

The View From the Top

*An interview with Robert Lee,
executive vice-president of Pacific Bell.*



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Robert Lee
*executive vice-president
of Pacific Bell*

“WHAT GOOD WILL IT BE TO HAVE NEW TECHNOLOGY BY 1997 IF OUR EMPLOYEES’ SKILLS WERE DEVELOPED IN THE 1980S?”

How many times have you made this wish: “If only top management supported training, we could....”? And then you fill in the blank with the name of your newest training idea. At Pacific Bell, the tables are turned. A top executive is looking down in the organization for support for Capability 97, a sweeping plan to put employee skill development on fast forward. In this exclusive interview, Robert Lee discusses the initiative.

T&D: Capability 97 is a major training initiative for Pacific Bell. What prompted the need for an effort of this size?

Lee: Pacific Bell has recently signed contracts with some major vendors to modernize the telecommunications network in California. By 1997, we will have converted from analog to digital transmission. Many of the lines that connect us with homes and offices in California will also be converted from copper to fiber optics by 1997. We have expanded from voice-only transmission and are building a

statewide network to carry voice, data, and video simultaneously.

We are like a lot of corporations that are moving to new technologies. Our employees don't want to be left behind. Our company can't afford to leave them behind.

We're moving to digital transmission, but our employees are accustomed to thinking analog. We're putting more emphasis on data communications, but many employees are more comfortable with voice communications. And we're moving to fiber optics, with a technical workforce that has worked only with copper-wire cables.

What good will it be to have new technology by 1997 if our employees' skills were developed in the 1980s? Capability 97 is a major training initiative to put employees' skills shoulder-to-shoulder with our new technology platform.

A transition team that included Cy Tunis, our executive director for education and training, did some quantitative research on the training we had been doing. The team found exactly what we did not want to find: More money was being spent to train staff than to train line people. Disproportionately more training dollars were being spent on high-level managers than on first-line supervisors and technicians, and more was spent on training in general subjects than on technical-skill training.

We wanted to turn all of those ratios around. Our capability plans emphasize training line people rather than staff, training in technical rather than general subjects, and building the skills of lower-level employees rather than managers.

T&D: Building capability makes sense for a company moving rapidly to new products and technologies, but are there other reasons why top management supports it?

Lee: Building employee capability is extremely critical for a couple of reasons. Long-distance telecommunica-

tions companies are making competitive incursions into the domain of local companies such as Pacific Bell. Under these circumstances, training is one of the fastest-acting medicines we could take. The person you train today to sell a data product is generating revenue tomorrow.

In addition, in a regulated environment such as ours, where wages are set by labor contracts and prices for our services are capped by the government, training is one of the most discretionary expenditures we can make. It's a pool of money that can be spent with a great range of choice. It makes sense for top management to pay a lot of attention to that.

I also think it is extremely important for me to focus on training right now because we are going through significant downsizing. Over the next four years we will reduce our staff by 10,000 people. That pops up as a danger signal to me. It's a situation ripe for training cuts unless there is a force to resist.

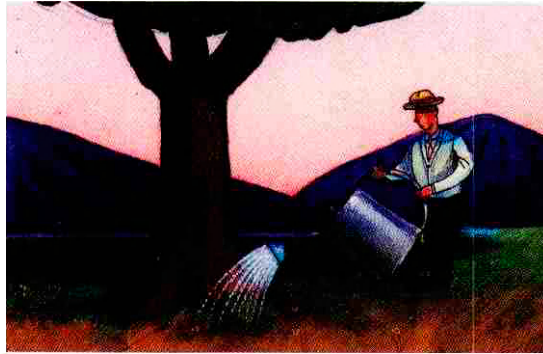
Employees say they expect training budgets to be cut; I say no. Every one of our business-unit heads is committed to keeping training dollars constant or to increasing them, despite reductions in other areas. That's the personal and organizational steam we've built around training.

T&D: What effect will this strong emphasis on training have on financial results?

