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**An investigation into the use and uptake of short courses
for staff development in the New Zealand Fast Moving
Consumer Goods (FMCG) industry, with a related case
study of the New Zealand Food & Grocery Council's (FGC)
Education Project.**

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An investigation into the use and uptake of short courses for staff development in the New Zealand Fast Moving Consumer Goods (FMCG) industry, with a related case study of the New Zealand Food & Grocery Council's (FGC) Education Project.

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ABSTRACT

The first training priorities for the New Zealand FMCG industry are short courses in sales and commercial acumen. Second priorities are leadership, productivity, people management, category management and marketing. Large FMCG meet their training needs with in-house courses, but SME's can not afford in-house courses so they require externally provided courses. Required outcomes from training are improved employee performance, efficiency, productivity, recruitment and retention, creation of company competitive advantage, market positioning and increased bottom line performance.

FMCG Companies do not value or fund employees to University qualifications because of the cost and time involved and an industry perception that University courses do not address the "uniqueness" of the FMCG industry. There is some support for a staircase from industry specific short courses an industry designed Bachelor degree, but without an FMCG endorsement. Companies believe that employees should benefit from company funded training, but identified employee benefits are nebulous "satisfactions" which in reality are retention devices that benefit the company rather than the individual.

Apart from avoiding the industry's "busy" period from October till Mid February there are no particular requirement for course timing or structure provided sufficient lead time is given to allow adjustment of attendees work schedules. Course fees are a major barrier to SME's using short courses to train their staff. Other costs such as travel to courses and the loss of staff from their work to attend training are not issues.

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I take this opportunity to recognise my daughter Nicky and Tim my son. At 36 and 37 they have already achieved far beyond anything I could ever have expected of them and I am particularly proud of the people they have become.

I also thank my daughter Nicky for her help and insight into the vagaries of the FMCG industry. Nicky has worked in the FMCG industry for sixteen years and she is not only my guide in the FMCG industry but is also my business colleague being the McFarlane in our company Burns McFarlane Limited.

I thank my wife Brenda for her continued support. I know she sometimes wonders why having already achieved a B.Sc., MBA and Ph.D I still continue studying. My answer is that my career has been one of continual learning and I never cease to be amazed by what I do not know. Hence I enjoy exploring new topics and gaining new insights and ways of thinking.

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CHAPTER ONE: INTRODUCTION.

The FMCG industry.

Training has a vital part to play in economic development. It ensures that new entrants to the workforce have the necessary skills to do their work and that the existing workforce keeps pace with changing skill requirements. Moreover, by ensuring that staff receives suitable training, businesses and other organisations can improve performance and reduce unit costs. But training also has an important impact on the individual, for new and improved skills can increase employment opportunities and enhance career prospects as well as providing greater job satisfaction (Bennet and Errington, 1990).

Fast Moving Consumer Goods (FMCG) is a classification that refers to a wide range of frequently purchased consumer products. Whilst the category originally contained only packaged food and drink products it is now expanded to include consumer goods required for daily or frequent use. The main segments of the sector are branded, packaged food and beverage (health beverages, soft drinks, staples, cereals, dairy products, chocolates, bakery products), house hold care items (detergents and house hold cleaners), personal care items (oral and hair care, soaps, cosmetics, toiletries) and these days to a significantly lesser extent tobacco products. It does not include consumer durables such as kitchen appliances that are generally replaced less than once a year.

In reality the name Fast Moving Consumer Goods is a misnomer as it implies that the sector's products have a short shelf life and hence must be sold and consumed within a short time period otherwise they will spoil or decay. However, in truth, in 2011 the sector includes companies that produce a range of products from true FMCG products such as bread, with a 1 day shelf life, to none-food items, such as those produced by 3M, which have an indefinite shelf life. It is the venue of sale of products – supermarkets, dairies, petrol stations (excluding petroleum products) and liquor outlets – that defines the FMCG industry, rather than the shelf life and hence required speed of sale and consumption of their products

FMCG goods should more realistically be described as products that have a “quick” shelf life. They are relatively low cost items that do not require a lot of time, thought or financial investment to purchase. The profit margin on individual items is low, but the huge number of goods sold make them profitable. Hence “profit” in the FMCG industry is always translated to numbers of goods sold.

Some of the largest and best known FMCG companies on a global scale include Nestle, Unilever, Procter and Gamble, Sara Lee, Coke Cola, Kimberley Clarke (Kleenex), Mars, Colgate-Palmolive - all of these companies operate in New Zealand. The New Zealand FMCG sector also includes companies like Heinz-Wattie’s and Goodman Fielder and the non-commodity exports of the agricultural sector from companies like Fonterra, Zespri and Richmond.

The FMCG sector has always been a significant part of the New Zealand economy in terms of employment of people and contribution to Gross Domestic Product. In 2007, one in ten people worked in the food and beverage sector which employed 20% of the total New Zealand working population (New Zealand Food & Grocery Council [FGC], 2007). The industry currently has a turn over of NZ\$15.0 billion in retail sales, accounts for NZ\$2.4 billion in imports and generates NZ\$3.5 billion from exports. This makes it slightly larger than the electricity, gas and water sector and slightly smaller than the health sector.

Food processing now represents half of the total value of merchandise exports from New Zealand. As New Zealand’s largest and most competitive manufacturing sector it accounts for 5% of national Gross Domestic Product (GDP), 31% of manufacturing GDP, 26% of manufacturing employment and supplies 2.4% of the world’s trade in processed food. The industry employs 35,600 people directly and a total of 148,000 people in the wider sense (New Zealand Food & Grocery Council, [FGC], 2011).

The New Zealand Food and Grocery Council (FGC).

The New Zealand Food and Grocery Council (FGC) is a lobbying organisation to promote the aspirations and needs of the FMCG industry to Central Government. It is funded by membership fees that FMCG companies pay to belong to the organisation.

The FGC is structured with a Board and a number of sub-committees designated as working groups - Health and technical, Industry Supply Chain, Environment and the Membership Services. Each of these working groups has between 16 -20 members, and is chaired by a member of the FGC Board, who is usually the CEO of an FMCG company. All such positions are voluntary.

Short courses for professional development.

In 2004, the FMCG industry, through the FGC, identified an urgent need for industry specific short courses to upskill middle level management across the whole industry. As the only courses on offer in the market place at that time were low level, generalised training courses it was necessary for the FGC to design and develop the required new short courses.

In addressing the development of these short courses the FGC recognised that it would be impossible for them to develop courses to address all problem topics within the industry at once. Hence they prioritised 10 subject topics where short course training would make a significant impact on the industry's problems. The first four top priority topics, in descending order, were:

1. Key Account Management
2. Logistics and Supply Chain Management
3. People Management
4. Leadership

They also recognised that to give these courses credibility they needed a recognised training institution that had the skills and experience to perceive, design and deliver the required courses to be associated with the Project.

The first short course programme developed was a four module Key Account Management (KAM) series which was run for the first time in April 2008. The Modules were delivered for the FGC by a training provider and participants who completed the full 4 modules were awarded a Certificate of Achievement co-endorsed by FGC and Massey University.

Following the priorities set by the FGC Board, additional courses in Logistics and Supply Chain Management and People Management were developed and offered in the market place.

Purpose of the current research.

The KAM courses were well received by the FMCG industry as “these are the only courses that are specifically targeted and designed for the FMCG industry and which deliver real, applicable skill development for FMCG companies.” (pers.com). However, given that the FMCG industry employs 36,000 people directly, attendance at the courses has been lower than expected and numbers have fallen off over time.

The FGC short courses in Logistics & Supply Chain Management (L&SCM) and People Management were promoted to the industry via the FGC electronic mailing system and paid advertisements in key magazines which service the FMCG industry. Whilst this marketing/advertising programme generated a number of enquiries about these new courses, only a few people actually signed up for the People Management Series and nobody registered for the L&SCM Series, consequently neither has ever been run.

The purpose of this current research is therefore to:

- 1) From the literature identify factors that affect the use and uptake of short courses for professional development around the world.
- 2) Identify the factors affecting the use and uptake of short courses for professional development in the New Zealand FMCG industry.
- 3) Compare the findings about the New Zealand FMCG industry with that for the rest of the world to identify commonalities and differences.
- 4) Undertake a separate, stand alone case study, to
 - a) Investigate the validity of the decisions that underpinned the set up of the 2004 FGC Education Project
 - b) Identify why FMCG companies are not using the FGC short courses in the predicted numbers
 - c) Identify ways in which the FGC can achieve increased usage of their short courses by the FMCG industry.

The report presented below is arranged in Chapters. Chapter one is an in-depth review of the literature which demonstrates the environment and factors which previous investigations have identified as relevant to training. Chapter two presents the methodology underpinning the selection of in-depth interviews as the means of collecting data for the current investigation. It also demonstrates the design of the interview schedule used in the actual interviews. Chapter three presents the results of the interviews in which the individual interviewee's answers are compared and contrasted. Chapter four provides a discussion of the results from the interviews and compares these to the findings of previous investigations identified in the review of the literature. The limitations of the current investigation and associated opportunities for further research are also identified in this chapter. Chapter five presents the overall findings of the investigation refined into a set of conclusions.

Finally, a case study is presented in addendum to the body of the report. This case was undertaken because it is directly relevant to the central focus and topic of the current investigation. It presents an investigation of the factors surrounding and affecting the development and use of industry specific short training courses provided to the FMCG industry by the New Zealand Food and Grocery Council.

The following chapter 2, presents the review of the literature. Initially it considers the difference between training and education, assess the value of training to individual employees and organisations and from that the outcomes each require from undertaking training. It then identifies some of the preferences individuals and organisations have for course providers, content, design and style of presentation. Previous investigations specifically targeting the FMCG industry are then considered and, as sales is a major part of the industry, previous investigations into sales training are identified. Finally specific factors which act as barriers to the uptake of training are identified.

CHAPTER 2: LITERATURE REVIEW

The purpose of individual and organisational training

In an investigation which focuses on training for continuing staff development it is important to recognise what constitutes training, why individuals undertake training and why organisations spend significant amounts of resources (cash and staff time away from their every-day job) to have their people trained. The Concise Oxford Dictionary (1961) and Collins Dictionary (1982) both described training as to “bring (person, child, animal) to desired state or standard of efficiency etc by instruction and practice.” According to Flippo (1984), training is the act of increasing the skills of an employee for doing a particular job. Goldstein (1993) defined training as the systematic acquisition of skills, rules, concepts or attitudes that result in improved performance in another environment. “Skills, knowledge and behaviour” is a common theme in the literature: “in a rapidly changing business world, training offers an effective tool to enhance employees’ knowledge, skills and behaviour (Seyler, Holton, Burnett and Carvalho, 1998; Tan, Hall and Boyce, 2003)

Chiaburu and Tekleab (2005) described training as the planned intervention designed to enhance the determinants of individual job performance. Sundarajan (2007) recognised training as the area where organisational, industrial, and individual development could match, and where human resource and organisational growth get blended together. Noe (2009) believed it referred to a planned effort by a company to facilitate employees’ learning of job-related competencies. These competencies included knowledge, skills, or behaviour that were critical for successful job performance. Gosh, Joshi, Satyawadi, Mukherjee and Ranjan (2011) record that in simplistic terms training could be defined as an activity that changes people’s behaviours

Whilst these authors drew different “pictures” of training they identified several key words that can be used to define the concept of training most relevant to the current investigation - training is a planned intervention that increases skills, changes attitudes and behaviours with the intention of enhancing an individual’s job performance.

Several authors expressed opinions about why organisations and individuals undertook training. Training and development helped an organisation in optimising the utilisation of human resources, which further helped employees to achieve an organisation's goals, as well as their individual goals. Guzzo, Jette, and Katzell (1985) expressed the view that a training programme was the most powerful activity among many organisational interventions. Schraeder (2009) stated that the goal of training was to enable employees to master knowledge, skills and behaviours emphasised in training programmes and to apply them to their day-to-day activities. Training served to improve the performance of employees, which, in turn, provided a competitive edge to the organisation.

Some authors had a relatively "narrow" corporate focus for training - organisations view training as a key factor in professional growth and individual performance of their staff (Gosh, Joshi, Satyawadi, Mukherjee and Ranjan, 2011). Others took a much wider "national" view. Training had a vital part to play in economic development. It ensured that new entrants to the workforce had the necessary skills to do their work, and that the existing workforce kept pace with changing skill requirement. Moreover, by ensuring that their staff received suitable training, businesses and other organisations could improve performance and reduce unit costs. However, training also had an impact on the individual, for new or improved skills could increase employment opportunities and enhance career prospects as well as providing greater job satisfaction (Bennet and Errington, 1990).

Whilst training provides skills enhancements for all levels of employees, several authors focus their investigations particularly at managers. Since managers played a critical role in the success of a business, training was a primary strategy to promote and develop managerial performance and effectiveness. (Mullins, 1993; Parry, 1996, Pickett, 1998; Willcocks, 1998). Executive education courses were used to teach managers and executives the skills they need to succeed in corporate leadership (Beaty, Branin and Wilson, 2001). These views introduced some further important elements about training that consistently appear throughout the literature and that are important in the concept and design of training today. First, training should provide a benefit to the organisation as well as the individual. Second, many, organisations view training as providing them with a competitive edge for their business.

Much of the literature about training describes skills and knowledge acquisition but does not talk about education. This highlights an important distinction that must be made in an investigation dealing with training. In defining “train” The Concise Oxford Dictionary used the words “state or standard of efficiency by instruction and practice” whereas for educate it defined inter alia “to give intellectual and moral training.” Comparing these two definitions clearly identifies that education has a wide “intellectual enhancement” context whereas training has a narrow focus on enhancement of specific skills, knowledge and behaviour areas, and from the literature, with a specific job related focus.

Several authors gave more explicit explanations of these differences. Kurtus (1999) described that formal education is usually thought of as studies done in schools and the students range from the very youngest to those in adult (university) education. There was also informal education or self-study, where adults read books, listen to tapes and learn through other media. Observing life itself is a form of education....the student is required to demonstrate the memorisation of facts and the association between concepts. In other classes, they must apply rules to solve problems. Testing concerns memorization and understanding, plus perhaps analytic and problem solving skills.

