and state-of-the-art product attributes that are always in high demand. Consider the iPhone; Apple revolutionized the smartphone market, forcing the market leader at the time, BlackBerry, out of market dominance. Apple would be considered to have a **differentiation strategy** under Porter’s typology, or a **prospector strategy** under Miles and Snow. Talented employees are a central feature

Exhibit 1-3 Corporate Strategy and Training and Development Activities

Porter	Miles and Snow	Training and Development Activity
Differentiation	Prospector	<ul style="list-style-type: none"> Hire and train high-quality employees Institute development program for employee advancement and high-potential employees
Cost Leadership	Defender	<ul style="list-style-type: none"> Train for job-specific skills and cost efficiency Develop managers in a “cost-conscious” culture
	Analyzer	<ul style="list-style-type: none"> Train employees around company core competency Focus on career development rather than growth opportunities
	Reactor	<ul style="list-style-type: none"> Offer outplacement services Retrain workers when there are reductions in force

of differentiation strategy companies like Apple. Exhibit 1-4 highlights the importance of training and development at Apple Inc. While differentiation strategy companies may be able to hire talented employees right out of the gate, in order for these employees to remain highly innovative and sustain their competitive advantage, they must be trained on the latest technologies and innovations. Further, developing them so they can continue to grow and contribute to the company is essential to retain these highly talented, in-demand employees.¹⁶

Cost leadership and defender strategy.

Although no one would disagree that companies following a differentiation strategy clearly benefit from a training and development strategy, cost leadership companies

Exhibit 1-4 Training and Development at Apple Inc.

Apple Inc. founded Apple University to initiate employees into the Apple culture and way of doing business. This program, while highly secretive, is a key component of Apple's competitive advantage in the computer, smartphone, and tablet markets. According to a 2014 article in the *New York Times*, the company intranet gives employees the opportunity to sign up for classes that meet their unique needs. Whether they take courses in communication, innovation, or business decision making, all employees are afforded the opportunity to grow and develop with Apple. While the courses are voluntary in nature, according to Brian Chen, Apple has no problem getting employees to enroll.

Source: Brian X. Chen, “Simplifying the Bull: How Picasso Helps to Teach Apple’s Style,” *New York Times*, August 10, 2014. Available from <https://www.nytimes.com/2014/08/11/technology/-inside-apples-internal-training-program-.html>.

can also benefit from comprehensive training and development. While this may seem counterintuitive given the costs associated with a plan of this type, consider Walmart's training and development strategy. Walmart competes on price and would be classified as engaging in a **cost leadership strategy** under Porter, or a **defender strategy** under Miles and Snow's typology. Because its focus is on effective cost management in order to compete on low price, one might think the company doesn't engage in training or development for its employees because that represents an extra cost to Walmart. When profit margins are tightly controlled in order to manage profitability, any excess costs are considered detrimental to organizational success. However, in order to ensure employees are cost-conscious, they should be instructed on how to work efficiently. Managers should be trained in how to help employees be cost-efficient as well.¹⁷

A quick glance at Walmart's website demonstrates that the company takes both training and development activities seriously, for associates as well as for store managers.¹⁸ Of note, Walmart offers mentoring programs, leadership courses, and assistant management training for those interested in a career in retail. Training for associates is very job-specific and includes elements of workplace safety and equipment usage, as well as in-depth knowledge about the products they'll be selling. Training also focuses on how to up-sell products, as well as how to minimize waste. All in all, without clear direction and instruction on how to best meet Walmart's strategic objectives, employees may hinder, not help, the company achieve profitability.

Analyzer strategy.

The **analyzer strategy** is part of the Miles and Snow typology. **Analyzers** fall between prospectors and defenders. They are not first movers, like prospectors, but they like to innovate, usually as second or third to market. Their focus, most often, is on incremental improvements to existing products. Analyzers also find parts of their business may be focused on high-end innovative products, while other parts of their business are focused on cost cutting. As such, they have a balanced portfolio that includes both stable cash generators and cutting-edge innovative products. Training and development strategy for analyzers is the most diverse because it must focus on both innovation and cost management. Workers are trained on the company's core competency, and development activities focus on engaging employees with well-developed succession plans to retain and challenge workers when growth is slow. The evaluation process for analyzers also focuses on redeploying or dismissing unqualified workers and on nurturing core workers.¹⁹

Procter & Gamble (P&G) is a great example of an analyzer company.²⁰ P&G has brands that are dependable and profitable, such as Tide detergent and Pampers, but it also has an active research and development program to bring new innovative products to market on a regular basis. P&G prides itself on being a "build from within" company, meaning training, developing, and retaining employees over their entire career is central to P&G's training and development strategy. Leadership training and mentoring programs are also consistent with companies that value incremental improvements to their core competency, as it takes a long-term view of skill development.

Reactor strategy.

Miles and Snow have another strategy category that differs from Porter. The **reactor strategy**, however, is a misnomer. In reality, the reactor strategy company does not have a strategy, but instead reacts to environmental conditions in an inconsistent manner. Companies that are reactors have only two paths: switch their strategy to prospector, defender, or analyzer, or eventually decline and fail. Training and development activities can be directly influenced by a reactor strategy. For example, if a company is laying off employees, it may choose to utilize outplacement training for those being released. Outplacement training helps employees with résumé building, job retraining, career consulting, and career coaching. Organizations may also choose to cross-train employees so those who are retained can also do the jobs of those who are released from the company. The hope is that companies will eventually learn that a reactor strategy is not sustainable and begin to properly invest in and develop the company to compete in the market. Training and development can either help the company right itself to be more strategic or help the company close its doors more efficiently.