Lee: It will have short- and long-term effects on financial results, both on revenue and expense. The training we give people that allows them to sell more hits the cash register right away. The training we give our technicians enables them to install very complex services with fewer defects, and that reduces expenses right away.

T&D: Your business units are playing a strong role in capability building. Is this a new development?

Lee: It wouldn't be fair to say that the business units' focus on training



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is new, but maybe the degree is a bit novel. We embrace the notion that business units should make it a key plank in their business plans. And we embrace the notion of looking to the central (training) organization to guide those business units through the maze of choices to be made about training.

Data-Based Definitions

Analog: Analogous to real-world events. Analog devices monitor conditions, such as movement, temperature, or sound, and convert them into an analogous representation. For example, telephones turn voice vibrations into electrical vibrations of the same shape. Analog computers process data made up of continuously varying voltages.

Digital: Using numbers. Usually refers to binary coded numbers for any microelectronic device. Digital computers accept and process data that has been converted into discrete binary numbers.

Source: The Computer Glossary, fourth edition. By Alan Freedman. AMACOM, 1989.

It was natural for me to say to Cy Tunis, “would you steward this on our behalf? Would you point out to us all the best practices in the business units and accelerate the process of all of us adopting the best?”

T&D: How do you see your role in making Capability 97 happen?

Lee: One of my roles is to be tenacious—the Energizer bunny banging the drum about Capability 97.

Another is to put accountability behind it. If it's to have some staying power, it must have teeth. When I get to appraisal and salary-increase time for the vice-presidents in all the business units, I want to factor in how they have done on Capability 97.

Another role for me is to provide consistency and not let this be just a flash in the pan. Periodically it's on the agenda for my staff meetings. My direct reports know that I own and carefully go through each agenda item. So if it's on the agenda, they know it's dear to me.

I need to find ways to recognize excellence such as that of Chuck Smith, Tom Cross, and Frank Casazza. They're leading the pack as role models for Capability 97.

T&D: When you looked at the company's future uses of technology and the new kinds of services it would be offering, you made a connection to the skills the workforce would need. Did anything in particular help you make that link?

Lee: There were messages coming in to me in stereo.

We do customer-satisfaction surveys, and for the last two years I was seeing a pretty prominent trend, particularly among the high-end, sophisticated customers. In those (customer-satisfaction) interviews they were saying that technical competence was a problem.

I was hearing the same message through lots of employee forums. People would say to me, “I'm writing Centrex (a business system) orders and I haven't been trained on

Centrex. Does that worry you?"

At that time I was the coordinating executive for one of our bold goals regarding service-order defects. Many defects tied back to technical competence, or lack thereof.

And finally, I heard from work groups that low levels of competency were more hurtful to us than cutbacks.

All of that was hitting us at the same time we were aware of building the information superhighway and seeing technology move even further away from us.

T&D: Keeping employees' skills in sync with new technology and new business directions is never ending.

What do you expect to happen next after Capability 97?

Lee: Capability 97 is a label we've put on our efforts, but when we get to 1996 we will have to throw the javelin out to 2000. There's no question we will be continually racing and feeling the white-hot urgency to keep ahead of the field. To a large extent, that kind of tension is healthy.

T&D: What's been the effect of Capability 97 on the central training function at Pacific Bell?

Lee: The need to capitalize on each training dollar puts more pressure on

the training organization to find innovative ways to deliver training.

I'm very pleased with responses to that challenge, including our automated forms of training and distance learning.

An area where we must keep ahead with innovation is how to deliver training just in time and close to the user. I think training will be defined differently. The traditional training of students by teachers in classrooms is changing rapidly, and we must seek more variations from this way of doing things. ■

Robert Lee was interviewed by Patricia A. Galagan, the editor of Training & Development.

Linking Capability 97 to Our Business

Pacific Bell's corporate training unit used a seven-step quality process as a framework for helping business units link training to results. The top training executive explains how.

BY CYRIL J. TUNIS

At Pacific Bell, we are gearing up for a new reality. One big change for us involves replacing and updating all our basic technology. We are converting the systems that switch telecommunication line connections from analog to digi-

tal. We are replacing much of our copper-wire transmission lines with fiber-optic cable. By 1997, Pacific Bell will be a 100 percent digital company and will be transmitting all signals over fiber-optic cable.

