

"TOP MANAGERS ARE BECOMING LESS WILLING TO ACCEPT ON FAITH, IN THE ABSENCE OF HARD EVIDENCE, THAT MANAGEMENT DEVELOPMENT AND TRAINING PROGRAMS REALLY HELP TO ACHIEVE BUSINESS GOALS MORE EFFECTIVELY."

MANAGEMENT TRAINING FOR BOTTOM-LINE RESULTS

BY RONALD N. ASHKENAS
AND ROBERT H. SCHAFFER

"We've put over 400 senior managers through our Managing for Results MBO program during the past two years. We have had an enthusiastic response, and people tell us it has done them a lot of good. But they are getting worried about this year's results and they've cut our budget along with every other staff group's." — a Human Resources vice president.

"Since we began our work here two years ago, I can truly say there has been a significant shift in the way our top management does its work. There is more participation on decisions. Communications are more open, and people feel more free to take issue with the president. I don't understand the resistance to extending this process into the divisions." — an Organization Development director.

Since the flowering of behavioral-science leadership in management, an incredible variety of management training programs have been developed. Generally sponsored by in-house staff groups,

these programs range from unstructured T-groups to highly structured simulations. In between are a wide assortment of approaches for teaching communication skills, decision-making ability, MBO techniques, improved leadership style, personal counseling, human performance assessment, participative management, and so forth.

While these programs are geared to a variety of learning objectives and employ a variety of learning methods, they all share the same basic aim . . . to improve the performance of the organizations which sponsor them. Although some managers may go to these training programs for personal reasons such as career advancement, a break from the job routine or socializing, both the managers and the purveyors of the programs know that top management expects some ultimate payoff from the experience. Specifically, organizations expect management training to produce, through some chain of events, improved bottom-line results. Faith in this relationship has sustained support for

management development for many years.

In recent years, however, top managers are becoming less willing to accept on faith, in the absence of hard evidence, that management development and training programs really help to achieve business goals more effectively. More and more, personnel and training people are in the position of having to sell their services to line clients who grow increasingly resistant. In many cases, this resistance, instead of triggering a search for innovative improvements, has caused personnel and training people to put more energy into justifying their programs.

Although this issue has become increasingly prevalent, it is only recently that it is being discussed openly at professional meetings and in literature. For example, in the *Personnel Journal* (March 1978), Frank O. Hoffman describes an "identity crisis in the personnel function." He asserts that personnel functions contribute relatively little to what companies achieve — and are perceived that way by other parts of the organization.

He further states that the only way to change the situation is for personnel to "get out of the people business and into the business business" (page 127). He expands on this by suggesting that personnel people need to learn more about productivity and managerial performance and that they should devote their attention more directly to assisting line managers to attain these bottom-line results.

There have been a number of other recent articles making the same or parallel points. One by Fred K. Foulkes in *Harvard Business Review* (March-April 1975) argues that many personnel departments are not contributing significantly to organization results nor employee satisfaction — and that the function *must* increase its contributions and its status. Our own experience as management consultants confirms the existence of a growing skepticism.

During the past few years, in a

significant majority of the large corporations and other organizations in which we have worked as consultants, the personnel, OD and training staffs have expressed their concerns about the impact their development programs were having on the success of their companies. Almost all of these training and development people were casting about for approaches that would have (and be seen as having) a more direct impact on measured corporate performance.

Is it true that training and organization development contribute relatively little to organization results? If so, how can personnel managers, organization development specialists and trainers contribute more to performance results? And how can they increase not only their actual impact, but the recognition of that impact?

The purposes of this article are to suggest why we believe it is true that training programs rarely demonstrate a bottom-line results relationship; second, to describe a

training and development strategy that is geared directly to producing immediate bottom-line improvement, and third, to describe a specific training design that employs the strategy. The article also illustrates how several staff groups have successfully utilized this "results-oriented" approach to management development.

A Curious Relationship

Although there may be other reasons why management training has failed to demonstrate bottom-line results, one seems to stand out from all the rest: Training and development efforts have simply not focused explicitly on the bottom line. They have generally been geared not to performance results, but to changes in specific elements of managerial knowledge, managerial skills, managerial behavior or managerial attitudes.

This observation is confirmed by Campbell, et. al., (1970) in their review of management training and development. They categorize the content of prevalent training programs into five areas:

1. Factual content, i.e., company policies, personnel management, finance, etc.;
2. Approaches and techniques for problem-solving and decision-making;
3. Attitudes, i.e., democratic leadership, consideration, tolerance, need for achievement;
4. Interpersonal skills, i.e., communication, listening, group interaction;
5. Self-knowledge, i.e., effects of one's own behavior, career goals, etc.

