Training to fail

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Introduction

This article operates from the premiss that training and development, correctly approached, are essential ingredients in maintaining and sustaining the competitive advantage of successful companies. The fact that training and development all too frequently fail to maximize their contribution to that outcome is an unfortunate reflection on both their status within the corporate hierarchy and the value generally placed on them. Indeed, given the misfortunes of many Fortune 500 companies over the past 40 years, we would assert that the organization that fails to enhance the intellectual capital of its human resources is effectively sowing the seeds of its own demise. That demise is made more likely in situations where human resource development assumes little significance in the strategic planning process. Even where its value is clearly recognized it may still fail to generate competitive advantage because the organization is preconditioned by current marketing or technological commitments. It is our contention that training and development have a crucial role to play in the evolution of the organization; an evolution necessitated by changed circumstance and newly emergent threats. While there may be recognition that "things are in perpetual flux", there is a far from adequate appreciation of the role of training and how the transfer of learning should be applied to address this flux and the significant change processes that accompany it.

It is instructive to consider the extent to which strategic involvement in allegedly significant technologies and markets impacts on the definition of training and management development needs which, in turn, influence the design and execution of programmes. A view often expressed is that training has inherent value in that it is suggestive of an enlightened approach towards developing and enhancing employee contribution. In that respect it may act as a hygiene factor and compensate for more material rewards. However, the inherent value of training is neither guaranteed nor universally recognized. More importantly, even if it were, it does not follow that this condition alone would secure or sustain competitive advantage. In effect we may be dealing with a contradiction. Training and management development possess acknowledged and demonstrated values and yet these do not always translate into terms of securing and sustaining competitive advantage. As an example of this, IBM comes to mind. For much of its post-war history IBM demonstrated spectacular success; only in the past six years or so has it come unstuck. Volumes have been written about the human resource practices pioneered by the company and its deep sense of corporate commitment to developing the abilities and competitiveness of its employees. Nevertheless, in 1993 we were faced with the apparent contradiction that such enlightened practices failed to stop the company earning the unenviable record of having clocked up the most monumental losses in corporate history. Seemingly the capacities of IBM staffers failed to alert the company to its demise or, if they did, the prevailing corporate culture deafened its leaders. As one observer commented, "IBM got to be like a music publishing company run by deaf people."

Too little happened too late at IBM and current remedies have had to be Draconian. More to the point, those measures have violated some of IBM's historically unassailable core values, e.g. full employment, thereby altering the legacy of the corporation permanently. IBM, in so many respects, will never be the same again. The significance of this illustration, which could be extended to General Motors and other corporate giants, is to highlight the potential vulnerability of training and development.

What conditions the transfer of training to practical mastery that links with critical long-term strategic competitiveness should be of paramount concern to managers today. As the paradigm of corporate success changes, so too do the problems and their solutions. An increasing body of evidence suggests that larger structures are giving way to smaller structures or at least a federation of largely autonomous enterprises within the corporate family. Structural change of this type throws up new problems that will not be resolved with old solutions. It has been observed correctly that the future is not merely an extension of the past, and so new solutions will have to be found. It is our contention that training and development, working in parallel with other essential managerial and organizational revisions, offer the best prospect of dealing with this change. This suggests, quite correctly, that training and development cannot "go it alone" in forging the new model corporation, culture or managerial style. To believe to the contrary is to invest too much faith in training and development as a corporate panacea.

In this article we examine three dimensions that we believe directly hamper the efficacy of training and development but equally clearly, under different circumstances, could significantly enhance the role of training and development in contributing to new organizational imperatives. These three dimensions relate to:

(1) the relationship which training and development enjoy within the context of the organizational environment and the culture it propagates;

(2) the practices of managers as leaders in setting training and development up for success or failure;

(3) the recognition that training and development should be integrated into broader corporate designs that emerge from the strategic planning process.

We begin by reviewing the contextual aspect of the training environment because it is against this background, and the internalized behaviours and values it generates, that training and development have to establish a meaningful rather than cosmetic role that is recognized as being of strategic importance by employees at all levels. Until this status is secured the pay-off from training and development will always be sub-optimal.

The training environment

Today the dictates of the market suggest that consumers want world-beating products at bargain prices. Producing them implies change and a fundamental organizational rethink. This will result in a need to equip people with the skills necessary to complement autonomous work teams, core process management and re-engineered organizations. Add to this the evidence that the 1990s have heralded an era in which the unchecked excesses of the 1980s are being eschewed in favour of an ethically and socially more caring way of doing business and you have the starting-point of the equation. Put simply, one of training and development's essential contributions is to formulate, inculcate and develop human values and skills that equate with product/service offerings that reflect and reinforce the new market rationale. But is this being achieved?