On the other hand, formal training is usually concerned with gaining a skill....done in trade schools, seminars, and business training classes.....learners are usually adults. Verification of skills is achieved by actually doing something in the real world. Often in corporate training sessions and in seminars there is no verification that the learner has achieved the desired skills. In summary, education concerns remembering facts and understanding concepts.....training concerns gaining skills.

Essenhigh (2000) added some further critical elements, noting that the difference between training and education was the difference between *know how* and *know why*. It was the difference between being *trained* as a pilot to know how to fly a plane and being *educated* as an aeronautical engineer and knowing why the plane flies and being able to improve its design so it flies better. The difference was fundamental, that *know how* (training) was learning to think other peoples thoughts, in contrast to *know why* (education) which was learning to think your own thoughts. Essenhigh added a further significant element: Universities are *not* in the business of “training” their business is “educating.” The difference between education and training is important as the current

investigation focuses on short courses for staff development which are specifically pre- and sub- University job-specific training for adults in employment.

Kilpatrick and Millar (2006) defined “Education and training play a vital role in encouraging the greater adoption of the innovative technical and business practices necessary to build capacity in (Australian rural) industry and make them more sustainable and competitive.” While many authors made a clear distinction between training and education, Kilpatrick and Millar (2006) suggested that it was time for them to become closer and “more aligned”. They investigated extension courses (industry training) and the formal Vocational Education and Training system (VET), which were both vital to Australia’s education and training for agriculture but which had developed as separate domains.

There can be no doubt of the importance of training, education and continuing professional development (CPD). Weingard (1999) supported this position and noted that maintaining competence and learning new skills must be at the top of every Professionals “to do” list.” However he cautioned that care must be taken that the training selected must be “pragmatic and critical for career success” and that the shelf life of a degree was approximately “three years and declining.”

A personal explanation which encapsulated why individuals undertake training and/or CPD was given by a respondent to a questionnaire which was part of a needs analysis of CPD for New Zealand Librarians (Fields, 2006):

“There is never a single reason, generally it is a combination of many factors, plus a personal sense of responsibility and commitment to myself and my employer to actively seek opportunities to keep informed and up-to-date with issues. As an individual it is necessary to be proactive and responsible to ensure some sort of learning outcome(s) occur from the learning experience and that where possible this is fed back into work and/or the workplace.”

In some countries training is an imperative rather than a choice - political and economic imperatives direct the agenda for training and development. For example, workplace learning in Malaysia was promoted and required by the political-economic agenda of the

nation as it aspired to fully developed status. Private Sector Companies were required to provide one percent of their income to the national Human Resources Development Fund (HRDF) which promoted the training and retention of private sector employees in line with business needs and the national economy (Mazanah and Khairuddin, 2005). Malaysian companies that were involved in foreign ventures had to train their staff in technical and business disciplines to allow them to manage in a “globalised” environment (Khairuddin 1999).

Elkin (1998) described the changes that took place in education and training in New Zealand between 1983 and 1997, driven by “deregulation” which caused significant growth in businesses and an associated skills shortage. More recently Pio (2007) produced an “International Briefing Paper” which updated the status of education and training in New Zealand. In this she recorded that in New Zealand, younger people, people with higher qualifications, and some ethnic groups, were more likely to participate in education or training. Access to employer-sponsored training generally favoured more advantaged workers (high income, white-collar workers with post-secondary education). Different worker groups received different types of employer support – frequent short-course sessions for older and more experienced workers, and frequent broader skills training for younger and less experienced counterparts. Firms spent 3.7% (average) of payroll on training but this varied considerably with the size of the company. Cost was the biggest factor preventing firms providing training. The top 50 companies (by employee numbers) had their own specific in-house training courses as well as outsourced training programmes.

The value of work based training to employees and employers.

Over recent years there has been an increased interest by employees, employers and Universities/higher education institutions in workplace learning because of the benefits each derive from such training. Roodhouse and Mumford (2010) identified the value of work based training to the employee. In the UK, prior to 2008, forty two percent of 18 – 30 year olds were involved in higher education, but Universities did not provide any courses for the rest, many of whom were in work. However, five higher education institutions (Middlesex, Anglia Ruskin, Portsmouth, Derby, Glamorgan and Northumbria) had recently developed work based learning courses to cater for these people.

Woodhouse and Mumford therefore undertook a three year longitudinal survey of the attitudes to learning of employees within large private UK businesses. They used a commercial market research company to undertake annual surveys (self completed web based questionnaire with a common core of questions to all three surveys) over a 5 week period during January and February each year. Data was collected by age, gender, type of role and industry sector. Respondents were 4,728 (2008), 4,514 (2009) and 4,000 (2010). The surveys were carried out in 2008, when the economy was largely stable, followed by the commencement of a recession and credit crunch in 2009 and signs of the end of the recession during 2010. Hence they demonstrated the effect of the recession on those employees.

They identified the value to the employees from achieving work based learning qualifications as the direct relevance between studying for a qualification and advancement in their role (promotion) in the workplace. These specialised courses had value to the employee over the “tradition” University offerings because employers supported their attendance. In addition, the programmes were designed around their professional development needs and individual interests, they were delivered in the context and time scale of their work which allowed them to fit study into their working and personal lives. In addition, employers saw their study for an accredited qualification as evidence of their commitment to their professional role and the increased skills and performance achieved from the training promoted career progression and the potential for increased earnings. They also identified a particular driver of these positions was the importance of learning to employees. Many respondents confirmed that they did not achieve their potential in the formal education system so they now wanted to achieve more, even during the recession, and this training allowed them to do work towards that goal. This was significant as it showed employees were concerned they achieve more at work regardless of the economic climate.

They also identify a clear difference between what employees wanted compared to what was offered to them by employers. Employers preferred non-accredited, short course, in-house training but employees wanted these same courses to be accredited. However, both agreed that the workplace was the preferred location for training. Off the job learning, such as day release and residential courses were less popular than the in-house option.

Durrant, Rhodes and Young (2009) summarised employers view of the value of work based learning and accreditation, as opposed to traditional “University” education. They identified it being based in the courses requiring staff to undertake real work projects, which offered direct benefit to their organisation. These projects increased employee’s understanding of the business; they became motivated and more focused on organisational challenges. Allowing time and resources for staff to attend work-based learning programmes generated increased loyalty because it demonstrated the visible and tangible investment the company had made in their development. Staff retention rates and recruitment were improved. Employers particularly supported the environment where they could work with the university (or provider) to develop a programme which not only supported the professional development of their staff but also focused on improvement of their organisation.

University involvement.

Roodhouse and Mumford (2010) identified an interesting dichotomy in terms of qualification versus provider. Their respondents reported that they valued university or higher education institutions’ (HE’s) degrees more highly than vocational qualifications. However, it must be noted that this result may be skewed by a considerable number of respondents having first (30%) or higher degrees (13%). Hence, a degree was the “gold standard”. However, conversely, the employees rated employers and professional bodies as far more credible providers of work-based learning than universities and higher learning institutions.

Training Needs Analysis (TNA)

Key to the development and subsequent uptake of any training is identification that there is a need and hence audience for the training. The aim of undertaking a training needs analysis (TNA) is to inform governments, industries, organizations or individual about future policy, educational provision and provide information on the need for continuing professional development (Green, Westwood, Smith, Peniston-Bird and Holloway, 2009).

They undertook a TNA for the England Strategic Health Authority in winter 2006/2007 to identify future training needs for non-medical (nurse) prescribers. Their methodology was to survey 270 prescribing nurses from a total population of 1249 using an in-depth questionnaire. They also questioned 11 key stakeholders by telephone. Participants were asked about their perceptions of continuing education and training needs. Of particular significance to the current investigation, apart from the use of a TNA, is their finding that short courses that were specific to the non-medical prescribers role were most popular and useful. However, because of the busy schedule of these nurses, for them to have good uptake rates the courses had to be advertised well in advance (6 weeks minimum) of the delivery date so that they could plan their work load to enable them to attend their chosen courses.

Course design: A benefit or barrier

Most industry sectors or organisations who perceive a need for new courses for continuing professional development seek the assistance of a qualified, professional training provider (university, institute, private provider) for the course design and delivery. In this context, Beaty, Branin and Wilson (2001) posed an interesting question:

“How can instructional designers create executive education, seminar style (non-credit) courses that are short (one to two hours) but still provide a meaningful learning experience for managers and executives in an organisation? Engaging and motivating learners in short courses, without traditional assessment formats or external motivators such as grades or academic credits is hard to do and presents a challenge for designers who have “grown up” developing academic courses or professional training for traditional programs.”

They empirically developed two major models for on-line executive training courses. The first model was based on the cognitive apprenticeship theory of learning which was founded on Vygotsky’s notion of socio-cultural learning and the zone of proximal development in which participants were guided through the study by cognitive experts (Vygotsky, 1978; Rogoff, 1990). In this the expert began with a large amount of control over the learning process and content, and gradually turned over more control of the learning to the learner. Using this in training, the online course was the “expert” that

guided the student through the learning experience. Beginning with a motivating and engaging lead-in to the content, the student was presented with predictable course segments that moved from high “scaffold (student support)” to gradually reducing amounts of scaffolding as the course progresses. In the end the student was given tools and references to use and apply in their own work environment. Each course was bundled with related courses in a course suite, usually containing five linked offerings which could be completed in a business day of approximately eight to ten hours.

The second model had the same basic features and followed the same philosophy, but the presentation was augmented with other features that contributed directly to its effectiveness. These were features such as short video segments of experts, flash animations to motivate student interest and explain complex concepts, interactive exercises and “pop-ups” to display additional information on a topic. These features, particularly the pop-up windows increased learner-content interactivity and improved overall student experience (Gilbert and Moore, 1998; Hannifin, Hill and Land, 1997; Trentin, 2000). From this they concluded that these two instructional models produced executive education courses that were based on solid instructional theory, that students liked, and that actually taught each student the course content.

Feeding back trainee reaction (measured as student “satisfaction” with a course) to the design and re-design of a course should be a continuous process to ensure the course is appropriate and meeting the needs of the students. A number of authors have described this process. Gosh et al. (2011) investigated an induction programme in a major electricity transmission and distribution (T&D) company employing 3,000 people in India. They used a post-course questionnaire to collect data at Kirkpatrick’s knowledge level, factor analysis to identify factors that influenced trainee satisfaction and a t-test of the hypothesis that there would be a significant difference between managerial and non-managerial satisfaction with different aspects of the programme. The investigation identified that seventy five percent of managers, but only forty five percent of non-managerial employees, found the training manuals and handouts to be valuable as learning tools. Sixty five percent of non-managerial trainees thought the exercises/activities give sufficient practice – probably because it was easier for them to grasp concepts when they were demonstrated or when they did them themselves. Eighty percent of management level respondents felt the programme length was right whilst

sixty five percent of non-management level found it too short. From this they concluded that non-managers needed more time to absorb what was taught in the given time period compared to managers. Ninety percent of managers and seventy five percent of non-managers thought the programme was worthwhile in terms of cost and their time away from normal job duties. Factor analysis identified six significant “satisfaction” factors: clarity of trainer, other facilities, venue of programme, food served, practical application and communication of trainer. From all of this they concluded that there were two significant factors that affected trainees’ satisfaction (at all levels) with a course and hence that must be taken into consideration when designing (or re-designing) a course: Context and Content. Training content factors included communication of the trainer, clarity of the trainer and practical application (of the training to their job). Context factors included venue of the programme, food served and recreation facilities provided. In addition, management needed to change the programme to better suit the needs of the non-managerial employees so that a greater proportion of them felt the programme was worthwhile in terms of cost.

Evaluation and Course Design.

A lot has been written about evaluation of the outcomes of training. Investigations into evaluation of training deals with the “value” participants get from training courses as measured by “satisfaction”. The results then feed back into course design in order to make the course a better outcome for participants. Evaluation by its very nature is a “post course” analysis of satisfaction. Hence it does not look “per se” at the uptake of courses which is a pre-course decision. However, it could have significance for the uptake of courses. If word-of-mouth says that a student achieved satisfaction from a course then it may well persuade others to go to the courses. It demonstrates that course “design and delivery” features are significant to satisfaction and hence this gives validity to the set of questions in the current investigation in terms of “optimum course design”. The following paragraphs therefore present some of the literature dealing with training evaluation and trainee “satisfaction”.

Training offered an effective tool to increase employees' knowledge, skills and behaviour and consequently companies invested a significant amount of resources into training (Kraiger, McLinden and Casper, 2004). Therefore the need to evaluate training in terms of its efficiencies and effectiveness similarly kept increasing (Santos and Stuart, 2003; Russ-Eft, 2008), especially during economic contractions, when the need for accountability and control was higher (Tannenbaum and Woods, 1992; Taylor, O'Driscoll and Binning, 1998), or when training was outsourced (Gainey and Klass, 2003).

Giangraco, Sebastiano and Pecci (2009) tested the postulation that overall satisfaction with training (OST) related to three main antecedents. First, was perceived training efficiency (PTE), or the extent to which trainees perceived training was properly organised in terms of planning, support and premises. Second, was perceived usefulness of training (PUT), which indicated the extent to which trainees perceived training was useful for their present job and future development (Rowold, 2007). Third, was perceived trainer performance (PTP) which was the extent to which trainees perceive the trainer was adequate in terms of knowledge, time management and their involvement (Dickinson and Levine, 2005).

Their findings confirmed that in relation to PTE, trainees demonstrated higher satisfaction with training when the teaching material was valid (Kidder and Rouiller, 1997), the course was administered properly, location, premises and didactical support was adequate (Lee and Pershing, 2002) and the course planning was well-balanced and compatible with the work style of the trainees (Morgan and Casper, 2000). They confirmed the suggestion by Berg (2008) that PUT had a strong link to satisfaction. In this way, satisfaction was higher when trainees found the topics relevant for their present work responsibilities (Brown and Reed, 2002), content was adequate to their present individual learning needs (Webster and Martocchio, 1995), they believed that the subjects would help their future development (Noe, 1986), and the training was coherent with objectives balanced between theoretical and practical aspects (Morgan and Casper, 2000). However, they found the efficiency and usefulness of the training did not necessarily ensure high levels of satisfaction, as this could be changed by the trainers performance. When trainees perceived the trainer had mastered the topic, delivered the subjects properly, used the time adequately, adopted suitable methodologies and

involved the audience (Morris, 1984; Steiner, Dobbins and Trahan, 1991; Hook and Bunce, 2001) they were more satisfied with the training.

