

# Planning Training for Your Business

**W Hirsh, P Tamkin**

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# Planning Training for Your Business

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Published by:

INSTITUTE FOR EMPLOYMENT STUDIES

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<http://www.employment-studies.co.uk>

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**British Cataloguing-in-Publication Data**

A catalogue record for this publication is available from the British Library

ISBN 1 85184 352 3

Printed in Great Britain

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### **The IES Research Networks**

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## **Acknowledgements**

IES would like to thank the case study organisations who took part in this study:

- Argos
- BBC
- Department for Education and Skills
- Diageo
- HBOS
- HM Customs and Excise
- Legal & General
- Rolls-Royce plc
- Scottish Executive

We also much appreciate the contribution of other organisations, especially through the IES Members' event on this topic in January 2005 and at the IES Research Conference in April 2005.

# Contents

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<b>Executive Summary</b>	<b>ix</b>
<b>1. Planning for Training in a Changing Context</b>	<b>1</b>
1.1 Aligning training with business – a simple start point	1
1.2 Research approach	2
1.3 Specific research questions	3
1.4 The changing training landscape	4
1.5 Structure of this report	9
<b>2. The Organisational Context for Training ‘Plans’</b>	<b>10</b>
2.1 Setting the planning of training in context	10
2.2 Argos	11
2.3 BBC	12
2.4 Department for Education and Skills	13
2.5 Diageo	14
2.6 HBOS	16
2.7 HM Customs and Excise	17
2.8 Legal & General	19
2.9 Rolls-Royce	20
2.10 Scottish Executive	21
2.11 Key contextual influences on T&D plans and budgets	23
<b>3. The Processes for Aligning Training with Business Needs</b>	<b>26</b>
3.1 An emergent model and method of enquiry	26
3.2 Deriving training plans from business plans (link 1)	28
3.3 The T&D implications of HR strategy (link 2)	31

3.4	Planning training for key workforce groups (link 3)	33
3.5	Training in response to major business changes and just-in-time local business needs (link 4)	34
3.6	Responding to individual and team needs (link 5)	36
3.7	The impact of evaluation on future provision (link 6)	39
3.8	Summary	40
<b>4.</b>	<b>Strengthening the Business Focus of T&amp;D</b>	<b>42</b>
4.1	Strengths and weaknesses of current approaches to planning training	42
4.2	Challenges and balancing acts	43
4.3	Key questions for organisations	51
4.4	Tips for aligning T&D plans with business needs	53
	<b>References</b>	<b>56</b>



# Executive Summary

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This research set out to examine *how* (ie through what processes) organisations seek to align their plans and budgets for training and development activity with business needs. We were also interested to see how these processes were adjusting to newer ideas about learning in organisations and changed approaches to delivering training and development activity.

## Training 'plans' in their organisational context

Many organisations do not have a single, visible plan for training; objectives and priorities may be more visible than 'plans'. Where plans do exist they may be multiple, covering parts of the organisation (eg divisions or sites), particular workforce groups (eg managers) or specific types of training and development activity (eg centrally run courses). Training budgets are also often multiple, located both centrally and locally, and in both the training function and the line. These complex sets of training plans and budgets reflect the way training needs are identified in multiple locations and on different timescales.

Planning for training is also strongly influenced by the organisation of the training and development function and the activities it provides. Some choices here are:

- Whether the training and development function and the HR function are tightly integrated or more loosely linked, both at the centre and in local units.
- Whether the training function operates as a single centralised service reaching out to the business or as a devolved function, embedded in the business.

- How strongly key business functions control the content and delivery of development activities for their people across internal business boundaries.
- The degree of ownership which line managers take over plans for the training of their staff and training spend.
- How far and how fast the organisation is shifting from the provision of courses to other learning methods of a more tailored and experiential kind (such as projects, secondments, coaching and mentoring, team development and OD).

## **Training planning processes**

The case study research identified six main mechanisms for influencing training plans and priorities, as follows:

1. Formal business planning both at top level and more locally leading to training priorities.
2. Links from HR strategy or processes to training implications. Rather disappointingly HR strategies do not often give clear indications of areas of training need. Competency models derived in HR are often carried over for use in training and development, but may not link with real skill gaps. The IiP process helped some organisations to add more rigour to their plans for training.
3. Plans for key workforce groups – most evident in the frequent separation of management development from other types of training. Some functions, notably finance, also often have their own training and development plans.
4. Major business issues or changes often lead directly to major training interventions, usually with extra funds from the corporate centre. Similarly just-in-time needs can be identified at local level and supported by local business budgets.
5. Team reviews or individual training plans (PDPs) usually stemming from appraisal can, in theory, influence training plans, but this data is not often analysed to see if there are clear patterns of need.
6. Take-up of training provision is a strong influence on future plans, and evaluation has a significant effect on future training content and methods.

## Strengthen business alignment

The research highlights some processes and practices which help in aligning training with business needs.

- One-to-one dialogues between the training function and unit managers at a variety of levels on business concerns, skill issues and training plans
- Collective and more formal management discussions to agree training priorities at top level (*eg* corporate training review boards), main business stream and unit level
- Involvement of functional leaders as heads of profession, skill owners *etc.* These roles take responsibility across the business for the capability of particular professional, functional or occupational groups
- Corporate response to major business issues which require one-off learning interventions, with central cash to fund them. It also helps to assign people from training and development to the teams developing and implementing major business changes
- Including training and learning priorities in the individual objectives of all employees. For managers these should focus on the development of their staff. For learning and development people they should focus on the learning outcomes they achieve, not just activity inputs
- The training and development function needs to offer a quick and professional response to managers needing some kind of development intervention for their team or advice on how to meet the training needs of individual employees.

## Key tensions and issues

This research identifies a number of challenges in aligning training with business needs, which cluster under four broad themes:

### **Are we challenging enough in identifying training needs?**

Many training needs are identified and met locally in devolved organisations. Although we may hanker for some all-embracing central or strategic 'plan' or strategy for training, centralising

control over training plans may not lead to more effective alignment with business needs.

Competency frameworks are widely used in training and development, but do they really help in identifying training needs? By limiting discussion to items already on a list, are other more important needs overlooked? Are all competencies amenable to improvement by training and development interventions? Organisations should be signalling which competencies would really improve business performance.

The 'top down' processes for identifying training needs (via business plans and priorities) often seem to be stronger than the 'bottom up' intelligence about skill issues identified by employees and local managers. The training function needs to keep one ear close to the ground as well as listening to the top of the organisation.

Training plans do not look very far into the future. Neither workforce planning nor HR strategies are strong at identifying longer-term capability issues.

### **Are 'business partner' roles clear and effective?**

If the training and development function is to be a professional partner to the line, on what terms is this relationship conducted? Does training and development simply provide what managers ask for, or does it lead business change? Is it a somewhat remote service delivering general products, or is it much more visible in the business, providing bespoke services to line managers at every level?

Where training and development 'business partner' roles are created, do they simply pass messages about training needs to some separate delivery function? Should they not also be able to offer practical support to the line? If HR business partners also have the brief to cover learning and development, do they provide adequate intelligence and advice on skill issues?

## **How do we respond to identified training needs?**

Is it the role of the training and development or learning function to manage the supply of all training and development activity and learning interventions? Some organisations encourage line managers to procure training for their teams out of their own budgets, as it emphasises the responsibility of the line for employee development. Other organisations wish to avoid duplication, ensure quality and leverage purchasing power by wishing to maintain much tighter control over training and development activity. The balance between control and empowerment is a delicate one.

Views also vary on the impact of internal charging for training services. Is training more likely to be valued by the business if it is paid for more visibly? Does administering internal charging just create unproductive work? And should business units still pay for training which the corporate centre makes mandatory?

Current processes seem weak in their response to the training needs of individuals, unless already matched by a standard offering. In the case of senior managers, individual coaching is often provided, but other employees have to look elsewhere for tailored support.

## **Do we have a flexible training and development capacity?**

As training and development moves from providing courses to more diverse forms of learning support, it needs to be more flexible and responsive.

Outsourcing often works well enough in delivering fairly standard courses, but a different kind of relationship with outsourced suppliers is needed to provide tailored learning solutions on short time frames.

Organisations are finding different ways of keeping some of their internal training resource available for more bespoke work with teams and particular business changes. In some organisations, OD teams work in this way. In other organisations business

partners are used as this more flexible resource, often embedded in the business.

Another way of achieving more flexibility is to involve more managers and experts from the business in training delivery. They can work alongside people from the training function or move into it for periods in their careers.

## **The research**

The research was supported by the IES Research Network on Employee and Management Development. It is based on work with nine case study organisations: BBC, Rolls-Royce plc, HBOS, Diageo, Department for Education and Skills, Legal & General, HM Customs and Excise, Scottish Executive, and Argos.

Interviews in these organisations conducted in late 2004 focused on: key business issues; the organisation of the training function and types of training and development activity; the nature of training plans and budgets; specific processes used in planning training; and perceptions of the alignment between training plans and business needs.

The research was also enriched by the experience of other members of IES Research Network Members at an event held in January 2005.

# 1. Planning for Training in a Changing Context

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## 1.1 Aligning training with business — a simple start point

This research project, supported by the IES Research Network for Employee and Management Development, has a very simple start point.

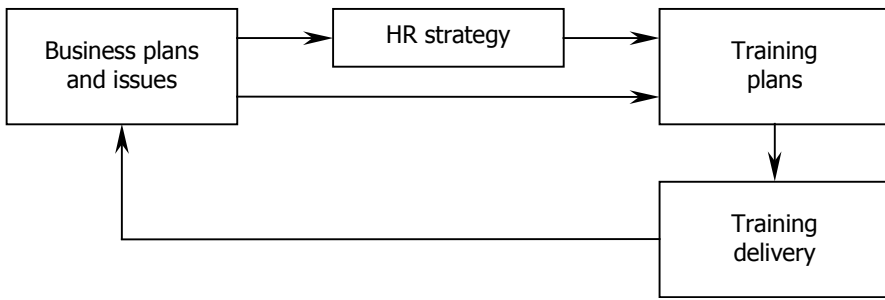
A growing body of research evidence (see section 1.4) is examining the characteristics of so-called ‘high performing organisations’ or ‘high performance work systems’. Training and development activity emerges from much of this research as one of the HR or employment practices which seems to be associated with higher organisational performance.

However, more recent research has focused on how that link might be operating. It seems likely that it is not just training spend which matters, but some kind of *alignment* of training and development activity with those skills, behaviours or types of know-how which the particular organisation most needs to improve.

So this research project set out to examine *how* (*ie* through what processes) organisations seek to align their plans and budgets for training and development activity with business needs.

We were also interested to see how these processes were adjusting to newer ideas about learning in organisations and changed approaches to delivering training and development activity.

**Figure 1: A simplistic start point: Aligning training plans with business plans**



Source: IES

We might expect to find processes which link plans for training to business plans. In turn these should be translated into concrete delivery of training and development activities and the outcomes of this, in turn, feed back into the business and its future needs. We might also expect that HR strategies mediate between business plans and training plans, as training and development is often positioned in organisations as a sub-function of HR.