When managements inspect and express disappointment with training or management development they frequently seek to dissect the problem(s) in order to see the causal relationship that produced their collective disillusionment. In asking what went wrong, why it went wrong, and where the fault lies, they are seeking to benefit from the learning of the experience. However, a reductionist approach to understanding may become an impediment that could well negate real understanding. Of course it is perfectly possible that training or management development programmes may have been ill-conceived. Where this is the conclusion then someone has been negligent; management has failed to manage. What is less obvious, and more perplexing, is where this explanation seems inappropriate in explaining why training has not lived up to expectations. Of course those expectations may have been unrealistic. Where this is so we might profitably turn to looking at the prevailing climate that encouraged, or necessitated, that the bar be set so high. It is this line of argument that leads us to think more carefully about the corporate environment that acts as the backdrop to training and development.

In spite of the wealth of information alerting practitioners to the more commonplace pitfalls[1], training and development continue to be beset by them. Participant reviews are mediocre at best and post-training experience is characterized by fast-forgetting and patchy transference on-the-job. Disturbing as these outcomes are, they may obscure the trail of investigation in that they are symptomatic of a much more deeply rooted and fundamental malaise: the corporate environment. It is this which may obstruct the product of training by militating against its effective transfer and application. The corporate environment, shaped by attitudes, values and style can create a context in which the mechanisms for the in situ transfer of inherently "good training" are severely handicapped. Where this occurs the outcome is predictable; prejudices surface, cost and convenience arguments overwhelm any benefits, and trainers and training are left to resurrect their corporate credibility if not their tenure. The down-side is accentuated by a whole set of cliche-ridden perceptions that amount to self-fulfilling prophecies. The following types of observation are commonplace:

* "I always doubted the value of training; it's expensive and takes personnel off the job."

* "As far as I'm concerned training is a euphemism for corporate playtime where the company foots the bill which is then deducted from my budget. I could find a hundred better uses for the money."

* "There seems little relationship between the expenditure, attendance on training programmes and improved productivity or effectiveness."

* "Nothing changed: my people have forgotten whatever they learned and don't consciously or consistently apply it."

* "I see no reason to change my beliefs about the value of training. Its benefits are 'soft' and it's not measurable."

What is worrying about statements of this type is not their veracity but the organizational experience that conditioned them. True, these statements are synthesized but most management development personnel have had to confront such antipathy at sometime in their careers.

Some of the more hostile views held are fundamentalist; that is, training gives rise to a set of developmental objectives and aspirations that are seriously doubted and certainly not shared with equal enthusiasm by all. Where these objectives and aspirations have minority support the difficulties are likely to be amplified. For example, if a critical mass within management expresses doubt as to the propensity of mature people to change as a consequence of training, then we must seek to understand the background of this inherent belief. "The people don't change much" school of thought derives its support from human nature, experience and the widely held preference for the way things are, as opposed to any new alternative. The views expressed by those of this persuasion are not just a matter of blind prejudice either. Where the ability to assimilate training is influenced by personality, e.g. through assertiveness or interpersonal skills, it is prudent to recognize that training may have minimal impact. This is because by 30 years of age, or thereabouts, some people develop a personality pattern that, within fairly well prescribed parameters, does not seem to respond to modification outside established behaviours. In short, the personality profile of individuals settles into a comfort zone from which it is reluctant to emerge. This being so, it is wholly understandable that people of a certain profile would be less responsive towards attempts designed by trainers to break the mould and push them to the edge. In general, the older a person is, the harder it becomes to change them. A resigned acceptance of what and who I am sets in and is bolstered by elaborate rationalization. As a result it is difficult to teach an "old" dog new tricks and yet, very often, this is precisely the task laid at the trainer's door.

Elsewhere more pragmatic objections prevail in the corporate environment. The value of training and management development is accepted; what is in doubt is their transference to the workplace. Certain experiences associated with the transference process suggest that the pragmatic value of training, even good training, can present problems and that the difficulties encountered may be accentuated by the absence of in situ modelling, coaching and counselling. This demands that managers become mentors actively supporting and extending the training programme. Unfortunately, many managers are poor advisers to their staff, or fail even to acknowledge this as an essential aspect of their role.