There is an ongoing debate between the theories developed by academics researching in the field of human resources and the practices HR Practitioners use in their business environment (Salas, Prince, Bowers, Stoudt, Osler and Janis, 1999). In this context, researchers used Kilpatrick's multi-level, hierarchical Model of Training Outcomes (Kilpatrick, 1959 a and b, 1960 a and b, 1967, 1996) to design articulated, multi-dimensional and multi-level training evaluation models (Phillips, 2003). In contrast practitioners used a sub-set of those models (Pershing and Pershing, 2001). In most companies, especially small and medium sized enterprises (SME's) the evaluation stopped at Kilpatrick's first level of evaluating reactions (Mann and Robertson, 1996; Giangreco, Sebastiano and Carugati, 2010) or sometimes at the second level of learning evaluation (Russ-Eft, 2008). Whilst this was a practical approach to training evaluation some academics argued that this limited application results from a lack of knowledge (Kraiger, McLinden and Casper, 2004), interest, time or financial resources (Plant and Ryan, 1992; Sims, 1993; Wang and Wilcox, 2006). They also suggested that "training evaluation was complex, difficult and often depended on a long-term perspective for which many managers did not have patience" (Berg, 2008. p 393). However HR practitioners counter argued that cost-benefit analyses indicated that the tangible and intangible costs of using complex evaluation models were higher than the related benefits (Cullen, Sawzin, Sisson and Swanson, 1978; Green, 1997) in a company environment. Further that because of the wide spread use of (students) reactions evaluation, HR practitioners required better information about the characteristics of training and trainees which created higher levels of satisfaction with training (Warr and Bunce, 1995; Tziner, Fisher, Senior and Weisberg, 2007).

Based upon this dichotomy of approaches, Gaingreco et al. (2010) undertook an investigation to "close the long-standing gap" between HR academics theory and HR practitioners practice. The aim of their research was to test several hypotheses regarding the effect of five course-related and participant-related variables on the overall level of satisfaction with training. In addition, to expand reaction-based evaluations of trainees to include choices made in the training planning stage. This was based on their experience with professional training which had exposed them to a variety of

philosophies that training planners adopted to create the best possible experience for trainees, although most philosophies focused on similar elements: class size (e.g. 10-25 or 26-40); course duration and scheduling (e.g. Friday and Saturday for two weeks or Monday-Thursday); course content and style (e.g. theory focused or case based); Target audience (e.g. one level and one specialisation or multi level and multiple fields); and class mix (e.g. admit students with the maximum level of knowledge or balance the knowledge and gender mix of the class). They perceived that whilst the reasons for any of these choices might have seemed rational, there was no evidence to support these rules of thumb, and ex-post results were contradictory and inconclusive.

To address some of these contradictions they circulated a self-completed questionnaire, (a 'happy sheet, 'smile sheet' or 'reactionnaire' - Lee and Pershing, 2002) to participants in 1,200 courses that were part of seven training programmes that took place in Italy between March 2005 and April 2006. Of the 14,635 participants in the training programme, 13,754 returned a completed questionnaire, for a response rate of 94%. In this way they tested four course-related variables (length of course, type of content, number of participants and target audience) and one participant-related variable (gender mix. Their results demonstrated that despite HR academics having noted several problems and limitations with the first level of Kilpatrick's model (Reactions) trainees' reactions were important markers for training evaluations. In addition their results confirmed that PUT had the strongest impact on OST, followed by PTP then PTE. In terms of specific variables they confirmed that trainees were more satisfied with short courses rather than long ones (Sitzmann, Brown, Casper and Ely, 2008), and length represented a key driver of decisions to send people on training (Saari, Johnson, McLaughlin and Zimmerle, 1988). This influence might reflect that shorter courses disrupted work less (e.g. after all it was only one day out of the office: Amietta, 2000) or offered less reciprocal exposition of dysfunctional dynamics – in other words there was not enough time to get on the teachers bad side. Whilst traditionally 25 participants was the "accepted" ceiling for class size, they found that neither the number of participants nor the type of content exhibited a significant effect.

As they had predicted, they found a higher presence of female trainees created greater overall participant satisfaction with training, perhaps because women were more committed to training and were willing to exert extra effort to counterbalance their

contextual discriminatory circumstances. However, contrary to the suggestion by Moss, and Corn (1993) that trainees from the same company created a familiar class climate that provided them with greater satisfaction, they found that a single target audience was associated with lower levels of OST than a multiple one. Similarly, training organisers tended to perceive the performance of the trainer as significant in generating participant satisfaction. However, this study demonstrated that trainee's perception that the training was helpful for their current work, and functional for their future development, was their most critical and important aspect. Finally, in terms of the academic/practitioner dichotomy about training evaluation, they found these differences could be removed if scholars and practitioners remembered the importance of designing and implementing training programmes that considered elements such as the size of the company, the type of audience, the content of the training and the legal framework.

In many cases training evaluation was limited to reaction sheets and participant testing. This meant that as there was no true evaluation of the course then there was no appropriate revision of the course content and material (Baldwin and Ford, 1988; Bassi and Van Buren, 1999; Bernthal, 1995). Consequently only a small percentage of organisations established a sound evaluation process that fed back into the training design process. Accordingly, Galanou and Priporas (2009) undertook an investigation designed to identify a framework to explore the effects of management training programmes for business development of managers. This was intended to develop a practical, applicable set of measurable task-related activities and behaviours that, when combined, would define the performing manager.

For this they proposed a 6-dimensional model. The model was tested using statistical analysis of data collected using a 46 question questionnaire, with responses given on a 5-point Likert scale. With this they investigated 16 criteria/variables which impacted on the 6 levels of the model (reaction, learning, job behaviour, job performance, organisational team and society). Three hundred respondents were selected from the 1176 middle managers who worked in a Greek (Emporiki) bank – response rate was 63.3%. Their results demonstrated that the model was valid for measuring training intervention with regard to the alterations to knowledge, transfer of knowledge and skills and organisational impact resulting from training of managers in business management.

Several authors have followed the theme of training generating company competitive advantage. For example, training enhanced individual competency by increasing employee's skills (Gritz, 1993) and supporting career advancement (Tharenou, 1997). Organisational training was a source of competitive advantage (Barney, 1995) via its' impact on employee's productivity (Ng and Siu, 2004) and contribution to attainment of business objectives (Dobson and Toh, 1998). However, training alone was not the answer to sustained competitive advantage for organisations. Training evaluation was a key component in providing guidance to organisations on their human capital investment decisions because it demonstrated whether the training had been of value to the business (Galanou and Priporas, 2009). If training was undertaken to continually improve individual and organisation performance, it had to be supported by continual measurement of the effectiveness of that training to the organisation (Brinkerhoff, 2006). Organisational performance planning needed to be supported by sophisticated measurement of employee performance (Fraser and Zarkada-Fraser, 2000), with an emphasis on replacing preconceived ideas of what constituted effective performance (Marchington and Wilkinson, 1996) with a systematic analysis of the dimensions of performance .

E-learning

A considerable amount of recent focus on training, particularly in terms of course design and delivery, has come following the development of the internet and the associated development of e-learning and "multimedia" technology. Dublin (2004) investigated the nine e-learning myths and how they acted within different organisations to reduce the results of e-learning programmes. The investigation concluded that having great e-learning strategies and programmes did not guarantee that the resultant training outcomes would meet learner's needs and management's expectations. Achieving this required that the organisation dispelled the nine myths about e-learning and also, most importantly, managed the expectations of all stakeholders in the training – expectations drive decisions, behaviour and results.

Hashim (2008) studied the use of web based training (e-learning) in Malaysia by companies that sought to reduce the cost of training and to provide employees with greater access to instruction. Two hundred and sixty one employees were sampled

using a questionnaire based on Likerts five-point scale and the technology acceptance model. The study identified that some people were still uncomfortable with technology and preferred person-to-person training. However, most employees were beginning to accept web-based training, despite their low usage of the internet. Employee perception about the ease-of-use, comfortableness and usefulness of this form of training was positively supporting their use of web-based learning.

Many organizations around the world have now embraced e-learning as part of their training mix. E-learning has now become an accepted means of increasing skills and knowledge across enterprises, and its expansion is only limited by the number of courses that have been adapted to an e-learning format. In many cases e-learning is a student, rather than management, driven learning style. Hence, key to understanding the dynamics of e-learning is having an insight into what drives an employee to undertake the training in the first instant. In this context, Baldwin-Evans (2004) noted that whilst much had been made of the benefits to an organization of e-learning, there had been little, if any, qualitative investigation into the attitudes and views of the users of e-learning. She used direct interviews to get a “spontaneous” answer “in the participants own words” about why they had undertaken e-learning. This analysis demonstrated a set of wide-ranging reasons and differences from organisation to organisation. However subsequent analysis identified a number of key groupings. These are demonstrated in a graph taken directly from Baldwin-Evans (2004) shown over page.

The investigation identified two other factors particularly germane to the uptake of training in general. The first dealt with student preferences for point of learning. Because e-learning, by design, was available anywhere and at any time, as long as the student had access to a computer and the internet, the greater percentage of respondents (68%) did their learning at their (work) desk. Only seventeen percent did their learning in a special learning area and only fourteen percent at home. Hence, clearly the work environment, but not necessarily within work hours, was the preferred venue for learning and training.

Blended learning

Blended learning has been introduced into courses provided by universities and other formal learning institutions. The pedagogical benefits are that the technique combines the best of the online learning and face-to-face learning environments. However, studies that compared between traditional and blended teaching models showed mixed results (Keller, Hassel, Webber and Johnson, 2009; Dowling, Godfrey and Gyles, 2003; Potter and Johnston, 2006; Jones and Chen. 2008).

One of the claimed benefits of blended learning was that it provided an adjunct to the learning of the actual “examinable” content of the subject by providing pre-course teaching. This allowed the instructor to present the lower-level content before the course and let students think about it before they came into the classroom, This pre-class learning process made extra time available during class and brought all students up to the same level of understanding so that they could get maximum value from the face-to-face class presentation. Similarly, post-class e-based presentations widened the students understanding of what was taught in the class.

Chan Du (2004) investigated the validity of this claimed benefit. He investigated whether a blended course that introduced students to lower-level education online before they come into class coupled with class online assignments and discussions, enhanced student performance. Chan used statistical analysis of student performance in an introductory financial accounting course which used blended and traditional teaching methods. The results demonstrated that the blended teaching model did not directly improve the student’s final performance, but rather it improved final performance indirectly by raising online and in-class exercise grades.

There is an ongoing debate about the value and benefits (satisfactions) students gain from being taught or trained by traditional direct face to face interactions such as lectures or seminars, the use of on-line or technological teaching, or a blend of both - blended learning (Lorimer and Hilliard, 2009; McKinney, Dyck and Luber, 2009; Sharpe, Benfield, Roberst and Francis, 2006,). In the university environment business students were becoming increasingly more used to the idea of combining online learning in the form of video and audio lectures, podcasts and tutorials. In addition, there was greater

emphasis at undergraduate and post graduate levels in acquiring work related learning skills using on-line media. The concept combined the use of on-line learning with face-to-face person support for a flexible approach to overall learning and skill development (Jara and Mohamad, 2007).

In the light of this debate, Fearon, Starr and McLaughlin (2011) explored student views (and hence satisfaction) of blended learning in a University setting based on the use of audio lectures, seminars, discussion boards and wikis. Fourteen seminar (focus) groups consisting of approximately twenty students each were questioned over a period of two years to collect their qualitative views of how students believe blended learning would be useful for their degree and future career. From this data they concluded that students find the blended learning approach very flexible and preferred in many cases to traditional face-to-face learning. Key themes in terms of benefits included: flexibility to learn at individuals' own pace, particularly with time constrained students in full time work who could "catch-up" with missed sessions on-line. Also notable was the extra support available on-line outside of lectures, motivation and sharing ideas with class mates, class interaction and explanation of ideas, better than pure e-learning, ease of group communication, team work, and the contribution to developing project leadership skills.

However, whilst the students clearly supported the concept of blended learning, Fearon et al cautioned that at that time blended learning was in its infancy. Hence the question remained how far should blended learning develop within the university context or the workplace. Whilst e-learning alone allowed the use of technology to replace traditional face-to-face interactions, thus reducing cost for the knowledge provider, the user or student might in fact suffer in terms of a weakened "voice", from a lesser contact time interaction with lecturers, tutors, facilitators or trainers.

Fast Moving Consumer Goods industry (FMCG)

Little research has been undertaken for, or about, the FMCG industry to date with a few exceptions, none of which have particular relevance to the current investigation. Wake (2011) gave an overview of how neuro-linguistic programming (NLP) had been applied in a fast moving consumer foods (FMCG) environment over a number of years. NLP is a

model of performance excellence. However, it had a “jargon” all of its own which reduced the uptake of the technology in manufacturing companies as staff described it as “evangelical”, “waving the tambourine” and “mumbo jumbo”. From experience working to apply NLP in FMCG and heavy engineering companies Wake altered the language and thereby made the technology acceptable to these environments. For example, NPL had a number of underpinning philosophies and assumptions about peoples’ subjective experience. She changed the title of these from presumptions to operating beliefs. She also shortened some of the definitions of the presumptions to make them directly relevant to the commercial environment. For example, rather than referring to the “mind and body being the same system and one affecting the other”, she referred to “what you think affects how you behave”. Hence, by changing the language of the technology she improved the performance of FMCG companies by getting sales staff to better understand the nature of the interaction between themselves and the customer they were selling to. The remainder of what has been written specifically about the FMCG industry dealt with market research for product categories and specific products.

