Grand Central Training

Part Two: Industry experts provide their thoughts on moving to centralized training.

IN MY LAST COLUMN, I explored how an old subject—decentralized vs. centralized training and development—seems to have renewed movement toward a centralized model, with several Fortune 500 and other large companies leading that transformation. I interviewed learning executives from those companies who weighed in with their experiences and opinions on the subject. For this column, I've picked the brains of additional industry veterans to talk about the elements affecting this movement and the decision criteria to consider when making the shift.

When I think of industry veterans, I think "legends." I think of Geary Rummler, a founding partner in the training and consulting firm Performance Design Lab, based in Tucson, Arizona.

Rummler, a pioneer in the application of instructional and performance technologies in organizations, has authored several of the industry's groundbreaking books on performance improvement and training, including his latest, *Serious Performance Consulting.* Rummler always seems to have great perspective, and his thoughts on this subject are no different.

"The migration from decentral to centralization has been going on [for] the 40 years I have been in the field," Rummler counsels. "I have seen it occur at Ford, Motorola, GTE, and many others." Large organizations are continuing to spearhead centralization, as Boeing, Cendant, Cingular, and others featured in May's The Enterprise column demonstrate. But when considering this change, what should companies take into account?

"There seem to be three blocks in the instruction process that come into play in this decision," Rummler explains:
● needs identification (both organization and learner)
● instructional design
● delivery

"In the olden days—before technology—the argument for centralization was usually efficiencies around instructional design, with some decentralized delivery. Today, technology can make a powerful argument for centralizing delivery, or at least the decision as to which technology to use."

Rummler offers a simple chart to guide that decision. (See chart on page 23.) The chart outlines the benefits and drawbacks of each approach mapped to the three criteria.

"The wild card is the needs identification component," Rummler explains. "That has always been the argument that divisions, regions, lines of business, plants, and so forth have used to wrestle control away from the centralists. The argument being that there's no way the staff employees at corporate—no matter how many Ph.D.s they have—know what employees in the divisions need nor can they respond in a timely manner to the constantly changing dynamics in individual products, markets, and other offerings."

Pat Crull, chief learning officer of TIAA-CREF—a national financial services company listed among *Fortune* magazine's top 100 U.S. companies and the leading provider of retirement services in the academic, research, medical, and cultural fields—has been part of the centralization effort at several large organizations. While acknowledging the benefits of needs identification in a decentralized model, she sees some core reasons senior executives favor a centralized approach:

"Oftentimes companies need a more holistic approach as they deal with huge change issues. Learning and development, centrally organized and executed, can better integrate with the talent management and succession planning process during times of change. While

that structure is usually seen as more cost efficient and more organizationally effective, companies also often see the centralized approach as a more consistent process to reflect, internally and externally, the values of the organization."

Depending on the industry, there can be additional reasons for a decentralized approach. Steve Wells, senior director of sales training and management development at Wyeth, a global leader in pharmaceuticals, consumer health-care products, and animal health-care products, says that "as an organization, [Wyeth] has a decentralized model today, and for good reason [because] all divisions and departments [within the company] need to address FDA compliance issues, Good Manufacturing Practices, and other regulations that only affect their specific areas of responsibility." However, Wells agrees with Crull's assertion that consistency through centralization is attractive:

"I do think the business values and synergies that [centralization] would bring back to the organization would be significant. Frequently today, at the division and department level, training departments are requested to do programs on anything—from project management to teamwork—and the lack of a centralized approach yields a loss in efficiencies, cultural and climate standardization, common language, and effectiveness.

"[Wyeth] is moving in many respects to a centralized approach. Recently, we developed a new selling skills model and decided from the analysis phase that the model needed to be globally adopted. Our local affiliates are, in a sense, like independent departments with only dotted-line responsibilities to us. During the early stages of the project, it was identified that we had no less than four different selling models being used by our global affiliates. By centralizing and coordinating our approach, we now have [more than] 140 different countries using a consistent selling model. We have seen direct and indirect return-on-investment as a result of this centralized approach."