As should be obvious, none of these defines a specific bottom-line result — nor are any of them necessarily directly linked to a bottom-line result. All of them take a piece of organizational life or managerial behavior, knowledge, attitudes or skills, and aim at improving *these characteristics*. And in doing so, they rely on two implicit assumptions: (1) that desired improvements on these specific characteristics can indeed be engineered through a training experience and (2) that such improvements, once induced, will somehow automatically lead to results on the bottom line. Thus the traditional management train-

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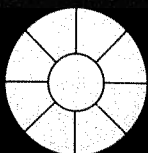
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"It is uncertain whether most training will produce the intended improvements on the particular variables at which it is aimed. Further, it is even less certain that producing the desired improvements in the selected characteristics will produce improved bottom-line results."

ing model looks like what is depicted in Figure 1.

The validity of this formulation is like the emperor's new clothes: The more you look for it, the more obvious its absence becomes. First of all it is uncertain whether most training will produce the intended improvements on the particular variables at which it is aimed. Further, it is even less certain that producing the desired improvements in the selected characteristics will produce improved bottom-line results. When these two sources of uncertainty are compounded, the belief that management training must lead to improved bottom-line results becomes, at best, a leap of faith.

Given this tenuous connection between training programs and ultimate results, it is no wonder that the findings of research on

training outcomes are ambiguous. And it is no wonder that as the years go by, top management's faith is eroding. There is more and more questioning of the value of management training — and increasing concern about the contribution of such programs to the actual performance of the organization.

An Alternative Approach

For the past 15 years, a small number of researchers and consultants have been developing and applying approaches to management development that are linked directly to bottom-line performance, finding that when groups of managers use a training situation to organize a carefully designed attack on specific performance-improvement goals, the impact on the bottom line can be immediate

and visible. And when the managers employ some new managerial skills in accomplishing these results, those skills will be immediately reinforced. Moreover, they discovered that the feelings of confidence and success generated by these tangible achievements — however modest they may be at first — tend to encourage further striving and further learning. Thus, instead of hoping that training in new skills and insights will eventually, somehow, lead to better performance, performance improvements are organized by means that simultaneously develop management skills. A sustaining cycle of management momentum can be created.

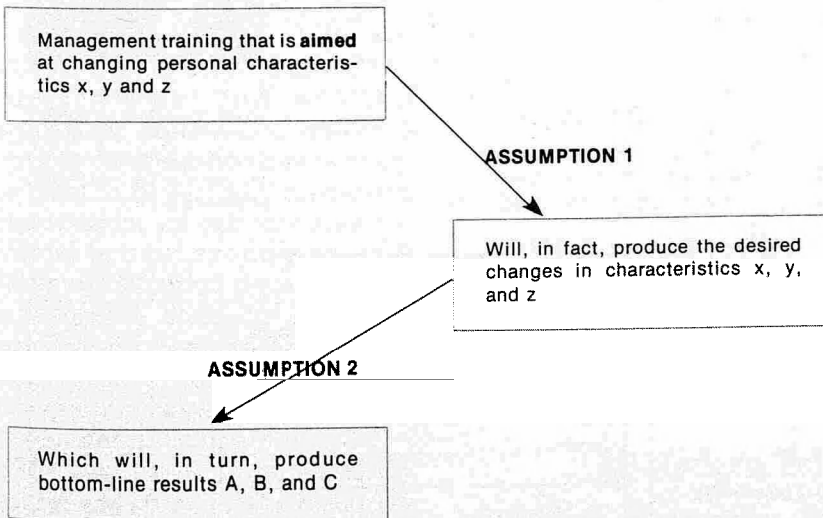
Perhaps a brief case will illustrate the point:

Basic Metals, Inc.

A modern steel mill employing about 800 people had failed over a number of years to perform up to expected levels when the plant was designed and built. The consequence of this failure was that the plant had not earned an adequate return for almost 10 years. Not only did it fail to produce the tonnage expected, but much of that which was produced failed to measure up to quality standards and had to be downgraded (and price-lowered) on the market. How could both productivity and quality be improved?

Where to begin? If a list of the knowledge and skills required to run the mill effectively were to have been drawn up, the managers of this mill would have been found wanting on many of the variables. A more traditional approach would have selected those variables assumed to be most relevant (or those which the trainer was prepared to provide) and training

FIGURE 1.
MODEL SHOWING ASSUMPTIONS SHARED
BY MOST MANAGEMENT TRAINING PROGRAMS



(Where x, y, and z are variables like decision-making techniques, interpersonal skills, good communications skills, etc. and A, B, and C are variables like productivity, quality, cost, profitability, sales volume, etc.)

would have begun.

In this case, however, the plant personnel manager, with the help of a consultant experienced in the methodology, focused not on traits but on bottom-line results. As a start, a few critical performance-improvement goals were selected. They were goals that could be achieved with the skills and energies of the people in the mill. It was felt that projects to achieve these goals could produce tangible progress in a short period of time and thus create a foundation for more extensive improvement later. Such projects are called "breakthrough projects" because in achieving them, managers breakthrough to a new level of performance, but they also have a developmental breakthrough in learning new skills for achievement.

One early project focused on the huge ladles that carried molten metal from one stage of production to the next. How could they be kept in service longer — instead of being pulled out so often to be relined with firebrick?

