

WHAT TO DO BEFORE & AFTER BUDGET CUTS!

BY EUGENE H.
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The 1960s were correctly termed the "Soaring Sixties" with unusual growth in economic, social and educational activities. However, it is evident the coming years must be approached with caution. Analysts have presented a strong case that we have entered an era in which we will be in "stop and go" economy. This name, of course, refers to quick cycles of prosperity and recession with relatively few long-term periods of prosperity like the one enjoyed during the soaring sixties.

Professional training and development (T&D) personnel in the industrial setting are well aware of the budget implications of working in such an economy. Corporate history shows that staff activities such as long-range planning, marketing research and training are first to receive budget cuts as top management becomes insecure about future prosperity. This action does not mean that these activities are not valuable, but it does mean that top management moves

to a short-term operational posture. Consequently, staff activities take a lower top - management priority in an attempt to maintain profitability.

What steps can T&D staffs take in a "stop and go" economy? One obvious one is that they can follow the cycle by expanding and contracting. In the process, however, they might be out of work! Another alternative is to develop a marketing approach that can help transcend economic highs and lows.

Marketing efforts can be helpful in the training and development area if they become integrated parts of thought processes and operations. They need to be continually used and not mainly used as emergency procedures when budgets become restricted. For instance, it is evident that client service gets special attention in economic emergencies. In reality, client service should *always* have special attention, whether one is working with diamond buyers or equally important training clients; whether in prosperous or in recession periods.

One may wonder why the word marketing has been emphasized, and the word selling hasn't been utilized. It's not that selling is less important because everyone agrees that nothing happens until a sale is made. On the other hand, the word marketing has a special meaning for the current problems faced by training and development staffs. The basis of this meaning centers around an understanding of the product concept and the marketing concept.

In extreme form, businesses can be operated on either of these philosophies. Under the product concept, the firm begins with a product it thinks will sell, manufactures the product and then gives it to a salesforce to sell. The emphasis is on the product and the selling effort. If the developer is perceptive, and if the product meets a market need, the venture is successful. The opposite approach is what is termed the marketing concept. Through this process, the firm begins with an assessment of client *problems*, develops a product to solve these problems and then proceeds to market the pro-

"HOW MANY TRAINING AND DEVELOPMENT PERSONNEL INTERVIEW NEW EMPLOYEES IN DEPTH AFTER THEY HAVE HAD A COMPANY ORIENTATION PROGRAM? IT WOULD SEEM MARKETING-RESEARCH DATA DERIVED FROM THIS APPROACH WOULD PROVIDE SIGNIFICANT LEADS FOR PROGRAM IMPROVEMENT."

duct. The emphasis in this process is on the customer's needs and wants derived from understanding problems.

What has been outlined may sound like a purely academic discussion, but it does have practical management applications.¹ Also it may sound out of date to report any questions about using the marketing concept, but observations indicate it may not be widely used even in some large and sophisticated companies. In the training field, for instance, how many big companies have produced training programs that never sold?

The reason for the lack of interest is that it is more difficult to begin with the problem-assessment work than to develop a product and take a chance on it being successful. The marketing concept is not the same as a traditional needs analysis because a needs analysis frequently does not go deep enough to get to the problem level. The usefulness of the marketing concept lies in the fact that it is a problem defining orientation. The development of a first-line supervisory program provides a good current example.

In 1976, the College of Continuing Education at Rochester Institute of Technology wanted to completely revise its first-line supervisory program. To assess client problems, *focus group depth* interviews were utilized as a primary analysis tool with working first-line supervisors and with industrial-relations people influential in developing first-line supervisors.

From these in-depth interviews, many interesting concerns surfaced, and they were used to define program needs. One was the fact that first-line supervisors

often do not have peers located nearby with whom they can relate while working. As a result, spouses often become sole sounding boards for job-related concerns. This problem highlighted the need to have spouses become better aware of the job environment and to involve them in the course in some way.

Another problem that arose frequently in the interviews was the fact that many first-line supervisors were having motivation problems with younger factory workers accustomed to permissive school situations. Covering this motivation aspect brought refreshing new insights into the new program. With this problem orientation as the base for the curriculum, the program was highly successful when initiated.

For those finding the marketing approach a helpful challenge, several benchmarks called "marketing controllables" can be used in applying this technique to T&D situations.² The controllables involve four elements, *product, place, price and promotion*. (Obviously, they are also referred to as the 4p's.) Following is some detailed analysis of the 4p's with application applied to the marketing of T&D services.