Fundamentalist objections need to be addressed and responded to convincingly if training and development proposals are to win broadly based "buy in" from management. If management fail to "buy in", then trainers cannot win because any training ethos or initiative will be subject to scepticism if not cynicism. Both fundamentalist and pragmatic-based doubts create a situation where management views are mixed and therefore inconsistency prevails. This reflects in the framing of attitudes which are reinforced by the support which training does, or does not, receive: in short there is a knock-on effect. It is incumbent, therefore, on training and development personnel to draw up a convincing case for the new role envisaged and successfully to market this internally. Only in so doing will practitioners shape and focus the internal environment, thereby affording training and development the essential broad-based support they need in order to reinvigorate their corporate contribution.

A starting-point in this process is to illustrate how training and development can increase the value derived from staff improvement and how this value can be linked to core values and strategic priorities. Naturally, financial arguments tend to be most favourably received and yet the qualitative contribution necessary in say, customer care, or creativity programmes suggests that numbers alone lead to a rather one-sided proposition. Enhancing the value derived from human resources is vital in terms of productivity and has the prospect of generating differentiation that can be marketed successfully to external customers. Indeed, as product differentiation becomes more temporary, and susceptible to imitation, companies have found a new and potent basis for differentiation: their people - the internal customers. But first you have to increase the value of your people and to do that you have to increase the value of training and development. In most instances that can only mean that training and development must become an internalized core value, a corporate priority for resources, and an acknowledged strategy for attaining the vision and related objectives. Where these conditions are met, in so far as training and development are concerned, less is not more; less is a form of corporate myopia that has potentially disastrous consequences. Ignore the intrinsic value of your people, and the mechanisms by which that value can be enhanced, and you deny yourself competitive strength and market advantage.

We want to make it abundantly clear that in any redefined environment there is no place for two particular types of thinking. The first of these is the product of a belief that positional power entitles the holder to self-confer specific expertise; training and development expertise being the case in point. There is a tendency on the part of some senior executives to pronounce authoritatively on training and development matters from a position characterized by little or no in-depth expertise.

Training and development are not some cosmetic gloss that is readily applied by all and sundry to a variety of corporate difficulties. To view them as such amounts to bankrupt "thinking". On the contrary the very opposite is the case: training and development involve complex disciplines and a high level of sophistication in its execution. Nonetheless, in some companies it is almost as if executives were party to some process of positional osmosis. By inhaling deeply in corporate corridors and by rubbing shoulders with HRD personnel they readily acquire canned expertise in training and development. This is as much nonsense as it is to assert that all senior executives are offshore tax experts. Regrettably, HRD personnel still have to work hard at demonstrating that there are significant barriers to their domain and that these are not readily eroded by dint of legal rational authority.

The second type of thinking springs from a mentality that has spawned the facile statement that appears with monotonous regularity; "human resources are our most valuable asset". This is without doubt one of the most vacuous management aphorisms of our time. Just ask any employee recently made redundant. Training and development must move beyond this shallow sentiment and institute programmes of infinitely more substance that demonstrate the true worth of employees. Employees are indeed assets but just like other types of assets they have to be tended and maintained. When a machine is purchased by a company a sum of money is set aside for its planned maintenance and repair to ensure that its contribution is maximized. Why this thinking is not applied as assiduously to human resources is an issue that should be addressed by the CEOs of all those corporations where human "repair and maintenance" are trivial gestures involving minimal expenditures. The day is not far off when the majority of firms will disclose publicly a value on intangible assets, such as intellectual capital, which will become one of a number of new indicators of corporate strength and potential.

Jack Welch, the CEO of General Electric, commented in a recent interview, "If you're not thinking all the time about making every person more valuable you don't have a chance"[2]. He was referring to GE's future chances in global markets and GE is not a small fish even in that pool. Last year it ranked No. 5 in the Fortune 500 with annual sales of US $62.2 billion. Those words become more poignant in the light of the fact that more and more companies are seeking to achieve more with less, i.e. fewer personnel. The reorganization of work that has ensued as economies and corporations emerge from global recession has unquestionably produced a situation in which more is expected of less. The corporate catharsis is under way. John Sculley, Apple's former CEO, has gone on record as saying that the upheaval could "prove as massive and wrenching as the Industrial Revolution"[3]. Indeed the experience of millions of workers in the USA, Europe and Japan indicates growing human anxiety in the face of this revolution.