EXTERNAL ENVIRONMENT

The organization needs to make decisions based on issues going on in the surrounding environment. The external environment provides the context in which the organization functions. Within the external environment, factors such as the economy, political–legal issues, sociocultural issues, and technology impact the organization. These issues also impact training and development decisions and inform the training and development strategy.

Economic Environment

Given economic conditions, along with variables such as customer demand for the company's products, organizations have to decide how to respond to the market. They may decide to grow to take advantage of market opportunities, shrink and divest themselves of poorly performing divisions with a retrenchment strategy, or focus on how to maintain profitability, without expanding or contracting the business, through a stability strategy. These decisions are driven by economic forecasts. Training needs will differ depending on the direction in which the organizations head. Exhibit 1-5 illustrates how training and development needs may vary given economic conditions.

When a company is growing quickly, employees have tremendous advancement opportunities and must be kept up-to-date in the rapidly changing market. Alternatively, while one might argue that if the company is laying people off, there will be little room in the budget for training and development activities, this is actually the most important time for employees to broaden their skill set so they can learn how to “do more with less.” With fewer employees, more will be asked of them, which requires them to have the skills to work more efficiently. Even a stability strategy demands that employees understand how to manage costs if the market is slowing down in order to maintain profitability.

Exhibit 1-5 Strategy Based on Economic Conditions

Strategies Based on Economic Conditions	Impact on Training and Development
Growth	<ul style="list-style-type: none">• Keep employees up to speed on skills needed to meet rapid growth needs of company• Provide development and promotion opportunities
Stabilization	<ul style="list-style-type: none">• Train employees on efficiency and cost containment• Provide customized career planning to keep employees engaged when growth is slow
Retrenchment	<ul style="list-style-type: none">• Cross-train employees for maximum staffing flexibility• Offer organizational development activities to help employees adapt to changes in organization

Political–Legal Environment

The political–legal environment is an important consideration for organizations as well. The law can open or constrain opportunities for businesses. For example, Glass–Steagall legislation from the U.S. Banking Act of 1933 limited commercial bank securities, activities, and affiliations within commercial banks and securities firms.²¹ Parts of this legislation were later repealed in 1999 under the Gramm–Leach–Bliley Act,²² offering an excellent example of the impact government and politics can have on the expansion or contraction of business opportunities. As businesses expand or contract, different types of training and development activities may be utilized to help them adapt to government regulations. Along with the legislation, government programs may create incentives for organizations to invest in certain areas of the economy. Offering grants or low-interest loans and offering training opportunities in certain skill areas are examples of ways the government can support growth and development in different sectors. Appendix B provides information on how companies can outsource their training and development function and build partnerships with government, as well as private agencies.

Technological Environment

Technological advances also offer interesting challenges to businesses, whether a company is in the tech sector or is the beneficiary of technological advances in terms of its ability to offer products or services. Because technology changes so rapidly, employees must be kept abreast of those changes, particularly how the company expects to use the technology now and into the future. This creates a training need for companies if they want to keep pace with these advances. The impact of technology on learning and training delivery is also salient to organizations. These topics are addressed in more detail in Chapter 9.

Sociocultural Environment

Sociocultural issues are also a consideration for organizations. Ethical trends in industry and society have an impact on business decision making. These trends filter down

into the organization, putting pressure on it to train employees on the latest in ethical compliance programs. As our workforce becomes more diverse, training employees to work in diverse organizations and manage the inherent conflict that goes along with that diversity is imperative. Working in a global economy also requires high levels of competencies, including adaptability, an openness to new experiences, and a willingness to work with diverse others. Because the organization is considered a microcosm of the sociocultural issues going on in the external environment, and it must respond to the political–legal, economic, and technological challenges ahead, consideration of the external environment is an important input into training and development strategy.

ETHICS AND TRAINING STRATEGY

The training and development industry is held to similar ethical standards as would be expected in any profession or industry. Exhibit 1-6 illustrates the ATD Code of Ethics. While the code does not specifically address issues of corporate and training strategy alignment, as noted in the ATD survey highlighted in the “Company Strategy” section of this chapter, 93% of learning professionals believe alignment of corporate and training strategy is very important or critical. Even if there is strategy alignment, however, this doesn’t guarantee that the training and development function will be handled ethically.

Exhibit 1-6 Association for Talent Development Code of Ethics

The Code of Ethics provides guidance to individuals to be self-managed talent development professionals. Clients and employers should expect the highest possible standards of personal integrity, professional competence, sound judgment, and discretion. Developed by the profession for the profession, the Code of Ethics is the public declaration of talent development professionals’ obligations to themselves, their profession, and society.

I strive to:

- Recognize the rights and dignities of each individual to develop human potential
- Provide my employer, clients, and learners with the highest level of quality education, training, and development
- Comply with all copyright laws and the laws and regulations governing my position
- Keep informed of pertinent knowledge and competence in the workplace learning and talent development field
- Maintain confidentiality and integrity in the practice of my profession, support my peers, and avoid conduct which impedes their practicing their profession
- Conduct myself in an ethical and honest manner
- Improve the public understanding of workplace learning and talent development
- Fairly and accurately represent my professional credentials, qualifications, experience, and ability
- Contribute to the continuing growth of the profession

Source: Association for Talent Development, “Vision, Mission, Code of Ethics.” Available from <https://www.td.org/about/vision-mission-code-of-ethics>.