Figure 1 shows this simple start point in diagrammatic terms.

### **A word on words**

The terms used to describe employee development keep changing. ‘Training’ has been augmented by ‘development’ and now the term ‘learning’ is increasingly used to describe activities and the function responsible for employee development (see section 1.4). In this report the term ‘training and development’ is used to cover the whole range of employee development activity, including that now called ‘learning.’ The function is referred to as the training and development function (T&D for short) simply out of convenience and to avoid the lengthy phrase ‘the employee development, training and development or learning function’ which otherwise would appear throughout this report.

## **1.2 Research approach**

The project was conducted through three main activities:

1. Consideration of the key points emerging from the existing literature on such topics as high performing organisations;



changes in theory and practice of training and development in organisations; the concept of organisational learning; and changes in the structure of both HR and training and development functions in organisations. A brief overview of this literature is given in section 1.4.

2. The main approach was to conduct in-depth semi-structured interviews with representatives of the training, learning or development function in nine case study organisations. These were chosen to represent varied sectors and also a mix of corporate and divisional perspectives. In some case studies multiple perspectives were offered, which was particularly interesting. The case study overviews in chapter 2 set the context in which training planning takes place. The case study visits took place through the Autumn of 2004.
3. An IES Research Network event was held for member organisations in January 2005. Early research findings were shared with this group of about twenty people from varied organisations, including some from the case study organisations. The debate at this event much enriched the data and added especially to our understanding of the challenges faced by organisations in planning training. The group also tested and added to our ideas about emergent good practice (see section 4.4).

### **1.3 Specific research questions**

In the light of the literature review and some early discussions with employers, a more specific set of research questions was developed into a structured interview guide used in the case study investigations. The main areas of enquiry included:

- Where and how do large organisations identify their training and development needs, and plan to meet them?
- How do such plans link through into budgets and targets for training and development activity?
- How do such plans take account of 'top down' corporate priorities (identified through business planning processes), and also 'bottom up' or more local training needs (identified by operating units or departments)?
- How do plans and budgets accommodate training needs identified by individuals (for example in their personal development plans)?

- How are short-term or suddenly emerging training needs met?
- How are line managers involved in planning for training and how are the resultant plans, budgets and priorities communicated to them?
- How do training plans balance and fund the very varied range of training methods in use, for example, coaching and e-learning as well as training courses?
- How does evaluation of the impact of training affect future training plans?

## 1.4 The changing training landscape

This section highlights some of key areas of literature which point us to why aligning training and development with business needs is an important issue to explore; how ideas about delivering training are changing; concepts of organisational learning; and the changing nature of the HR function.

### 1.4.1 High performing organisations

Training activity has to show it has business value, so there is considerable interest in examining the link between T&D activity, skills, and organisational performance. This can also be seen in the context of the national debate about productivity and the continuing concern about the productivity of the UK. In the late 1990s, there was extensive government-funded research into skills in the UK. This concluded that the UK still has too many people with very few skills and qualifications, and also skill shortages in 'intermediate' (eg technician) levels, although considerable strengths at the most highly qualified end of the workforce (Campbell *et al.* 2001). Taking this view, employers should be investing most in training towards the bottom end of the workforce. Governments and companies have been very interested over the past twenty years in the calibre of managers and leaders in the UK compared with those in other countries. Porter and Ketels (2003) concluded it was unlikely that management and leadership capability was the key factor holding back UK productivity. Again weakness appears to be more at the junior end of management, where training is also weaker in the UK (Keep and Westwood, 2003).

Over the past ten years or so, there has been considerable research into which HR practices can be shown to have a positive impact on bottom line performance at company level. The early research of this type (mostly American and mostly in manufacturing) looked at the presence or absence of certain HR practices and the correlation of these items with organisational performance. In these studies such as those by Huselid (1995) and Pfeffer (1998) training usually emerges as one of the bundle of so-called 'high performance work practices' which are associated with superior organisational performance.

More recent studies conducted in the UK are starting to show a causal relationship rather than just a correlation of training and business performance (*eg* Thompson, 2000). Some studies are showing that it is the alignment of the focus of training with the business, not just training spend which seems to affect performance (*eg* Mabey and Ramirez, 2005).

CIPD invested in the 1990s in a most interesting series of research studies into the relationship between HR practices and organisational performance (*eg* Guest *et al.*, 2000; Purcell *et al.*, 2003). Guest in particular draws our attention to the distinction between individuals possessing skills or knowledge and their willingness and ability to deploy these skills in the interests of the organisation. Guest, Purcell, Mabey and others also emphasise the importance of the quality of implementation of HR practices (including training), rather than their mere presence.

Although evidence is gradually building that training aligned with business needs can have a positive impact on the bottom line, it is not easy to prove this. In particular, proving the link between management development and organisational performance is extremely difficult because of the non-routine nature of so much managerial work. Managers certainly often feel that development has helped their skills, but very few studies have really shown a strong link with performance (Burgoyne *et al.*, 2003).

Texts on training strategy and design have always looked at alignment through 'training needs analysis.' Mayo (1998) and others have pushed us much harder to think about training 'driven' by business strategy, not just linked to it in rather loose terms.

## 1.4.2 From training to learning

The second aspect of the training landscape to be shifting is our whole view of what 'training' consists of. Recent work by the CIPD has been summarising this shift in terms of a move from 'training to learning.' Reynolds (2004) provides a useful overview of this thinking and the CIPD website provides interesting practical examples of learning strategies in current organisational settings.

A number of ideas which have been around for many years seem to have taken root in organisations more recently and changed the emphasis away from formal classroom learning. The Learning Cycle emphasises a number of different activities as involved in learning and especially the need for reflection (Kolb, 1984). Argyris (1994) emphasises the need for learning to change some of our deep-seated assumptions in order for real change to take place – often called 'double loop learning'. The work of Revans (*eg* 1980, but stemming from much earlier) on action learning places learning near the job in much more learner-centred activities related to real-life problems or issues and supported by fellow learners. Honey and Mumford (1982) remind us that different people prefer to learn in different ways – so called learning styles.

These are just a few of the ideas behind a potentially very big shift in the training landscape. More complete reviews can be found in Burgoyne (2002) and Knowles *et al.* (sixth edition, 2005).

Such ideas are clearly influencing T&D activities in UK organisations. Trends are usefully tracked by the CIPD's annual training surveys (from [cipd.co.uk](http://cipd.co.uk)). Hirsh and Carter (2002) examined how T&D delivery is changing in the field of management development. Some features are:

- A desired shift – not so easy to achieve in practice – from formal training programmes towards more experiential and personally tailored forms of development (mentoring, coaching, projects, secondments *etc.*).
- Establishing e-learning as an approach to be used alongside other T&D delivery mechanisms (Sloman, 2001).
- Clutterbuck (1998) gives a clear overview of both mentoring and coaching as ways of facilitating learning, and the varied roles that coaches and mentors play in development.

'Blended learning' is a term in wide use as short-hand for the use of varied T&D methods of delivery to meet learning needs. In particular, it often implies using some form of electronically delivered materials alongside more social forms of learning.

Brennan (2003) gives some useful case examples of how US organisations are choosing types of learning activity to meet different needs. He identified four factors which should condition the choice of T&D method as the:

1. conditions in which an approach is undertaken (*eg* time line)
2. resources available (*eg* budget and subject matter expertise)
3. target audience (*eg* location, job role, and familiarity with topic)
4. characteristics of the content (*eg* longevity and importance to competitive advantage).

One striking feature of the shift from 'training to learning' is that it involves the line manager much more heavily both in needs analysis and as a coach. Several IES studies have examined the challenge of motivating managers to act in this way (Tamkin *et al.*, 2003) and the skills managers need to carry out this role (Hirsh *et al.*, 2004).

### **1.4.3 Organisational learning**

The third shift in the training landscape is attention to the idea of 'organisational learning' as something above and beyond individual learning – and capable of delivering increased organisational performance. In fact, there are a cluster of ideas around organisational learning.

One idea is that of the 'learning organisation' as one in which learning is continuous and forms the engine for change and growth. As Pedler, Burgoyne and Boydell put it in *The Learning Company* (1991): '*an organization that facilitates the learning of all its members and continuously transforms itself.*' Recent reflections on the learning organisation tend to see it as more of an aspiration than an achieved state (*eg* Garratt, 1999).

Senge (1990) sees the learning organisation in terms of embedded systems and processes which establish links between individuals and their learning, the workplace team, and the manager as a facilitator of learning.

Picking up the idea of the team and its place in organisational learning seems both practical and more tangible than some other angles on this issue. Rifkin and Fulop (1997), for example, highlight the importance of the 'learning environment' rather than the 'learning organisation.' Empirical work by Erault (2000) shows the importance of the immediate team and line manager in establishing effective learning in the workplace but also sharing knowledge and understanding.

The idea of knowledge sharing is another way of making the learning organisation something more tangible. Indeed it is one of the great attractions of action learning, coaching and mentoring that all these methods are ways of passing on knowledge and skills from one employee to another. The concept of a community of practice (Wenger, 1998) as a group of people with shared interests and wishing to share their ideas about effective ways of working, is becoming popular. Electronic communication is making it possible to sustain communities of practice with only occasional face-to-face meetings, and for individuals to belong to a number of such communities, often globally.

#### **1.4.4 HR shared services and business partners**

The fourth change in the training landscape concerns how the T&D or learning function is organised, especially in the light of some big changes going on in the nature of HR functions.

Many speak of HR 'transformation' at the current time. What seems to be happening in the UK, often influenced by the ideas of Ulrich (1997) are several changes at once: a centralisation of HR into a 'shared service' across the organisation; the move of the administrative work of HR into some kind service centre with enhanced IT capability; the development of some 'business partner' roles offering some advice to local management and 'managing' the provision of service to them (Reilly, 2000).

The question for this study is 'where does that leave the training and development function'? A recent IES study of how the training and development function is resourced (Carter *et al.*, 2002) showed that the shared service model of HR needs some considerable adjustment to work well for training and development. This is mostly because learning activities cannot be

'delivered' in the same way as payroll or personnel records. This study showed that organisations are struggling to find training and development professionals with the required mix of specialist training expertise and business understanding.

These four shifts in the training landscape – the desire to link training with organisation performance; the shift in training methods towards an emphasis on 'learning' more than 'training'; the ambition to help organisations as well as individuals to learn; and the changing structure of HR and T&D – all shape the background against which the specific challenge of planning T&D activity takes place.

## **1.5 Structure of this report**

The subject matter of this research is so interlinked that to cut it up into chapters proved quite difficult and may at times frustrate the reader. However, some ways of examining this large topic a piece at a time is necessary so three broad cuts are taken as follows:

Chapter 2 sets the scene in the case study organisations and describes the broad nature of training plans and budgets and how they relate the structure of T&D which they serve.

Chapter 3 looks in more depth at an emergent model for the linkages which exist between the business and training plans.