Japan offers a case study worthy of further comment. There is an awful lot of anguish and soul searching currently going on in corporate Japan. Certainly the investment in training and development and the emphasis placed on it by Japanese corporations have, in the past, been a major platform in their success. With extensive training in Japan goes responsibility: for a long time production workers individually have held the authority to stop the track and have been made personally answerable for quality. Many Western corporations are still learning these kinds of practices and, while there may, in certain circles, be some expression of schadenfreude at the current difficulties confronting corporate Japan, it would be nothing short of foolish to underestimate the tenacity or resilience of the Japanese. Training and development will play a major role in re-arming Japanese managements with appropriately skilled and flexible workforces that will once again redefine the benchmark on quality, productivity and global competitiveness.

In the light of recent experience, worldwide recession, and a desire to "get it right" in the future, companies would be well advised to reinspect the contribution which training and development should make in shaping the values of the new work environment. This would entail training and development becoming a major internal player rather than a reserve member of the team. That is, exercising incremental authority in helping to build an intellectual capital base that, together with structural changes in organizational design and work practices, will offer the best chance of responding to the vagaries of the marketplace.

If companies wish to derive greater value from human resources, so that their contribution is improved, then a prerequisite of this is to create the right environment, one in which a training ethos is displayed publicly, resourced adequately and supported enthusiastically. The same is true for any activity that becomes of primary concern, e.g. customer care, TQM or creativity. Rule by managerial imperative such as "Be more creative!" has no place in the development of this environment. A vision, strategic plan, resources and reward systems have to be put in place to facilitate enhanced creativity, or anything else for that matter. It is instructive at this point to hold up the example of Motorola. This company is both a model of the value placed on training and development and testimony to the competitive advantage to be derived from it. Motorola is a consistently successful large corporation operating in fiercely competitive global markets. Its commitment to training is enshrined as a core corporate value; one that is championed by its CEO and funded generously. More importantly, in this company training has become a fight of all employees and the benefits are both personal and corporate.

The fact remains, however, that most employees do not work for a Motorola-style corporation. Most employees do not have an annual training or personal development programme; most employees do not receive a guaranteed minimum number of days per annum on in-house or external training programmes and most employees do not work for the likes of George Fisher, the former chairman of Motorola, who was a passionate believer in the merits of training and development. Outside of Motorola, and a handful of other companies, individual employee training and development contracts are still something of a novelty; to so many firms training is little more than a frugally budgeted "frill". This is all the more lamentable given the rapid and tumultuous changes occurring in the business environment and attendant developments in work re-engineering. Present fixations with change management and work redesign do present training and development with a good opportunity to assert a new role for themselves. As a constituent of what Edward de Bono terms the "people religion"[4], training does possess the capacity to reinvent its corporate contribution; though this is by no means sure. Inevitably we will continue to see evidence of past practices that smack of tepid involvement, a piecemeal approach and impatience with what training and development "fail" to achieve. Unless training and development are given real importance they will not become important and, more seriously, they will not be seen to be important. Training, as a function, will be tacked awkwardly on to personnel or HRM as an activity that periodically offers programmes that the "unfortunate" are obliged to attend. Unless, and until, senior management see the competitive and strategic potential inherent in training and development it is unlikely that they will become mainstream in securing competitive advantage.

We have sought in the initial part of this article to draw attention to what we have termed the new role of training and development and by implication have suggested that there are systemic failings in corporate attitudes towards the assumption of that role. Briefly, these amount to training and development being prevented from realizing their strategic potential, which is less of a statement about any inherent defect and more of a comment on the way this resource is both managed and understood. Up to this point we have concentrated primarily on the relationship existing between training and development and their organizational context; the internal environment of the firm. We have also drawn attention to the fact that, as fundamental as this coexistence is, it needs to be supplemented by an accurate interpretation of movements in the external environment; the marketplace. Where there is a poor fit between these two environments there is dysfunction and this guarantees mediocre performance at best. The sub-optimization of training and development tends to produce canned solutions to an identified problem rather than any commitment to a permanent and systematic process. It is ad hoc, and prone to the "inoculation sentiment" that pervades some managements; i.e. "Once we've done it we can forget about it". Such an approach is devoid of any strategic dimension designed to have a bearing on future corporate direction.