The ATD Code of Ethics requires a set of behaviors that minimizes the organization's liability.²³ Only when the company's legal and ethical obligations are being addressed can training and corporate strategy alignment have an impact on company success. Holding training and development specialists to ethical standards is consistent with the need to establish and understand the overall ethical standards highlighted in the social environment (see the "Internal Environment" section).

Another important way training and development professionals can help establish and maintain a company's ethical culture and social environment is to conduct ethics training programs to ensure the organization is in compliance with all legal and ethical standards the company finds important. The relationship between the law and ethics is discussed further in Chapter 2.

GLOBAL ISSUES IN TRAINING STRATEGY

ATD conducted an unprecedented study of 1,373 global talent managers in 2015.²⁴ The purpose of the study was to develop a benchmark of organizational talent development functions across the globe. "By looking at key metrics by global regions, this research will aid talent development (TD) professionals in benchmarking their practices against those of their peers in their own region. The data will allow TD functions in organizations with global and multinational staff to evaluate learning using statistics and insights from each region, as well as tailor talent development offerings to each region's unique learning environment." The survey addressed four basic questions:

1. What are the influences, challenges, and outlooks that shape the decisions of organizational TD functions?
2. Where does talent development fit within the organizational structure, and what resources and training are organizations offering their talent development teams?
3. How much do organizations budget for talent development activities, to what extent do organizations outsource their talent development activities, and what are some of the challenges in ensuring outsourced activities are effective and efficient?
4. What is the talent development experience like for a typical employee? In other words, how many formal learning hours do employees receive, and what content areas are emphasized? (Formal learning hours refer to learning that occurs, or can occur, as a separate, stand-alone activity, not embedded in work activities.) How is learning content being delivered to employees?

Globally, training and development activities do vary from region to region for a variety of reasons. Government regulation, economic conditions, educational systems, and technology differ depending on where you live and what kind of industry

and infrastructure exist to support the growth of business organizations. One point is abundantly clear in the ATD report: Training and development activities anywhere in the world are driven by economic conditions. Where there are more stable economies with industry and job growth, we are more likely to see greater investment in training and development at the organizational level.

ATD's research had several important findings. Because this was the first study of its kind, there is no longitudinal data against which to compare results for the 2015 study. The study, however, came up with four issues of note. First, the number of annual learning hours for employees was relatively stable across regions (no statistically significant difference across regions), averaging 34.4 hours annually. Second, there was agreement between all regions that the most important trend in talent management is ensuring there is a strategic link between learning and employee and organizational performance. Third, respondents in all regions agreed that building a culture that supports learning, training, and development is the most important challenge facing the talent development industry. Lastly, although training content varied across regions depending on regional, local, and organizational needs, managerial and interpersonal skills were seen as important regardless of regional and local needs.

The ATD report underscores the importance of considering the three key inputs in our framework for strategic training and development no matter what region of the world the company is situated. Knowing company strategy, the internal organizational environment, and the external environment within which the organization does business is essential to develop a training and development strategy that meets the organization's need for success. Despite some regional differences, organizations across the globe believe that training and development is a key variable for organizational success, and developing a learning culture is essential to support training and development.

CHAPTER SUMMARY

This chapter introduced the topic of training and development strategy. The organization's internal and external environments—including the employees' skills, motivations, and needs; the company's infrastructure and strategy; and economic, technological, social, and political-legal trends—drive training and development strategy. Taking these issues into account, the organization develops a plan for how to best ensure its employees have the KSAs needed to do the job. Depending on a company's

focus, it may design a training program to meet the immediate need for KSAs and/or develop a plan to prepare employees to meet future demands. In all circumstances, a comprehensive needs analysis must be done, and the outcomes from the training and development strategy must be assessed to see if it had the intended impact. Regardless of the company strategy, all companies across the world can benefit from aligning their training and development strategy with their corporate strategy.

KEY TERMS

Analyzer strategy. A company strategy that focuses on incremental innovation, in which the company is typically second or third to market with new products and balances its portfolio with both innovating, high-risk companies and stable cash generators.

Cost leadership strategy. A company strategy based on pricing, specifically setting prices low as compared to competitors.

Defender strategy. A company strategy that protects the company's market share, engages in little new product development, and focuses on improving the efficiency of the company's bottom line.

Differentiation strategy. A company strategy that involves competition based on quality, product attributes, and customer service.

HR infrastructure. The horizontal integration of human resource functional areas, including job analysis, staffing, performance appraisal, compensation, training and development, and human resource information systems.

Organization environment. The way a company is organized, through vertical and horizontal alignment, including policies and procedures.

People environment. The demographics of the workforce, including the knowledge, skills, abilities, experiences, education levels, and motivations of the employees.

Prospector strategy. A company strategy that focuses on product innovation and market opportunity, along with a willingness to take risks.

Reactor strategy. A nonstrategy in which the company reacts to environmental concerns rather than proactively develops a strategy for business success.

Social environment. The social system within which employees work, including the ethical and organizational culture, leadership style, and company climate.

Task environment. What employees do, when they do it, and how often they repeat the tasks of their job.