Chapter 4 offers the conclusions from the research. It examines the extent to which training plans are driven by business needs, highlights some underlying tensions and suggests some questions organisations can ask themselves and some tips for good practice.

## 2. The Organisational Context for Training 'Plans'

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### 2.1 Setting the planning of training in context

Before looking in detail at the *processes* by which organisations seek to *align* their training activity with business needs, it is worth taking a broader view of the characteristics of training plans and budgets, their relationship with the organisation of the T&D function more generally and the kind of training activities now being delivered. These contextual factors have an enormous influence on the extent to which training plans are able to support business needs.

The following sections give short 'pen pictures' of training and development in each of the nine case organisations participating in this research, describing the following key features.

- The types of **training and development activity** being delivered and methods of supporting learning used.
- How the **training and development function** is organised – where it sits, its relationship with HR and how it links with the business.
- The nature of **training plans and budgets** – where these sit and who is involved in formulating them.

They illustrate the considerable variety in activity and organisation of T&D functions today.

Several of the case organisations are changing the nature of their training and development activities and functions, so these



summaries are captured at a point in time (Autumn 2004), and do not necessarily reflect a stable state.

A summary at the end of this chapter highlights the key findings in relation to training plans and budgets and the context in which they are shaped.

## 2.2 Argos

Argos, the retail group, has about 19,000 staff in its retail division and another 1,500 in Head Office. There are four learning and development groups reporting to the Head of learning and development, who reports in turn to the HR director. The four groups cover the head office, retail, distribution and learning solutions.

Training has been very significantly re-engineered since the late 1990s. Activity is now a mix of standard and bespoke solutions. The mix has moved quite rapidly over the past few years away from standard formal training programmes. Around 40 per cent of trainers' time is spent on projects, 40 per cent delivering bespoke learning interventions and 20 per cent on formal programmes. Projects are major business learning initiatives, whereas the bespoke work is more specific to part of the business. Argos also offers computer-based training (CBT) and a range of learning resources, especially in skill areas not covered by formal training programmes.

The approach to resourcing T&D activity has changed over time from mostly external suppliers to more of a mixed model. Currently generic and management development is provided largely internally.

There is an HR Adviser for the Director of each main part of the business, who is responsible for identifying training needs. The T&D professionals then look at each need identified, and consider what solution will be most effective.

Argos has both a central training budget, and also budgets held in the line covering more specialised T&D activity. Budgets for *ad hoc* T&D interventions are met either from the centre or the from local business, depending on the extent to which they are perceived as a corporate priority.

## 2.3 BBC

The BBC has a strong tradition of training and a particular remit within the licence fee to train for the industry as well as for its own needs. The training function used to be de-centralised in the BBC, but now is fairly centralised. In 2004 there were about 260 people in People Development (the training and development function), mostly based in London and the BBC's residential centre in Wood Norton. Some are embedded in the business (eg in news) and in regional hubs (Cardiff, Glasgow, Birmingham) where training can be delivered to people who work in that region. There is also an OD function that works mostly on major change programmes.

The people in the learning function are a mix of permanent staff, freelancers and people from the business who come into training for a period of time on attachment. These are usually people with relevant skills, either in management and leadership or in professional/technical work areas. After a period of time most of these people go back into the mainstream business again. As well as bringing necessary skills and knowledge to the learning function, this model also raises visibility of training in the business.

There are a number of mechanisms for linking the learning function with the business. Each division has a development executive who reports to People Development as well as an HR partner. There may also be a training person, knowledgeable in the specific area of work, to conduct detailed analysis of needs. The BBC also has 'centres of excellence' that represent key business functions (eg journalism) cutting across divisions. This makes it easier to identify function-specific training needs. There is also a top-level learning board, chaired by the deputy director general which ensures that development priorities are aligned with the organisation's objectives.

In terms of practical learning activity, more learning is now 'on demand' rather than determined by set courses running at set times. Learning interventions are now quite diverse in terms of methods used. Online learning is very important, with 75,000 hours of training delivered this way, under the control of the individual employee. Leadership training is run in conjunction with external partners and uses blended methods including

coaching, mentoring, action learning and attachments. Internal coaching by employees with specific skills and experience is also used for much technical skill development (*eg* in production). Whole team training interventions are also growing (*eg* in journalism).

One of the interesting features of work in the BBC is that it can have pronounced peaks and troughs. In production, for example, training is easiest to fit in when people are less busy, but also is often needed just before production starts to get everyone ready. Timing is a key issue in training planning.

There is a fairly de-centralised training budget set at about £45 million per annum over recent years. There are training plans at various levels, especially for each of the business divisions. Each business division uses a 'partnership agreement' to define its use of the T&D budget and resources on a monthly basis.

Some training is seen to be of key corporate importance (*eg* leadership) and is compulsory, although the divisions still pay for this. A small amount of the total budget is 'top sliced' to pay for particular corporate initiatives. In 2004, for example, there were two major programmes for journalists and programme makers which were mandatory dealing with news.

The structure for training and development will change during 2005-06 alongside other major changes in the BBC.

## **2.4 Department for Education and Skills**

The DfES employs about 4,500 people mostly in London and Sheffield, but also in a number of other regional offices. As the department of government with responsibility for learning, the internal training function is in an interesting position in seeking to promote active learning for its own staff.

At the time of this study the training and development function, under the umbrella of the 'learning academy', was rather separate from the HR function, although the two are being much more closely integrated in 2005. Both HR and training report at top level into a director general for corporate services. As part of the change in structure, the HR business partner model will be strengthened, although it is not clear whether HR partners will

also cover the learning agenda – at present there is a ‘key account’ structure within the learning academy. There are also ‘learning champions’ – line people responsible for facilitating networks of people interested in training within some divisions.

Although most of the staff in the training function are centralised, and cover generic and leadership development, some directorates have embedded staff who take on a training role, and some specialist groups have their own budgets for training (*eg* law, finance). So budgets exist at central, local and functional locations in the organisation.

Although standard training programmes and modules are offered, and induction and leadership training are certainly seen as ‘core’, there is growing move to more learning on the job and a coaching culture. Some training modules are also now online.

There is a formal training plan for the academy for the following year, approved by the board of the department. It shows planned activities and costs. The central budget has normally been around £5 million, but in 2004 was more than this to cover particular training needs associated with organisational change. An additional training budget of about £1 million is earmarked for the fast stream entry programme.

## **2.5 Diageo**

The Diageo case study looked at the planning of training from the perspective of just part of this large global company – Spirits Supply Scotland (SSS). This covers part of the spirit production side of the business, and is a distinct business unit with its own leadership team.

Senior Management Development is lead by the global talent team. This study focuses on all employees in SSS up to and including middle management from a training point of view. Most of the training of operational and administration staff is handled by the business at site level, so the Scottish people development function (of five people in total) concentrates on supporting the development needs of management and professional staff. The remit of this team also covers supporting other employees in Scotland and Amsterdam including the

Scotland and Amsterdam supply business unit – the order fulfilment side of the business.

The HR function has recently moved to a business partner model, and the Scottish people development team will become part of a UK and Ireland shared talent development service. It is early days to how much impact this will have on current ways of working. As there have been strong links between HR's T&D specialists and the business for a long time, this change does not appear as radical as it may to other parts of the Diageo.

The Scottish people development team supports the business through various kinds of activity including: delivery of training modules including management training; training support to business projects or change programmes; management of the mentoring scheme; and OD support to teams. Training delivery uses a mix of internal resources and external providers.

The Diageo academy offers web-based information and materials. The Scottish People Development team can add local pages to this information for more unit-specific training resources and information.

As one would expect in this quite devolved model, planning and budget management occurs both centrally and locally. The central Diageo Academy has its own budget and planned delivery commitments, including the maintenance and development of the website. As we will see in chapter 3, Diageo has strong processes for considering people issues as part of business review processes.

Training budgets for operational grades of staff sit locally with local HR. The Scottish People Development training team are allocated an overall budget each year based on projected demand for their services and core products. The time of internal T&D staff is not costed to the business, so they look 'free' at the point of use. Line managers can add to training resources from business budgets to meet more specific local needs. In practice, therefore, the planning and financing of T&D is fairly flexible with informal dialogue both with the HR/T&D function and between HR and the line about what to prioritise and how it should be funded.

## 2.6 HBOS

HBOS is a financial services company formed from the merger of Halifax and Bank of Scotland and a number of other players in the sector. The organisation employs about 60,000 people. The structure is 'federal' with eight business divisions plus a corporate centre. The case study pulled in perspectives from three different locations in the T&D function of the organisation – Executive and Organisational Development (a corporate department); the general insurance division (employing about 2,500 people); and part of the insurance and investment division (employing about 4,000 people).

HR follows the federal structure with a relatively small facilitating and co-ordinating role at corporate level (reporting into Group Services) and strong HR presence at divisional level.

The T&D function is segmented in the organisation roughly following different levels of employees. The 'group executive and organisational development' group covers succession planning, talent management and executive development for the top 170 (divisional boards and the level below this) and also some work with graduates. Training and development for other employees resides mostly at divisional level, with the T&D team sometimes split into those looking after managers and those responsible for training more junior staff. A corporate central team covers IT training for the whole group, focused especially on training for users rather than IT professionals.

Within divisions arrangements for T&D vary. In one of the business areas examined, for example, there is a team of 19 people in the training and OD function who bring in external providers where necessary. Local contact with the business is through HR business partners who have dialogue with the line.

Given the devolved structure and diversity of the group, and the different histories of T&D pre-merger, it is not surprising that training methods vary considerably. Executive development has been strengthened with new core programmes plus increased emphasis on coaching and mentoring close to the job. Induction is handled more locally using a range of website materials, workbooks and coaching. Rapid and effective induction is especially important for those in customer-facing roles. There is a

desire to move towards more emphasis on coaching for all staff, but many roles also require formal study for qualifications.

Business divisions wish to have their own identity and values reflected in the way training is approached, so even for leadership some divisions tailor the corporate frameworks. This is balanced by an increase in collaboration between divisions and a gradual move to more shared learning, especially for the management population.

Within this quite complex structure, there are training plans and budgets both at the corporate centre and in divisions. The central executive development plan is not a conventional training plan in terms of specific activities. Rather it is a set of principles and objectives. A central budget of £4.5 million includes the central training function staff and OD team. Of this about £1.1 million is spent on executive development and related activities. The central training budget is signed off by the head of group services – in effect top sliced from the business.

Business divisions operate varied models of training plans and budgets. One division, for example, has a budget of £1.3 million of which £400,000 is held centrally within the division to meet external costs and the majority is devolved to more local HR business partners. Line managers sign off spend on these local budgets.

## **2.7 HM Customs and Excise**

HM Customs and Excise (HMCE) is the government department responsible for dealing with customs, excise and VAT. At the time of this study it was preparing to merge with Inland Revenue to form an integrated organisation for tax administration.