One of our biggest challenges will

be to make sure our employees adapt their knowledge and skills to be able to perform at their best in this environment of unprecedented change and competitiveness.

As executive director of education and training for Pacific Bell, I believed it would be appropriate to propose an employee capability-building plan to complement the deployment of our advanced technology. I found an enthusiastic sponsor in Robert Lee, the company's executive vice-president of the California Markets Group. (See the interview on page 24 for Lee's views on building capability in the 1990s.)

The business units in Lee's group are responsible for provisioning, installing, and maintaining telecommunication services for 19 million customers. They represent about 65 percent of our workforce.

Bob Lee felt strongly that it was necessary to focus on building employees' capability in sync with the overall transformation of the company. He said, "In the competitive environment of the future, Pacific Bell will have the same switches and the same fiber as the competition. We need to differentiate ourselves with our people and their

capabilities.” And so, our intensified focus on building employees’ skills became known as Capability 97.

It was my job to describe the concepts behind Capability 97 to the heads of the business units in Bob Lee’s group. They would, I hoped, see the payoff in developing capability-building plans that addressed their employees’ specific skill-building needs.

I decided that applying the principles and tools of total-quality management to the issue of skill building would provide a framework in which the business units could generate capability plans that were based on their own data and linked to business results. In a presentation to Lee and his leadership team, I used a seven-step problem-solving approach as a prototype for building a capability plan.

The presentation was not intended to tell the business-unit heads what their Capability 97 plans should include, but rather to offer a systematic model for using business-unit data to develop their own Capability 97 plans.

The seven steps

Step 1 of the problem-solving process is to identify the business problem requiring process improvement. In this case, the business problem was the one Bob Lee had articulated—how to build employee capability that would be appropriate to the company’s business goals and that would give us a competitive advantage. We would assign a high priority to the goal of living out our company’s vision of delivering superior customer satisfaction. The business units were encouraged to identify as “the problem” a significant business-unit goal—for example, increasing revenue by 5 percent.

In step 2, I illustrated the use of objective data to describe the current situation regarding employee capability. We reviewed the facts about the changes in our network and the increasing complexity that would soon characterize our product lines. These facts in themselves require continuously evolving knowledge and skills.

We also looked at the results of



INTERVIEWS WITH CUSTOMERS REVEALED THAT THE COMPETITION WAS FORMIDABLE

interviews with our customers, who told us that our competition was formidable.

All these facts supported the conclusion that a focus on building capability was one of the challenges of our business environment. By inference, this part of the presentation was demonstrating to the business units the value of examining their own current situation with respect to employee skills and to the identification of skill gaps.

Step 3 of the prototype modeled the use of a fish-bone diagram to identify the root causes of the problem at hand—in this example, it was the slow development of new skills required by employees.

Examples of root-cause analyses from prior quality-improvement studies were also shown. I showed examples of cases in which the lack of required skills was one of the root causes of the failure to achieve specific business goals.

I included data on the extent of formal training Pacific Bell employees received in 1993. The data showed, for example, that non-salaried employees received an average of three-and-a-half days of training, while managers, on average, received seven days. They also showed the amount of formal train-

ing taken by people in specific job titles, such as order writer, service representative, and splicing technician. Employees in jobs in which the technology was changing were indeed receiving more training than those in jobs with static technologies.

That analysis encouraged the business units to analyze the root causes that might be affecting their employee skill-building status.

Step 4 modeled the process of identifying potential countermeasures that could correct the identified root causes. (See “Hypothetical Countermeasures to Root Causes of a Problem,” on page 28. The countermeasures in the flowchart are hypothetical examples, meant to demonstrate a systematic approach to counteracting root causes. The point of this step

was primarily to show how to link cause, effect, and countermeasure. It was not intended to prescribe the elements of a capability plan.

Some of the hypothetical countermeasures were the initiation of a policy regarding recommended training expenditures, and the establishment of a goal for a fixed number of annual days of training for each employee.