END-OF-CHAPTER QUESTIONS AND EXERCISES

Discussion Questions

1. What is the importance of developing a training and development strategy that is in alignment with corporate strategy?
2. What are the internal dimensions that impact training and development? How do they interact to have an impact on training? Give an example of a training intervention an organization implements and how it impacts the four internal dimensions of the organization.
3. What type of training and development interventions directly impact the social environment? Do you think training or development has the biggest impact on the social environment, and why?
4. Why is it important to understand the interrelatedness of different HR functions in the company? Illustrate how training activities can influence other HR activities in the company.
5. How do you think unionization will change the way a company does training and development? Why is it important for union buy-in when developing a training and development strategy?
6. Discuss the close relationship between staffing strategy and training and

development strategy. Give an example of how the activities for both functions overlap and support each other.

7. Explain how training and development is an important output from the performance appraisal process. What is learned during performance assessment that informs training and development activities for employees? Why is it important these two functions are closely linked?
8. Training and development strategy should be in alignment with corporate strategy in order to function at its best. Summarize what you think is the reasoning behind Impact International's four major questions that must be addressed.
9. Discuss the reason why cost leadership strategy companies can benefit from training and development. Be specific about the benefits for the organization, for managers or supervisors, and for employees.
10. Analyzer strategy companies face a unique challenge in that areas of their company may compete on product attributes, and other areas may compete on price. Discuss the challenges training specialists may face in designing a training and development strategy. What is the best way to organize the company to meet these unique training and development needs? Outline and describe a training and development strategy in an analyzer company.
11. How can training and development benefit a company if the economy is struggling and the company is in a bad financial position? Describe the benefits of doing training and development in all economic conditions.
12. Discuss the interplay between company culture and ethical training. What is the relationship between training and development strategy and ethical culture? How can training and development have an impact on ethics?
13. Consider an organization that has a global presence. How does training and development strategy differ across different global locations for the company? Is it the same at all locations? If so, why? If not, why not?

Ethical Scenario

The Dilemma of Training People About Ethical Dilemmas

Jane was the director of human resources at Voltage Corporation, having been promoted to the position from her previous role as the training and development manager. Voltage had recently been taken public and now had a whole range of new compliance requirements ordered by the government. Jane had just gotten out of a meeting with the CFO and CEO of the company, and was feeling frustrated.

As the company was ramping up for its initial public offering (IPO), Jane had been developing a comprehensive workplace ethics and corporate compliance training program with the new training and development manager, Tim. Tim had suggested that they make sure employees are trained on compliance laws such as Sarbanes–Oxley²⁵ as soon as the public offering was completed. Jane agreed and thought it might be beneficial to expand the training to more than just compliance issues. She thought it made sense to also establish the company's ethical norms and help train employees to be aware of ethical dilemmas and reason through common challenges. She and Tim developed the budget and put together the proposal to go to the CFO and CEO for final approval. In the meantime, Tim began developing the materials to be included in the comprehensive training program.

During the meeting, the CEO said the company could *not* afford to do any training right now because it was waiting for the dust to settle financially after the IPO. The CEO said, "Look, we can't train people to be ethical. Why spend the money on something that will give us little return on our investment? We have to be really careful right now because *now* we are beholden to shareholders and their need to maximize profits. Forget training—it's not going to happen. What's next on your list?" Jane responded that at a minimum, they needed to make sure people understood the requirements in Sarbanes–Oxley and some other compliance issues required of publicly held companies. The CEO agreed but wanted nothing more than the bare minimum invested in

training, so it did not include a comprehensive program that included ethical dilemma training.

Jane knew this was a mistake but needed to find a way to persuade the CEO that dollars for comprehensive ethics training were needed or the company would risk everything it had tried to do by going public in the first place.

You are sitting in a meeting with Jane and Tim. Consider the ATD Code of Ethics; what would you advise them to do? Why is the training essential to help the company be successful and reach its strategic objectives? Compose a detailed argument Jane can use to persuade the CEO to do more than the minimum, but ensure the program includes ethical decision-making training.

1.1 Global Economies and Training Needs

Review the following video on the TED website:

Rainer Strack, “The Workforce Crisis of 2030—and How to Start Solving It Now,” TED@BCG, October 2014. Available from www.ted.com/talks/rainer_strack_the_surprising_workforce_crisis_of_2030_and_how_to_start_solving_it_now.

Rainer Strack’s TED Talk addresses a number of concepts we discussed in this chapter: global economies, need for skills, technology, people strategy. Given his point of view on the impact of technology on supply and demand for employees and their unique skills, this has huge implications for training and development strategy. Analyze his TED Talk (the transcript is available on the website) and indicate which of the key points in his video will affect training and development strategy for global businesses. Use the textbook main points to describe and support why they will have an impact and make recommendations on how to best address the main points in Strack’s talk.

1.2 Strategy Identification and Alignment: Siemens Versus Aldi

A. Siemens

Source: “Training and Development as a Strategy for Growth: A Siemens Case Study.” Available from

<http://businesscasestudies.co.uk/siemens/training-and-development-as-a-strategy-for-growth/introduction.html>.

Siemens is a global corporation focusing on electrification, automation, and digitalization. It employs 348,000 employees in over 200 countries. Siemens values training and development and believes its strategy supports training and development.

Answer the following questions about the Siemens corporate strategy, as well as its approach to training and development. Utilize the Siemens website for information, including its financials, as well as other resources available on the internet.