The training function reports into the HR director. Each major business stream within HMCE has a single point of contact with a remit to define the learning strategy for that business within the context of an overarching development framework for the whole organisation. The staff of the senior civil service and fast stream graduate trainees are handled by special teams in the HR function.

In 2003-04 there were 117,000 learning interventions, 36,000 classroom events and 23,000 learners. Courses are not run at standard times, but whenever a waiting list has built up which makes the course viable. There is a policy of supporting externally accredited qualifications where appropriate. Training is being linked with standards, and an increasing amount of training is assessed in terms of pass/fail. About 40 per cent of development activity is for clerical staff. There are also specific development schemes for minority groups (eg disabled people and minority ethnic groups).

The department has a learning management system which is available to all staff and shows the links between skills, roles and available training. Staff can apply for learning online with authorisation from their manager. The learning management system also delivers e-learning, tracks all learning participation and collects evaluation data.

Technical trainers are based out in the businesses, partly because locating them there has reduced the barriers to releasing staff for technical training. The two biggest departments have dedicated account managers for training and development. The smaller departments have an HR manager who also covers training.

The main process of planning and priority setting is in each of the main business divisions. Information on what training each division wants is collected, and there is a dialogue with the training function which can challenge these 'wants' and ensure the needs analysis is rigorous. The total budget is set 'top down' and there is never enough money to fund all the training the business would like. Each main business division therefore conducts a prioritisation process as part of the planning system. The formal budget is mostly allocated to training seen as 'essential' or 'statutory' rather than merely desirable.

The effectiveness of this structure relies on the quality of dialogue between the training team and managers in each business area. This is an on-going communication challenge.

There is something of a move away from an annual cost-driven budget and plan to more of a rolling quarterly plan to give more flexibility for new programmes and changing priorities within the year. The central training team already uses a 'real-time' plan



of all the projects they are involved with at each of the four main training locations, and the resources they require.

The overall training budget (about £10 million) is based largely on past expenditure and is always under pressure. Currently, training is centrally funded and some cross-charging takes place to each business at the end of the year according to size of unit and how much training has been used. This budgetary system rather conceals from managers the true cost of the training they are using, and it may be changed in future.

## **2.8 Legal & General**

Legal & General is a financial services company with around 8,000 staff in the UK including 200 to 300 who are home-based. The case study pulled in perspectives from central HR in the UK and also those responsible for training sales staff and the customer service functions. Both HR and training have been moving towards a more advisory and less administrative role, and also becoming more integrated with each other. Closer dialogue with managers in the business is part of this shift. Training and development is a very substantial investment for the business – about £10 million per annum, of which £4 million is centrally directed, around £2.5 million spent on external providers (especially for IT training) and £3.5 million devolved to business units.

There is a co-ordinated approach to management development, delivered at four major locations. Managers can take an externally accredited diploma and certificate in management. Increased resources and staff have been put into management development over the past couple of years.

Sales and customer service training is more decentralised with most T&D staff for these areas out in the business. However there is still a desire to achieve consistency in the standards achieved through training.

Legal & General has shifted from a heavy emphasis on classroom training (which was 90 per cent of learning activity) to a strong emphasis on CBT (now up to 80 per cent of learning is delivered online in some areas), and a learning management system to help manage the data. This big shift has been partly driven by the

volume of demand for training, often required by regulation in this industry. In some areas of work the training also needs to build in assessment to meet regulatory requirements for proof of competence. This makes new demands on the T&D function.

Some teams within the T&D function concentrate on particular types of work. For example, one team is responsible for customer service training (mostly in communications and service skills), with about 16 staff in four locations. Another team supports major business projects and product development *eg* the new training required by FSA regulations on mortgages. This team works with the customers in the business to design appropriate training materials, which are then delivered through sales trainers in the business.

## 2.9 Rolls-Royce

Rolls-Royce plc operates in four global markets: civil aerospace, defence aerospace, marine and energy with about 35,000 employees, 21,000 of whom are in the UK.

The company is organised as a matrix of market-facing divisions with technology-based operating units (developing and manufacturing different types of products). There are also some central support functions. In terms of global geography there is regional structure with quite strong regional training centres outside the UK supporting employees in other countries.

Learning and development is part of the central HR function, reporting to the company HR director. The business units also have HR directors. At business level, each HR director has a learning and career development executive in their team, so learning and HR are closely integrated at senior levels. About a third of the staff in the L&D function are in the central team and most are located out in the business. The central function tends to concentrate on generic and company-wide solutions, including management and leadership programmes. Local T&D teams focus more on more technical training, combining needs analysis with some localised delivery. ICT is used both to deliver some training and also to give staff access to information on a very wide range of training opportunities.

As well as the central and business unit L&D presence, Rolls-Royce has 'academies' for its main business functions across the company. Functional leaders work with nominated 'skill owners' to assess functional skill needs. The delivery of functional training can be through the training centres, but can also be outsourced.

Total training and development spend is around £30 million. About £4 million is corporately retained to fund items of particular corporate priority. The majority of training spend in the UK is paid for by the business units. This approach is felt to lead to better management engagement with prioritising L&D. On centrally funded training interventions, local businesses are still funding staff time and travel costs *etc.* Managers can add additional resources into training budgets from their business budgets. So although there is a central plan and co-ordinated budget for learning and development, this does not cover some additional learning activities procured by local managers.

## 2.10 Scottish Executive

The Scottish Executive represents central government in Scotland and services the devolved administration. The Scottish Executive, its agencies and other related bodies employ about 6,500 staff, mostly in Edinburgh but also at other locations throughout Scotland.

The T&D function of the Scottish Executive provides a range of training services including: regularly run corporate training programmes for essential skills (*eg* dealing with ministers, IT skills); a team focused on policy-making skills; the provision of e-learning resource centres; and support for lifelong learning (*eg* supporting study for marketable qualifications).

More personal and informal development approaches are being developed. Coaching and mentoring are already used for senior civil servants and may be extended to wider populations.

External training providers are used where they have particular expertise of value to the Scottish Executive *eg* training in management, project management and procurement.

The function is responsible for developing the overall learning strategy, and plans for implementation, based on both strategic business needs and individual demands. Corporate learning sits within HR with good communication between the two and an opportunity for mutual influence.

The small central training team takes direct responsibility for three flagship programmes pitched at different levels in the organisation – for administrators, managers and those with significant people leadership responsibilities.

There is considerable devolution of responsibility for training and development to departments within the executive. Each department has a development adviser (eight in total) reporting to a departmental training and development sub-committee. As the box following shows, the development advisers identify local needs and also play a part in training delivery.

#### **Development advisers in the Scottish Executive**

Within departments of the Scottish Executive, departmental development advisers offer support in the development and delivery of learning solutions relevant to local business needs. This role includes:

- Working in partnership with changing to deliver division (CtD), departmental business managers and corporate services colleagues to address departmental and CtD priorities.
- Planning, organising and running departmental/divisional seminars/business briefings.
- Ensuring Investors in People (IiP) standards are maintained through supporting IiP Action Plans and IiP Health checks.
- Contributing to planning, contributing and facilitating divisional business planning/team building away-days.
- Working with the induction unit and HR team, implementing and supporting effective local induction procedures, implementing quality assurance.
- Inducting, advising and supporting training liaison officers (TLOs) and supporting departmental TLO networks.
- Supporting and advising training and development sub-committees (TDSCs).

- Contributing to and supporting corporate working groups/initiatives such as TLO networks, SETV, freedom of information, electronic records and document management, career paths, responding to demands for corporate roll outs.
- Supporting development appraisal, providing competency profile summary (CPS), personal learning plans and career guidance including delivering CPS Workshops.
- Providing appropriate bespoke training as required within departments and contributing to corporate training.

As well as the development advisers, every division also has TLOs (150 people in total) who have very localised responsibilities for advice and some induction, and training is only a small part of their job role.

The development advisers operate networks of local TLOs through which the organisation conducts consultation and receives advice on training issues. These networks also work with the trades unions and their learning reps.

The Scottish Executive has a process of planning and budgeting within each main business division, which covers the training priorities of the division for its own staff. A central T&D plan covers those programmes run more centrally. In most cases, these events are planned in advance, but some are run on an 'on demand' basis. So there are both central and local T&D budgets. Local development advisers also have budgets to address bespoke learning needs. There is no specific financial allowance for training for each member of staff, although there was several years ago.

## **2.11 Key contextual influences on T&D plans and budgets**

The case study accounts in this chapter present a whole range of arrangements for training and development in large organisations. The way training is organised leads to quite a complex picture against which training plans and budgets have to be agreed and managed.

Here are just some of the key points which emerge from this analysis of the context in which training is planned:

- The HR function in most of the case organisations was going through significant change, often moving towards a more centralised shared service model plus business partners. The model adopted for HR has a major influence on how T&D is organised, as this normally comes under the same director. The shared service concept has an influence on the degree of centralisation within HR. The business partner model is central to this project as it determines the lines of dialogue between the HR and/or the T&D function and business leaders and local line managers.
- There are also significant changes occurring in the activities delivered by T&D. Increased use of e-learning and web-based information systems tend to place more control at the corporate centre. The desire to put learning closer to the job pushes the other way, towards a more devolved T&D function and/or to an increase in the use of more flexible central teams doing more bespoke work (often called 'OD' teams). There is great variation both within and between organisations as to whether T&D activity is delivered by internal staff or by external suppliers. This has very major implications for T&D resource planning.
- Business plans exist at multiple levels in large organisations so a single all-embracing business plan is not often visible, although strategic business priorities are often more so.
- T&D plans are likewise diverse in nature, reflecting the structure of HR and T&D. In particular, central T&D plans often only cover those aspects of T&D delivered from the centre (eg management and leadership development, some standard courses, e-learning provision). In most of the case organisations, planning for training had a stronger centre of gravity at divisional level rather than corporate level.
- In some organisations, key business functions or professions across the organisation have their own structures for T&D and may have their own plans and budgets.
- The location of T&D budgets tends to follow lines of responsibility and the location of plans. There are frequently both central budgets and more local budgets.
- It is also the case that line managers can often 'top up' T&D activity and spend by allocating resources from their own business budgets, so T&D budgets *per se* may not be a very accurate reflection of total T&D spend. There is considerable variation in the extent to which line managers have control over the T&D budget and in what way this is exercised. In some organisations the T&D budget sits with the line. In most of the

case organisations, the T&D function controlled training spend to a considerable degree but often with the high-level involvement of the line in setting plans, budgets and priorities.

- T&D budgets seem often to be based on historical patterns of spend and then the planning process sets priorities within these budgets. A zero-based approach to planning training was much more rarely used.
- Some organisations show a desire to move away somewhat from a fixed annual plan for T&D to more of a rolling plan and budget to give more flexibility to respond to business circumstances during the year.

Perhaps the most interesting tension evident in the case organisations is the tension between a desire for much clearer strategic control of T&D and efficiency gain through more centralised design, delivery and purchasing, versus the desire for just-in-time and more locally responsive T&D activity. The tension between central and local training plans and budgets, and the frequent presence of both, can be seen as a way of keeping these pressures well balanced in response to both strategic and operational business needs. We will return to this issue in chapter 4. Chapter 3 now turns to the more specific ways in which the structures described here respond to business needs for training and development.