Operations and maintenance managers, with the help of a personnel staff consultant, worked together in several task teams to organize a few steps that would extend the cycle time of each ladle. Pooling their ideas across functional lines and levels, they came up with a number of specific steps which they carried out on a test basis. The result was that the number of heats that each ladle could carry before rebricking began to increase in number.

Encouraged by initial success, a steering committee of plant superintendents identified a series of other areas where performance-improvement projects could be organized, and carried out on this same step-by-step basis. Repeated success provided the encouragement for successive efforts. Within a half year, productivity and quality were much improved; the mill was at the break-even level and subsequently moved into a profitable cycle at the very time when the North American steel market was depressed.

While the focus of all the projects at Basic Metals was performance improvement, management development was designed into each. Both by the way the projects were organized and conducted and by the intent of the plant personnel manager and consultant, skill-development elements occurred at every point. Here are some of the insights and skills that were critical to results:

- how to identify improvements which can most readily be made (and sort them out from a maze of other problems, difficulties and needs);

- how to narrow down to a sharply defined improvement goal — within grasp of those who are trying to achieve it;

- how to lay out a work program to move toward a goal;

- how to get employees helping on improvement projects;

- how to develop appropriate measures of progress on such a project;

- how to conduct an improvement meeting, and so forth.

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"In training for bottom-line results, the first element to remember is that the focus must be on what can be improved — rather than on diagnosing what's wrong."

In the case of Basic Metals, there was no need to urge the mill's management to "apply the training on the job" or to continue the effort. The bottom-line results were so gratifying that it was quite natural to extend the processes which had led to those results. More traditional management training would have focused on communications, participative management, MBO, and so forth. After months of classes and clinic sessions management would then have had to grapple with the question, "well, now that we have been trained, how can we apply it all to making plant improvements" — and the answers would not have been at all obvious.

The Key Focus

In training for bottom-line results, the first element to remember is that the focus must be on what can be improved — rather than on diagnosing what's wrong. In any situation, it is easy to develop a long inventory of obstacles, difficulties and reasons why things can't get done. The challenge is to discover some short-term goal that can be achieved, with a modicum of help, within the resources, skills and authority available. That is the "breakthrough" goal on which training for bottom-line results is focused. In a plastics manufacturing plant, a 20 per cent production improvement on one line was the critical breakthrough goal. A claims examination department in an insurance company began by focusing on reducing errors in their work; a large metropolitan newspaper began by reducing typographical errors.

The goal needs to be relatively modest and specific. The resources for making some headway (though not necessarily for solving the entire problem) must be contained in the unit itself. The task is to lay out a short-term "breakthrough

project" and to carry it out using disciplined project assignments, work plans, and measures of progress. Within a matter of weeks, some specific results should have been accomplished and some new managerial skills developed by the managers.

Applying the Approach

While this is a departure from traditional management training and development, we have discovered that personnel development people, once they get "turned on" to the idea, find it a rewarding way to work. They find that the initial successes do for them what they do for the managers themselves — that is, they provide the positive reinforcement that encourages further experimentation.

In recent years, several struc-

tured programs have been created using audio-visual aids to assist in applying this approach. In 1974, we helped AT&T create its "Planning for Action" program to enable personnel-development specialists to apply a results-based approach to management development.

The first thing that distinguishes these programs from other training is that when managers are invited to participate — either as groups or as individuals — it is not to come and learn "how to become a better manager" or "increase management skills." They are invited to come and learn how to accomplish an urgent, important goal in a short time frame.

In one version of the program, managers learn why they may not be accomplishing results as rapidly as they might; they learn about the

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"hidden reserve" within their own organization that can be tapped to accelerate progress on the goal; they learn to define their key goal in "breakthrough terms;" and they learn how to organize a disciplined attack on that goal.

The entire program — including the audio-visual lectures — is geared to participant's real back-on-the-job goals. During the course of the program, participants work on those goals. And between sessions, they apply their work to the actual situation. A third day of the program is then devoted to expanding the process from the first breakthrough goal to others, and to creating a sustained process of improvement and learning.

In a bank with over a thousand branches, a test program in over 100 branches helped branch managers organize specific improvements in critical areas such as securing more depositors, more loans, etc. In most cases results were not only achieved as forecast, but several levels of management

also learned a variety of new performance tools.

New Vitality for Management Development

For the last 30 years management development and organization development activity has expanded tremendously by introducing an increasing number of techniques to impact on a wide variety of variables, each of which was judged to be critical to management performance. But because the whole structure has been based on the double uncertainty leap described in this article, results have often been disappointing.

And now these disappointments are leading to the demand for better results. Personnel people responsible for training and management development can respond to the warnings issued by Hoffman, Foulkes and others, not by defending what has been done, or by "selling" their programs, but by striking off in some exciting new directions. Training for bottom-line results can be one of these. At this point, it may appear to be a rather major shift, but once having taken the plunge and producing enthusiastic responses and tangible, measurable results with line management, a new vista may open.

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