Case

Siemens is a leading technology business and one of the largest electrical and electronics engineering companies in the world. In the UK, it employs over 20,000 people and is in the top three electrical and electronics companies in the world.

It has been a pioneer in innovation since 1843 when Siemens installed the first street light in Godalming, Surrey. In 2006, Siemens UK invested over £74.4 million on research and development.

The company designs and manufactures products and services for both industrial customers and consumers. It operates in three main sectors:

- In industry, Siemens develops systems for transport, for example, London’s traffic monitoring for its congestion charge scheme. It is also the second largest provider of trains for major UK rail companies like FirstGroup. Siemens also provides lighting and electrical systems for major construction projects.
- In energy, Siemens’ work is wide-ranging. It makes systems for transmitting and distributing power for power companies including building power stations and wind farms. It also provides energy metering services, for example, water meters for businesses and consumers.

- In healthcare, it specialises in equipment to help medical diagnosis, such as MRI scanners and imaging technology. It also provides equipment for testing blood in laboratories.

Siemens's technology appears in every aspect of everyday life, for example:

- the electronic "eye" (Hawk Eye) helps umpires in tennis and cricket matches
- 9 out of 10 cars contain Siemens products
- 20,000 domestic products like toasters are used in homes every day
- systems such as Pelican crossings keep people safe. Car parking systems help guide traffic quickly to free spaces, keeping traffic moving and reducing pollution on the roads

To keep its world-leading position and grow in a competitive environment, Siemens aims to deliver quality products and services. To do this, it needs people with first class levels of skill, knowledge, and capability in engineering, IT, and business.

The size and varied nature of its business means that Siemens requires many different types of people to fill a wide range of roles across the company. These include skilled factory workers, trade apprenticeships, designers, and managers.

This case study explores how Siemens manages its ongoing need for skills through training and development.

Identifying Training Needs

For a business to be competitive, it is important that it has the right number of people with the right skills in the right jobs. Workforce planning enables Siemens to audit its current staff numbers and the skills it has in place as well as identify where it has skills gaps needed to meet its business objectives.

For instance, Siemens is relocating its main plant in Lincoln to a bigger site outside the main city.

This will require new skills for the work to be done there. A plan has been constructed to analyse which skills the company has and what training will be needed for staff to use the new technology in the new location.

Siemens needs new skills for many reasons:

- to maintain competitive advantage, in ensuring Siemens has people with the right skills to develop new technologies and innovations
- to ensure Siemens has a pipeline of talent and minimal knowledge gaps, for example, due to retirement
- to fill a gap following the promotion of existing employees

Siemens is a business focused on innovation. This means it needs to anticipate and respond to rapid changes in the external business environment. For example, climate change and the growing emphasis on its carbon footprint has massively increased Siemens's focus on wind turbines and renewable energy sources to address this. Siemens needs to attract employees with the appropriate skills, either by recruiting people into the organisation or by training existing employees to develop more skills.

A recent example of opportunities was the 2012 Olympic Games in London. Siemens helped advise the Olympic bid and has great opportunities in providing security, healthcare provisions, media and communications technology for the Games.

Training

Training involves teaching new skills or extending the skills employees already have. There are two forms of training. As well as induction training, where new employees learn the basic information they need to begin working, Siemens has three main development programmes designed for "Entry Level Talent," i.e. those beginning their career with Siemens after education.

Apprenticeships. Siemens offers a variety of technical apprenticeships, aimed at school leavers who want to “earn as they learn.” Apprentices can join a variety of engineering/IT apprenticeships across a variety of locations in the UK, although the majority start their working life from their home town working at their local Siemens site.

Apprenticeship training is a combination of off-the-job college training and on-the-job work experience. Apprentices work to achieve their HND [Higher National Diploma] qualifications in their related field. Entry requirements vary depending on the programme, but fundamentally applicants require good communication skills and the ability to work in a team.

Siemens believes apprenticeships provide a clear route in developing staff for the future growth of the organisation.

Siemens Commercial Academy. The Siemens Commercial Academy was launched in 2005 to further enhance the pipeline of financial and commercial capability within Siemens. The programme lasts four years and is regarded as an alternative to going directly to university.

Aimed at students who have a keen interest in Business and Finance, the programme enables students to rotate around various finance and commercial placements including Accounting, HR, Procurement and Corporate areas.

The trainees who join the programme split their time between studying toward an HND in Business with Finance and working at Siemens. Students study toward the degree at the European College of Business Management, as well as take part in personnel development training such as communication and presentation skills. IT courses and German language training are also available.

Siemens Graduate Programmes. Siemens recruits graduates into three core areas of the business:

- Engineering including electrical/electronic, mechanical/mechatronic systems, broadcast, process, and manufacturing
- IT covering research, development, design, and consultancy
- Business including finance, HR, sales, project, and operational management

All Siemens graduate recruits are treated as individuals. They enter the business with relevant skills, knowledge, and experience and the potential to do many different roles. Each graduate has a discussion with his or her line manager when they start, to decide on their individual training and development plan.

Where appropriate Siemens supports graduates to gain further qualifications. These include gaining chartered engineer status through institutions such as IET [Institution of Engineering and Technology] or IMechE [Institution of Mechanical Engineers]. The typical graduate profile is varied.

Craig Finlayson graduated from the University of Paisley with a degree in Information Technology. He worked on the BBC account in London within the project finance team. He now works in Sales Support and Portfolio on various projects.