# 3. The Processes for Aligning Training with Business Needs

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## 3.1 An emergent model and method of enquiry

The more detailed research questions posed in chapter 1 were used to try and 'map' the various processes which exist in organisations to link business issues to the identification of training needs. As the discussions with the case study organisations progressed the model was developed and refined to show the range of processes and links used in organisations to align training plans with business needs. This chapter presents the findings of this 'mapping' approach. Figure 2 shows the model emerging from this research and the range of linkages used.

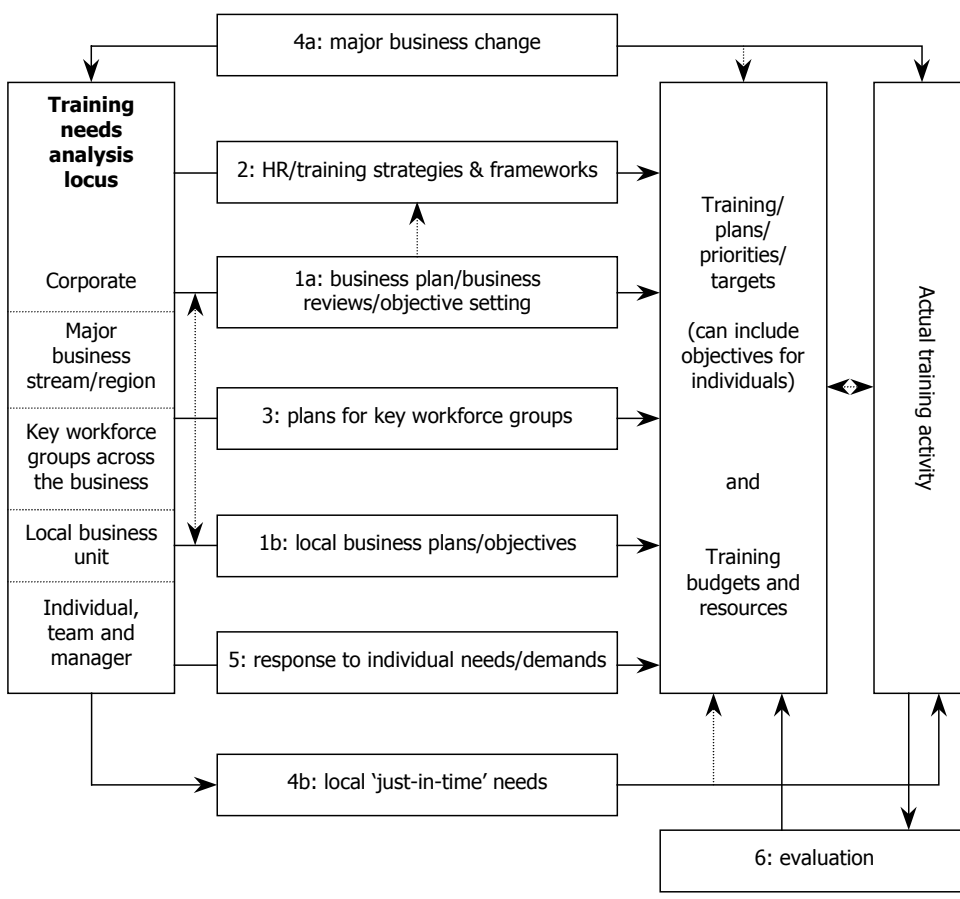
As we go through the various linkages used, the importance of the factors described in chapter 2 is evident. Where the T&D function sits, where training budgets sit, and how the function works with line management at various levels determine to a large extent which of the links with business operate strongly and which are weaker.

In the remainder of this chapter each of the main links shown on Figure 2 will be explored in turn. The links are via:

1. business planning or business reviews – corporate (1a) or local (1b)
2. HR strategy and/or training strategy, or via strategic HR processes such as competencies or IiP



**Figure 2: An emergent model of links between business needs and training and development plans**



Source: IES

3. training planning for key workforce groups *eg* managers and leaders; corporate functions or professions; trainees such as graduate recruits
4. responses to major changes and just-in-time business needs – corporate (4a) or local (4b)
5. response to individual needs/demands
6. response to evaluation of the impact of training.

### **Analysing links between business needs and training plans**

As each of the processes which link business needs and training plans were discussed, the following questions were found to be helpful:

- What form does the process itself take? *Eg* analysis, open discussion *etc.*
- What inputs and outputs does it have — and which of these link with other processes?
- Who does it involve, and at what level in the organisation?
- Exactly how does it impact on training activity (*eg* through priorities, targets, budgets *etc.*)?

## **3.2 Deriving training plans from business plans (link 1)**

The most obvious start point for aligning training and development plans with business needs is to establish a direct link between formal business plans and priorities for training.

These links were certainly seen as desirable in most of the case organisations but were often quite difficult to achieve in practice. A degree of complexity can arise from some dislocations both at the business planning end and at the HR/T&D end of the logic chain.

Two key factors here are:

1. **Whether the corporate business plan is strongly linked to divisional and/or unit-level business plans.** If these linkages are strong, it is possible to see T&D implications quite clearly from the corporate business plan. Where the link is weaker, the corporate business plan can be rather too general to infer much about T&D needs, and the T&D function really needs to plan at divisional level. In a similar way, below divisional level, unit plans may be strongly or weakly linked to divisional business plans. Where the link is strong, divisional T&D plans can pick up most local priorities. Where it is weak, business partners need to do this at local level. In large organisations it seems that divisional level is often the best focus for T&D planning — close enough to business specifics to give clear indications of the skill implications of business issues, but at a strategic enough level to show some major priorities.

2. **Whether T&D operates closely with HR or rather separately.**  
Where they are close, the HR plan or strategy is more likely to cover training and development issues, making it easy to pick these up for the T&D plan. Where they are more separate, the T&D function needs to do its own analysis of training and development implications of the business plan.

**Examples of links with business plans**

Argos has a five year rolling business plan. The annual HR plan is built around the resource and development implications of the next year's business plan. The period between November and March is used to develop this HR plan, starting with an 'away day' for the HR function, including T&D. Budgeting takes place on the same cycle, and the T&D function adjusts its plans in the light of likely available resources. The training plan divides planned work into three categories 'business as usual', 'projects' and 'bespoke' services. Individuals within the HR and T&D function have personal objectives linked to the identified priorities of the function.

In Legal & General, the corporate business plan tends to be very broad so does not set specific goals for T&D activity. Divisional plans can go out of date quite quickly as business priorities shift, partly depending on competitor activity. The T&D function has therefore moved to a more responsive planning model, picking up major business shifts and projects, and building rolling activity plans (linked to individual work plans for staff in the T&D function) to support these. Standard courses are still planned in and run when there is sufficient 'bottom up' demand.

Diageo has a global process called the organisation and people review. This links business plans with people plans and has both 'bottom up' and 'top down' components. The 'bottom up' or more local part of the planning process for people is conducted by T&D and HR working together. Key local stakeholders (*eg* directors of component businesses and some of their leadership team) are interviewed about their key business objectives; capabilities required; and capabilities currently missing. This process covers the whole workforce. This information is amalgamated upwards and a corporate perspective is added at group level. The group 'top down' perspective feeds in wider priorities. For example, operator training was identified as a priority across the business. Such cross-business T&D projects are taken forward by a project group (representing the line, HR and T&D).

In the BBC, the main centre of gravity of the link between T&D and the business is at divisional level. However, the corporate centre also sets some clear priorities which feed into divisional plans. Recent examples would result both from major business changes (*eg*

supporting digital radio) and specific people priorities (*eg* leadership and induction). A corporate learning board meets three times a year to review the T&D activity right across the BBC. 'Top down', training plans are derived from the business objectives for each division. 'Bottom up', each division also looks at staff appraisals and the needs identified there. The heads of divisions are held accountable for meeting their training targets.

In HMCE, each business builds up a strategic picture of how the business can be delivered and what this means in terms of learning. The learning function then advises on how this will be delivered. Three priority areas were technical training, IS skills and management development.

In Rolls-Royce, the main business units have a five year business plan with a one year detailed plan. The HR plan is a subset of the business plan, and the T&D plan is a subset of the HR plan. This includes a planned T&D budget. This information is pulled together for the whole of the UK (but not globally) to show the demand for training activity by type of programme and type of trainee. This gives the training centre in the UK a reasonable basis on which to plan their service to the business. Support for the management and leadership population is looked at jointly by T&D and HR. More frequent reviews of T&D plans against changing business needs (perhaps quarterly) might be a useful enhancement.

### **3.2.1 The need for more specific T&D outcomes**

Where training plans do link with business plans, this often seems to be at the level of a key activity or priority (*eg* leadership development) rather than leading to a specific outcome goal for T&D (*eg* what is it about leadership which really needs to improve, and how does this link with a specific business goal?). More outcome-focused links between business goals and T&D would help to clarify how T&D success might be measured, and also help to design interventions around specific knowledge or behavioural change required.

HMCE was seeking to strengthen the link between a specific training intervention and the business goal that intervention was intended to affect. This link depends on a continuous dialogue with the line, not just at planning stage but at design and evaluation stages too. This was more likely to occur when there were strong business partners in the T&D function assigned to particular business divisions.

In a similar way, DfES had found that the quality of dialogue at divisional level between the T&D account managers and line managers was the key factor in enabling more bespoke training interventions to be designed to meet specific local business needs (eg locally tailored induction programmes, support for specific organisational changes, team building).

Training plans also have to take account of *how* T&D activity will be delivered as well as *what skills* it needs to focus on. In Legal & General, for example, the T&D function was trying to move the organisation away from the 'classroom model of training' to greater use of e-learning, including online skill assessment. Obviously such shifts play a major part in converting perceptions of need into plans for T&D activity and resources.

### **3.3 The T&D implications of HR strategy (link 2)**

#### **3.3.1 HR strategies often weak on capability issues**

As we have seen above, some organisations have a close planning dialogue between HR and T&D, especially where T&D is a fully integrated area of work within a wider HR community. We had expected to see clear HR strategies covering a range of people issues in the organisation, including workforce planning, resourcing, organisation structure as well as issues of workforce capability and both individual and organisational learning. HR overviews of this kind were present where a comprehensive people review took place on a regular basis with senior executives. In the majority of cases, however, the link between HR strategy and T&D plans was really quite weak. This was because HR strategies tend to be light on serious analysis of capability and learning issues, other than their frequent and rather general inclusion of leadership development as a priority.

#### **3.3.2 Some links from HR process priorities**

More often, HR strategies and plans did include priorities for HR process change or improvement. For example, in several of the cases, changes to appraisal or performance management processes were taking place. This did lead to a drop-through of a kind for T&D. In several cases, T&D plans had an element of

training for a new appraisal process, or an emphasis for managers on coaching skills or development discussions with staff. But this is a link of a rather basic and narrow kind between HR strategy and T&D plans. There is often a lack of clarity in HR strategies about workforce capabilities which need strengthening, or the T&D consequences of patterns of recruitment.