Produce — The Course and Programs

It may be "carrying coals to Newcastle" to observe it is difficult to market T&D programs. Most of the problems are well-known, and from a marketing viewpoint, the challenge arises from the question as to whether participants and their supervisors frequently really know what is needed. The problem is the same one faced in consumer markets

where the customer reports he or she prefers black sweaters but then buys yellow sweaters.

For product determination, industrial T&D personnel need to continually hone their marketing-research skills; to probe in sufficient depth and to get better assessments of what is needed. This requires one to go beyond surface questionnaire instruments and to develop deeper rapport with clients and those who influence clients. It involves substantial personal and group interviews and interpretations.

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For instance, how many training and development personnel interview new employees *in depth* three and six months after they have had a company orientation program? It would seem marketing-research data derived from this approach would provide significant leads for program improvement. Interviews have been specified as one may sincerely question the long-lasting value of a short-answer response, beyond providing basic descriptive data.

Assertiveness Required

What is being suggested is difficult and may be more expedient in the short term to fulfill client requests without raising these issues. However, a marketing approach requires T&D personnel to be assertive, to be reasonably expert about client operations and to continually verify programs against needs growing out of problems. This also applies to programs that have been in place for a while, i.e., the program can be continu-

ing, but the need for it may have subsided.

One large firm, for instance, offered a top-management program that was highly effective when it was attended by division heads and higher, but it had very modest meaning once the participants came from lower levels because it involved strategic top-level decision-making. Nevertheless, the program continued to be offered frequently for five years, well after nearly all top managers had completed it. It would probably still be continuing had not a recession occurred, and the firm made an analysis of what was being accomplished against what was really needed.

The usefulness of a marketing approach in industrial training and development was highlighted by a *Business Week* article which reported a significant trend toward customizing T&D efforts. One training executive in the article reported, "*More and more, the smart groups will tailor their programs to a company, with front-end analysis to find out what gaps there are and then plug in whatever training is necessary.*"³

(Product evaluation is another factor that must be considered. It will be developed later since it directly impacts the concern of credibility.)

In summary, a marketing approach to industrial T&D calls for the construction of a product which meets realistic line-management problems in an objective manner and has some type of evaluation component involved. To meet these objectives it would seem that more programs and courses will be more customized in future years. The objective, of course, will be to adjust to more stringent productivity requirements which will be established by management.

Despite a "stop and go" economy it appears that there will be growth in T&D. The growth may not be a broad-based one, but it will involve important pockets of potentials. This has been characteristic in other areas (e.g., restaurants) which have grown significantly during a downside economy, when logic would indicate a drop in

potential. Training and development personnel can also find unusual opportunities.

For example, T&D staffs often are expert in the use of visual media. To what extent has this expertise been exported to others in the firm such as the marketing research executives who are required to make frequent presentations?

The T&D market potential in multidivisional firms would seem especially inviting. If a firm's product spread is sufficiently wide, there is good reason to expect that some product lines will be relatively immune from down-cycle activities. These divisions could serve as a base to emphasize T&D activities until service demand becomes more broadly based.

A good starting point for determining the "place" for programs and courses is to reappraise basic problems being faced by an organization and then construct programs and courses to meet these problems. Hopefully, in some instances one might even be able to show a resulting enhancement of profit margins from this process. What is being suggested is a "back to basics" movement.

To take advantage of this approach, T&D staffs should try to come to some conclusions as to the top problems being faced by a firm or division. Once these have been determined (and perhaps confirmed by upper management), a process should be started to relate T&D activities to these problems in as concise a manner as possible, assuming they are not being currently covered. The exercise won't be an easy one, but it would seem to have great potential, even if it does nothing more than alert upper management of T&D to *concern for* and *perceptions of* their problems.

Promotion Requires Creative Handling

Promotion requires creative handling in a mixed economic environment, like the one being encountered. The importance of promotion centers on the fact that it relates directly to the level of communications T&D personnel build *with clients* and *with upper man-*

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**"THE BEST WAY TO PROMOTE
TO KEY DECISION-MAKERS IS
THROUGH PERSONAL
CONTACT. THE KEYSTONE TO
THE PROGRAM WOULD BE
WELL-TIMED REPORTS OF T&D
ACTIVITIES."**

agement. It is obvious that these communications need to be monitored for openness and clarity. Communications from program participants, for instance, can too easily be covered with the comment that a program "was interesting." Loosely interpreted, this means that nothing constructive will happen from the program. Also top management can too easily take T&D activities for granted.

A related level of promotion is the contact of T&D management with key decision-makers. This involves interaction with personnel who have overt authority and budget control and with informal influentials. The latter group involves managers who are not necessarily high on the organizational chart but who have unusual influence or have the ability to perceive coming trends. These, for example, would be the perceptive personnel who, at the time OSHA was enacted, were able to see the impact of the legislation on the training needs which would emanate from it.