The sales function

One of the main functions in an FMCG company is sales. In 1998, American organisations spent US\$7.1 billion annually on training sales people, devoted more than 33 hours per year training the average sales person (Lorge, 1998), and 73.4 training days for an entry-level salesperson (Kaydo, 1998). In computer and chemical sectors the cost of developing a competent sales person was in excess of US\$100,000 (Dubinsky, 1996) and consequently it could take up to two years before any profit was realised from a new salesperson (Johnson and Marshall, 2006).

Few researchers have specifically dealt with FMCG companies, but many have researched items associated with the sales function in various organisations and industry sectors. In this context, as part of their investigation into sales trainers and training, Ricks, Williams and Weeks (2007) undertook a survey of the literature on sales training over the previous 25 years. They presented (pp.596-599) a substantial list of authors (100 authors) in the field of sales training research with a synopsis of the conclusions from their research – this is not repeated here.

The advent of technology, new techniques in customer relationship management and globalisation had a significant impact on the design of training programmes intended to develop skilled and effective sales managers (Marshall and Michaels, 2001; Deeter-Schmelz, Kennedy and Goebel, 2002; Jones, Dixon, Chonko and Cannon, 2005). Many firms recognised that improving sales manager's knowledge through training could provide the company with a competitive advantage (Davenport and Prusak, 1998) and that as employee's intellectual capital constituted seventy five percent of the firm's total balance sheet, such training improved the company's balance sheet (Kust, 2005).

In the early 1990's research interest started to focus on the sales function and the participants within that function in various sized companies. For example some researchers focused on the sales manager (Boedecker, Morgan and Stoltman, 1991; Shepherd and Heartfield, 1991), the relationship between the sales manager and the sales person (Lagace, 1990; Tanner and Castleberry, 1990) and the leadership style of the sales manager (Butler and Reece, 1991). As it was generally accepted that "training is one of the most important ingredients leading to success in the personal selling position" (Churchill, Ford, Hartley and Walker, 1986) there was a considerable amount of research into the training of salespeople (e.g. Hopkins, 1978; Dubinsky and Barry, 1982). However, despite its obvious importance to companies, the topic of actual sales manager training was one of the most neglected areas in personal selling and sales management literature. Whilst the related topics of sales manager effectiveness and sales training had been well researched, over the 40 years up to 1995, there had only been four sales management training studies reported in the literature, most of these over a decade before (Adams, 1965; Coppett and Staples, 1980; Shepherd and Rignour, 1995)

From 1991 onwards, C David Shepherd, individually or with colleagues, was a significant contributor to the literature presenting investigations into a range of factors affecting sales and sales managers (Shepherd & Heartfield, 1991; Castleberry and Shepherd, 1993; Fine, Shepherd and Josephs, 1994; Shepherd and Fine, 1994; Shepherd, 1995; Castleberry and Shepherd, 1999; Fine, Shepherd and Josephs, 1999; Dabholkar, Shepherd, and Thorpe, 2000; Castleberry, Rodnour and Shepherd, 2004; Aggarwal, Castleberry, Shepherd and Ridnour, 2005; Shepherd, Gardial, Johnson and Rentz,

2006; Dwyer, Richard and Shepherd, 1998; Moncrief, Marshall, Watkins and Shepherd, 2000; Ridnour, Lassk and Shepherd, 2001; Rentz, Shepherd, Tashchian, Dabholkar and Ladd, 2002; Shepherd, 2004; Shepherd , 2005; Peterson and Shepherd, 2010; Shepherd, Gordon, Ridnour, Welibaker and Lambert, 2011).

Shepherd and Ridnour (1995) developed a mail-out questionnaire which used a 7 point scale (from “not used at all”, to “used extensively”) designed to provide data on sales management training approaches, instructors, methodologies of training, location of training delivery and course content in America. The content section of the questionnaire investigated three general topics. Topics specific to the sales management position (coaching, territory planning quota setting, topics not specific to the sales management position (motivational skills, recruiting, team building) and topics of a general self-development nature (time management, ethics, problem solving). Additionally several questions were asked about sales management training design and evaluation.

Their investigations concluded that in the businesses surveyed sales manager training continued to focus predominantly on traditional management topics such as coaching, motivational skills and time management. However the inclusion of other topics such as transition to management and problem solving suggested that some of the firms were willing to address non traditional sensitive issues such as ethics, diversity, sexual harassment and discrimination.

In terms of training formats, workshops and on-the-job training approaches were the most prevalent in the companies surveyed. The high perceived effectiveness ratings that respondents gave these techniques indicated clearly that these highly interactive and participative approaches were preferred by the participants. Within this the high use of role play also stressed the emphasis on active learning. Of particular concern was their finding that despite the competitive pressures, accelerated rates of change, and challenging economic conditions being experienced at that time, sales managers were still not being given training to meet the increasing need for sophisticated management skills. Necessary skills such as competitive analysis, quota setting, forecasting and developing strategic sales plans were receiving little coverage.

In this investigation they included companies that were members of the National Society of Sales Training Executives (NSSTE), a national professional organisation of sales training executives. Hence their sample base included, but did not differentiate between, the training practices within companies which had a wide range of annual sales from US\$300,000 to US\$39 billion. In recognition that sales management tools and practices might be influenced by company resources (Dubinsky and Barry, 1982) Shepherd and Ridnour (1996) undertook a further investigation of NSSTE member companies to identify differences in the sales management training practices of small and large firms in USA.

From this they identified that eighty percent of all firms surveyed had training programmes in place. Larger firms preferred in-house training programmes with frequent use of case studies, whereas smaller firms concentrated on field training. Training periods were typically 18 days in larger firms, but only 6 days for smaller firms. Training in both large and small firms covered the same topics and sales management tasks, but smaller firms covered performance reviews significantly more often than larger firms. They were struck by the fact that the similarities in training focus and approach far outnumbered the differences.

As part of the growing research into American workforce dynamics in the 1990's several authors identified that the workforce was becoming increasingly diverse (Fullerton, 1991 and 1993; Carnevale and Stone, 1995; Smith, 1998). This was accompanied by numerous studies examining age (Cron and Slocum, 1986; Cron, Dubinsky and Michaels, 1988; Cron, Jackofsky and Slockum, 1993), and gender issues in sales, including female sales managers' leadership style (Comer, Jolson, Dubinsky and Yammarino, 1995; Yammarino, Dubinsky, Comer and Barnes, 1997), sex role identity (Jolson and Comer, 1992), perceptions of sex stereotyping and stereotypic behaviour (Comer and Jolson, 1991), professional status (Gable and Reed, 1987) and age (Dubinsky, Jolson, Michaels, Kotabe and Chae Un Lim, 1992; Landau and Werbel, 1995). Gender differences were also investigated in reference to disciplinary actions taken towards unethical behaviour (Bellizzi, 1995), motivation (Dubinsky, Jolson, Michaels, Kotabe and Chae Un Lim, 1993), the use of ingratiation tactics (Strutton, Pelton and Lumpkin, 1995) responses to leadership styles (Comer et al., 1995; Jolson,

Duninsky, Comer and Yammarino, 1997), role conflict and role ambiguity (Schul and Wren, 1992) and customer-orientation (Siguaw and Honeycut, 1995).

Specifically in a sales setting, Crosby, Evans and Cowles (1990) suggested that there was a strong correlation in terms of relationship quality and sales effectiveness where the sales person and the customer had similar appearance, lifestyle and status. Smith (1998) identified a similar effect from studying purchasing agents and (real-estate) salespersons. He found that same-gender and same-lifestyle stage buyer/seller relationships produced greater real estate investment, more open communication and greater trust and satisfaction within the relationship.

As the derivation of this relationship was based on empirical data, Dwyer, Richard and Shepherd (1998) sought to provide a theoretical foundation to the study of salesforce diversity. They used similarity attraction theory and social identity theory to investigate sales persons preferences for selling to similar others and the dynamic nature of those preferences as they related to sales performance in the insurance industry. From this they concluded that sales people were primarily attracted to prospects who were similar to themselves in terms of age and gender. However, contrary to their expectations, buyer/seller age similarity had no impact on sales performance, while gender mismatch in the sales dyad actually enhanced performance.

Ridnour et al. (2001) noted that growing, or even sustaining, profitability in the rapidly changing business environment of the early 2000's , where companies had to deal with increasing competition, changing customer requirements, unprecedented technological change and changing government regulations and deregulations drastically changed the way business was done in certain sectors. In such turbulent times and business environments many firms found it necessary to bring about a paradigm shift that allowed them to change and strengthen their sales force culture. They therefore undertook an empirical investigation of the sales culture concept as a facet of a corporate market orientation culture (Kohli and Jaworski, 1990) and its importance in contemporary business strategy. In their conceptualisation a sales culture was a growth facet of the market-oriented firm – Narver and Slater (1990) proposed that there were three facets of the market oriented organisation: customer orientation, competition orientation and interfunctional coordination.

They investigated several aspects of organisational and individual variables that might be expected to vary with strong and weak corporate sales cultures. These included performance pay, selling activities, customer service, staff commitment and particularly germane to the current investigation, sales training. As part of their hypothesising upon which they designed their investigation, they noted that the importance of sales training in an organisation could be seen by the fact that the average number of hours dedicated to training sales personnel exceeded that of any other kind of employee (Filipezak, 1992). In addition, whilst sales training was traditionally targeted specifically at the sales force, as it was traditionally seen as a means to increase productivity (Dubinsky, 1996), Potter-Brotman (1994) and Ginovsky (1998) suggested that every person in the organisation that interacted with customers in any way must have the appropriate skills to respond efficiently and effectively to customer needs. Ridnour et al (2001) therefore hypothesised that this should be especially true in an organisation which had a sales culture, as all employees, not just the sales force, were expected to “sell” their organisation. Hence, in such an organisation, it would be reasonable and sensible for all employees to receive sales training to facilitate the development of the skills necessary to successfully sell the organisation. Their investigation hypothesis for this part of their research was therefore stated as “The higher the organisation’s level of sales culture, the more hours of sales training provided to its employees.”

They collected data by a mail-out survey of a randomly generated list of 1,050 bank presidents of organisations that were members of the American Bankers Association (ABA). They concluded that employees in banks that were high in sales culture received more hours of sales training than those in low sales culture banks. This supported the findings of Stickler (1999) who suggested that banks with sales culture provide employee training that concentrated on service and sales skills, product knowledge and attitude training. They also identified that high sales culture banks more frequently used performance-based pay as this served as a motivation to help employees efforts on sales related activities.

Whilst many authors had demonstrated the importance of the sales function and particularly individual’s selling skills to the survival and success of an organisation, there was no technique for measuring individuals selling skills. Rentz et al. (2002) therefore

developed a tri-component model to give a measure of a persons potential for developing selling skills. The model identified the behaviours and underlying mental processes of highly skilled “expert” salespeople and could therefore be used to identify people with the requisite propensities for development of these skills. Its development was based on the following concepts developed by previous commentators. Churchill, Ford, Hartley and Walker (1986) identified 1,653 associations between sales performance and the determinants of that performance and used the model of determinants of sales performance (Walker, Churchill and Ford, 1977) to group these into five categories: motivation, sales aptitude, selling skills, role clarity and personal-organisational-environmental variables - of these “selling skills” was identified as the second most important variable. Ford, Walker, Churchill and Hartley (1987) identified three distinct components within selling skills – defined as the individual’s learned proficiency at performing the necessary tasks for the sales job. These were interpersonal skills (knowing how to cope with and resolve conflicts), salesmanship skills (knowing how to make a presentation and how to close a sale) and technical skills (knowledge of product features and benefits, engineering, procedures of company policy). Churchill, Ford and Walker (2001) subsequently expanded their five categories by adding two more – general management skills and vocational esteem. This lead Rentz et al (2001) to predict that as more research was undertaken into this topic in the future, it would be necessary for them to add more components to their tri-component model.

More recently many researchers in the field of sales began to focus on the stresses inherent in the sales function (e.g. Bhui, Menghum and Borsboom, 2005). It was accepted that whilst a limited amount of stress could improve performance, the unrelenting stress associated with the sales and other client oriented occupations could lead to serious illness and/or job burnout. The burnout syndrome consisted of three components, emotional exhaustion, depersonalisation and feelings of reduced personal accomplishment (Maslach, 1982; Maslach and Jackson, 1981; Worley, Vassar, Wheeler and Barnes, 2008). Role conflict and role ambiguity were identified as the two primary stressors that result from jobs that required a person to deal with others.

Job burnout was problematic for companies as it lead to increased absenteeism, higher staff turnover, decreased productivity and organisational commitment (Thomas and

Lankau, 2009). Because of this impact on companies, job-related burnout received considerable research attention through the 1990's and 2000's in sectors including health, teaching and manufacturing/supply (e.g. Cordes and Dougherty, 1993; Boles, Johnston and Hair, 1997; Babakus, Cravens, Johnston and Moncrief, 1999; Lee and Ashforth, 1996; Lewin and Sager, 2007 and 2008; Thomas and Lankau, 2009). These findings are particularly germane to the current research project, as they suggest that while burnout can occur in any occupational group, workers in client centred jobs (e.g. sales) are most susceptible.

By 2007 most research had validated the three stage sequential model for the development of job burnout. However, Lewin and Sager (2007) suggested that their investigation of the burnout syndrome in a single company industrial sales force from the chemical supply industry, indicated that the syndrome followed a unique, nonsequential process, contrary to that observed in other studies and industries. Given this "contradictory" finding, Shepherd et al. (2011) undertook an investigation to test the appropriateness of the traditional sequential model of the burnout process (the "Maslasch" model) in professional selling, using a cross-industry sample of salespeople. They collected data by mail-outs to 2,300 salespeople from a variety of organisations throughout the United States obtained from industry and commercial list sources. Because of faulty addressing and uncompleted questionnaires the response rate was only 11%. The result of their investigation was support for the sequential view of job related burnout – emotional exhaustion leading to depersonalisation and finally a reduced sense of personal accomplishments. This result was important as any managerial intervention efforts to assist staff deal with this phenomenon requires that the manager is aware of, and can identify, the warning signs of burnout as they emerge and progress within the sales setting. In addition, their investigation confirmed the link between role conflict and the emotional exhaustion component of job burnout.