To demonstrate training and development's lack of significant corporate impact one merely has to look at their relationship with strategic planning; more precisely strategic marketing planning. As Stephen King of WPP Group observes, there has tended to be a mutually exclusive relationship between these two functions; i.e. training and development and marketing[5]. Where marketing occupies a prominent position in the power structure of companies it is likely that it will also be influential in the strategic planning process. Yet how often does one witness HR or training and development functions being closely integrated with marketing planning, new product development and promotional activities? This situation needs to change quickly, the more so where service is an important dimension to the total market offering.

Setting up training for success or failure

Perhaps training and development's best chance for success lies in the fact that for many firms the late 1980s proved a bruising battleground; one in which the lessons are hopefully not lost in the 1990s. The experience was revealing, particularly where it was triggered by the unrelenting onslaught of the Japanese, which for some companies sparked the first serious attempt to learn from their systems and methods. For example, the corporate fixation with TQM arose primarily because customers consistently ranked comparable Japanese products as superior to those of US or European origin. Then again empowerment, teamship and pushing important decisions down-the-line to the production floor, common Japanese practices, became the hallmark of progressive Western corporations. In some organizations the gradual erosion of the treasured belief that one person, the CEO, was the critical determinant of corporate success also accelerated the need for advanced learning. Fortunately, this learning has tended to shun the "one person phenomenon" approach to corporate survival, even if that person does tend to be the focal point of media interest.

Realization of the need for change is again a necessary but insufficient condition for it to occur. The Japanese systems of JIT, keiretsu, kaizen and TQM were the product of long-standing associations between workers, suppliers, distributors and customers. The synergies so derived generated tremendous competitive advantage and have become the focus of what is termed relationship marketing today. They were also the product of a passionate belief in the values of training and development. US studies of Japanese management soon began to coincide on at least one thing; training and development occupied a much more important role in the framework of Japanese management operations than was generally the case in US corporations. More poignantly, the outcome of that training and development clearly contributed to the Japanese securing competitive advantage, notably in terms of quality, cost reduction, productivity and delivery schedules.

General Motors (GM) were among a number of companies that subsequently came to acknowledge this when they set up the Saturn project, which was a radical departure from the legacy of their usual structure and style. At Saturn, production crews manage their own budgets, deal with vendors, call off supplies, reject defective component shipments and are paid to be responsible for the ultimate quality of the car. More to the point, it looks as if this has yielded the ultimate market reward; recently the Saturn was only beaten by the Lexus and Infiniti in the JD Power survey of auto customer satisfaction[6]. Nonetheless, Saturn-style experiments are rare; they do not occur overnight and they are very costly. They do, however, warrant careful study for they do illustrate the potential that can be released among autonomous work teams that are trained and inspired by strong leadership. In citing this example we are pointing tacitly to the fact that the late 1980s produced a climate in which many large corporations went into a performance tail-spin that left them battered and bewildered. It was not business as usual; the old ways no longer seemed capable of delivering the performance desired. DEC, IBM, Wang and Philips are obvious examples of corporations that seemed to degenerate because of a cherished belief in the notion that "biggest was best". It pays to reinspect such assumptions regularly, especially in the face of the achievements of corporations such as AST, Compaq and Dell over the same period. One of the lessons of the 1980s is that scale, and the organizational structures and managerial practices that it perpetuates, seem to have brought dis-economies and dysfunctions that far outweigh the long-heralded virtues of bigness. As The Economist stated recently: "In 1993 'big' no longer means, as it once did, 'successful'; before long it is likely to mean 'failing'"[7].

Though this realization came late to IBM, GM and Philips, all of which now provide evidence of being carved up into smaller and hopefully more dynamic units, the realization was there long ago in some of the USA's most consistently successful firms. In Johnson and Johnson, for example, there are no fewer than 166 operating companies; the HQ operates on a total staff complement of about 1,000 and in 1992 total revenues were close to US $14 billion, up 10.5 per cent on the previous year, even though the economy was severely depressed[8]. Part of Johnson and Johnson's success is its passionate belief in decentralization, and an ability to curb the interventionist tendencies of HQ executives. Smaller autonomous units at Johnson and Johnson have produced a rich lode of innovative products that have both boosted profits and kept shareholders happy.

At 3M, frequently lauded for its consistent support for intrapreneurship and innovation, a similar approach to exploiting the virtues of small size within the overall framework of a large corporation has produced a succession of highly successful products of which the "Post It" is a marvellous example. The development of the "Post It" by two 3M scientists, Silver and Fry, is a case study in itself and testimony to the potential for creativity where this is nurtured, valued and honed through training.