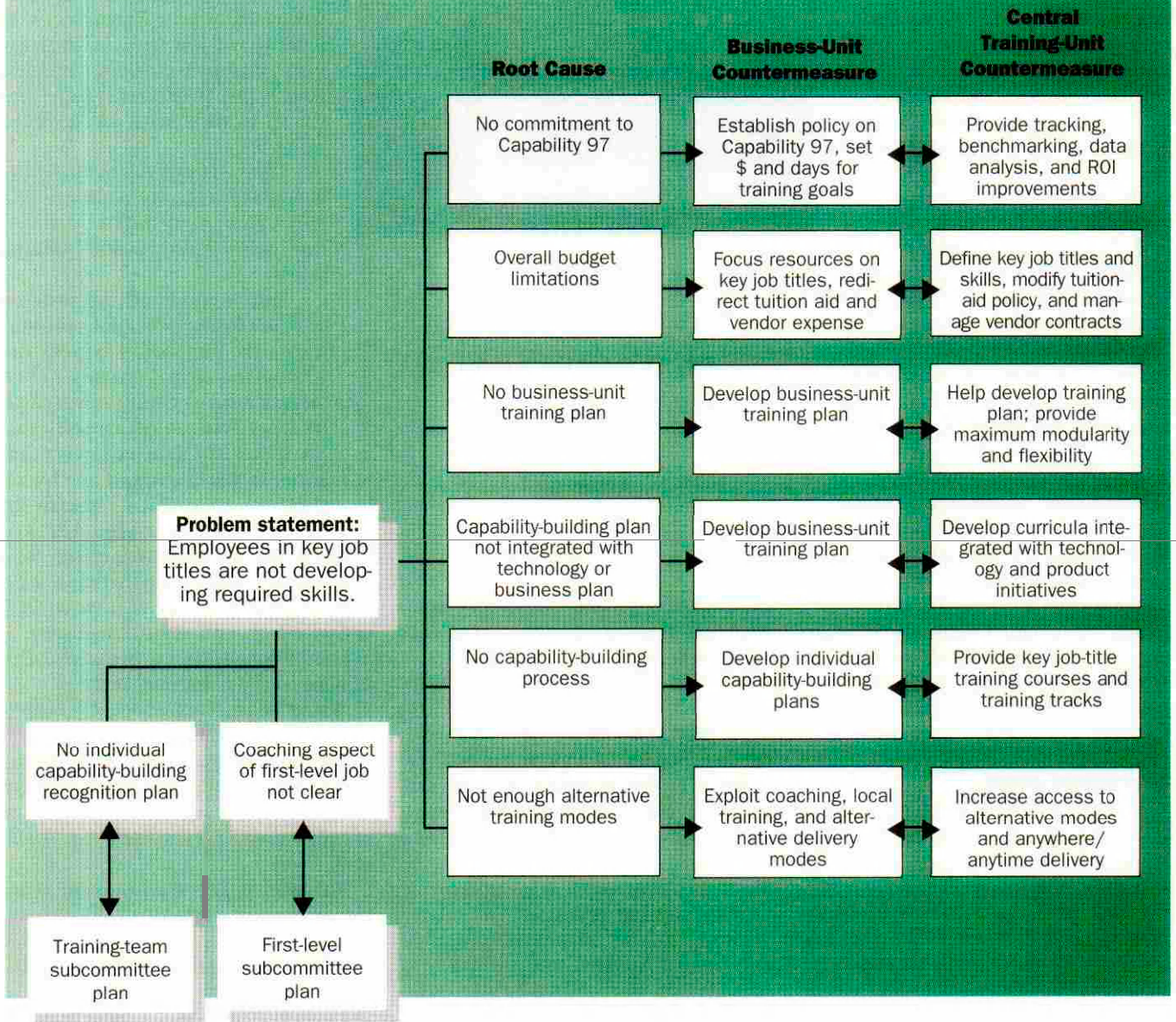
Another type of countermeasure might require action to be taken by the education and training unit. For example, we might be asked to provide ongoing data on the quality of our training, as well as other training measurements, such as return on investment.