Another approach in several of the case organisations was to give HR and T&D professionals – especially senior people – personal goals which were linked to specific business goals.

### **3.3.3 Competencies could be used more rigorously**

Most of the case organisations had competency frameworks both for managers and leaders, and often also for generic skills and behaviours for the whole workforce. However, they did not feature much as a language for linking business needs with training plans. Where competencies were used, there was training uniformly provided across the framework and less evidence of business issues or changes highlighting *specific* competencies which should be prioritised for development.

In Argos, part of the alignment of T&D with the business is through the core business values which are built into training activities and measured in the performance management system.

### **3.3.4 Does IiP help business alignment of T&D?**

Most of the case organisations were accredited with IiP. We asked whether this process has helped with linking T&D plans to wider HR issues and business needs.

Views varied on this topic. Some of the case organisations (*eg* Diageo) felt that their dialogue about training with the business was quite strong and IiP had not affected it much. Some felt it had caused them to embed training people better in the business (*eg* Rolls-Royce) or to keep a better dialogue going with the line (*eg* Scottish Executive) or keep a stronger emphasis on the need to assess the impact of learning (*eg* BBC). None felt that IiP was a negative influence on the ability to align T&D with business needs, although it did not seem to be a major driver.

### 3.4 Planning training for key workforce groups (link 3)

The main axis for planning training seems to be down through main business units (normally divisions). However, it is not uncommon for some workforce groups *across* divisions to have their training needs looked at more centrally. The three main types of group commonly treated in this way are:

1. managers
2. graduate trainees
3. professionals, specialists or key cross-business functions.

#### **Examples of centralised planning for key workforce groups**

Argos has a framework defining 'success factors' at various levels for the management population. The delivery of management development is planned through dialogue and user consultation. Some programmes are centrally planned for the most senior levels of management, and executives are supplied with external coaches.

HMCE has centrally planned management development, which is moving away from classroom training to more individualised learning and action learning sets. Some other skill groups are also handled more centrally, for example training in IT skills is delivered mostly via standardised training products.

The Scottish Executive uses a 'head of profession' structure to take responsibility for defining specialist competencies for selected groups across the organisation (*eg* statisticians). These are as well as the generic competencies used for all staff. Training for specialists includes planned career moves to give them the required range of experiences to develop their specialist skills. The T&D function liaise direct with the heads of profession over specialist skill issues.

DfES uses a similar approach for the traditional civil service 'specialist' groups, and also for the fast stream graduate intake. These groups have their own training budgets, so does the senior civil service population.

In Diageo, both executive development and training for graduate trainees are planned corporately.

The BBC has a strong corporate focus both on leadership development and selected functional groups. Three 'centres of excellence' have been established across the BBC to lead on training for journalism, production and creativity. Creativity has been the most

challenging as it does not map so easily to a particular group of employees, although there has been a lot of activity around this issue.

HBOS also has some centralised planning for management training and high potential development, and training initiatives driven by divisions for their own staff (*eg* in the management of change).

Rolls-Royce has centralised planning for management development, including skill and career development for those identified in high potential pools. The 'development cell' process in Rolls-Royce follows the matrix structure of the organisation and can identify needs for key functional groups (*eg* engineers) as well feeding up needs analysis within business units.

So, although in theory, the main axis for planning training is through divisional business plans, we see that key groups are often handled separately and on a more corporate basis. This has the advantage that their training is given quite a high profile (with some security of funding), and also that there is some consistency of approach across business divisions. It may have the disadvantage of not always linking this training with specific business priorities and a clear identification of how these groups could best improve business performance.

## **3.5 Training in response to major business changes and just-in-time local business needs (link 4)**

### **3.5.1 Building training into major change projects**

Organisations can experience significant changes not seen up to a year ahead in formal business plans. Quite often these changes result from corporate-level decisions, especially mergers, acquisitions or strategic business partnerships. Major business re-organisations can also occur at relatively short notice, especially in response to business performance problems or the actions of competitors.

Where the T&D function and HR function are closely coupled, the people implications of major business change can be considered by HR and T&D together and then proposals put to business executives for approval.



Organisations where just-in-time training is needed to support the launch of new products have methods of resourcing training which make this possible at quite short notice. In Legal & General, for example, trainers work with business development managers to design new product training, but this is then rolled out through large numbers of staff in the workplace who can train others. Changes in external regulations can also create sudden training needs in the financial sector, impacting on large numbers of staff.

Major business changes are often treated as 'projects', using project planning and project management approaches, and often involving temporary project teams. Several of the case organisations were accustomed to planning training activity and training resources into such teams as part of the change project as a whole. The Scottish Executive and Diageo, for example, had done this with major new computer systems, and HBOS with business re-structuring. It can be more difficult to plan in the training resource to maintain high performance once the major project has reached its end and the project team is disbanded.

This approach, as several of the case organisations commented, relies on the business telling the T&D function when a major business change is coming up and planning in the training resource quite early. This does not always happen!

#### **Responding to major business issues**

Rolls-Royce made 'sparing' use of corporate 'top down' priorities for training, so that when such priorities were set, they were well resourced and implemented. A recent example was training to support process excellence reaching 5,500 managers in an effort to increase customer satisfaction and reduce the costs of non-conformance. Such initiatives take time and considerable resources, hence the need to select them very carefully.

The BBC showed the capacity to respond to the unforeseen need to address training issues in its journalism function after external criticism in 2004. Corporate funding was made available to develop both formal training and e-learning materials. The delivery of training was managed by divisions with support from the central T&D team.

### **3.5.2 Variable response to local just-in-time needs**

Although all the case organisations had examples of special projects driven from major corporate changes or needs, the ability to respond to sudden needs at more local level depended on the mechanisms for allocating T&D resources and budgets.

Diageo, with a flexible model of T&D resourcing, could meet the unforeseen needs of local managers from within the local T&D function if it had time. If not, line managers could use money from within their own budgets to resource such needs externally. The T&D function could then advise on suitable suppliers.

The DfES could use its central training budget for local needs if there was enough money in the system. If not, it was harder to respond. In some divisions of HBOS, small OD teams formed a resource to respond to local just-in-time needs.

## **3.6 Responding to individual and team needs (link 5)**

So far we have looked at links between business needs and training plans as perceived by managers looking at a substantial part of the organisation, whether that is a business division, local unit or major workforce group.

Another link discussed in the research was between the processes for identifying individual or team training needs, and the processes for planning training activity and resources.

### **3.6.1 Standardised training products**

Several of the case organisations were placing more emphasis on planning training provision to meet group needs or on standardised training products which may meet the needs of most staff. In HMCE, for example, individuals have access to a learning management system and are encouraged to identify products there which will meet their learning needs, and to discuss this with their manager. It is also the responsibility of the line manager to deliver more informal learning and to meet any specific needs for their team.

In Legal & General, employees can contact a learning information centre if they cannot find a standard T&D product to meet their needs, but the enquiry rate is quite low (only three or four enquiries a week).

Meeting the training needs of individuals is quite difficult in large organisations. The BBC has a clear process for identifying individual needs (through development planning in appraisal, and the use of online 360 degree feedback). However, training resources to meet individual needs are limited and online learning materials and electronic T&D information are being used as a substitute for courses.

It is often the case that senior individuals have access to quite generous budgets to procure quite individualised learning. For example, senior civil servants have access to a wide range of learning activities. Staff at more junior levels are much less likely to find that T&D plans and budgets will cover personal coaching, external courses *etc.* In HBOS, there is more individual access to T&D advice for people in the management population, and the executive population have a dedicated T&D team to meet their needs, including personalised development. They also have a personal development discussion with the central team twice a year.

### **3.6.2 PDPs as potential T&D intelligence**

In many organisations, the link between individuals and training provision is via PDPs, most often agreed between the employee and his or her line manager as part of the performance appraisal process.

#### **Do PDPs feed through to T&D activity?**

In Argos, all employees have work objectives and 'stretch' objectives, recorded on a PDP. The HR Advisers have access to these PDPs and try to see patterns in the parts of the business they cover. For example, people in merchandising may feel a need for improved negotiating skills. Such intelligence is fed up through the T&D function and can result in major new programmes being designed and piloted.

In the Scottish Executive, similarly, training advisers will either help to meet a team or individual need, or — if the same issue occurs more widely — a new programme may result.

Local HR contacts in Diageo see PDPs at site level. PDPs are bound to be of variable quality, depending on the discussion which underpins them. Recognising this, divisional T&D managers are considering a more systematic means of finding out what learning issues are important to employees. Individual managers also procure their own external training from time to time when they want a very quick response or where they already know a training provider. Local training budgets can also support individuals through the study assistance programme.

HBOS also has a flexible approach, and one which varies across the organisation. However a development discussion with the manager is defined as a core part of the HBOS HR standards. The quality of this process is variable and so far the company has not sought to 'police' this process. In some divisions, individuals are free to seek individualised advice from the T&D function, which will help them to find provision to meet their needs. The training advisory role sits together with local provision in this model.

### **3.6.3 Take-up is a direct influence on future plans**

In most of the case organisations, the 'bottom up' demand for in-house training courses or modules which are offered has a significant effect on future plans – those programmes which are well used tend to survive and to be scheduled more often.

In DfES, for example, a number of major programmes have been planned to reach a particular target group, and the intention is for everyone in this population to go through the training. The academy monitors the proportion of the target population which has attended, and the programme will stop when adequate penetration has been reached and demand drops off.

Overall we see that the link between individual training needs and the plans for training are not especially strong. Where a training offering already exists – either online or as a standard course – take-up is likely to determine whether this provision continues. But, where individuals have training needs not found on a currently listed training product, such needs may well go undetected by the T&D function. The link from individual or team needs to future training plans is likely to be stronger when two conditions exist:

1. open ended discussions between individuals and local T&D advisers or between local line managers and their T&D partners which can highlight skill needs not already on a central 'list' of training needs
2. good networking within the T&D function so that needs seen at local level can be fed up through the function to see if this is a pattern occurring more widely in the business and meriting more serious central attention.

The move to more standardised training offerings may meet a range of needs very efficiently, but also has the potential to suppress intelligence about T&D needs not already met by a standard menu item. There does seem to be a growing pressure on employees to pick a standard training product, even if this only partially meets their real needs.

### **3.7 The impact of evaluation on future provision (link 6)**

Most of the case organisations used simple post-training feedback to modify the design of programmes. Sometimes this is repeated several months after the training experience.

#### **Examples of evaluation influencing future training provision**

In Argos, training is evaluated in most depth if it is seen as being a 'business critical' programme. In some cases the staff attitude survey can be used to track changes in particular outcomes after training. Where training should result in direct business measures (*eg* better financial outcomes on deals as a result of improved negotiating skills), these outcomes are measured. The staff of the T&D function discuss the results of evaluation and project managers often plan in changes to their programmes as a result.