The important point here is that 3M and Johnson and Johnson, though large corporations, have flourished by not falling into the trap of engaging "big firm" management. In contrast they have elected to become federations of autonomous business units that do not incur the all-too-common dysfunctions of size. Shifts such as these in the economic, structural and managerial thinking of firms will result in smaller units where economies of scale will be achieved at lower volumes. Such thinking still presents big firms with problems, notably that the management born of "bigness" has cherished certain traditions; e.g. the managerial prerogative, which seems much less appropriate today. This anachronism is beginning to be addressed and has produced revolts both internally inspired, e.g. leveraged buy-outs, and externally inspired, e.g. by shareholders and non-executive boards. The rude awakening of either has forced the pace in terms of a search for alternative ways of "doing business".

Contemporary thinking along this line has tended to result in the stripping out of managerial layers, empowerment, "buying" commitment through "ownership of the process" and applying more innovative, responsive and less rule-bound approaches to managing. However, we should be mindful of not falling into the trap of the past in believing that what is emerging is some universal recipe for managing. As George Bernard Shaw said: "The golden rule is that there are no golden rules".

This appears to be applicable to the management of organizations. The experience of the 1980s may indicate certain popular alternatives for the 1990s but they should not be regarded as embodying some foolproof formula. Managements are going to have to face some uncomfortable new realities; unfortunately they will not always respond to them in the best way. Those that do will invariably acknowledge the value of real learning and this can only come from a new commitment to training and development; a commitment that seeks to strategize training and development. Only by so doing will organizations develop human resources in a way that prepares them for the uncertainties of an era in which they are alert to the idea that the "golden rules" do not exist.

Real learning is the goal of strategizing training and development. What is real learning? Well, it certainly does not emanate from the piecemeal approach to training and development that typifies so many firms. Nor does it result from the "sheep-dip" school, i.e. "take a one- or two-day programme in assertiveness skills and you too can be an assertive self-confident executive!" This is trite and does training and development, and the attitudes formulated about them, little good. It is almost as facile as suggesting that because you have read a book on swimming you can swim.

Real learning will only occur in those organizations that manage to overcome the greatest indictment of organizations: a monumental failure to harness the enthusiasm, abilities and potential inherent in most employees. This failure is widespread, well documented and experienced almost universally at some time or another in our working lives. It is also a sorry comment on the nature of organizations and an explanation as to why human resources, as an asset, rarely have their value maximized. In our view there is the potential to change this but only if there is a significant shift in corporate thinking that produces a recognition that training and development are critical in transforming organizations, so that they are better equipped to meet the challenges of the external marketplace.

It is essential, therefore, that we match the tremendous endeavour that has gone into creating an externally-oriented customer focus with a parallel endeavour that seeks to create and sustain an internal customer focus. This would be exemplified by an unprecedented commitment to satisfying the needs of internal customers through the provision of internal products or services that would fulfil their expectations and contribute to the attainment of corporate objectives. One of these internal customer products would be training and development but the strategic value of them has largely gone unnoticed. In the strategic planning process training and development have assumed a position of relative insignificance and this must change as must those management values responsible for creating this circumstance. For training and development to take on a new role there will have to be widespread evidence of organizational destructuring, the banishment of divisiveness, e.g. the supremacy of hierarchy and the cult of the personality, and the building of a common ethos born of shared vision and values. In short, a considerable amount of organizational and mental spadework will have to be put in before the ground is prepared sufficiently for training and development to take on strategic importance.

Training and development: the need to strategize

This development requires that there be an internal champion at the micro-level and that person should be the CEO. Unless the drive to strategize training and development is led from the top they run the risk of being regarded as a corporate fad. This starting-point implies that CEOs must bone up on training and development; their understanding of them is frequently rudimentary. There is no room here for the view that the CEO is omniscient in this sphere by virtue of the chair he occupies. Where this condition exists, so (too often) does the attitude with which the CEO regards training and development as essentially "a good thing" provided that he/she can be excluded from any involvement therein. This is not championing the cause, it is in fact erecting an obstacle to it: a greater display of humility on the part of some senior executives is long overdue!

Another problem contributing to the failure of training resides in the fact that far too few companies invest in training and in so doing deny its role or value. The American Society for Training and Development (ASTD) maintains that 15,000 US employers (0.5 per cent of the total) account for 90 per cent of the US$30 billion spent on training annually[9]. There are an awful lot of organizations in which training and development are virtually, if not absolutely, non-existent. The commitment has never been made.