For example, the business units might plan to better exploit management coaching, local training, or alternatives to instructor-led training, while my training unit could be asked to increase employee access to alternative delivery systems such as distance learning.

Step 5 of the problem-solving method tracks the effects of the implemented countermeasures to verify that we had indeed reduced the original gap between a business problem and its solution.

We did not discuss steps 6 and 7 of the problem-solving method. They

Hypothetical Countermeasures to Root Causes of a Problem



address the standardization of the new processes and plans for the future.

What happened next?

The January 1994 meeting with Bob Lee's leadership team led to a buy-in to Capability 97. The business-unit heads agreed to address capability building more formally and to use the seven-step approach as a framework for their plans.

The business-unit heads have appointed Capability 97 stewards who have helped develop the capability plans and have begun to implement them. They have adopted some of the

countermeasures in the prototype plan and devised many of their own. See the story on page 29 for their perspectives on capability building and for some details about their capability plans.

Among the countermeasures in place in the business units:

- ▶ more on-the-job training
- ▶ specific, targeted education initiatives with nearby universities
- ▶ a training track, called the Data University, for the Los Angeles marketing staff
- ▶ new partnerships with the central education and training unit
- ▶ policies requiring all employees to

have their own training plans

- ▶ a strategy to focus training on fewer job titles.

The business-unit training stewards in some cases control training strategy and expenditures.

It is too soon to present data showing the effects of the Capability 97 initiative. But the focus on capability building should result in equipping business-unit employees to meet customer needs. ■

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Business Units Take the Lead in Capability 97

Pacific Bell's business-unit leaders are a major force behind Capability 97, a sweeping program to get employees' skills up-to-speed for a new work focus and new technology.

BY PATRICIA A. GALAGAN

Wherever know-how, brainpower, and intellectual capital make the critical difference in how well a company does, you will find business units taking a strong role in training. When a top corporate officer views employee capability as a factor in achieving a business plan, you will find that employee training is a high priority for business-unit leaders.

That is the situation at Pacific Bell, where business-unit leaders are a major force behind Capability 97, a sweeping program to get employees' skills up-to-speed for a new work focus and new technology. The business-unit leaders are being urged ahead by Pacific Bell's executive vice-president, Robert Lee, who believes employee capability is one of the factors that will make the company stand out from competitors.

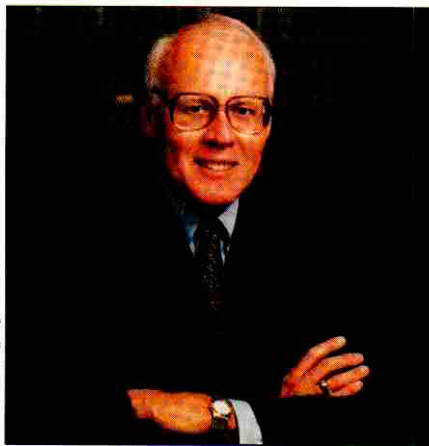
Each of the business-unit heads who reports to Lee has a robust budget and a formal training plan for Capability 97. Each shows the enthusiasm you would expect for a major company initiative.

First on board

Tom Cross is vice-president of Pacific Bell's north area, a business unit with 7,000 employees. Cross is one

of the most active supporters of Capability 97 and was the first to develop a capability-building plan.

"This is not just something esoteric or nice to do. I am convinced that Capability 97 will show up in



Tom Cross
vice-president for
the north area

"THIS IS NOT
JUST SOMETHING
ESOTERIC OR NICE
TO DO."

the bottom line. There's no doubt it will improve our business effectiveness. I really believe Capability 97 will help us provide better service at less cost.

"It may be a cliché," Cross says, "but people who are not trained for their jobs don't always work efficiently or accurately."

The north unit is trying to anticipate what skills employees will need to take the company into emerging markets.

"We wouldn't train a lot of people on something until it's a robust market," says Cross, "but we do need to make sure we have a group of people capable of supporting new products."