HMCE also uses the higher levels of Kirkpatrick evaluation only for selected programmes. The online learning management system has been used to collect evaluation data, but this does tend to lead to a reduced response rate to requests for feedback.

In Rolls-Royce centrally provided programmes are evaluated and often modified as a result.

The Scottish Executive used feedback after a new programme on performance management for new recruits to change its format to a self-study module. There are significant resource issues in applying evaluation techniques across the board, so again the main focus is on core programmes.

HBOS is seeking to gain more intelligence from evaluation in ways which can influence future provision. A pre-course questionnaire has been introduced to try and identify the business benefits expected from the investment of the training. A 'virtual classroom' is also being used both before and after training to help employees and the tutor reflect on the learning experience and its impact. Sometimes 360 degree feedback and staff opinion surveys can also help to assess the impact of training. As with other organisations, the large scale training interventions are also most likely to be evaluated in some depth.

The T&D function at Legal & General has been using the definition of training outcomes as a way of challenging managers to think more carefully about training they request for groups of staff. If managers cannot express the outcomes they are looking for from a training intervention, the function has become reluctant to support it. Skilling T&D people more thoroughly in evaluation is an important aspect of moving in this direction. Electronic testing after some types of training is being used increasingly to check whether the desired learning outcomes are achieved. This also saves time taken off the job in going to a testing centre.

So we see there is a loop back from evaluation to course re-design in most of the case organisations. Extensive evaluation is most likely to be conducted in the case of courses or programmes seen as business critical or 'core' or centrally provided. Organisations would like to gain more understanding of training needs from more rigorous evaluation but this is quite resource intensive to achieve. In the case of many interventions, business outcomes will be difficult to ascribe to the training in a causal way.

### 3.8 Summary

The case study research has been used to develop a model of six commonly occurring mechanisms for influencing training plans and priorities, as follows:

1. Formal business planning at both top level and more locally leading to training priorities. A constraint here is that business plans are not always clear and visible – business objectives and priorities may be more visible than 'plans'.
2. Links from HR strategy or processes to training implications. Rather disappointingly HR strategies do not often give clear indications of areas of training need. Competency models derived in HR are often carried over for use in training and

development, but may not link with real skill gaps. The IiP process helped some organisations to add more rigour to their plans for training.

3. Plans for key workforce groups – most evident in the frequent separation of management development from other types of training. Some functions, notably finance, also often have their own training and development plans.
4. Major business issues or changes often lead directly to major training interventions, usually with extra funds from the corporate centre. Similarly just-in-time needs can be identified at a local level and supported by local business budgets.
5. Team reviews or individual training plans (PDPs), usually stemming from appraisal, can in theory influence training plans, but this data is not often analysed to see if there are clear patterns of need.
6. Take-up of training provision is a strong influence on future plans, and evaluation has a significant effect on future training content and methods where it is undertaken.

The case organisations found the use of the emergent model shown at the start of this chapter, and discussion of the various links quite useful. So as well as explaining the particular processes in these organisations, the model might be of value as a mapping and audit tool for other organisations to use for themselves.

Exploring this model with the nine case organisations shows considerable variation in how the links operate, but also some more general patterns in which links are quite strong and which weaker. In the following chapter, we will reflect more on the extent to which the practices found in the case organisations are helping to align T&D plans and activity with business needs.

# 4. Strengthening the Business Focus of T&D

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Both the case study research and the wider discussion which took place with IES member organisations showed that the issue of planning training to meet business needs is of high interest, and is a real challenge.

A very wide range of practices were found (as shown in chapters 2 and 3) and many practical issues were raised. Some deeper tensions were also identified. This chapter summarises these broader findings and tensions as follows:

- Section 4.1 summarises some of the strengths and weaknesses in the links between training plans and the business.
- Section 4.2 discusses some of the deeper challenges and tensions leading to some tricky 'balancing acts' in where power and resources lie in T&D functions.
- Section 4.3 sets out some questions which organisations could use for themselves to evaluate their approaches to training planning.
- Section 4.4 pulls together some of the practical ways in which links between T&D and the business are being strengthened and acts as a list of 'tips' for the reader.

## 4.1 Strengths and weaknesses of current approaches to planning training

The case studies and also the wider debate conducted as part of this research project leads us to some broad conclusions about



**Figure 3: Strength of T&D linkage to business needs**

Mostly strong	Variable	Mostly weaker
<p>Management training modules linked to competencies</p> <p>On-going generic skills training, through modules or e-learning</p> <p>Ability to respond to big business changes with corporately initiated programmes and extra cash</p>	<p>Planning for functional training</p> <p>Resource planned in to respond to managers' requests</p> <p>Impact of evaluation on provision</p>	<p>Rigour of focus within management and generic skill training</p> <p>Link with HR Strategy</p> <p>Ability to respond to individual training needs</p> <p>Planning for future business needs</p>

Source: IES

areas of relative strength and weakness in linking T&D plans with business needs. These are summarised on Figure 3.

Most of the items on this Figure are self-explanatory from the evidence given in chapters 2 and 3. A word on competencies, however, may be needed at this point.

Competence-based training for both management and generic skills should, in theory, be strongly business driven, as competence frameworks should cover the capabilities most linked with high individual and organisational performance. However, competency frameworks are often produced by the HR function and not always in a way which reflects the key capabilities of the *particular* organisation and its strategic direction. T&D activity should also focus on the competencies which are going to make the most difference to performance and examples of this rigour of focus were quite rare.

## 4.2 Challenges and balancing acts

Threaded through this research, we can start to see some interesting underlying dilemmas in the planning of training in organisations. Several of these are about maintaining a balance between inevitably competing priorities. Some are about T&D organisation and financing.

### **4.2.1 Balancing corporate and more local business needs**

As business divisions or units at various levels become more closely involved with developing their employees, managers seek more local freedom to meet the training needs they can see. This pushes us towards a more devolved model for planning training and more devolved budgets to match. The desire for rapid-response or 'just-in-time' training also argues for a considerable degree of local freedom. The move away from reliance on formal courses and towards more tailored and experiential forms of learning also tends towards devolution.

However, organisations also wish to measure training spend, activity and impact. This desire will increase as human capital accounting grows. This and the parallel desire to focus training on corporate priorities exert a powerful centralising effect on training planning. The 'shared service' model of training delivery, with a fairly centralised delivery team, further lends itself to centralised planning – so does the desire to purchase better from external providers, using economies of scale and avoiding duplication of effort.

The issue of centralisation versus devolution of T&D planning and budgets was one of the areas of highest interest at the workshop held as part of this research. International organisations were wondering whether it was necessary to demand that training in each country or global region should become more consistent. In Rolls-Royce, for example, business and technical processes are becoming far more global so it seems natural to try and harmonise training standards more tightly. One solution might be try and differentiate more clearly between strategic T&D spend on issues of company-wide priority from more local and operational spend.

Several organisations were still dissatisfied with the quality of intelligence about training needs coming upwards through the planning system, even where appropriate upwards and downwards information processes were in place. If the quality of dialogue is not high enough at divisional or local level, then the quality of the information fed upwards into the planning process will also be poor.

## **4.2.2 Facilitating input from the line**

Whether centralised or devolved, the quality of intelligence on which training plans rest relies on the quality of input that business managers make to this analysis.

The case organisations find that this is quite a difficult role for line managers and that 'some embrace it more than others.' It may help if, as in Diageo for example, discussion about training needs takes place in the context of a broader business review process in which managers are very engaged. It may also help senior managers to have collective opportunities to reflect on strategic learning priorities across the organisation as well as attend to more immediate and operational concerns about skills and training. Learning boards may help with this as long as they have broad enough representation from the business and keep their ideas refreshed.

## **4.2.3 Responding to individual training needs**

As noted above (section 4.1) most organisations have processes for identifying the training needs of individual employees, but weak processes for responding to these needs. Plans and budgets tend to highlight central or divisional priorities, although individual job performance may actually be influenced more by very specific job-related learning.

There a number of reasons for the weak attention to individual needs: high level initiatives can take all the budget; the PDP cycle can be at odds with when training plans are made; line managers can receive too little support in knowing how to act on individual training needs; individual training needs analysis can confuse what employees 'would like' with what would improve their performance. Several of the case organisations realised that this whole process relies on the quality of line management, which is very variable. Others felt that appraisal discussions could not give individuals adequate support in assessing their learning needs.

It is interesting to note that senior or high potential staff have much more personalised support and dialogue with a central T&D or HR team than is available to most employees. So when organisations consider people valuable they do provide more

attention to their individualised learning. The teams dealing with these groups also often have large and ring-fenced budgets.

There is a deeper conflict here in learning approach. Organisations want individuals to identify their own training needs, and take responsibility for their own learning, but the processes which base plans on generic organisational priorities do not seem to support planning to meet more individual training needs. This is particularly the case when such needs are technical or job specific.

One specific issue mentioned by the DfES was the need to have a mechanism for picking up individual new joiners or those who move job into an area where everyone else has received a major training programme which has been 'rolled out' and now has finished. If such training is in a key business process or behaviour it can be very frustrating for new joiners not to be trained also.

#### **4.2.4 Balancing leadership, generic and technical skill needs**

Centralised T&D plans most often put high emphasis on management and leadership development, and also tend to plan for generic skill development. They also sometimes include programmes which seek to engender certain attitudes or values.

However, job performance is also dependent on employees having the right technical and job-specific skills and knowledge. These do not figure highly in central priority lists, but often are given higher priority by business divisions, units or functions.

Overall, HR and T&D talk most about generic and leadership skill issues but training spend still goes very largely on more job-specific and technical training.

Overall, this tension seems to be held in quite an explicit balance where there are plans and budgets for training both a corporate and divisional levels. One of the possible dangers of very highly centralised T&D structures is that they may underplay technical training, although business managers are often good at lobbying for this.

## **4.2.5 Adjusting to new ways of delivering T&D**

New ways of delivering learning interventions are having a big effect on the organisation and funding of T&D. For example, several of the case organisations have teams dedicated to developing or procuring e-learning solutions. This activity is often centralised as the materials are usually provided right across the organisation and the costs and benefits can then both be effectively shared.

HBOS, a federal organisation, had some concerns that a move away from face-to-face courses could remove one of the main ways in which people network across the divisions, extend their contacts, and learn from the wider organisation. Reducing this contact could also reduce the sense of shared identity which HBOS is keen to cultivate.

Most of the organisations were seeking to encourage coaching on or near the job as the main method of learning. This is a struggle to resource in organisations with T&D departments geared to running formal courses. It can be easier to move in this direction if there are some well-skilled business partners for T&D embedded in the business (as in Diageo for example). The alternative model is for a much more centralised T&D team to facilitate some of this work themselves (often through dedicated 'bespoke' or 'OD' teams) and to enlist the support of managers and specialists out in the business (an approach used by the BBC).

Several of the organisations felt there was still some way to go in convincing line managers and employees that 'not all training needs to be in a classroom.' Although T&D professionals may think new ways of learning are well accepted, it takes large organisations a long time to really adjust.