By 2010 significant amounts of the money had been spent on sales manager training and research into various aspects of that training. However, Powers, DeCarlo and Gupte (2010) noted that while topics such as sales manager's effectiveness and sales training had been well researched, there had been only four sales management training studies reported in the literature over the previous 40 years. Furthermore, of these the most recent publications were from over a decade ago (Adams, 1965; Anderson, Mehta

and Strong, 1997; Coppet and Staples 1980, Shepherd and Ridnour 1995). The most recent of these Anderson et al. (1997) had reported on the content and delivery of sales management training up to that time. However in the intervening years there had been significant changes in the economic, cultural, technological and demographic environment that had influenced the sales function and hence sales training. Consequently, Powers et al. (2010) undertook an investigation of the then current practices of sales management training programmes in terms of delivery and content. The focus of their study was to report the status of sales management training in respect to availability, timing, form, location, methods used, instructors, topics covered and the perceived importance, effectiveness and satisfaction that sales managers had experienced with their training. They used the Anderson et al. (1997) three phase survey process with some modifications and via email surveyed sales managers from 1,780 randomly selected US companies identified from an international sales management training company database. Response rate was 13.8%.

From this they identified that 91% of respondents received sales management training, usually in the early stages of their career. On-the-job training was most common (42.8%) followed by training provided by a firm hired in for the purpose. (37.8%). Only 14.3% received training provided by a College or University. In terms of trainers the majority used either their own company's instructors or independent sales management consultants. Priorities for training topics were sales process, leadership, coaching, human resources, performance management and team building.

From this they concluded that sales managers training was being delivered by "commercially" rather than "academic" based trainers. This they attributed to a reaction to academic academies shifting towards more theoretical based teaching and research. Their results also identified an increasing number of women were entering the sales management profession, with women placing greater importance on communication, teamwork and sensitivity to cultural issues than men. Their identification of course content priorities as selling process, leadership and evaluation/control were the same as found by Anderson et al (1997) thirteen years earlier. However, most importantly they concluded:

"Our results indicate that managers are generally satisfied with sales management training and that it is perceived as important for success in the field. These findings illustrate how perspectives on training have evolved as previous studies report sales executives tend to be dissatisfied with training and that its effectiveness was questionable (Chonko, Tanner and Weeks, 1993)."

The study by Galanou and Priporas (2009) exemplified the focus of researchers on "evaluation" of training course outcomes. They postulated that although contemporary management thinking indicated that sustainable success rested on systematic evaluation of training interventions, few organisations took adequate steps to assess and analyse the quality and outcomes of their training. They therefore proposed a new six-level (reactions, learning, job behaviour, job performance, organisation team performance, social effects) evaluation model. They validated the model by testing it on 190 managers in a large Greek banking organisation.

Uptake, and barriers to uptake, of training

In undertaking research into the uptake of training, several authors have identified barriers to the uptake of that training. Gore and Pollock (1989) emphasised the need to mobilise and develop the skills and expertise of the indigenous population in order to promote rural economic growth and development. Recognising that this might not be easy to achieve, Bennett and Errington (1990) examined to what extent training is available to rural firms and employees, and to what extent rural firms and employees actually took up that training in the rural areas of five English counties. For this they examined employment structure of the five rural counties and then measured the uptake of training among this workforce by analysing trainee records from a number of training providers in each county.

This investigation highlighted the disadvantages many individuals and businesses based in rural England experienced in terms of their access to suitable training. They attributed this disadvantage, and consequent lack of uptake of training courses, to most training facilities and trainers being located in urban areas, thereby necessitating long and expensive journeys for rural people to attend. This was exacerbated by the poor (public) transport facilities that service rural areas. The wide geographical dispersion of rural

businesses and employees made it difficult and not cost effective for trainers to “come” to them. The small size of many rural firms meant that they could not “afford” to have staff away at training and they were less informed about training that is available. This was compounded by the relatively high proportion of self-employed people (businesses often have only one employee) in rural areas.

To address these problems they proposed that training needed to be actively sold to small businesses to convince the individual employers how training could help them and their businesses. This needed to be accompanied by individual employer counselling, meetings with them at their place of work and assessments of the training needs of their individual employees. To assist this they proposed the set up of Rural Business Centres to overcome some of these impediments.

Following this, Keeble, Tyler and Lewis (1992) identified the shortage of skilled labour and managerial talent as major constraints to rural businesses. North and Smallbone (1993) recognised training in management and technical skills as a key need for rural businesses. From a review of management training in land-based and food production industries the Agricultural Training Board (ATB) concluded that the uptake of management training in rural areas was “dismally low” (Agricultural Training Board [ATB], 1992). Hence, by 1993, this issue had still not been addressed and the (English) Rural Development Commission (RDC), advised the then Government that “rural areas should not be disadvantaged as a result of their rurality” (Rural Development Commission [RDC], 1992) and “small businesses will continue to be the main source of growth in the more disadvantaged rural areas (Rural Development Commission [RDC], 1993).

Two investigations by Bennet and Errington (1990 and 1995) focused on identifying barriers to the uptake of training opportunities in this rural environment. Bennet and Errington (1990) examined the provision and uptake of training in the rural areas of five English counties. Their primary aim was to answer two key questions: “to what extent is training already available to rural firms and employees and to what extent do rural firms and employees actually take up the training that is available.” They collected their data from examining the employment structure of rural Berkshire, Dorset, Northamptonshire, Northumberland and Shropshire and then measuring the uptake of training among this

workforce as revealed in an analysis of trainee records from a number of training providers in each county. They also accessed trainee records (employee and employer postcodes industry segment, course of training followed, and the age and sex of the trainee) from training providers (a Training Agency Skill Centre, College of further education, private commercial provider, and a diversity of other organisations). The study concentrated only on employment related courses so that the data on training provision could be more directly compared with employment structure. From this they concluded that adequate and appropriate training was available to rural businesses, but that there were a number of barriers that were causing lower uptake of training in rural, compared to urban, areas. They noted that the problem was not associated with rural businesses requiring a distinct set of skills which were not being catered for, but rather was one of access to the existing training courses.

They identified two distinct facets to the access problem – the geographical dispersion of potential trainees and the small size of many rural businesses. Their wider geographical dispersion meant that rural trainees had much further to travel to the training provider (a problem exacerbated by reduction in public transport in many rural areas) than their urban counterparts. The same transport problem also limited the feasibility of taking training out to their work place. Resources were another barrier. Small rural firms only had limited resources and hence, for example, it was difficult for them to release a key employee who may represent a third or half of the total workforce for training. These problems were being addressed by some training providers providing a dedicated bus service for trainees. Others used outreach centres to take the training to the trainees' areas, one had established a Mobile Training Service, some provided training in the firm, a local pub or hotel gathering trainees from a number of firms in the same locality. Others were using distance learning which addressed the problem of releasing staff from the workforce to attend training.

They identified that another major barrier was cost and the (un)availability of (Government) funding for training. All of these innovative approaches adopted by trainers for rural trainees require additional resources and made the unit cost of training rural workers greater than that for the urban workforce. Many of the training providers were funded by central or local Government, and their performance was judged in terms of "cost per unit trained". Consequently there were no incentives for training providers to

adopt costly innovations to lower the barriers to training in rural England. For them it would continue to be cost effective to concentrate on the urban market for training.

This study highlighted again that business size (SME's) was a significant barrier to uptake of training and this is a recurring theme in the literature. They suggested that to overcome this barrier (in the rural environment) training had to be actively "sold" to the small businesses. Individual employers needed to be convinced of what training could do to help them and their businesses. In addressing this some trainers had success with individual business and employer counselling, meetings with individual employers and even undertaking an assessment of individual business training needs at their place of work.

This investigation also confirmed previous findings (Townroe, 1992; Keeble et al., 1992) that there was an attitudinal barrier to uptake of training. In this context, managers of small rural businesses often thought of training (if they thought about it at all) as unimportant and a luxury they could not afford. In bad times training was one of the first items to be cut and in good times they did not have time to consider releasing staff or managers for training – this was particularly true of management training.

Building upon their earlier 1990 investigation, Bennett and Errington (1995) explored the awareness, preconceptions and use of vocational education and training among the rural population of England looking at both individuals and rural businesses. Their data was collected from a telephone survey of 1352 rural businesses and residents in nine areas of Devon, Lincolnshire, Northumberland and Warwick. In this study they focused on the findings from 440 rural businesses included in the sample. The survey identified that over half of all rural businesses had arranged training for at least some (40%) of their employees during the previous 2 years compared to that (80%) of larger companies. Most training (58%) was short courses of less than one week duration and courses covered a wide range of subjects but with a bias towards business management or computer courses. Of particular significance was the strong relationship they found between employee participation in training and size of business. Nearly twenty eight percent of businesses felt that their employees needed further training (range 7% for small firms with only one or two workers to 64% for businesses over 100 employees).

Generally, the larger the business, the more likely that the manager had been on a training course within the last 2 years.

As in their earlier study (Bennet and Errington 1990) they found the major constraint to uptake of training was associated with business size and associated factors. Fifty six percent of business managers identified difficulty in releasing key staff as a major constraint to training. Thirty seven percent mentioned the cost of training as an important constraint, although many included not only the cost of training but also staff time etc. Thirty percent mentioned distance and transport as a constraint, whilst twenty three percent mentioned lack of suitable training provision. Only eight percent of managers felt that the unwillingness of employees to undertake training was a barrier.

Cooke, Chowhan and Broen (2011) recognised that in Canada, whilst there was employer supported training available which benefited all stakeholders, there was a varied uptake of that training. Some workers had difficulty accessing it and a surprising number declined all or some of it when it was offered. In investigating this phenomenon, and using data from the 2005 Canadian Statistics “Workplace and Employee” Survey, they identified that forty four percent of workers were “excluded” (did not participate, but did not decline) employer-supported training opportunities. A further forty seven percent (takers) took all training offered to them and three percent (decliners) declined all offered training – the remaining six percent (choosers) took some and declined other offerings. Applying multivariate regression analysis to their data confirmed the descriptive results that individuals characterised as “primary” workers are more likely to be “choosers” (accept some training, decline other) than their “secondary” counterparts.

In undertaking research for other purposes, several authors have explicitly or implicitly identified barriers to the uptake of training. For example, e-learning which was a relatively “new” technique for many middle eastern countries had met with mixed success. Kuwait is a small state in the Arab Peninsula, but is one of the major oil-producing countries. Until recently, the Kuwaiti Government owned the oil industry and oil revenues, and hence employed majority of people in the country. However, despite the high standard of living, Kuwait was falling behind other countries because of its relatively poor innovation and productivity capabilities. Consequently, unemployment

rates increased and job opportunities became scarce. Hence, to develop the oil industry by bringing “market” efficiencies to it and to promote development of other industry sectors to thereby diversify and increase job opportunities outside of the oil industry, the Government set up partnerships with private sector companies (Al-Kazemi and Ali, 2002). This meant that the Kuwaiti economy required a continuous stream of new skills, tools and knowledge, particularly as the shortage in a skilled workforce was one of the largest barriers to growth. Hence it became increasingly important that the corporations updated and upgraded their employees’ skills by providing training not only to their personnel but to their customers and suppliers (Al-Kazemi and Ali 2002).

In 2003, the Kuwaiti Government implemented the National Manpower Support Law aimed at increasing the number of citizens migrating to the private sector. In addition the new Government determined that all state services would be delivered electronically (e-government). Hence companies and individuals which needed to interact with Government services urgently needed training in information technology skills - e-learning was one avenue to achieving this goal. Although in Western countries e-learning was relatively established, in the Gulf e-learning was new and there were only a limited number of local suppliers that offered e-learning systems. However, as Kuwaiti companies moved to adopt e-learning they found significant barriers to that adoption. There were a very limited number of studies on the implementation of e-learning in Kuwait and nearly no research conducted on the barriers encountered by companies using this new training method (Al-Athari and Zairi, 2001). Consequently Ghadahj and Magalhaes (2008) investigated the barriers to implementing e-learning in Kuwaiti organisations and compared the use of this new approach (for an eastern country) to that in Western cultures. The focus of the study was to identify the challenges and bottlenecks preventing Kuwaiti companies from adopting and implementing e-learning in their work place environment; what were the key differences between e-learning implementation models in large private companies in Kuwait as opposed to those adopted in Western economies.

The data for the investigation was collected using semi structured interviews of eleven private sector corporations identified as early leaders in e-learning. From this they identified a number of key barriers. Most respondents identified lack of management support and commitment as the number one barrier - senior managers’ attitudes were

not in line with the corporate intention to build and e-learning culture. Managers viewed e-learning applied to their training as a “cheap” option which did not “reward” them for the responsibilities they carried in their respective organisations. This was particularly evident in organisations where managers were generally sent overseas for training - adoption of e-learning meant the budgets for external training were cut and the managers missed out on this “perk”. Another common barrier was middle managers’ fear that e-learning throughout the company would empower employees relative to themselves and hence they might eventually lose their jobs to those better trained and better informed. In this context some managers were computer illiterate thus they were afraid of new technology and more comfortable with the traditional methods. Hence as senior managers were the source of resistance, the lower echelons did not, or were discouraged from, buying into e-learning. When e-learning did deliver benefits they were downgraded by the inter-group rivalry in the organisation.

It is often noted in the literature that training can provide companies with competitive advantage. Hence, it is interesting to note that within this study group of Kuwait companies that were all using the same e-learning course, top managers in one company believed that e-learning was not providing them with a competitive advantage. Other identified barrier were understandably language as 95% of the courses were in English and large proportions of the employees did not understand the English language. In addition, developing Arabic courses was too expensive for many of the companies. IT problems (band width and access speeds) and workload barriers (when employees are busy e-learning was put at the bottom of priorities to fulfil) were also identified.

The authors compared these barriers in the Eastern world to those encountered in Western world as identified in the literature (e.g. Baldwin-Evans, 2004). This demonstrated that workload, lack of time and technological problems were barriers in both cultures. However, whilst cost of technology (hardware, software development and training delivery) and staff/managerial resistance to change were significant barriers to uptake of e-learning training in Western cultures, they were unimportant in Eastern culture. Conversely, language (English) and lack of management support were more significant in Eastern cultures.