Advantages and Disadvantages of Centralizing and Decentralizing Training

PROCESS	ORGANIZATION EMPHASIS	
	CENTRALIZED	**DECENTRALIZED**
NEEDS IDENTIFICATION		
Learner	(-) Less likely to meet the specific needs of individuals in the field.	(+) Training will be aimed at the specific/unique needs of performers in a field unit.
Operating Unit	(-) Results in a general corporate message rather than a targeted message from the field unit.	(+) Training/message will support the unique needs of each unit.
Corporate HQ	(+) Can control the message.	(-) More difficult to control the message.
INSTRUCTIONAL DESIGN	(+) Centralization of instructional design expertise will be efficient (fewer resources co-located) and effective (can build a "center of excellence" leading to synergies among the staff).	(-) Will be less efficient in that more resources are likely to be required to cover all the operating units, as well as likely duplication of effort. Potentially less effective because lose synergies between designers.
DELIVERY	(+) Leverage electronic distribution; economies of scale. Can track who has had what training.	(-) Less opportunity to leverage economies of scale. Harder to track who has had what training.

Source: Geary Rummler, Performance Design Lab

Rummler says that "companies moving to a centralization model should anticipate the decentralization forces and proactively address this through creative uses of technology."

A cyclical phenomena

Despite the benefits that several organizations see in centralization, many in the industry believe that shift is cyclical. This point of view is particularly prevalent with employees on the ground who have to carry out the structures implemented from the top.

"In my experience, what happens usually depends on the size of the company and the industry," says Camille Price, instructional design manager for C. R. England, a nationwide leader in both refrigerated and dry truckload service. Today, Price manages the curriculum development group for C.R. England's six truck-driving schools and all continuing driver education.

"In larger companies, the learning function tends to be decentralized . . . and, in about five or seven years, some young executive gets the brilliant idea that training should be consolidated into one department, writes an ROI report, and then you go through 're-assimilation' pains," explains Price. "[Or] one day, the CEO will read about learning management systems and ROI in *Fortune* magazine and decide [he or she] should get one . . . or some such other executive sponsored initiative will bring the spotlight back on the need for training. Gradually, a centralized training function emerges and the cycle begins."

"I'd agree this [shift] traditionally has been very cyclical," observes Rummler. "At some large companies I worked with, starting in the early 1980s, a centralized model was put in place at the CEO level primarily to drive a common culture after the divisions had adopted divergent personalities. That was actually quite successful at each of those organizations. However, within 10 years, those same divisions slowly wrestled control of learning away from headquarters and they migrated back to a decentralized model. A shift in business model, a new CEO, or a reorganization are sparks that have typically started the centralization discussion all over again."

"The one thing that I think changes the equation today is technology," says Rummler. "I think it could stop this cycle from continuing as enterprise learning technology almost forces a model of centralization. At the very least, those companies moving to a centralization model should anticipate the decentralization forces and proactively address this through creative uses of technology, whether it be customized messages, unique domains, or other components that address the specific business needs of the divisions or departments."

Technology aside, as both Rummler and Price observe, in many companies reorganization has been a way of life. Training models have often been forced to change by executives outside of the process, oftentimes with the best intentions of leveraging organizational

knowledge for strategic benefit. Yet, it's a common occurrence: In bad economic times, training is the first thing to be cut from the budget by those same executives.

"I think the drivers of changing the models within companies are often a result of budget cuts and layoffs," observes Tamar Elkeles, Qualcomm's chief learning officer. "Management is under the impression that when times are bad it should change the model to get costs out of the system. That is the fundamental issue for training professionals. Training should not be perceived as a cost center, but as a necessity of doing business. If that were the case, then the business model would determine the best 'structure' for training . . . and business models don't change as often as training structures seem to."

Governance

Elkeles's comments highlight the need for not only cultural alignment around learning but also organizational alignment. Ultimately, for a decentralized or centralized approach to have real organizational impact, there needs to be effective communication and understanding of the business objectives and strategy, with a direct link back to learning to drive that strategy.

That "link" needs to have clear operational criteria around it to be effective. Those criteria should include defined decision-making processes, agreed-upon company standards for things such as technology, models for instructional design, leadership, and other elements, along with a procurement process for leveraging learning investments across different divisions.