This second problem is compounded by a third in that the experience of those firms who do acknowledge and embrace concepts such as process management, TQM and empowerment, as the new tools for cutting costs and boosting productivity, has not been an altogether happy one. Many change programmes have become mired in bickering and confusion; the end results being far from impressive. Why? Training failed to identify and develop the core competences needed to harness the benefits of these concepts and disenchantment and frustration set in. Where clarity fails to prevail confusion will and this is amplified where on-the-job follow-through is lacking.

Another hurdle resides in the fact that training and development have not been widely embraced as a means of linking internal strategies, to enhance HR skills and competences, with external strategies pursued in the marketplace. Until this disconnectedness changes companies will fail to integrate internal and external development programmes fully and benefit from the synergies of so doing. This particular problem derives from the fact that training and development all too often have little bearing on the formulation of corporate imperatives: the mission statement, core values, definition of the business domain and identification of critical success factors (CSFs). We believe that these imperatives are the baseline in strategizing training and development. Clear evidence of the market value to be derived from strategizing training and development was provided by companies such as Scandinavian Airline System and British Airways in their corporate turnarounds. It is also exemplified in companies such as Singapore Airlines, Federal Express, and LL Bean, where service excellence has become the key to market excellence. Regrettably such enlightenment is not widespread. What is widespread is the corporate practice of extolling the value of human resources one year and reporting plant closures and lay-offs the next.

The problems depicted so far are symptomatic of the core argument advanced which is that, unless and until training and development are "up there" in full measure as a central component in the strategic planning process, they will not be seen to be important. They will be seen for what they all too often are, adjuncts that are dusted down and wheeled out in response to certain circumstances. This is indicative of the fact that training and development's potential has, in the main, not been competently marketed internally. It is this aspect of internal marketing that very much needs to be the focus of renewed endeavour by HR executives. It is necessary, therefore, for them to develop cogent arguments, measured in terms of benefits and pay-offs, that convince members of the corporate top team. For example, Motorola calculates that every US$1 it spends on training delivers US$30 in productivity gains within three years. Since 1987 the company has cut costs by US$3.3 billion, not by the normal expedient of firing workers, but by training them to simplify processes and reduce waste. In the past five years sales per employee have doubled and profits increased by 47 per cent[9]. Those sorts of figures not only make the basis of a powerful case for the strategic value of training and development but are impressive music in the ears of most CEOs.

Strategizing the value of training and development, and marketing this internally, is an important first step. However, it is not the end of the matter. The process needs to be supported by good HR; i.e. good people, and this must become a complementary focus. Good people can be made better by training and development. Better people not only benefit the corporation but also are increasingly valuable in gaining competitive advantage. If you are a ten you should be hiring tens or people with the potential to become tens. CEOs should be surrounding themselves with tens, if not elevens that really wow them. So often this does not happen and when it does not, human resources as a "stock" asset run the risk of progressive degeneration. As Belasco points out: "You're a ten. If you hire nines, the nines hire eights and the eights hire sevens, you soon wind up with an organization filled with ones"[10].

An organization full of "ones" will not wow anyone; the strategic dimension to training and development will be lost on "ones" and this should not be forgotten. In strategic planning, formulation is perhaps 20 per cent of the process. The remainder, concerned with implementation, evaluation and control, is about making strategy happen through people. If you do not have the right people in place with the right mind-set, and right competences, the most brilliant strategic formulation will be rendered worthless. It is also worth noting that strategy formulation per se is much less valuable a competitive edge than some people think. This is because a demonstrably successful strategy is clearly likely to attract the attentions of others, if not to be mimicked by them. Just look at McDonald's and the host of fast food operations it has inspired. The essential ingredients in McDonald's strategic success have been widely imitated yet few, if any, fast food corporations match McDonald's performance, let alone better it. Why? The answer has less to do with any exclusive hold McDonald's has on strategy and much more to do with their ability to excel at implementing strategy through people. This important emphasis was also recognized by Sam Walton at Wal-Mart, whose values were beautiful in their essential honesty and simplicity. As a result he managed to do what very few have done. That is, to harness the energies and motivation of 400,000 "associates" who, in 30 years, built the most successful retailing empire ever known. Sam Walton not only recognized the strategic value of his "associates", but also devised effective systems of marketing that are of value to his customers; and they were impressed by it. This translated in terms of unprecedented financial success in the retail sector but significantly Walton did not permit this to inflate his ego; a humble man who, irrespective of immense wealth, never lost sight of the value of people in making strategy happen. As Walton himself commented: "Individuals don't win; teams do. Wal-Mart is just a spectacular example of what happens when people find a way to work together and to put the needs of their individual egos behind the needs of their team"[11].

