

# The Training Department In An Open Market Environment

Larry Kroh, Manager  
*Training & Management  
Development Department  
Coca-Cola USA  
Atlanta, Georgia 30301*

In this author's opinion, many training departments have failed to go beyond developing their professional competency and need to develop additional skills considered unorthodox by many training professionals. These skills are central to the training department's ability to align itself with the mainstream of the business in which it operates. Once the department is properly aligned and supported, it must then have the skills to aggressively market its products and services, operating in many ways as a business within a business.

This article looks at the training department from a non-traditional strategic viewpoint. It examines a series of strategic marketing issues and solutions illustrating how they can be applied to any training organization large or small.

It should be noted that these comments are made on the basis of the author's own experience in developing and managing the training department of Coca-Cola USA, the domestic soft drink division of the Coca-Cola Company. Although the specific business needs of our Company dictated the approach described, the skills discussed are important for any organization.

Since the larger system (the company) has been a major influence in defining the approach discussed, a few background comments are in order. Training within our company began with training designed for our Bottler customers. Bottlers, as independently owned businesses, are not obligated to purchase training programs or services developed by the parent company. In fact, we compete in an open market where Bottlers can opt to train or not to train, develop their own materials, or buy from independent training consultants and suppliers.

Since training is not mandated by the parent company or supplied as a free service, Bottlers must be sold on the value of every program or service developed. Our uniqueness as a supplier is derived from the fact that training products and services are: (1) industry-specific (2) less costly, and (3) of a consistently high technical quality for the price compared to other available options. However, like all staff services, we are continuously being evaluated on the value of the most recent services provided.

This type of open market arrangement has also shaped the way we operate internally in designing programming for employees and managers of our parent company. All programs are made available to employees at a fair market price which reflects only our investment of resources. However, each manager must pay for these services and is given the same option as the Bottler system to go elsewhere if not satisfied.

This open market approach taken within the Bottler and the Company system is perhaps unique in American business. While not a profit-center department, we essentially operate a business within a business that must be responsive, technically competent, and completely aligned with Company goals, yet able to sell products and services to customers that are not obligated to use these services.

Operating in an open market has significant advantages. A training department can better weather the perils of economic downturns which often devastate departments operating under a more traditional centralized budget structure. In many businesses, training budgets are among the first to be cut; however, an open market system generates revenues and, therefore, is generally among the last to be affected. The total training budget is also less vulnerable since it is spread across a broad range of department budgets.

Management has the full range of business options including managing sales volume, pricing, and cost of goods sold. New products and services can be introduced. Marginal products and services can be eliminated. Training professionals can now be measured as professional business managers as well as professional trainers.

What skills must a training organization develop in order to operate in an open market system? First, the unit must be technically competent and clearly demonstrate professionalism in every activity undertaken. Neither customers nor company managers will pay for services that are marginal or unproductive.

Feedback to marginal programs is rapid and direct. Even programs that meet all professional criteria have to meet the acid test: Will participants/plants initially buy the program, and will they continue to buy over time? Paid attendance reflects a customer's true feeling of a program's value and is far more powerful feedback than the evaluation sheets completed at the end of a session. Therefore, above and beyond traditional evaluation techniques employed by most training departments, our managers must evaluate programs based on usage rates by Bottlers and user departments, repeat business trends, and new business generated.

Secondly, the training unit must develop "sponsors" thus allowing it to be built into the decision-making mainstream of the business. These sponsor departments share in the ownership of each program and are involved in defining needs, funding the development, and approving content accuracy and consistency with company policies. Just as important, is the sponsor's assistance in selling the idea to the larger organization or targeted user groups. This concept is critical to our strategy, and every program is required to have a sponsor.

An example of the power of this approach can be seen in our relationship with the Cold Drink Planning Department, responsible for soft drinks sold through vending equipment. Each year, a major video-based training package, supporting skills essential to this department's marketing objectives, is sponsored by this group. These packages are sold to the Bottlers as part of a large-scale marketing effort designed to increase purchases and placements of vending equipment, by training and motivating those involved in the implementation process. This strategy has

been successful as judged by a number of evaluation criteria: Increased vending machine sales, more effective in-outlet placements, and increased numbers of Bottlers buying and using the training.

