

Learning in a Tough Economy

BY MARC SOKOL

Although there seems to be no shortage of bad news in the business world these days, there is a bright spot for learning leaders: Economic downturns often present opportunities to make learning more effective, thereby making organizations more competitive.

When the economy slows, corporations are forced to respond. It's a simple financial matter: Less money coming in means less money available to spend. Common fiscal belt-tightening techniques include budget cuts, spending and hiring freezes, and reducing the size of the employment base through buyouts, attrition or layoffs.

As organizational leaders weigh tough decisions on where to cut costs, they should ask themselves one simple question: "Do we still want to be in business after the downturn?" If the answer is "yes," one area in which spending should not be cut without some serious strategic thought is employee learning and development.

True, adjustments may be needed. The learning and development department probably should reduce spending just like everyone else. Instead of cutting all initiatives in equal fashion, smart organizations retain initiatives that are critical to business success and cut back on those that may simply be "nice to do." Think of it this way: It wouldn't

be prudent for a restaurant kitchen to eliminate fire extinguishers to save costs in lean times, would it?

Canceling an arbitrary portion of training initiatives across the board creates the illusion of savings — some real via eliminated travel expenses and some potential under the assumption that freed-up staff time is put to good use. But without strategic thinking about where cuts should be made, such moves could

end up damaging the differentiators responsible for competitive advantage.

Planning to Outlive a Recession

Development is a key factor in ensuring people stay engaged in the organization and continue to have an impact on the company's bottom line. Giving current and potential leaders the development they need helps a company weather the storm and continue to excel. So how can necessary cuts be made with minimal long-term damage? What can be cut, and what should remain?

To guide the decision-making process, company leaders should sit down with line managers and talent professionals to examine the key factors to business success and which training and development initiatives enhance these factors. Smart companies proceed strategically so that reduced learning and development spending won't blunt long-term corporate success.

Look at Talent Management as a Response to Economic Downturn

Don't spread reduced training dollars as if they were peanut butter and you were trying to make 10 sandwiches with only enough available for five. Such a nonstrategic approach simply reduces effectiveness across the board — including in the areas responsible for a firm's competitive advantages.

Instead, choose more carefully who you need to invest in and which types of behavior you need to impact. This means you have to determine which offerings have the most immediate and direct effect on the business and on customer experience. It also may mean you have to be more selective about who is invited to participate.

DID YOU KNOW?

The National Bureau of Economic Research defines a recession as "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production and wholesale-retail sales."

Source: www.nber.org



Take the example of Company X, which has a significant development initiative for high-potential leaders. This program has shown visible impact for participants and their managers. As the economy enters a soft period, Company X opts to cut spending for the coming year. How will this initiative be changed to compensate for this cut? Should the program be eliminated for a year or two? Should it be adjusted so it's less intensive? In the end, a decision is made to retain the initiative at its current level of intensity, but to offer it to fewer individuals.

Let's look at the impact of this decision:

- The nomination criteria for the program are strengthened. This results in more in-depth discussions by senior leaders and managers about who should attend and increases the value of this initiative in the minds of these influential individuals.
- Chosen participants benefit from the same high-quality program as participants from previous years, and any feelings of being cheated by having to settle for a second-rate version are avoided.
- Management takes the opportunity to communicate to those who didn't make the cut. They're told of the reduction in slots this year and are reassured they will be reconsidered for participation the following year. They are disappointed they won't get to attend this

year, but are glad that when their turn comes they will not get a second-rate version of a program that has become well-respected.

- Those who did make the cut are told they were among a smaller group chosen, leading to a clear understanding of the company's desire to retain them over the long term and even more accountability to put what they learn into visible practice.

In this way, a spending cut ends up positioning the company to reinforce its commitment to a development program that really makes a difference. Most companies tell their employees that they are the firm's most important asset. Company X found a way to walk that talk.

