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To build or buy—that is the question.

By Jack Zenger

The question addressed in this column is the long-existing dilemma of whether companies should buy learning and development programs from outside suppliers, or whether they should build such programs.

Let me begin by explaining why I entered this industry. After spending 10 years as the head of HR for a company, I found that my interests were moving towards helping organizations improve the performance of their leaders. I was initially drawn to the training and development profession, and later became part of the organization development world in its early days.

Then an event took place that made a huge impact on me. In the late 1970s, a small group of HR officers in the Palo Alto, California, area met to discuss best practices and learn from each other. A close colleague at a company headquartered nearby had spent the past 12 years of his life making significant changes in his firm's culture and top leadership. He'd done much of the OD work himself but developed training materials with the help of a small internal team. Because the programs were developed internally, a sizable investment was made. Then a new CEO was installed, who reviewed what had been

spent and evaluated the tangible outcomes. Immediately, the new CEO dismantled all of the work my friend was doing and had done, and the organization reverted to its old ways.

During that same period, the Managerial Grid was popular. Based on a simple concept, the content was basic and straightforward. It wasn't as sophisticated as some OD interventions I'd seen, but hundreds of companies purchased it, implemented it, and extolled its positive results. The grid had far-reaching effects in many companies worldwide. Executives liked it because they knew in advance what they were getting. Because it was so widely used, no one ill-informed leader could destroy its contribution.

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That's what motivated me to enter the supplier world; I wanted to make a difference and have it last.

### What are the lessons?
Here are my conclusions.

**Widespread, powerful implementations make a difference.** Those are the big contributions we make, providing that they change how people think and behave. If the content is sound, the instructional design engaging, the delivery process of high quality, the implementation well designed—and we affect more than half of any population (supervisors, salespeople, or whomever)—we will have made a real difference.

**Resources spent for development detract from resources for implementation.** I haven't found many firms that can focus on development and implementation at the same time. One always wins out. Given limited funds in even the most enlightened companies, every dollar spent on development usually takes away funds from implementation. In addition, development tends to take longer and cost more than anticipated.

**Quick wins pay off.** All of the literature on effective organizational change emphasizes the need for quick wins. Not only do they enhance your career, but they also make a positive, instant impact on the organization. Using programs from external suppliers enables you to act immediately. No matter how good an internal development team is, a high-quality learning and development program usually takes at least a year to develop, test, and be ready to roll out. If a program or learning process you can implement this week stands to make a major impact on the performance of the organization, what's the cost of waiting 12 to 18 months? Probably high.

**Increase your batting average.** Mounting evidence from hospitals shows that the more often procedures (such as bypasses and hip replacements) are done, the more successful they are. Simply put, experience produces better results. Fewer people die from procedures undergone in hospitals with experienced staff. Similarly, you're better off working with a training process or program that has been tested in a variety of challenging circumstances. Plus, external suppliers are in a position to consult on implementation issues; they can guide you around the pitfalls.

**Affect organizational culture.** Sometimes, corporate training groups confuse themselves with a university. They produce huge course catalogues, but only a handful of people participate. Assume that a company with 1000 employees offers 100 courses and an average of 20 people attend each. Some people might argue that's an impressive 2000 training days. A different scenario, however, would have five high-quality programs addressing basic issues. Assume that 400 people participated in each one of those five programs. That's exactly the same number of training days, but imagine the impact on the culture if 400 people with the same function learned to use the same new skills and behavior. That's cultural impact. It doesn't require huge development staffs; it requires delivery capability and investment.

**Customize.** Programs from suppliers can be tailored to the organization. A lot of tailoring occurs when skilled trainers adapt programs to fit their audience. Often, that's all that's needed. Beyond that, it's economical to modify programs that consist of front-ends, including a senior executive introducing the program, company-specific examples in written materials, nomenclature that conforms with the organization's lexicon, and binders or workbooks displaying the company logo.

**Ensure cost-effectiveness.** What could be more cost-effective than having a good trainer whip out a program design, write some materials, and produce it in workbook format? Isn't that the trainer's expertise? Doesn't that save lots of money for the firm?

My experience is that being a good instructional designer is quite different from being a good trainer. Given today's push to minimize time off the job, every second in class must count. The solution will often require Web-delivered content, video, simulations, 360 feedback instruments, coaching, and a host of other tools. If the program is to be scalable, it must provide a way to develop many trainers who will be capable of replicating the experience with consistency and economy. In my experience, the skills are different for designing effective instructor certification processes.

It takes a good deal of time and money to build an internal development team, which must be gainfully occupied year round to justify the investment and to retain the members. What appears at first blush to be cost-effective seldom turns out that way, especially when you calculate the total cost of salaries, benefits, travel, and so forth.

**Simplify.** The supplier can handle a number of functions that will ease the client. Suppliers produce materials and maintain the necessary inventories. They ship. They keep materials current, including staying abreast of changing laws that affect the content. The supplier connects the client with other organizations using similar learning processes. That communication enables learning to be migrated from one organization to another.

The analysis of "buy versus build" is productive. Clearly, some specialized subjects or content unique to your organization necessitate internal or customized development. But for building block programs that transform cultures and develop people, compelling arguments favor buy versus build.

**Jack Zenger** *is vice chairman of Provant;* *jzenger@provant.com.*