Anna Carder, HR Graduate, joined Siemens in 2006 from Aston University with a BSc in Managerial and Administrative Studies. Anna is currently in her third and final placement in the Recruitment & Sourcing team of Global Shared Services. She has previously worked in two other placements in Corporate Personnel where she worked as part of the Talent Management team followed by an HR operational placement within Siemens Traffic Controls in Poole. Siemens is currently supporting Anna in her studies for her CIPD [Chartered Institute of Personnel and Development] qualification through distance learning.

Development

The costs of recruiting staff are high. It is far more cost effective to keep good staff. Siemens need[s]

well-trained employees with good key skills and capabilities, especially communication and team working skills.

This gives Siemens a competitive advantage as employees will be more flexible, adaptable to change and be more creative and innovative. They do their jobs better and are able to develop into other roles in the future.

Siemens implemented the Siemens Graduate Development Programme in 2005, as a means of developing graduates with the essential skills set they need in their everyday role and to equip them for a long-term career at Siemens.

Every graduate that joins Siemens, regardless of role or location[,] joins the 2 year programme. This consists of 9 modules including team working, customer focus, project management, communication skills, and business writing. The training is hosted at a number of Siemens sites, so graduates get exposure to different parts of Siemens, learn about the business, and network amongst the graduate population.

By improving the development opportunities, employees feel the company values them.

The motivation theories of Maslow (see Chapter 3) show that staff work better when valued. This delivers long-term commitment and ensures benefits to the company.

Evaluation of Training and Development

Well-trained employees provide a number of benefits that contribute to a business' competitive advantage.

To measure the effectiveness of its training and development, Siemens uses an appraisal system, known as a Performance Management process. Employees and their line managers agree [on] objectives at the beginning of a placement and progress is then monitored formally and informally throughout the placement. This helps to focus everyone on the developing needs of the business.

Annually, the results form the basis of a staff dialogue where the employee's manager reviews the progress toward the objectives that have been set. Feedback is discussed with the employee and any development needs are captured in order to decide appropriate training. Together, new objectives for the following year ahead are set. In some instances, appraisals are linked to pay reviews. In these cases, pay rises depend on employees meeting or exceeding their objectives.

There are several benefits for Siemens in using appraisal. It can:

- ensure that all training is being used well and for the best interests of the company
- keep all staff up-to-date in a fast changing business
- make sure that staff are well motivated
- get feedback from staff on changes
- make sure staff are involved in changes.

Conclusion

Training and development helps the growth of a business.

Siemens has a clear focus on having a well-motivated and trained workforce. The company needs to have motivated and confident staff who have up-to-date skills in order to remain competitive. In addition, well-trained staff are an asset to the business and help to retain customers.

Well-trained staff who remain with the business mean that customers enjoy continuity. This contributes to customer loyalty and leads to repeat business.

Staff who feel valued stay longer in a company. This means that Siemens's costs of recruitment can be reduced, resulting in cost savings across the organisation.

Additional Sources

Siemens, “Company: Discover Opportunities.” Available from <https://new.siemens.com/us/en/company/jobs.html>.

Siemens, “Strategy Overview.” Available from <https://new.siemens.com/global/en/company/about/strategy/overview.html>.

Questions

1. Identify the Siemens corporate strategy. Give examples of why you would classify it as such based on the information in the chapter.
2. Analyze Siemens based on our framework for training and development strategy:
 - a. What key internal factors does Siemens take into account when developing its training and development strategies?
 - b. What external factors has Siemens considered in its training and development strategy?
 - c. Discuss the interplay between the internal factors, external factors, and corporate strategy. Perform a SWOT (strengths, weaknesses, opportunities, and threats) analysis with the training and development strategy in mind, and discuss which factors would have the greatest impact.
3. Assess the alignment of the training and development strategy with the internal and external environment, as well as the corporate strategy.
 - a. What are the key elements in the Siemens training and development program?
 - b. Analyze the training and development program to see if it is in alignment with the key factors. Explain and support your conclusion with material from the chapter as well as the resources provided for you.
 - c. What, if anything, do you think Siemens could add to its training and development program?

B. Aldi

Source: “Business and Expansion Through Training and Development: An Aldi Case Study.” Available from <http://businesscasestudies.co.uk/aldi/business-expansion-through-training-and-development/introduction.html#axzz46JM1Mclm>.

Aldi is a grocery store that focuses on low overhead and efficiency in delivering products to consumers. It has 1,500 stores across the United States and in 2014 was the *Store Brands* magazine retailer of the year. Although Aldi differs from Siemens in many ways, it is also a company that values employees and their skill development.

Answer the following questions about Aldi and its training and development strategy. Utilize the company website, including its financials, as well as other sources on the internet.

Case

Aldi is a leading retailer with over 8,000 stores worldwide. It continues to expand in Europe, North America, and Australia. The Aldi brand is associated with value for money. Its stores provide customers with a wide range of products. There is an emphasis on high quality products and providing excellent value for customers.

Aldi’s slogan is “*spend a little, live a lot.*” It works hard to keep prices low for its customers. The company buys large quantities of products from carefully selected suppliers. Its buyers are experts who choose the best quality products at the most competitive prices. The savings achieved by sourcing products in this way can be passed on to customers. Aldi keep[s] costs down in other ways. It ensures its operations are as efficient as possible[;] for example, store layouts are kept simple and opening hours focus on the busiest times of the day.