In an investigation that was primarily a training needs analysis (TNA) Green, Westwood, Smith, Peniston-Bird and Holloway (2009) identified some barriers to the use of training. They undertook a TNA to identify the training needs of non-medical prescribers (practice nurses), and the best vehicle for delivering those training needs. Data was collected from a sample of 270 non-medical prescribers using an in-depth questionnaire and telephone interviews with a purposive sample of 11 key stakeholders. Their findings suggested that short courses (1 or 2 days) that were specific to the non-medical prescribers role were the most popular and useful. However, courses needed to be advertised well in advance (6 weeks) in order that the non-medical prescribers were able to arrange work load and other commitments around their programme of choice.

During this investigation Green et al. (2009) identified several other barriers to the uptake of the training courses for professional development. Whilst there was a widely held belief that effective continuing professional development (CPD) improved competence which lead to increased job satisfaction, only twenty nine percent of the respondents were studying. Within the sample group, eight percent stated that they were aware of CPD opportunities but gave a range of “excuses” or barriers as to why they did not attend. These were identified as “lack of staff cover within their medical practices, other work commitments, lack of support from their managers, insufficient time allowed for study and pressure to satisfy mandatory updates.” A large number identified “location” (training needs to be local to the work base and easily accessible during work time) and a small percentage identified “cost” (they should receive a financial incentives for taking additional responsibilities) as barriers.

Investigating training in the Australian rural sector, Kilpatric and Millar (2006) recognised time was a significant barrier to the uptake of both industrial and formal training. They noted that (Australian) primary producers were time-poor, with many unwilling to commit to extended periods of training - 30% of sheep/beef producers would not commit any time to training courses in farm management and technical skills, 27% would only commit 2 days and only 17% would spend 5 or more days. The average was 2 days. This lead to the view that rather than providing specific training, self-identified learning should be encouraged (Allison et al 2006).

Devine, Llewellyn-Jones and Lloyd (2009) investigated the efficacy of training courses for workforce development in health promotion capacity building. The investigation used a post-course survey of 54 people who participated in a five-day short course in health promotion (72% response rate) supplemented by a telephone survey of 11 people. Positives identified in the study were the recognition of short-courses as the preferred learning vehicle for the respondents and confirmation that the courses were successful in providing enhanced knowledge, skills, confidence and enthusiasm to the participants. However, the investigation also highlighted some barriers to the use and hence uptake of the courses. These were manager's lack of understanding of the content and purpose of the courses, lack of organisational support and commitment to the concepts being taught in the course. Additionally, lack of resources, competing organisational priorities, and lack of time were commonly cited. One respondent's suggested solution to remove these barriers was the development and provision of training across all level of staff to improve organisational capacity and understanding of the topic being taught on the course.

In their three year longitudinal survey of employee attitude towards higher level training and development, Woodhouse and Mumford (2010) identified involvement of a University as a "downside" or barrier to uptake of the training courses. This stemmed from employer perceptions that higher education institutions, such as Universities, were out of touch, impractical and unresponsive to employer needs. Consequently employers did not send staff to courses by these providers.

Baldwin and Evans (2004) identified some significant barriers to e-learning. In a survey respondents were asked to give a spontaneous answer to what they thought the barriers to e-learning were for both themselves and their organisation. The greatest "general" barrier was "lack of time" (50%), whilst specific to e-learning, 45% believed that e-learning had an image problem. Fear of technology and lack of understanding about e-learning were also often cited. Again, with relevance to training per se, 41% cited lack of motivation and lack of management support as significant barriers.

Short and Harris (2010) drew on insights from a group of senior HRD practitioners in New Zealand, to review the significance of workplace learning and development, to support the argument for incorporating the HRD function into the Boardroom and

corporate strategic planning. Implicit in their findings were several “barriers” to the uptake of training that had impacted companies since the 1980’s. For example, from the investigation of Buckley and Caple (1990) that showed in the mid-1980’s workplace learning and training was seen as a sub-activity of personnel departments, they extrapolated that training and development was dependent on individual personnel manager’s enthusiasm for training. A second barrier stemmed from Boardroom resistance – “despite global increases in training budgets, there remains ongoing doubt at Board level about the positive connection between workplace learning and long-term business success.”

Executive scepticism was a third barrier. They concluded that part of the reason why executives reduce training budgets so easily was poor evaluation practices. In this context, researchers’ continual questioning of the thoroughness of evaluation processes, and claims that it rarely satisfies senior managers, fuelled pre-existing scepticism among senior managers who needed evidence of the payback (Sloman, 2004). Consequently, training and development projects that did not show a clear alignment with the company’s objectives were postponed, or cancelled completely (Tarrant, 2009).

They identified a “contentious” fourth barrier related to the concerns and challenges of finding, retaining and developing capable employees in a highly mobile labour market such as Auckland. The concern was that in such an environment organisations might revert to their historic reluctance to invest in training if they thought staff were going to be poached at a later stage. They noted a dichotomy of views about this point as, despite research showing that training and development actually helped in retaining employees (Smith and Hayton, 1999) there was some belief that this attitude still prevailed. Cost of training was a further barrier as exemplified by a tertiary sector respondent who noted a continual organisation focus on budget control, but with a concomitant demand for maintaining professional development and topic progression (getting on with the next thing).

Huibert and Dana (2009) investigated the training needs of SME’s in the manufacturing, service and sales sectors of the Canterbury region of New Zealand and what providers have to do to meet those needs. They used a structured questionnaire, delivered by face-to-face interviews and supported by supplementary online questionnaires to

investigate the training needs of 284 small businesses. 229 out of 284 targeted businesses responded – an 81% response rate. SME's were defined as businesses with up to 19 employees which represented 96% of all New Zealand enterprises and employ 30% of the total New Zealand work force.

They found that many small business managers/owners had developed their businesses from being involved with delivering a trade or service and had no business training or experience. Hence for them to meet their intention to “grow their businesses” they needed training to transition from a skill-base to a managerial role. However, very few SME's undertook any business training (manufacturing 38%, sales 18% of companies) or even budgeted for training (Manufacturing 29%, Sales 12% of companies). Even more significantly of those that did budget very few actually spent that budget on training (24% Manufacturing, 19% Services, 3% Sales). Reasons for not spending on training were: time constraints, training was unnecessary, lack of courses relevant to their needs – less than a fifth of respondents from the sales sector were involved in any training.

Where training was used it was generally initiated by the owner/manager (59%). Staff seldom identified a training need (6%). Of considerable concern was the owner/managers attitude towards training. Nearly all respondents stated an intention to further expand their businesses over the next two years, but as past expansion had not been accompanied by any business training it was extrapolated that future expansion would be treated in the same way. Whilst few used training, their stated preferences for training topic priorities were marketing, followed by computing, human resources and finance. In terms of other requirements, provider and provider reputation were priorities, short programmes (less than 6 weeks) were preferred, and there was a strong preference for applied and business/sector specific courses delivered as workshops or coaching sessions. On-line, home based, and lecture style deliveries were unpopular

From this they concluded that the need was for courses tailored for SME's needs, with a high in-house component or well targeted workshops. They recommended that, given the cost-averse nature of SME's, institutions that developed and delivered face-to-face, customer specific courses, in a mid-sized class environment, may achieve considerable advantage in the business training sector in upcoming years.

Who benefits (from training) and who should pay?

Training, whether provided as short industry focused courses or formal, traditional offerings by higher learning institutions, are expensive. Hence, cost can have a significant impact on the uptake of training, particularly if that cost is transferred from the company to the individual. Deregulation which occurred all around the world, including New Zealand, in the early 1990's saw a change from the traditional employer-employee relationship to one of employer-contractor. Part of this paradigm shift saw companies begin to consider who benefits most from training and hence who should pay. This is demonstrated in the literature. In the mid 1990's corporate downsizing, privatisation, restructuring and outsourcing, changed employment and jobs became more transient. Whilst previously employees had security in return for loyalty, hard work and commitment, this was replaced by (transactional psychological) contracts (Rousseau, 1995).

Hence, the traditional long-term career with a series of promotions, income and status, died, to be replaced by "flexible", highly skilled, employees (Atkinson, 2002) who were cost effective and met the short-term corporate needs but not necessarily future needs (Arthur et al 1995). For the employee this meant a shift in focus from job security to a requirement that they have, or develop, skills transferability and employability (Garvan, 1999; Iles and Tinline, 1996; Carberry and Garvan, 2005).

The impact of this was that organisations that previously offered long-term hierarchical careers and company supported training to develop company specific skills then expected individuals to develop and maintain their own employability (Clarke, 2008). Employability was defined as the capacity to move self-sufficiently within the labour market to realise potential through sustainable employment (Hillage and Pollard, 1998). Under this model, individuals were expected to self-fund building a portfolio of skills and experiences to allow them to move from job to job or organisation to organisation (Arthur and Rousseau, 1996; Arthur, Khapova and Wilderom, 2005). Implicit in this was the belief that when an organisation no longer required an individuals services that the person would find alternative employment in the external labour market (Van Buren 111, 2003). Hence organisations became facilitators of the shift from employees

organisationally bound careers to boundaryless careers, from employment security to employability (Inkson and Arthur, 2001; Moss-Kanter, 1989).

In theory, this would be as beneficial to the employer and employee (Meister, 1998; Baruch, 2001). Organisational benefits would be increased flexibility and reduced training and development costs. Individual benefits would be greater independence to develop the skills to remain employable (Waterman, Waterman and Collard, 1994). In practice this concept was difficult to apply because of differing expectations of how employability should be managed. Having a pool of suitably qualified workers is essential for ongoing competitiveness and growth at both the organisational and national levels. However, employability had become a critical issue in US, Canada, UK and Australia where declining birth rates and aging populations were resulting in skill and labour shortages (McDonald and Kippen, 2001; Dixon, 2003; Burke and Ng, 2006).

A dichotomy developed between the training focus and goals of the employee and employer. Employees still focused on tangible outcomes such as pay, promotion, work-life balance and job security rather than the more problematic variables that underpin employability (Garvan, 1999). Hence, employees continued to manage their careers by obtaining formal qualification which were guarantees of employment. By contrast employers in Scotland (Scholarios and Lockyer, 1999), Australia (Ranzijn, Carson and Winefield, 2022) and other parts of the world became more interested in qualities such as honesty, conscientiousness, general ability, potential, experience, adaptability, drive, value fit and job knowledge than qualifications. The various stakeholders (Government, educators, employers and employees) had differing perspectives on employability (Clarke, 2006). Most employees were unprepared to cope with the enormity of the transition from employment to employability (Rifkin, 1995), particularly low skilled, young and old workers (Iles, 1997).

This concept posed some difficult questions for employees and training providers. In a climate of continuous and extensive change, organisations struggled to determine short term needs, let alone longer term requirements. This led to a number of questions being asked. For example, how could an individual and training provider predict what might be required and hence provide the courses that ensured the employee acquired the requisite skills before they were needed? Furthermore, how could people find time to

undertake continuous learning and development to maintain their employability? Were they required to undertaking self funded courses outside of the workplace and if so, how were they to fund their learning?

Learning is costly in both time and money and thus many employees who were most in need of skill upgrades or professional development might not be able to afford it (Tamkin, 1997). More specifically, because of the limited training available to low skilled workers they may not have been able to develop the transferable skills necessary to maintain job mobility (Sanders and de Grip, 2004). Ageing workers particularly may struggle to keep up-to-date with new trends and technologies, particularly if the organisation for which they work was not willing to invest in their learning. Hence, from the employer's perspective transferring responsibility for employability (including training) to the individual was reasonable and pragmatic as tenure became shorter and job growth moved to casual, part-time or fixed term contracts (Morehead, Steele, Alexander and Duffin, 1997). However, from an employees perspective it was unreasonable, as employers began to make unrealistic demands in terms of employee skills, competencies and personal qualities while remaining reluctant to contribute to the cost of skill development (Almeida-Santos and Munford, 2004).

There can be no doubt that employers who wished to attract and retain quality employees needed to provide opportunities for on-going learning and development as well as assisting individuals to complete "the transition from dependence to independence" (Romniuk and Snart, 2000). By the same token, individuals had to learn what it meant to be employable and how to develop and maintain their own employability. Without this mutual commitment, employability was little more than "the sound of one hand clapping" (Pascale, 1995).

In terms of who benefits from training, there is a degree of scepticism that pervades discussion of this point. Whilst an utopian view would be that for the individual, both organisational and personal needs are relevant, Niemi's (1996) encapsulated what is probably closer to reality in the assertion:

“While agencies employing Professionals provide continuing education, this is more likely concerned with the needs of the organisation than the needs of the Professional.”

However, there was strong support for the view that there was a mutual benefit to be gained from training. Hung and Wong (2007) used a post-out questionnaire to survey of 510 second year part-time post-graduate students at two major Universities in Hong Kong and attained an effective response rate of 85.11%. Basing their analysis on psychological contract and expectance disconfiguration theories they found a positive correlations for the relationship between the satisfaction and associated performance of staff and employer’s level of support for their staff’s continuing education and training.

Pierce and Maurer (2009) examined who was the “perceived beneficiary” – the individual or the organisation – of employee development activity, and how this affected the employer/employee relationship. Their investigation was based on the concept that organisations were increasingly relying on employee’s leadership development to assist the company to function effectively and continually improve, within a corporate environment that continually requires achieving increasingly ambitious goals with fewer people. This made employee’s “citizen behaviour (Organ, 1977)” - which helped achieve the organisation’s goals but which was discretionary, non-required and therefore not financially rewarded - very helpful to the organisation. The data for the investigation was collected by surveys sent out to 457 employees in the corporate headquarters of a large package delivery company, 162 employees responded giving a 35% response rate. From this they concluded that work-related development activity, including training, developed social exchange and organisational citizenship behaviour.

The key points highlighted by this literature review are that generally companies preferred industry focused, short courses that taught their staff how to do their jobs better to university courses that improved employees’ intellectual capital. Required outcomes of training included increased employee capabilities with associated gains in operational efficiency and hence bottom line performance. Improved recruitment

and retention of staff, development of competitive advantage and company positioning in the market were additional requirements.