A third skill, and perhaps one of the most unorthodox, is the need to aggressively sell the system on our products and services. While "selling" has traditionally been shunned by many in the training field as unprofessional, it is a critical skill for operating in the open market environment described.

This customer-driven marketing approach requires training professionals to look at their business in different ways, dividing it into meaningful user segments or "portfolios". Each of these portfolios represent programs common to the needs of specific user groups. i.e., technical, management, marketing personnel, etc. Individual programs each have a specific strategic role to play in the total portfolio depending on the needs of user or sponsor groups involved.

For example, in planning with the Cold Drink Department, programs have been developed that address the full range of knowledge and skills required for successful marketing in this area. This includes both executive level strategic planning, and "doer" level sales, merchandising and service skills. Each program is designed to compliment the other, and each plays a strategic part in the total Cold Drink marketing effort.

In addition to program development, managers are also held responsible for developing a marketing plan for each program. How can program trial be generated? How can better usage by target customer groups be obtained? How can repeat business be ensured? Classic marketing questions, yet critical to the success of the training department using the open market system.

The answer to these questions has forced us to look at marketing techniques being used elsewhere in American business and tailor them for the training world. For instance, in launching a video network for our Bottlers in the early 1970's, a "big ticket" sale which included video hardware and software, was broken down into a convenient financing plan option.

In addition, a team of training department representatives initiated a series of one-day visits to bottling plants throughout the country, demonstrating the value of the system to each plant's individual training needs. The focus of the presentations was developing a

training plan for each operation. The video system was a convenient means towards that end.

Furthermore, in order to ensure that programs developed for use in the video system were viewed and assessed in a timely manner, the initial marketing plan was modeled after the Book-of-the-Month Club. Bottlers are mailed an instructional package, and given 30 days preview time. At the end of that time, they are charged for the program unless they return the program. A win-win for everybody concerned.

We also looked at the mail order method of selling and developed a variety of selling-oriented publications including annual catalogs, quarterly update newsletters, and program mailings targeted at specific decision makers

The results speak for themselves. Our video network has expanded from just over 100 Bottlers to close to 500 Bottlers in a five-year period of time.

The same is true with our seminars. An estimated five thousand Bottler and Company managers per year will attend 64 different seminars in 1982. The availability of professionally designed programs have been the foundation of our efforts; however, aggressive, targeted marketing efforts have also played an essential role in ensuring success.

How can a training department shift to an open market system? There are three major steps critical to this transition:

- (1) Renegotiate the training department's mission statement with company management.

- (2) Redefine working relationships with major sponsor departments and customers.

- (3) Develop training department staff in managing their activities as business professionals.

The first and most critical step is to redefine the mission statement of the department. This statement needs to clearly define responsibilities, relationships, expectations, and financial arrangements between the training, sponsor and user departments.

It must be negotiated with senior management since in most cases it will represent a significant shift in operating philosophy, operations, and financial arrangements.

The second step, as a direct follow-up to the redefinition of the mission statement, involves negotiating roles with major sponsor and user groups. Even though the mission statement identifies

major roles with these groups, a more precise day-to-day agreement of responsibilities must be negotiated since a variety of new demands are made on each department concerned.

The third step requires conscious training of managers within the training department to think of themselves as business professionals. Since most training professionals have not received extensive business courses in their formal education, they need to be exposed to the full gamut of business planning techniques, including sales forecasting, relevant financial analysis, advertising, and promotional planning.

In addition to these three steps, two overall planning issues must be weighed. First, the transition to this system will probably evolve over a number of years. Relationships based on trust must be developed among the training, sponsor, and user departments. The development of these relationships and new skills and roles that will be required of training department personnel will take time to put into place.

Usually several successful program development cycles will be required in order to establish the trust and working relationship to the satisfaction of all.

The second consideration is that this approach requires an entrepreneurial orientation and hence a higher risk posture for the training department. New relationships, skills, and expectations will often times be vastly different from current operations. Training department staff members must be encouraged to take reasonable business risks associated with this method of operation. This involves time, patience, and perseverance on the part of management.

Professional competence? An absolutely essential foundation. However, this competency alone was only part of our long-range strategy. The other essential elements revolved around developing organizational sponsors thus ensuring alignment with the rest of the business, and aggressively selling our products and services.