This is all commonly called "governance" within an organization. The concept of governance is not new, and it has been around in both political and academic environments for centuries. What's new is "corporate governance," which has increased in importance in recent years and has required public companies to define the relationship between the shareholders, directors, and management. But governance also has strong

roots in change management and information technology. Referring to IT, the Gartner Group defines governance as the "assignment of decision rights and the accountability framework to encourage desirable behavior." Today, governance has become much more applicable to learning as organizations seek the "desirable behavior" of eliminating bureaucracy and leveraging the power of learning enterprise-wide.

A well-defined governance process is critical to achieving an effective relationship between business strategy and learning programs. How the organization is structured is just as critical, and several models exist for large companies that have made a shift to centralized training.

"We use a hub and spoke model that provides core services across the enterprise and extended enterprise, and then we have functional and channel-specific teams focused on business strategy execution," says Rob Lauber, executive director of learning services for Cingular Wireless, the largest wireless company in the United States. "We have found that it is extremely effective on several fronts, including efficiency of deployment, lower total cost of operation, control over spending, and a common employee experience."

Lauber provides a simple graphic representing Cingular's hub and spoke model (see graphic at right) which could apply to any organization.

"Our core services provide the infrastructure, which is reused across the Cingular enterprise," explains Lauber. "Using core services minimizes, and in many cases eliminates, redundant processes, content, and work efforts. For traditional learning offerings, our core services provide things like learning systems management, training coordination, reporting, standards, cross functional strategies and content management, materials fulfillment, resource management and budget administration, among other services. Core services also provide a link to other aspects of workforce development, such as strategic staffing activities, organizational development activities,

and compensation strategies, among other things.

"The functional design and delivery component is there to translate business strategy into learning strategies," explains Lauber. "That component is ultimately accountable for the execution of learning strategies. It develops and delivers specific content, aligned by business strategy, and assesses outcomes to ensure we achieve our intended results. Lastly, the functional governance component is there to define our direction, approve the strategy, and monitor output. It also defines resource allocation pieces."

There are other decisions to make concerning how the governance piece itself is organized.

"We've taken the 'council approach' to governance," says Lauber. "The council is comprised of field and headquarter functional members and defines the direction and priorities for the learning services team. We have frequent meetings to refine our direction, provide feedback, and receive status updates."

Pat Crull agrees that the governance process is pivotal to ensuring learning is fully meeting the expectations dictated by the business unit's strategy:

"At TIAA-CREF, we have put in place 'relationship managers' who are the business partners with our different stakeholders. The relationship managers are charged with not only understanding [each] stakeholder's environment, but knowing how learning can enhance [his or her] strategy. The key here is [the relationship managers] also know that training may only be one possible solution.

"This model isn't necessarily better than a governance council, but it works well for our particular needs," adds Crull. "Whatever model is used, the organization has to make sure it fits with its culture."

Flexibility wanted

Clearly, in the discussion of centralized vs. decentralized learning, the make-up of the organizational model is impor-

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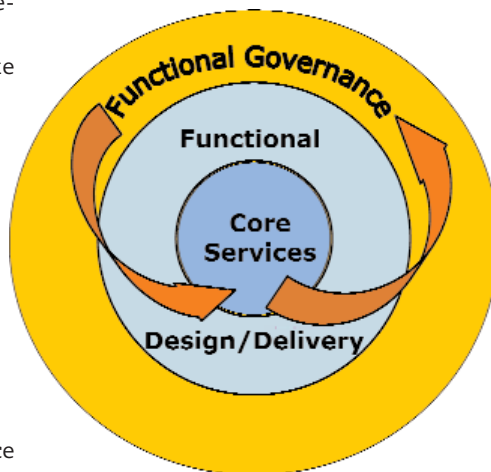
Cingular's hub and spoke model

tant. Ultimately, however, successful training professionals show remarkable adaptability to constantly changing structures, whatever they may be.

"Centralized departments come and go, formal training comes and goes. But whatever happens, *learning* continues," reflects Price. "As training professionals, I think we need to be flexible enough to function well in a variety of environments and organizational configurations, and humble enough to admit that we're not the exclusive repository of all wisdom and knowledge in the organization."

Another observation that is as relevant today as it was 40 years ago.

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