The training plan for the north area calls for heavy emphasis on training employees to use new technology and to sell and service new products. It also specifies training in some leadership skills geared toward a bottom-up management style.

"We believe we can manage better if we improve certain dimensions of leadership, especially communication and the ways we demonstrate that we value people," says Cross. "I need to demonstrate to my team that I am developing new leadership dimensions while I ask them to do likewise."

Cross's unit has already identified the core competencies that will be critical to achieving Capability 97. Employees and coaches have discussed where they are relative to the core competencies. Where they find gaps between what employees know and what they need to know, they identify training needs and they budget for the training it will take to fill them.

HR manager's role

Tony Webster is the HR manager for the north unit. His role is to steward Capability 97 for the unit. "I'm charged with making sure all the elements are put in place...designing a strategy and so on. Once I have the commitment of my peers, I'm responsible for prodding them to keep it moving ahead and for measuring it."

Webster led a group that set measurable capability goals such as the percentage of payroll invested in

training and the number of skill gaps closed or minimized. "We're also looking at the return on investment on our training dollar," says Webster.

"We track budgets on a monthly basis to see how much training activity is taking place. We are still deciding what qualitative measurements to use, but they will probably include things like our job-fulfillment survey results. And we expect that other business results, such as fewer trouble reports, will start to show improvements."

Webster also has the job of communicating his unit's progress to others. Once a quarter, his team assesses results with a team from the corporate training and education unit.

"The corporate training unit is an important partner to the business units in making Capability 97 happen," says Webster. "Cy Tunis and his people have taken the lead in getting exposure for the program throughout the company, especially at the executive level. I don't think it would have as much steam behind it if they hadn't."

The agitator

One top executive who pressed hard for more training at Pacific Bell, even before Capability 97, is Frank Casazza, the general manager for Network Services. His unit tests new technology from an operational standpoint and also develops methods and procedures for using technology in the rest of the company.

Casazza had worked outside the company for a few years and came back as an agitator for training. He saw it as crucial for a company trying to install a lot of new technology while it was downsizing.

"Training requirements have increased dramatically on account of new technology," he says. "At the same time, we are driving expenses out of the business and doing more work with fewer people. If the work isn't done well, or if it's not accurate, you end up costing, not saving money."

In many companies, driving expenses out means drastic cuts in training, but Casazza says this causes



Frank Casazza
*general manager for
Network Services*

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TRAINING PLAN."

a training gap "that can become an Achilles' heel to the corporation."

"I view training as a strategic imperative. It can and should be a real differentiator in a marketplace that has a lot of competition."

Casazza tackled the training gap in his unit by gathering a group of subject matter experts to look at every job classification. Those experts decided what it would take for an average person to be reasonably qualified to do each job. That became the basis of a group of core courses.

"We found people in the field who were recognized as extremely good at these job classifications, and we asked them if the job requirements and courses made sense. Their suggestions helped refine the core course list.

"When that was done, we pulled the training files on all 700 people in my organization. We did a 'stare and compare,' and documented every place where there was a gap between the core courses and a person's actual training history. Then we prioritized the gaps and started sending people to school."

He also set up a training council

chaired by his unit's head of human resources and made up of managers from each department in the unit. This group continues the work of determining skill requirements and updating the core course list.

To institutionalize the process of finding and filling skill gaps, the training council also refined a system of employee files to include each employee's most recent evaluation, an individual developmental plan, and a training plan. Employees and their supervisors review the folders during the first quarter of every year and acknowledge the year's training expectations. An employee can eliminate certain training if he or she can establish competence based on experience.

Casazza has been so emphatic about every employee having a training plan that one group had buttons made up with his picture and the words "If you see this man, show him your training plan."

Part of Casazza's strategy is to recognize employees for completing all their core courses. Supervisors whose direct reports complete all their courses will be recognized.

Casazza believes that training makes a real difference in what a company can accomplish, but he admits that he is able to meet his training goals because he is getting upper-management support.

"Pacific Bell has really reinforced its dedication to training. It pleases me, and I think it really pleases our people. In our industry, training is not optional; it's strategic."