Courses provided by professional industry organisations were preferred to university courses because of the time and cost involved in the latter. Course design, and the gender mix of cohorts had a significant impact on participant satisfaction; short courses of 2 – 3 days and a mixed audience including women were preferred. Whilst universities and higher learning establishments were moving towards the use of e-learning as a training delivery mechanism, most students preferred a mixed (face-to-face and mixed media) format. Use of e-learning techniques before and after the face-to-face lecture presentation provided improved final outcomes for students.

While there has been little research specifically targeted at training in the FMCG industry, there is a plethora of investigations into the sales function. A number of investigations explicitly and implicitly identified barriers to the use and uptake of training courses in a number of different geographical and business environments. These showed that in most cases large firms which have the resources, preferred and used dedicated in-house training programmes to train their staff. By contrast, small firms either made limited use of externally provided training courses or simply did not train their staff because of cost and attitudinal barriers. “Unaffordable” costs included course fees, travel and time away from the job. Attitudinal barriers were the owners/managers perception that the cost of training outweighed the value to their business from training. There were also some indications that in New Zealand, increased employee portability created by training deterred companies from providing company funded training for their staff.

The following chapter on methodologies presents a synopsis of the data collection techniques that are available for undertaking a qualitative investigation. Based upon this, the process which identified in-depth interviews of selected individuals as the appropriate format for the current investigation is explained. The criteria upon which interviewees are selected for interview and the design of the interview schedule used in the interviews are also presented. The ethical considerations that were applied during this investigation are also detailed.

CHAPTER 3: METHODOLOGY

DATA AND DATA COLLECTION TECHNIQUES

Many researchers have studied the sources and techniques for collecting qualitative data (Moser and Kalton, 1971; Sapsford and Jupp, 2006; Babbie, 1990; Bukingham and Saunders, 2004; Briggs, 1986; Marsh, 1982; Fowler, 2009; Flick, 2002; Edmunds, 1999; Morgan and Krueger, 1988) and the following presentation is extracted and précised from their work.

Mosser and Kalton (1971) identified four groups for sourcing and collecting data:

- a) Documentary Sources
- b) Observation
- c) Questionnaires
- d) Interviewing

They suggested that in the United States telephone interviewing is important, but that in Britain and many other countries too few households have telephones for the technique to be useful. Whilst this statement clearly refers to data collection before the development of computer technology and the internet, their grouping is still valid today and is followed in the description below.

Documentary Sources

This grouping deals with data which already exists, rather than new data that has to be “collected”. It includes documents ranging from published articles and national statistics to papers in government archives. This grouping has little relevance to the current investigation and hence it will not be detailed further here.

Observation

Observation provides descriptive qualitative data on behaviour, events, or quantitative descriptions of the behaviour or culture of a particular group, institution or community. It can also be used to develop and test particular theories. It can be used in the preliminary stages of a research project to explore an area which can then be studied more fully using other methods, or towards the end of a project to provide a check on data collected in interviews or surveys.

The technique has some clear advantages over interviews and questionnaires. First information about the physical environment and about human behaviour can be recorded directly by the researcher without having to rely on retrospective or anticipatory accounts of others, which may be inaccurate. Also, the data from observation can be a useful check on, and supplement to, information obtained from other sources.

There are however a number of limitations to the use of observation. The environment, event or behaviour of interest may be inaccessible and observation may be simply impossible. People may change their behaviour because they are being observed. Observations are inevitably filtered through the interpretive lens of the observer, hence observation can never provide a direct representation of reality. Most significantly observation is very time consuming and therefore costly compared to other methods of data collection.

Interviews

Face-to-face interviews (structured)

Face-to-face interviews use an interview schedule and every respondent is asked the same questions with the same wording in the same order. A key benefit of the face-to-face interviews is that the interviewer can observe the interviewee whilst conducting the interview and hence identify non-verbal cues such as body language and nuances of language. In addition because the interview is “scripted” it produces consistent and comparable results. A disadvantage is that the interviewer has to “stick to the script” and hence can not vary the wording of the questions, or the order in which they are asked, to probe deeper into an answer. Face-to-face interviews are time consuming for the interviewer and interviewee and hence are costly.

Face-to-face interviews (free format)

Free-format interviews do not have a set interview schedule that must be adhered to, rather the interviewer uses a list of topics with non-standardised wording of the questions. The interview is still face-to-face, but is conducted like a natural conversation between two people. Because it is difficult to take comprehensive notes whilst interviewing, and note taking can be intrusive and distracting to the interview process, such interviews are often tape-recorded in full for later analysis. The advantages of free format interviews are that they are managed (controlled) by the interviewer who sets the agenda of questions, can ask supplementary questions to probe into issues of interest with and records the answers of the discussion. The disadvantages are that as such interviews are “unscripted” different interviewees can be asked different questions and the interview can easily “wander off” into unrelated topics. Hence the technique does not produce consistent and comparable results. In addition, as they are “free flow”, they can be even more time consuming and hence more costly than structured interviews.

Telephone Interviews.

Telephone interviews use a question schedule and are in reality simply a structured face-to-face interview conducted over the telephone. They are commonly used by market researchers because they are fast, cheap, and a lot of interviews can be completed in a short time. The disadvantages are that because they are conducted over the telephone the interviewer misses the non-verbal cues (body language). In addition, some (older) people do not like talking on the telephone and particularly to an anonymous person whose identity they can not verify.

Qualitative interviewing on the net.

Correspondence via email is another cheap way of initialising a conversation and interviewing in a relatively unstructured way. The advantage of this technique is that it is very cheap. The disadvantages are that the “conversation” is asynchronous as replies are not usually posted immediately after the question is asked. In addition, there is remoteness about written emailed correspondence compared to the telephone and the

responses received are often less deeply considered than face-to-face interviews. "Chat rooms" and "Bulletin boards" allow more features of spoken, face-to-face conversations, but can present a problem (technology and remoteness) for older respondents. Emailing does not allow the interviewer to see the non-verbal cues but video-conferencing can overcome this.

Interviewing an expert

The expert interview is a semi-structured face-to-face interview but where the interviewee is of less interest as a person than in the capacity of being an expert in a certain field of activity. The expert is included in the study not as an individual but as representative of a group opinion. Hence, as information provided by the expert has a much narrower focus than in other interviews, the interview guide (schedule) is more definitive to exclude unproductive topics. The advantage of this type of interview is that by interviewing one person the researcher can quickly gain a detailed insight into the views of a group. One disadvantage of this technique is that the interview may be well on its way before the interviewer realises that the interviewee is not an expert for this topic as previously assumed. In addition, it requires a strong interviewer to conduct this type of interview as often the expert tries to involve the interviewer in ongoing conflict in the field and talks about internal matters and intrigues in his/her field of work instead of talking about the topic of the interview. In addition, the expert often changes between the roles of expert and private person, so that often the results are about him/her as a person rather than his/her expert knowledge. Alternatively, the expert gives a lecture on his/her knowledge instead of joining in the question-answer game of the interview.

Focus Groups.

The hallmark of a focus group is the explicit use of group interaction to produce data and insights that would be less accessible without the interaction found in the group (Morgan and Krueger 1988) hence they are commonly used for market and medium research. They are particularly useful for orienting the researcher to a new field, generating hypotheses based on informants' insights, evaluating different research sites or study populations and getting participants' interpretations of results of earlier studies.

The advantages of focus groups are that the investigation can be coordinated, conducted and analysed within a relatively short time period. They also allow the interviewer to probe issues and clarify participants' comments easily within the group environment. Their disadvantages are that focus groups typically have 8 – 10 participants, hence recruiting that number of participants can be difficult. In addition, participant's responses are not independent as they are proffered in the context of group's conversation. As a result participants may respond differently about a specific issue than if they had been discussing the same topic alone (during telephone or face-to-face interview). Focus groups can also suffer from one of the group being dominant over others and hence forcing their views on the remainder of the group. Focus groups are time consuming, person intensive as hence costly to run as they require an interviewer at the same venue as the 8-10 participants.

There are several less costly variations of the focus group. Telephone or conference calls are more convenient for participants and the associated reduction in time commitment and travel make them a cheaper option. Mini groups which have 5 – 6 participants are easier to recruit, shorter to run and hence more cost efficient. Triads or Dyads which have 3 or 2 participants respectively are cheaper and the group covers more ground in a shorter time. Internet and video focus groups are easier to recruit and more cost effective for the interviewer and participants. All of these latter technology based techniques provide significant cost savings.

Questionnaires

The chief advantage of questionnaires over interviewer-lead methods is that they are cheap, particularly if they can be group-administered, and far quicker to conduct than any other structured data-collection method. Even posting out large numbers of questionnaires is significantly cheaper than an interviewer using an interview schedules. However, the main disadvantage is that response rates are usually low, unless the topic engages the respondents' interest or the investigation is perceived as being of direct value to the respondents. There are several different types of questionnaire methods.

Postal questionnaires.

Postal questionnaires are widely used to collect market information. Respondents are asked to read a series of questions and answer by ringing or ticking one of the “answer boxes” provided, or less often, to write in their own “free response” to a question. Mailed questionnaires are especially useful when surveying a geographically widespread sample base such as national special topic groups or scattered populations. The main drawback of mail-out questionnaires is that response rates are typically very low. This problem is not the low number per se, but rather that the non-respondents opinion may differ significantly from the respondents, which can cause biased or skewed results. As Sapsford and Jupp (2006) recorded, “the critical reader should always look at what the response rate was for an investigation and also whether any information is given on the characteristics of those who did not respond so that some assessment can be made of the representativeness of the sample.”

Another disadvantage is that as the interviewer is not there to explain questions, mail-out questionnaires are only useful when the questions are sufficiently simple and straight forward to be understood with the help of printed instructions and definitions. Furthermore, mail-out questionnaire are inflexible, as the researcher has to accept the answers given as final, as there is no opportunity to probe beyond the given answer, or to appraise *what* the respondent said in the light of *how* s/he said it. Another disadvantage is that the recipient of the questionnaire has the whole questionnaire from the time the envelope is opened. Consequently, s/he can see all of the questions at once, hence individual answers are not “independent” as they are often proffered “in the light or context” of the whole questionnaire. Finally, the surveyor can not be sure that the right person completes the questionnaire and there is no chance to supplement the respondents’ answers with observational data.

Questionnaires on the internet.

Surveys conducted over the internet are becoming increasingly common as emailing is the simplest means of delivery. The questionnaire is attached to an email which is sent to a list of target users. They complete the questionnaire and return it as an attachment to their reply. The major advantage of this technique is that it is fast, can target large

pools of people and is cheap - it does is the same cost to send out thousands, hundreds or tens of emails. The disadvantage is that respondents are not anonymous because emails arrive with the address of the sender as part of the message. In addition, mass distribution of questionnaires "to all users" is useful on a site that does not have a lot of users, but on a frequently used site it can generate unmanageably large numbers of responses. There is also a risk of biased sample if the sampling is restricted to a short and potentially unrepresentative time period.

Selection of data collection methods for current project.

Data collection is implicitly costly. Hence, selection of a technique is an offset of cost against the type and detail of the data required for the investigation's needs. In addition, "the choice of data collection method, either mail, telephone, the internet personal interview, or group administration, is related directly to the sample frame, research topic, characteristics of the sample and available staff and facilities; it has implications for response rate, question form and survey costs (Fowler, 2009).

The data collection technique for the current investigation was chosen based upon the specific constraints and requirements of the study. Time was the defining constraint as there was only twelve months to complete the study. The investigation required in-depth, expert information about the FMCG industry's position on training. In addition, it was important that the people being questioned gave their personal and true opinions in their answers rather than simply providing the "company or industry line".

These criteria defined that an interviewing technique, rather than mail-out or mass distribution of "generalised", self-completed questionnaires was required. The time constraints, need for expert opinion about the industry and FMCG focus further predicated that the data would be collected by direct, in-depth, face-to-face interviews of Chief Executives and/or Senior Managers of FMCG companies. The face-to-face interviews would also allow observation of the interviewees' body language and nuances of speech. To ensure that there would be consistency and comparability of the results of the interviews, but the interviewer would still have the ability to probe particular issues of interest more deeply, a free-format face-to-face interview would be required. This

therefore determined that a schedule of topics would have to be developed and followed during the interviews.

In order to avoid the difficulty of taking comprehensive notes whilst managing the interview, the interview would be taped in full for subsequent transcription. Most importantly, to ensure that the interviewees felt free to provide frank and honest, rather than “politically correct” or “company policy” answers, to the questions asked, an undertaking will be given that all documentation of the research would be written so that the interviewee and their company could not be identified. In this context, it should be noted that during the actual interviews several of the interviewee sought assurances that this “confidentiality” applied and stated that they were relying upon this condition in terms of the answers they gave. The undertaking was given in writing in the initial “request for interview”, shown below in the section on “ethics”, and reiterated verbally at the start of each interview.

Two more key factors defined the data collection process. First, whilst the New Zealand FMCG industry includes many of New Zealand’s largest manufacturing companies, 85% of New Zealand companies are SME’s. Hence, for the investigation to provide valid data about the FMCG industry, the opinions of both large and SME companies would have to be collected. Hence, given the time constraint for the study, a small number of companies that would be representative of the industry would have to be identified and selected for interview.

The second factor was accessibility. Given that the CEO’s of FMCG manufacturing companies are very busy people, accessibility might be a problem. Hence, to entice them to give up sufficient of their time to participate in an in-depth interview the topic would have to catch their interest, be of value to their company, or be of interest to them as individuals. Hence, to alleviate accessibility problems, companies who were members of the New Zealand Food and Grocery Council, and which provided their staff to the various committees of the FGC would be the target companies.

Ethical considerations

In the introduction to this study the reasons for the FGC developing short courses to train the industry was explained. However, supplementary to that, in 2008, following the delivery of the first run of the KAM course, at the request of the FGC, Burns McFarlane Limited took over the management and delivery of the KAM courses on behalf of the FGC. Burns McFarlane is paid a fee-per-participant for providing this service. Under this agreement Burns McFarlane has to date delivered eight runs of the KAM programme over the past 4 years with around 100 people having participated in individual courses.