DfES, amongst others, noted that a move to more tailored training solutions requires investment in the skills of trainers who may be more accustomed to delivering standard courses.

## **4.2.6 Looking to the longer term**

If T&D activity is to support business strategy it needs to be based on an appreciation of future as well as current needs. The

formal processes for planning training mostly follow an annual business planning and budgeting cycle, although some have a longer-term rolling business plan. Only a few of the organisations involved in this research felt that current structures attended adequately to future business needs. Some had workforce or HR planning teams, but these did not seem to have very significant inputs to T&D plans. Some felt that putting the centre of gravity of T&D planning and budgeting at divisional level inhibited the business from investing in longer term T&D items. Perhaps more central funds should be set aside for this purpose.

In a more modest way, people in T&D would at least like to plan for business changes coming up. However, getting information on forthcoming changes or plans early on was often a problem for T&D. Perhaps HR directors and divisional MDs need to be more aware of the need to communicate key business plan items faster to their T&D teams.

#### **4.2.7 The relationship between training and HR**

As we have seen, the structure of the training and development function, and the kind of 'business partner' roles it has, will have a major impact on how effectively training is aligned with the business. There are some important tensions here for the immediate future, as so many organisations are currently re-shaping the HR and T&D functions.

It is certainly easier to align T&D effectively with the business in organisations where there is a strong direct dialogue with the business at varied levels. But where is the HR function and wider HR strategy is this dialogue?

If we look at the issue of business partners first, there are considerable attractions in having strong training and development partners (often called training or development advisers) at the level of main business units (*eg* divisions or departments).

The workshop held as part of this study included considerable debate about what the role of such T&D partners should be: one participant asked whether 'the local T&D adviser or business partner is a funnel or a filter'. In other words, is it their job to

simply pass all requests for training up the line (the funnel) or to consider what learning requirements there really are locally and how best to meet them (the filter)?

The relationship between the HR function and the training and development function also raised big issues for the participants in this research. It seemed easier in several organisations to see a clear line of sight between major business goals and training needs, than between HR strategy and training needs.

It seems sensible to expect HR strategy to have a major influence on training plans but this is only the case where HR and training work closely together at strategic level. But when HR and training functions integrate, the 'business partner' model used often puts an HR generalist in dialogue with the business, moving training into a 'provider' role, often in a centralised shared service structure. If the training function then has reduced dialogue with the business does it still have a strong enough role in planning training? And does it remain close enough to the business to have enough understanding of business needs? This last issue is of very serious concern and has the potential to undo recent attempts to link T&D much more firmly with business needs.

#### **4.2.8 Training budgets and funding issues**

The issue of how training budgets work and where they sit raised a number of issues for the planning of training:

- Most organisations seem to have a mix of centrally funded and more locally funded training. The latter can be either in the form of devolved T&D budgets or 'top up' funding from local business budgets to cover T&D activities not otherwise included. Several of the organisations included in this research were seeking better ways of protecting spend for local or functional needs without diluting the ability to also set corporate priorities.
- There often seemed to be 'no particular logic to training budgets', which were strongly influenced by historical spend. Just a few organisations had tried zero based financial planning for T&D. Others had experienced complete halts to training at times of major change and then new budgets being created for a re-designed function.

- Especially for public sector organisations, there were issues about training budgets and ‘fairness’ of access to training. Staff did not like budgets which were too dependent on local line managers deciding how much to spend, as this then meant that training received depended on which department you worked in. Although some organisations had previously set an indicative number of days or budget for each employee, these approaches now seem too mechanistic and had been dropped in several of the case organisations.
- There were interesting arguments about the consequences of managers being allowed to spend their own business budgets on training if they wished. Some participants in this research were concerned that if managers ‘went off and did their own thing’ with training it would be difficult to capture information on the overall cost of training. There were also concerns about the possibility of poor purchasing from external providers and duplication of effort – even clashing arrangements with suppliers.
- Is it right to charge business divisions or units for training which the corporate centre has deemed compulsory? This happened in some cases with regard to leadership or induction training, and sometimes led to attempts to cut such training from the divisions which had to pay for it and may have set other priorities.
- Some organisations were beginning to look at the staff cost of the time employees spend in training and, of course, this is a much bigger cost than the cash spend on training or even the salaries of those in the T&D function. If we thought about helping employees use their training time effectively, we might come up with different training solutions.
- Although most organisations felt that some form of internal charging for training services was in line with a business-led view and set the right ethos for training, there were situations where this was not so helpful. At least two of the case organisations had initially tried to charge for e-learning materials on the basis of their use. They had both found this led to a heavy administrative burden and now shared the cost of such provision in simpler ways.
- Businesses do not necessarily use training services smoothly throughout the year. Customs and Excise, for example, found that use is lighter at the start of the financial year but then peaks in January to March as people try to use their training budgets.



Even so, areas often under-spend their budgets so it might be wise to slightly over-budget at the centre to allow for this.

- Several organisations wasted resources because of high late cancellations of places on internal training courses. Some have introduced a cancellation charge to try and get people to book more carefully and then hold their commitments to attend.

### **4.3 Key questions for organisations**

This research identifies a number of challenges in aligning training with business needs, which cluster under four broad themes. These are expressed in the form of four broad questions, with some explanation under each. Readers might like to use this framework as the basis for evaluation of their own practices.

#### **1. Are we challenging enough in identifying training needs?**

Many training needs are identified and met locally in devolved organisations. Although we may hanker for some all-embracing central or strategic 'plan' or strategy for training, centralising control over training plans may not lead to more effective alignment with business needs. However, the T&D function needs to challenge the business as well as simply treat managers as customers.

Competency frameworks are widely used in training and development, but do they really help in identifying training needs? By limiting discussion to items already on a list, are other more important needs overlooked? Are all competencies amenable to improvement by training and development interventions? Organisations should be signalling which competencies would really improve business performance.

The 'top down' processes for identifying training needs (via business plans and priorities) often seem to be stronger than the 'bottom up' intelligence about skill issues identified by employees and local managers. The training function needs to keep one ear close to the ground as well as listening to the top of the organisation.

Training plans do not look very far into the future. Neither workforce planning nor HR strategies are strong at identifying longer-term capability issues.

## **2. Are 'business partner' roles clear and effective?**

If the training and development function is to be a professional partner to the line, on what terms is this relationship conducted? Does training and development simply provide what managers ask for, or does it lead business change? Is it a somewhat remote service delivering general products, or is it much more visible in the business, providing bespoke services to line managers at every level?

Where training and development 'business partner' roles are created, do they simply pass messages about training needs to some separate delivery function? Should they not also be able to offer practical support to the line? If HR business partners also have the brief to cover learning and development, do they provide adequate intelligence and advice on skill issues?

## **3. How do we respond to identified training needs?**

Is it the role of the training and development or learning function to manage the supply of all training and development activity and learning interventions? Some organisations encourage line managers to procure training for their teams out of their own budgets, as it emphasises the responsibility of the line for employee development. Other organisations wish to avoid duplication, ensure quality and leverage purchasing power by wishing to maintain much tighter control over training and development activity. The balance between control and empowerment is a delicate one.

Views also vary on the impact of internal charging for training services. Is training more likely to be valued by the business if it is paid for more visibly? Does administering internal charging just create unproductive work? And should business units still pay for training which the corporate centre makes mandatory?

Current processes seem weak in their response to the training needs of individuals, unless already matched by a standard offering. In the case of senior managers, individual coaching is

often provided, but other employees have to look elsewhere for tailored support.

#### **4. Do we have a flexible training and development capacity?**

As training and development moves from providing courses to more diverse forms of learning support, it needs to be more flexible and responsive.

Outsourcing often works well enough in delivering fairly standard courses, but a different kind of relationship with outsourced suppliers is needed to provide tailored learning solutions on short time frames.

Organisations are finding different ways of keeping some of their internal training resource available for more bespoke work with teams and particular business changes. In some organisations, OD teams work in this way. In other organisations business partners are used as this more flexible resource, often embedded in the business.

Another way of achieving more flexibility is to involve more managers and experts from the business in training delivery. They can work alongside people from the training function or move into it for periods in their careers.

### **4.4 Tips for aligning T&D plans with business needs**

This study has found a number of mechanisms being used in organisations to help develop a stronger link between T&D plans and budgets and real business needs for learning and development. They include:

- One-to-one dialogues between the training function and unit managers at a variety of levels on business concerns, skill issues and training plans. The T&D function needs to be pro-active in this regard and willing to discuss business issues more widely in order to spot potential T&D issues. Questions about training issues are often best asked, not in training terms, but in business terms.
- Collective and more formal management discussions to agree training priorities at top level (*eg* corporate training review)

boards), main business stream (eg training sub-committees) and unit level (eg formal discussions with HR or T&D business partners).

- Including training and development as a key item within regular business and organisation review processes.
- Involvement of functional leaders as heads of profession, skill owners *etc.* These roles take responsibility across the business for the capability of particular professional, functional or occupational groups.
- Corporate response to major business issues which require one-off learning interventions, with central cash to fund them. It also helps to assign people from training and development to the teams developing and implementing major business changes, and to do this early on in the change process.
- Including training and learning priorities in the individual objectives of all employees. For managers these should focus on the development of their staff. For learning and development professionals and managers they should focus on learning outcomes their work will achieve, not just activity inputs.
- The training and development function needs to offer a quick and professional response to managers needing some kind of development intervention for their team or advice on how to meet the training need of individual employees. Employees should be able to seek more expert advice on learning matters if normal dialogue with their managers is inadequate. Meeting these more local needs requires some responsive and flexible resource in the T&D function which can be provided from a central team (often an 'OD' team) or be embedded locally, sometimes in the form of a local T&D business partner.
- However training demands are communicated to the function, it is important that T&D have a constructive but challenging discussion with line managers about why a particular training intervention is desired, what it should achieve, and how it will improve business performance. Sometimes, of course, training is not the answer. Keeping very close to line management makes it more likely that the T&D function can have this discussion as early as possible and involve key stakeholders in needs analysis and design.
- Internal charging for training services can lead to more thoughtful use of resources by the line. However charging should be of a simple and sensible nature otherwise it can become a costly administrative function. Costed rolling service agreements with business divisions can be a useful approach.

- In managing resources day-to-day against overall objectives and priorities, it helps the training function to maintain clear information on the projects and activities in which it is involved, their timing and resources. Keeping a good overview of current and planned activity prevents the function drifting away from its planned priorities and getting too thinly spread.
- A strong loop is needed from the delivery of training, through evaluation and back into future planning and design. Without this evaluation loop there may be insufficient challenge of the type of training delivered in previous years, and its value for money. When considering value, organisations should think about the effective use of employee time in learning, not just the cash spent or the salaries of staff employed in the T&D function.

There is broad acceptance in organisations that training and development can and should be used as a lever for improving business performance. This report shows some of the practical ways in which T&D leaders can more effectively create the business alignment they are seeking.

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