Ensure All Training Efforts Are Critical to Continued Business Success

The key issue here is deciding what behaviors, industry gatherings and activities are truly critical to business success. When budgets are cut, learning and development managers need to ensure a clear line of sight exists between training efforts and the value they provide for the business and its customers. A good example comes from the manufacturing sector: A downturn is not the time to scale back training on quality or safety techniques. Any refinery manager will tell you the same thing in a heartbeat.

IN PRACTICE UNION BANK OF CALIFORNIA INVESTS IN TALENT TO WEATHER THE ECONOMIC STORM

It has been a tumultuous few months for the banking industry. And while no institution is immune to recent rumblings in the world economic situation, Union Bank of California (UBOC) has not been impacted as deeply as other organizations due to a well-managed environment. Core to the San Francisco-based company's strategic approach for success is a focus on continued training and development for employees across all levels of the organization, from tellers to senior executives.

"During economic downturns, it's especially critical to have smart, talented leaders who can break down silos and help drive revenue," said JoAnn Bourne, senior executive vice president of the Commercial Deposits and Treasury Management Group. "At Union Bank, we take a long-term perspective on developing talent. Looking at quarter-to-quarter financial results and reacting by cutting talent management programs is short-sighted and will have a negative business impact in the long run."

Bourne and the other 13 members of the organization's Executive Management Committee believe so strongly in developing their people that they meet as a group at least once a quarter to focus specifically on talent management. This senior group works hand in hand with UBOC's talent management and training and development departments to create programs that are closely aligned with the bank's business objectives.

A core competency in the organization is collaboration. "We're a bank. We sell a lot of different products," said Robert Hack, Ph.D., head of training for UBOC. "Unless we can talk internally across business units, people will be selling only their own offerings, missing many opportunities."

Working with Personnel Decisions International (PDI), UBOC has implemented several programs to help break down silos. For example, Impact Without Authority helps leaders influence others who may not be their direct reports by showing them how to establish credibility, build internal networks and apply influencing skills.

One of the most comprehensive programs, called LEAD (Leadership Enterprise-wide Accelerated Development), focuses on high-potential leaders by giving them a broader, cross-functional perspective. The ultimate goal is to develop leaders who can think strategically and make decisions for the good of the entire organization, not just their specific areas.

The six-month blended learning program includes 360-degree assessments, individual and group coaching, classroom learning and an action-learning team project in which groups help solve critical business issues such as the creation of alternative work environments, communications surrounding benefits and a more effective online strategy. The bank currently is implementing many of the recommendations put forth by the first group that went through the program.

"There were several benefits to the program beyond the tasks at hand," said Pinkie Laye, senior vice president and director of talent management for UBOC. "For example, group members formed deeper professional relationships that will help them solve problems and find opportunities down the road."

In addition, senior management had the opportunity to see firsthand the participants' leadership styles. "We really can understand the long-term potential of our people, which allows us to tailor our development programs and help us with our succession management plans," Bourne said.

In 2009, programs for senior leaders are being expanded, and training for all levels is being enhanced. There now are more than 300 self-directed online training programs on a wide variety of topics available for all employees who wish to participate.

"We have continued to invest in professional development at all levels because we know that a skilled workforce will give us a competitive advantage that is well worth the investment," Hack said. **CEO**

— Marc Sokol

On the other hand, an economic downturn probably is a good time for a company expanding in Latin America to limit Spanish-language instruction to only those being deployed there in the near future. Broader training across the talent pipeline in this area can be resumed once the economic storm has passed.

In truth, a time of universal economic contraction may even be a time when expanded training efforts become necessary. Key customer relationships may cool due to less frequent in-person visits and increased reliance on voicemail and e-mail. This may happen at precisely the moment when the customer is looking for its own ways to cut spending.

Companies in this situation would be wise to invest in new or enhanced targeted sales training to ensure confidence and credibility in dealing with nervous clients. It's human nature. We all want to affiliate ourselves with the strong, the confident and those who will survive. Customers of organizations are no different. They want to know that the entities they outsource to or buy products from will still be there after an economic downturn has run its course. Such a strategy not only serves an immediate business need but also positions the company well for when the economy regains its health.