The best way to promote to key decision-makers is through personal contact. However, this is not always possible, and in its place one can substitute a well-planned program of written communications. The keystone to the program would be well-timed reports of T&D activities. This requires a rather delicate approach and involves considerable finesse, planning and caution.

However, if an acceptable routine can be established, its long-run payoff with key decision-maker support can be considerable. Sales managers, as one key group, are always interested in new and creative educational approaches for sales meetings and for customer presentations. Where T&D develops an approach that could also be helpful to sales, it would seem profitable to be certain that top

sales managers hear about it.

In marketing tangible products, it is an accepted axiom that a customer can be one's best salesperson. The same rule should apply in T&D. Consequently, an examination of promotion should prompt a review of commonly accepted basics in conducting courses and programs. This helps turn clients into salespeople.

1. The highest possible level of physical facilities are needed.

2. Program materials, notebooks and other related items need to be available at the outset of the program, not handed out at random times during the program.

3. Visuals need to be of high quality. Projectors and other devices need to be pretested with backup equipment readily available.

4. Programs and faculty introductions need to be handled with care and enthusiasm since it is hard to overcome a lackluster beginning.

5. Training should be led by professional trainers with knowledge and good platform presence.

These guidelines help build a promotional policy that tells each client that his or her program is being conducted as though top management were involved. This policy can be one of the most effective promotional tools.

Related promotional concerns are the preprogram orientations and communications. All too often participants receive notice about attendance at programs through brusque supervisors who are not well-informed themselves. Obviously, T&D can't control how well every supervisor informs a participant about a course or programs, but one can take the following steps or similar ones. (These are the practices of one training executive.)

From a marketing viewpoint, this seems to be a good process and

one which would add few additional costs. Even if additional costs were involved, it would seem like a good investment.

1. When a participant is suggested for a course, a detailed letter and/or personal phone call is received by the supervisor. The purpose is to provide as much information about the program as possible and to create a positive contact point with the supervisor.

2. Next, the participant receives a personal letter about the program with program details, and if possible, he or she is contacted by phone to answer any questions and to provide a phone number should questions arise in the future.

The written communications used in the process are carefully worded in an enthusiastic *selling* manner. A great deal of effort is devoted to the layout. (Although not used in this and other situations, it might help to get some copywriting and layout help for these important communications.)

In contacting clients, T&D staffs are constantly on a promotional stage. Be certain each client is handled as if he or she were a most-valued customer. This doesn't mean that the customer is always right and really knows what he/she needs, but he/she should be treated in a top-flight manner.

Pricing Training Activities

The marketing element of price centers around the value that can be attached to course and programs. Quality work cannot be inexpensive, and this is a difficult concept to sell to management. However, quality does have long-term payouts, even if participants only perceive high-quality attention to their professional development.

T&D managers might wonder what type of quality strategy to follow in the changing economic environment. Overall, there are

two extreme choices: a mass-market strategy with many adequate programs, or with the same dollars, a selective higher-quality strategy with fewer programs. T&D staffs might want to give very serious consideration to the selective quality approach. Recent marketing experience indicates high quality has continued to sell at a brisk pace despite a mixed economy, witness the substantial surprising sale of the small Cadillacs.

Closer to T&D interests, it appears that elite management programs continued to prosper during the last downturn. This recommendation, of course, will vary with local situations and needs, but it is something that should be carefully weighed. One should not conclude that economic dips necessarily require lowering of program quality.

Concern for the four marketing controllables raises the important

question as to "What Business Are You In?" This is a classical question which has been considered on a corporate-wide scale. The well-known example of the impact of the question centers on the railroad industry. Current problems in the passenger railroad industry are attributed to the fact that railroads considered themselves to be in the railroad business when in reality they were in the transportation business.⁴

History has shown the need for transportation grew while the railroad business declined. The implications of this analysis are that the railroads were so product-oriented that they concerned themselves mainly with railroad operations, and they missed the changes taking place in the travel market.

When asked about T&D activities, a manager may reply he/she is in the "Business of Training." This may have some product orientation dangers in that it can invite overemphasis on the techniques and skills related to training and development activities.

For the economic times being entered, it would seem desirable for T&D personnel to be in the "Business of Management." Being in the "Business of Management" signals a devotion to assessing the critical needs of management and can also help training and development personnel to relate more closely to top management.

Implication of "Business of Management"

This philosophy provides some opportunities to develop new approaches. It can help T&D to assertively open new areas. For example, if possible, talk with people who are leaving the organization for new challenges. They may indicate problems that are related to T&D interests.