The Importance of Developing People

Aldi places great importance on how it trains and develops its employees. Training is the process of providing employees with the necessary knowledge and skills to perform their tasks and roles competently.

Training not only helps to increase business efficiency, but it can also make staff more motivated by increasing their job satisfaction.

While training is narrowly focused on helping a company become efficient and effective in the short term, development is more about building the long-term capabilities of the workforce. It is about helping individuals to gain knowledge, learn new skills and develop a wide range of attributes. Development makes employees more adaptable and more able to take on a wider range of roles.

This case study will demonstrate how Aldi's training and development programmes help ensure its employees have the skills and competencies that the business requires both now and in the future.

Identifying Training Needs

Workforce planning. Workforce planning is the process of finding out how a business will meet its labour requirements both now and in the future. Aldi, like other businesses, needs to predict its future staffing needs accurately. It needs to plan for both the number of workers it will require and the specific skills that the business will need in the future. The company can then recruit new staff if necessary. It can also ensure that it has training and development programmes in place to meet these needs.

Aldi identifies future training needs through an on-going analysis of company performance in key areas at all levels. For example, the company monitors the availability of its products to the customer within its stores. If the level of availability drops below the targeted level[,] then a programme of training on order accuracy would be undertaken. It also considers future developments within the business and also within the grocery retail sector in order to predict both the total numbers of staff it will need and, more crucially, the skills and competencies that will be required.

Aldi's rapid expansion means that its current workforce cannot meet its future staffing requirements. The company will need to recruit more than 4,000

new members of staff within the next 12 months to meet the requirements of current exceptional sales growth and new store openings. To attract the best candidates, it offers industry-leading salaries at all levels.

To ensure it gets people with the right set of skills, the company produces clear and detailed job descriptions for each post. These show the tasks and responsibilities for that position and in turn, the skills and competencies needed by an individual to succeed in that role.

Interview and assessment. Through a process of interview and assessment, managers identify if candidates have the precise skills and competencies that the job requires. If the selection process shows that they are suitable, then they will be recruited and Aldi can be confident that they will fulfill the challenges of their role.

Although Aldi expects new recruits to make an immediate contribution to the business, it also provides training so that they can develop their careers within the company. Aldi has entry levels for apprentices, store assistants, deputy managers, assistant store managers, trainee store managers and graduate trainee area managers. Aldi organises high-level training for recruits to all levels. For example, in their first year, graduate recruits receive training in all areas of the business. This ranges from training in-store to understand how the retail operation works, to regional office tasks such as logistics, trading, and financial planning.

All new recruits go through a comprehensive structured training plan. New employees learn about the philosophy of Aldi and its expectations of them. This is important in making new employees quickly feel part of the Aldi family. This training will be appropriate to the role, so could be in a store or at an Aldi regional office.

On-the-Job Training

On-the-job training is training that takes place while employees are actually working. It means that skills can be gained while trainees are carrying out their

jobs. This benefits both employees and the business. Employees learn in the real work environment and gain experience dealing with the tasks and challenges that they will meet during a normal working day. The business benefits by ensuring that the training is specific to the job. It also does not have to meet the additional costs of providing off-the-job training or losing working time.

There are several methods of providing on-the-job training. Four frequently used methods are briefly described here:

- Coaching—an experienced member of staff will help trainees learn skills and processes through providing instructions or demonstrations (or both).
- Mentoring—each trainee is allocated to an established member of staff who acts as a guide and helper. A mentor usually offers more personal support than a coach, although the terms “mentor” and “coach” are often used interchangeably.
- Job rotation—this is where members of staff rotate roles or tasks so that they gain experience of a full range of jobs.
- “Sitting next to Nellie”—this describes the process of working alongside a colleague to observe and learn the skills needed for a particular process. This can be a faster and more useful way of learning a job role than studying a written manual. The colleague is always on hand to answer any questions or deal with any unexpected problems.

Store managers act as trainers. For most on-the-job training at Aldi stores, the store manager acts as the trainer. A typical format is for the manager to explain a process to the trainee, then to demonstrate it. The trainee then carries out the process, while the manager observes. Once the manager is happy that trainees are competent, they can then carry out the process unaided. This process is used, for example, to teach a store assistant how to operate the till and to instruct a trainee manager how to order stock accurately.

All positions from apprentices through to trainee area managers follow this type of structured “tell, show, do” training. Trainee area managers also undergo job rotation. They have the opportunity to experience all aspects of the business to give them a complete overview of how Aldi operates. They can then see how each department and business operation relates to and links with other parts of the company and other processes.

Off-the-Job Training

As the name suggests, off-the-job training is provided away from the immediate workplace. This might be at a specialist training centre or at a college or at a company’s own premises. This type of training can be particularly useful for developing transferable skills that can be used in many different parts of the business. It may be used, for example, to train employees in the use of new equipment and new methods or to bring them up to date with changes in the law. Typical off-the-job training courses offered to employees by Aldi include:

- recruitment, interviewing and selection
- employment law
- influencing skills
- performance reviews (appraisals)
- Aldi Management System (how to develop and performance manage people).

For each aspect of training Aldi decides whether on-the-job or off-the-job training is the better option. Off-the-job training may involve extra costs, such as payments to training organisations. It also means that staff taking training courses are not at work, so their jobs have to be covered by others. This can lead to an increase in payroll costs. However, balanced against these costs are the gains that Aldi makes from off-the-job training. These include the benefits of having more motivated staff, greater staff productivity and employees with better skills and the ability to provide improved customer service.