Leverage Learning From Work Experience

An economic downturn is a great time for companies to think beyond the traditional workshop format. Much can be learned on the job and in collaborative groups. Simulation-based learning, increased coaching and mentoring, and looking to company leaders to teach others based on their own experiences all can have a deeply positive impact on the leadership pipeline.

Whether the format looks like a community of practice, an action learning team or simply a facilitated discussion group, learning and development leaders can help get people talking with each other about their own experiences and what they have learned.

Look to Technology

Technology-enabled learning can extend development investment when economic times are tight. Similar program content can be delivered without the associated travel

costs, and if done well, an atmosphere of engaged group learning can be maintained.

Let's look at another example, this time from a firm we'll call Company Y. This organization has professionals based in locations around the globe. These individuals gather in person twice each year to review case studies, swap notes and discuss the latest trends. Company Y anticipates a slowing economy and makes a decision to eliminate these twice-yearly gatherings to save travel and accommodation costs.

But Company Y doesn't stop there. In fact, its corporate leaders have been researching lower-cost alternatives ever since the meetings' costs were tagged for discussion. After all, the value of these best-practice exchanges are tangible and are one reason why Company Y's people are so clued in to the needs of their clients. Although Company Y eliminates the twice-yearly in-person gatherings, a quarterly webinar is instituted in its place to cover the same topics. The employees experience continuity of best-practice information flow. True, employees miss the face time with colleagues, but at least they know their needs for connection and development still matter as Company Y realizes cost savings.

Companies should look to intranets, online chat rooms, SharePoint technology or other existing resources to enable collaboration and idea exchange between teams and colleagues geographically separated from one another.

Move From 'Training' to 'Development That Makes a Difference'

Learning professionals know that, as engaging as any training event can be, the lessons learned quickly can dissipate and fail to translate into meaningful changes on the job without an effort to make the learning "stick."

To reap full the benefit from resources spent on learning and development, companies need to effectively communicate expectations to the individuals who will be taking part, as well as to their managers. Success is more than just showing up at a train-

ing event. Insights must lead to action, and action must translate into practical improvements in performance.

Taking a realistic approach to learning and development means ensuring people know what needs to be improved, they are motivated to improve and they get useful knowledge and tools to address their targeted areas. They also need opportunities to apply what they

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have learned, and they need to be held accountable for improvement. These strategies can help drive effective integration of new skills. They're also another example of a reaction to an economic downturn that can have a lasting positive effect on the company long after the economy has improved. Learning professionals can seize the moment to drive best practices into place.

Foster Dialogue About How Competitive Advantage Can Be Maintained or Enhanced

An economic recession is like any other type of organizational change, only this one is imposed from the outside. Employees and management can't hide their heads in the sand waiting for the recession to pass or for the "other shoe to drop." The challenge needs to be faced head-on.

Learning and development leaders can help foster dialogue among employees about what the business needs to do to be more competitive than the next company. After all, the whole industry is in the same situation. Issues need to be addressed with emotional engagement, not just a set of dispassionate adjustments. This is the time to increase communication in all directions and encourage employees to respond thoughtfully. Ask them to help prioritize how development dollars get spent. Such discussions often yield surprising and valuable insights.

Set the Stage for Increased Competitive Advantage

Recently, Personnel Decisions International conducted a survey of human resources professionals and other business leaders around the globe to uncover organizational approaches to retention of key employees in the slowed economy and what tactics they have found to be most successful. Among the 530 respondents, 93 percent said retaining key employees is even more important during an economic downturn.

Perhaps counterintuitively, the survey found "accelerating the development of key employees" to be a more effective tactic to retain these individuals than "competitive pay and benefits." These responses offer real-world evidence that employees want development opportunities and will stay with the company that offers them.

Skillful learning and development leaders can foster a common vision of what it looks like to be successful, even in a recession. Those who do so will mobilize and focus energy across their organizations, both for today and tomorrow, as they become catalysts for action and learning. **CLO**

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