From the outset Wal-Mart was a winner, not because its retail merchandise was fundamentally different but because consistently its retailing strategy emphasized the value of people, Wal-Mart "associates", in first winning customers and then winning customer loyalty. Executives and MBA students from around the world study the Wal-Mart phenomenon; lamentably few learn sufficiently from it to be able to emulate the success or, if they do, they transport the learning to organizational cultures where it is neither analysed nor assimilated. As a result there is only one Wal-Mart and only one McDonald's. In the greater majority of organizations the strategic value of people and training and development is either a lost or largely untapped energy.

These illustrations suggest that the value of intellectual capital cannot be over-emphasized. Increasingly business leaders are coming to regard it as the single most important factor influencing future corporate performance. Consistently successful companies have long recognized this. Company-wide programmes instituted to grow and diversify indigenous talent are at the very centre of these companies' sustained success. Cliche it may be, but today it is really a question of invest in your people or perish. There can be no better argument than survival for bolstering the case for training and development assuming a key strategic role in an organization - any organization.

Conclusion

Over the past ten years we have jointly taught literally thousands of students on MBA programmes in SE Asia. One constant among the great variety of middle managers who attend our programmes is generally that they seem rather unsure of themselves when asked to write down the essence of their mission statement. The same is true of their ability to articulate, with any precision, the corporate objectives of the firm. Typical statements recorded would be, "To make an acceptable return on investment" or "To maximize the value of shareholders' equity". From our surveys a disturbing number really are not sure whether they have a mission statement, let alone what it covers. Nor are they able to articulate the more detailed strategy initiatives of their organizations. This picture is repeated when selected groups, e.g. non-marketing personnel, are then asked to state the major objectives contained in the current marketing plan, or to profile customers in terms of benefits sought. What does this illustrate? Anecdotal as it may seem it indicates a similar and, in our experience, remarkably widespread phenomenon; a lack of clarity, coupled with partial understanding, that results in confusion. Of our managers studying for their MBA 90 per cent would fall in the age range 25-38, possess undergraduate degrees and/or professional qualifications and have staff reporting to them. Nonetheless they lack an essential understanding about their firms' direction, objectives, strategy and performance criteria. They seem wonderfully isolated from the internal communications process, virtually resorting to guessing about what their companies are doing. Again we do not regard this as a "failure" on the part of individual student managers, yet how could so many be so vague? The constancy of their vagueness is monotonously repetitive. Our interpretation is that this condition amounts to a collective failure on the part of senior executives to convey clearly to their managers where the company is going, what it seeks to achieve and what explicit expectations are being set.

In all honesty how can training and development programmes be expected to be effective when the critical aspects of corporate strategy are so poorly articulated and/or communicated internally? How can training and development assume a formative role in organizational renewal if their inherent or potential contribution cannot be tied successfully to any new direction?

In this article we have sought to build on the theme that the organizational climate within firms must alter radically if training and development are to be used effectively as the change agents that promote corporate renewal through individual growth. To do this within the confines of conventional management thinking is going to be difficult, if not impossible.

We are proposing, therefore, that training and development be fully embraced in the corporate strategic planning process that links external aspirations and business opportunities with existing resources and competences, and the reasonable prospect of growing them. This too will not be easy because many firms do not fully understand or consistently engage strategic planning, and because, even where this is not so, the value of training and development is still not fully recognized in terms of their strategic significance.

In examining the ways in which managements have denied training and development the prospect of making a full contribution to corporate renewal we have concentrated our discussion on the structural obstacles inherent in the internal environment. We have argued that contextual practices have seriously impeded the potential of training and development. When translated in terms of managerial values, attitudes and behaviours these practices have amounted to a self-fulfilling prophecy that has done training and development little good. The promulgation of statements expressing dubious sentiments about the value of training and development is, at best, unfortunate. In the extreme case it is a serious indictment of the organizational environment that gave rise to these statements.

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Abstract:

The corporate environment is considered the major deterrent to the success of corporate training and development programs. Most organizations will not take training and development seriously without support from CEOs. Many companies lack investment in training, while others refuse to accept process management, TQM and empowerment as the keys to reduced costs and improved productivity. Training and development must also be linked corporate strategy.