The sprinter

If Frank Casazza was more than ready for Capability 97. Chuck Smith, vice-president for the Los Angeles area, was not. In 1993, when Cy Tunis was promoting the plan among the company's vice-presidents, Smith was dealing with the aftermath of the Los Angeles earthquake.

"I had \$65 million worth of damages. Buildings were falling down, and Cy wanted to talk about training. Give me a break!"

But after a late start, Smith is shouldering his way to the front of

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the pack of strong supporters. "I wasn't an early adopter. But now I genuinely believe that Capability 97 has had a far greater impact than we imagined.

"I think we (the Los Angeles unit) are one of the leaders, if not *the* leader, in new ways of delivering training."

Smith's first training plan was a skimpy two pages. Now it's a thick, spiral-bound book covering markets, expected revenues and margins, skill sets, and the training technologies his unit will use.

"I think we talked a good game about it before, but we never spoke with the kind of data we have now," says Smith. "When we first embarked on Capability 97, I thought it would just be a set of courses for people in switching and some other technical areas. Going through the creation of a plan stimulated our thinking. It caused us to start thinking about people and about doing things differently."

Even though Smith had held a corporate training job, he didn't really envision training delivered at a desktop or over a TV network. But he could see that Pacific Bell was facing radical changes in its culture, and he realized that continuous learning under many kinds of circumstances was going to be part of the new culture.

Smith's training plan emphasizes both technical and managerial training. To test his assumptions about what kind of training his managers needed, he used a third party to interview them.

"I found out that what I thought they needed and what they thought they needed were two different things," says Smith. His managers wanted two things for themselves: personal development plans and team development for the managerial group. Many of Smith's 40 senior managers have already begun tailor-made executive-education plans.

Smith also discovered through his third-party survey that managers didn't push for training for their employees, because they weren't getting it themselves. Now he believes that the managers who are being trained are more likely to support training for others.

Smith also discovered that his unit needed to do a lot of technical training. This prompted the search for more alternatives to instructor-led courses. One new training course uses CD-ROMs to simulate the use of switching technology. The overall trend in the unit is to move training away from the classroom and back to on-the-job methods.

A survey of managers who sell data services revealed that they valued training enough to take it on their own time. Smith met them halfway. His unit created a data academy for salespeople. Half their training time is company time, and half is their own time. Smith asserts that the trained salespeople generate more revenue than before they were trained.



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Chuck Smith
vice-president for
the Los Angeles area

“LEARNING IS
FOREVER.”

"None of this would have happened without Capability 97," says Smith, referring to the stepped-up training activity in his unit and the connection he sees to the bottom line.

"I am the most bottom-line person you have ever met. To me, bottom line means revenue and margin and service, period. Bottom line doesn't mean 'We worked real hard; we're a team; aren't we great?'"

"The one thing that is very obvious to me is that capability—the learning and creating of systems for continuous learning—impacts the bottom line directly and influences it proportionately."

The training budget for capability building in the Los Angeles business unit is significant, says Janet Hollingsworth, staff manager for Chuck Smith. As coordinator of Capability 97 for the Los Angeles area, she worked with its general managers, division managers, and regional managers to put together the training plan. "Each department's training goal is tied to the bottom-line goals of the business as a whole," she explains. The plan is designed to have an impact on sales, customer service, and Pacific Bell's major goals.

The Los Angeles unit will purchase some of its training from Pacific Bell's internal education and training unit. Some training will be purchased outside, and some will be delivered by major vendors, such as the supplier of the electronic switching machines that PacBell uses. And some training will be developed in the business unit.

Lessons for leaders

What have Pacific Bell's leaders learned in the process of crafting learning goals for the rest of the organization through Capability 97? Here is Chuck Smith's answer.

"I think that the most significant thing we have discovered is that learning is forever—but that in a technological society, it takes new forms and formats.

"We are all learning. I can honestly say I didn't want to do this. I didn't think we needed it. But having done it, there is no question in my mind. I wouldn't stop now." ■

Patricia Galagan is editor of Training & Development.

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