This philosophy also can help toward thinking about the changes that will be taking place in the early 1980s. Many of the infant trends that led to OSHA and EEO were apparent several years before they became a reality, and the perceptive training person was

able to forecast training opportunities. It is clear now that a metric conversion is on the horizon. This is a potential for future programming in many fields and perhaps a requirement in a few right now.

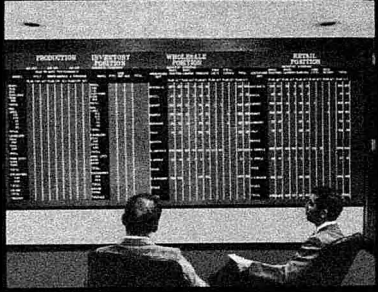
What is being suggested would require T&D personnel to be as close to functional fields as possible. It will present some unusual challenges for personnel not directly attached to functional divisions.

While being close to functional fields, it would also require T&D personnel to grow as management generalists. This in itself would help to relate better to key decision-makers and to better understand corporate changes. For example, it may be desirable to review corporate long-range plans in detail to attempt to make programs congruent with plans. In addition, it requires staffs to be especially attuned to the top management corporate environment. This can be accomplished to some extent by giving significant attention to organizations such as The Conference Board, the Presidents Association of the AMA plus publications such as *Forbes*, *Business Week* and *Fortune*. The August, 1977 *Fortune*, for example, carried an article detailing the need for a top-management public-speaking course. How many training managers have taken the opportunity, presented by the publication, to ask their top management if they could be of service in this area?

Another top-management interest concerns economic education. Many are puzzled by the lack of economic literacy on the part of students and on the part of their own employees. This is a growing need . . . and how many training personnel have noted the problem and attempted to meet top-management requirements with program proposals in the free economic-enterprise area?

These are only several suggestions which can arise from being in the "Business of Management" and every T&D manager needs to assess the potential in his/her own firm.

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Credibility and Evaluation

It is evident from T&D literature that there is a significant level of concern about the availability of tools and processes to evaluate the outcomes of T&D activities. For example, William Deterline had this to say about the subject:

*The reputation and credibility of training and development is often much lower outside the training community than within. We talk to each other, but sometimes overlook the need to communicate with others outside of training and development. We need to be sure that we are doing good things, making cost/effective contributions to our organizations, and can prove it and do prove it to everyone who might be skeptical. . . .*⁵

The marketing approach can help with this problem. For instance, where a budget cut has been mandated and marketing analysis shows the real reason in an attempt to reduce lost production time, one could schedule programs partially or totally on weekends.

In examining T&D attitudes toward evaluation, there has been concern about the ambiguity of data that often results. However, from a positive side, other fields have similar problems and have successfully coped with them. Advertisers have lived for years with the statement "I know that half of my advertising is successful, but I don't know which half." From a positive perspective, top managers understand the concept of ambiguous data because they work with it all the time.

It is rather evident in the current economic climate that all fields are going to have to be better at documenting outputs. Higher education is being asked to show the value of a \$20,000 plus cost for a bachelor's degree. Social-service agencies are talking about the need for accountability. Even corporate boards are beginning to evaluate top managers through performance audits. These audits attempt to evaluate top managers' performance beyond profit, e.g., evaluation of general management

performance related to management policy and strategy.

The evaluation process in T&D can be as simple as having three and six month follow-ups on a *sampling* of participants. Several firms have done this with some significant results. In one case, the process clearly documented an immediate \$30,000 cost savings to the company. This savings more than paid for the program involved, and it had a dramatic impact on top management. There are many approaches for documenting efforts, and T&D personnel need to experiment more widely with them.

In overall summary, T&D personnel can make good use of marketing principles in general and the marketing concept in specific as retrenchments reappear in a "stop and go" environment. To meet the challenge, the following are important:

- One must understand the operational difference between a marketing and a product approach. In the final analysis, managements are only interested in what can be done for them to help improve corporate performance, not in T&D technology and processes.

- Marketing involves a problem-defining approach to help better understand client concerns.

- Every T&D manager needs to examine his or her operations in terms of the four P's — Product, Place, Price, and Promotion. Especially critical are the product and promotion arenas.

- Training and development personnel need to see themselves as being in the "Business of Management." This should help create better rapport with top management and provide a better understanding of client markets.

- Credibility, evaluation and documentation are clearly addressable problems. A marketing approach can be helpful with these concerns.

Editor's Note: This article is based on a presentation made before the ASTD Region III Annual Conference, Sept. 19, 1977.

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