Aldi's apprenticeship scheme. Aldi provides training opportunities for young people. The Aldi apprentice scheme combines on-the-job and off-the-job training. Apprenticeships are open to 16–18 year olds. Apprentices training as store assistants also study for an NVQ [National Vocational Qualification] in Retail Apprenticeship. They complete store assistant training and gain an NVQ Level 2 in their first year. They then take a store management training programme over two years and work for a Level 3 advanced qualification.

The variety seems to suit apprentices. As Sam, an Aldi apprentice[,] says:

“The fast pace of the role is really exciting, with lots of chances to learn new and useful skills. As well as the on-the-job training, there is also studying towards a recognised qualification that I can fit around work.”

Emily, another apprentice, recognises that the programme is a good opportunity:

“After attending college I was looking for an opportunity that would allow me to use my customer service skills and the Aldi apprenticeship has given me just that. There is a lot of competition for places, so you really need to want to succeed. I really feel part of the store team. It can be challenging but it is well worth it.”

At the end of their apprenticeships, Sam and Emily will have the knowledge and skills to take on deputy manager or assistant store manager positions. From there each can rise to become a Store Manager in the business. Aldi's current growth means that there are many opportunities for promotion, so Sam and Emily could soon join the many others who have been promoted within the business.

Development

Development is not the same as training. Development focuses as much on personal growth as skills

that are directly related to the job. A development programme is designed to make individuals more skilled, more flexible in their approach and better qualified for their chosen careers.

Through a development programme, employees can obtain transferable qualifications that benefit the individuals concerned as well as the business. This can have disadvantages for the business, as it gives workers greater value in the job market. However, Aldi is willing to take this risk as it believes in providing what is best for its staff. Development options for apprentices include working for various qualifications. Aldi has a fast-track approach for graduates. Opportunities for graduate recruits at Aldi include secondments to different international countries to develop all-round expertise.

Aldi retail placement scheme. The Aldi retail placement scheme takes university students on a one-year placement. This allows the chosen individuals to show what they can offer the business and to find out what the business can offer them. Aldi offers an excellent reward package for students on a placement, but in return expects trainees to have enthusiasm, drive, and ambition. Successful students get the opportunity to apply for a place on Aldi's Area Management training programme.

To support their development, managers help employees to set personal goals. These are identified during an appraisal process. This is when a member of staff sits down with their line manager to evaluate past and current performance, to consider what skills are needed going forward and to set targets for the future. This could involve identifying further training or development opportunities.

Conclusion

Aldi seeks to provide its customers with quality products at prices that provide value for money. It wants efficient operations, with its stores staffed by people who are keen and competent. Aldi's success is shown by the fact that it is expanding rapidly. It is opening new stores and experiencing sales growth that requires it to take on more staff. This means

that it needs to combine good recruitment policies with robust selection processes.

Staff are recruited from school or college into Aldi's apprenticeship scheme or direct into stores for positions from store assistant up to trainee Store Manager. Those from university with a 2.1 degree or better are able to apply for the Graduate Area Manager programme. All recruits are assured of appropriate on-the-job and off-the-job training, as well as career development opportunities. Promotion is open to all staff, regardless of the route they choose to join Aldi.

Aldi puts great emphasis on developing its people. Over 85% of Aldi directors have been recruited from within the company. This commitment to training and development makes Aldi a business of choice for both ambitious teenagers and top graduates. This is shown by its placing in the Top 5 in The Times Top 100 Graduate Employers and the Graduate Employer of Choice for 2012 for General Management.

Additional Sources

Aldi, "Corporate Responsibility: Our People." Available from <https://corporate.aldi.us/en/corporate-responsibility/our-people/>.

Aldi, "Our People." <https://careers.aldi.us/people>.

Aldi, "Store Management & Staff." Available from <https://careers.aldi.us/store>.

Questions

1. Identify the Aldi corporate strategy. Give examples of why you would classify it as such based on the information in the chapter.
2. Analyze Aldi based on our framework for training and development strategy:
 - a. What key internal factors does Aldi take into account when developing its training and development strategies?
 - b. What external factors has Aldi considered in its training and development strategy?
3. Discuss the interplay between the internal factors, external factors, and corporate strategy. Perform a SWOT analysis with the training and development strategy in mind, and discuss which factors would have the greatest impact.
4. Assess the alignment of the training and development strategy with the internal and external environment, as well as the corporate strategy.
 - a. What are the key elements in Aldi's training and development program?
 - b. Analyze the training and development program to see if it is in alignment with the key factors. Explain and support your conclusion with material from the chapter as well as the resources provided for you.
 - c. What, if anything, do you think Aldi could add to its training and development program?

C. Compare and Contrast Siemens to Aldi

1. How does the Siemens corporate strategy differ from the Aldi corporate strategy? List and explain the key differences.
2. Compare and contrast these companies' training and development strategies. How does Siemens compare to Aldi? What is similar, and what is different?
3. Discuss overall how training and development strategy benefits all companies regardless of their corporate strategy. Use examples from the two cases to make a persuasive argument why investing in training dollars benefits companies, no matter their competitive strategy. Include financial considerations, as well as any evidence of corporate reputation, and industry rankings, along with information provided in the case and textbook.