As the author of this current study is a shareholder in Burns McFarlane it might be perceived that he has a “conflict of interest” as the information gathered during this investigation might be financially advantageous to Burns McFarlane Limited. The mitigation of a potential conflict of interest is full disclosure. Hence, at the beginning of the investigation the Chief Executive of the FGC was informed verbally about the advent and content of the investigation. She had no issues of concern with the investigation and expressed interest in the results.

In addition, as all of the interviewees were members of the FGC, and most of their companies had sent staff on the FGC KAM courses, they all knew the author and were aware of his role in the FGC and these courses. As a further disclosure measure, the authors’ identity and association with these courses was included in the “request for interview” which was sent out by email to all interviewees. None of the interviewees expressed any concern over this involvement and none declined to be interviewed because of it. Indeed, the interviewees were more open in their discussions because they knew the author was familiar with the structure, personalities and problems within the FMCG industry. A copy of “request for interview” is presented in Appendix. In addition, on the advice of my Research Supervisor, Dr. Philip Ramsey, a Massey University “Notification of Low Risk Research/Evaluation involving Human Participants” was filed. A copy is attached in Appendix to this report.

Interviewee selection

In order to undertake in-depth interviews that would provide significant data, seven companies that were members of the FGC were selected for interview. They were selected because they represented different parts of the industry in terms of:

Company structure and size (number of employees)

Company	Structure	No of staff
A	New Zealand arm of Global corporation	1,100
B	New Zealand arm of Multi-national corporation	200
C	Zealand Listed Company	1,000
D	Medium-sized privately owned New Zealand company	120
E	Recruitment agency specialising in the FMCG industry	N/A
F	Medium-sized privately owned New Zealand company	100
G	Zealand Listed Company	9500

FMCG industry sector and participation in FGC KAM courses

Company	FMCG Sector	FGC Course participation
A	Beverage	Never participated
B	Health & Beauty	Never participated
C	Daily Fresh	Never participated
D	Sales Agency	Highest participator
E	FMCG Recruitment	Part of original design team
F	Confectionary	Never participated
G	Commodities	Occasional participants

Companies A, B, C, D, F and G all manufacture and/or sell product within New Zealand and hence can provide insight from “within” the industry. However, they differ

significantly in size, products they produce and hence sector of the FMCG industry in which they operate. As a group, they represent the whole range of companies currently operating in the New Zealand FMCG industry. By contrast, Company E is a consultant and provider of service to the industry. Hence, whilst this company has been intimately involved with the industry for 25 years, it actually works “outside” of the industry, looking in. Consequently, it was included in the investigation because it deals regularly with different companies operating in the industry and therefore has a “helicopter” view of the industry as a whole. In addition, the interviewee from this company was one of the original proposers and designers of the FGC courses. Companies A, B, C, F and G have never sent any of their staff to the FGC KAM courses, whereas company D is the highest user of the courses.

Interview schedule design

The starting point for designing the interview schedule was identification of four major topic areas which were germane to the “short courses for staff training” focus of the investigation. The categories were intended to “drill down” from a focus at industry level, to company level, to the current undertakings with the company and finally to the actual course level (specific requirements for course design). The topic areas were therefore:

- a) Industry training needs
- b) Company training needs
- c) Training currently undertaken the interviewees company
- d) Preferred course design and structure.

A series of questions were then developed to interrogate the interviewee’s position about these four major topic areas. Questions about the FGC Education Project were also included in this schedule to collect the data required for the case study presented in addendum to this report. The interview schedule and full transcripts of the interviews are presented in Appendix to this report.

The information collected using these methods to interview six senior managers of FMCG companies are analysed and the results are presented in the following chapter in two broad areas: the industry’s training needs and company’s training needs.

CHAPTER 4: RESULTS

Seven companies were canvassed for interviews, five accepted and two (companies F and G) declined – a 71.4% response rate. The following pages present the results from interviewing two CEO's, a Managing Director/owner, a Director of Human Resources, an HR Manager and a Director/Consultant who specialises in recruiting management staff for the FMCG industry. In reading these results it is important to recognise that to obtain meaningful results from the interviews it was essential that the interviewees were completely open and honest in their answers. However, some of the questions asked required them to provide “commercially sensitive” material on subjects such as market strategies, competitor analysis, competitive advantage and staff competencies. Consequently, all of interviewees were assured that this research would be documented so that readers will not be able to identify the individuals interviewed or their company. Prior to, and during the interviews, individual interviewees sought, and were given, assurances that this was the case. For this reason, in the following documentation, the companies are referred to as Company A – Company E.

In addition, while an interview schedule was followed during the interviews, where an initial answer to a question needed further elucidation, the interviewee was asked supplementary questions. Similarly, where a particular question clearly had no relevance to an interviewees company, or they had already answered it in their response to a previous question, they were not asked that question. For example, the CEO of Company D was not asked questions about the industry in general. He made it clear from the start of the interview that as his is a small company that is his focus, and he does not have any firm views on the industry. Similarly, as Company E is a company which provides recruitment services to the industry there was no point in asking that interviewee questions about specifics of suppliers “operational” factors.

The Industry's training needs.

The focus of the "industry" investigation was to determine the current status of skills and knowledge of people in the industry and from that identify whether there is a need for training throughout the industry. If there is such a need, what is driving it (e.g. lack of suitably trained people to meet industry needs) and in what topics and at what level is the training needed (short courses to tertiary education). From that, are there sufficient courses currently available in the market place to meet the demand, or do new ones need to be developed and who should develop and/or deliver those courses (in-house training, private providers, tertiary institutions). Finally, are there any unique industry factors that warrant development of a dedicated University qualification and if so is there a need to set up a staircase to take employees from basic (short course) training to that University degree.

The responses to the various questions identified several consistent themes. From an industry perspective there is a definite shortage of "good" FMCG people in certain disciplines but it varies according to management level and over time. All respondents identified a shortage of experienced and well qualified, mid-management, Sales staff – particularly Key Account Managers and Regional Sales Managers. By contrast there is no shortage of lower level "front line" Sales staff (Sales Representatives) probably because the recruitment bar is low. Logistics and Supply Chain Management and Operations staff are also hard to find. However, despite identifying an industry wide shortage of staff in some disciplines, all of the interviewees said they do not have any problem recruiting staff for any discipline or management level for their own company. They all stated "people want to work for our company." This exemplifies a consistent "us and them" attitude among the interviewees that was both explicit and implicit in their responses to various questions, to the effect that "the industry needs this, but my company does not need it."

The recruitment specialist (Company E) noted that the need for training is greater now than ever before because of the increased skills needed by Sales staff. He exemplified "the negotiating that Territory Managers /Sales Reps have to do is far more significant in terms of the proportion of a company's business and the scale and weight of deals going through than ever before. Now Territory Managers need the skills to sell B-trains of toilet

tissue into one store, whereas previously all they had to do was pop in to a store to make sure things were on the shelf. Now they need the skills and ability to do business.” In addition, he specifically addressed the “time” factor. He noted that the availability of skilled and trained people (graduates) in the FMCG industry varies considerably over time and is dependent upon the economic environment of the sector. For example, trained people are scarce in a recession when New Zealand companies relocate their operations off-shore, usually to Australia and employees either follow the jobs overseas or move into other industry sectors.

There was general agreement (4 out of 5) that there is a need to raise the education standard across the whole industry, and hence a need for training. Similarly, all respondents identified Sales training as the main priority, with commercial understanding, particularly the impact of individual’s decisions on the business as a whole as a second priority. A variety of other subsidiary subjects were also identified: leadership, productivity, people management skills, commercial and financial skills, category management, marketing, In terms of the level and focus at which training should be targeted, there was strong support for training that helps staff do their job better (on-the-job training and/or industry focused short courses) as opposed to formal Tertiary education to improve their knowledge level and thinking capability (University qualifications).

Reasons for this selection varied, but time factors were often recognised. Company B which only employs University qualified people, did not believe further post-grad qualification would improve performance and that a University qualification is irrelevant for people who have been in the industry for a long time. Company E identified the need for short courses, Certificates and Diplomas but not part-time Degrees as they upset peoples’ life dynamics – they take so long to complete other things, such as family life, often get in the way and prevent people from completing the degree. However this company recommend Post Graduate qualifications for senior, experienced people as they can be completed in 2 years. One respondent (Company C) was firmly in favour of education as a “whole of life” commitment. “You should undertake tertiary education at 2 or 3 levels through out your career (Bachelor at start of career, Masters late 20’s early 30’s, Doctorate mid 40’s), intertwined with on-the-job training and short courses that are tailored to your industry. Several respondents cited budget restrictions as a factor in their

position – “businesses are happier to commit their staff to shorter term courses rather than allowing a longer degree commitment. What is needed is less courses more frequently” (Company B).

There was a general consensus that there are sufficient (one suggested there are too many) courses currently available in the market place. However, since most are “stock standard courses” (sales training, computer skills, presentation skills, project work) FMCG companies do not use them because they are too generalised and “not FMCG specific”. It is only for specific areas (such as IT) that require something highly technical that there are problems in supply (Company B).

In addition, there are many multi-nationals operating in the New Zealand FMCG industry and they all have standard In-house courses, prescribed by international directives and designed to train and develop staff in the company’s way of doing things. Consequently 80% –90% of their training is “in house” using peers or direct managers and external providers are only used for specific topics or reasons and those are the exception to the rule (Company B).

Company C commented that “there are too many (courses) but a number of them have no credibility, as the privatisation of training (e.g. in Australia) has devalued the whole concept of training.” This raised the concept of course provider credibility and the need to have courses delivered by accredited course providers.

The general consensus (4 of 5) was that the involvement of a University in course provision adds some credibility but it is not essential. Company A had used courses from the New Zealand Institute of Management, Auckland University, Employers and Manufacturers Association, Sugar, and a whole myriad of other providers who “did a good job.” For Company D courses that are FGC approved and focus on the industry is more important than who provides it or where it is being held. Company A saw University involvement as beneficial, but not critical and had used Auckland University’s short courses as well as private providers such as Sugar. Their selection criteria were fit with their business, content and the price had to be right. For Company E a mix of professional providers and the industry was required. In this mix private providers need a University link because that adds some weight and credibility, but overall training for the

industry needs to be driven by the FGC because of their industry focus. The downside of this mix however was that whilst Universities add credibility and the FGC industry focus, both organisations are busy and hence not great at moving things along. Hence it needs a private provider or facilitator in the middle to shake things along and make them happen. The dissenting response was from Company C for whom the key factor was course credibility and credibility was defined as certification and alignment with a credible tertiary education institution. For him a Certificate of Management from an FMCG school of business is worthless unless it has accreditation with a listed provider and short course programmes must be run by a reputable (University) school with completion of the short courses counting towards a University qualification.

There were differing views expressed about the “uniqueness” of the FMCG industry. The recruitment specialist (Company E) was unequivocal in his support of the uniqueness of the industry and gave reasons for his position. “In any job in any industry sector there are three critical factors you need: Skill Set, Sector knowledge, Channel to Market (type of sales behaviour). The FMCG channel to market has different factors compared to other industries. So in the FMCG industry the way of doing the business, particularly in sales (how you sell the product to the customer) is different. Hence for people to transfer from another sector to FMCG they have to learn the different parameters of the FMCG channel to market. This is a significant barrier for people wanting to enter FMCG at anything other than basic entry level.” Another respondent (Company C) absolutely refuted the concept: “my sales director is from pharmaceuticals....and the most successful state sales manager in out.

Other respondents were ambivalent. For example, “our company identifies as being in the FMCG industry but in reality part is, but the other half is in the pharmacy market....consequently we do not stereotype people as “FMCG” or not.....we have a number of people who are now in the FMCG industry arena who were not FMCG originally” (Company B). Another response more clearly identified a conflicting position. The statement against the concept was “we have had significant degrees of success with people who have come from other sectors” but in favour of it “but it depends where you come in fromit (that special features exist) is not a blanket statement it depends on the specific role, it may apply in senior sale positions.” (Company A).

There was an even split (2 for, 2 against and 1 uncommitted) about whether the perceived “unique” characters of the FMCG industry warranted a dedicated FMCG degree. One respondent (Company B) supported the concept provided it contained some papers skewed towards FMCG specific topics (negotiation, HR and Leadership) supported with some “standard” papers in marketing, retail industry, supply chain management, and Departmental decisions that affect overall company profitability. The other supporting respondent (Company E) noted a “definite need for a Sales and/or Key Account Management course at that (degree level)”, but questioned whether the New Zealand FMCG industry has the scale and scope of people for it to be viable.

The argument used by both respondents against the concept was that it is unclear what the purpose of such a degree would be. One noted that FMCG is an acronym for the products produced, but has nothing to do with how they are manufactured, sold, marketed or the transport/logistics systems used. He noted that an FMCG company is in reality a collection of people with qualifications in disciplines such as accountancy, marketing, Logistics and Supply Chain management, and HR, who just happen to work in a certain industry. There is no military degree for the military and no packaging degree even though packaging is enormous in the FMCG industry (Company A). The other argued similarly that the requirements of different sectors of the FMCG industry are so varied that there can not be a “one-fits-all” FMCG industry qualification. He exemplified that the content of a qualification for the news print industry, which picks stock to zero each day, would not be relevant for companies in other sectors such as Pernod Rickard (alcohol distributors) who carry large stocks over extended periods (Company C). The uncommitted respondent (Company D) noted that qualifications did not matter to the company, but “receiving the Certificate matters to our people who have attended courses.”

With some provisos, all respondents supported the concept of staircasing from industry specific short courses to a degree in the event that a University set up a degree with sufficient relevance to the FMCG industry. The proviso for Company D was that the whole of the staircase be delivered by one institution, preferably Tertiary, rather than a number of different providers. For Company B the proviso was finance and “who pays”. Because the company took a short term focus for junior to middle managers and training budgets were small and continually squeezed, the company might support staff on the

short courses in the staircase where they can see an instant return on the training investment. However, they would not provide financial support beyond that initial stage, staff would have to finance themselves. The exceptions would be outstanding middle managers who have General Management potential for whom the company take a long term perspective and would fund them through the staircase as a way to ensure that they keep them in their business. For Company D the proviso was that short courses on the staircase should count towards a credit to the University qualification.

Company A has a long history of running its own, in-house, sales programmes and was one of the respondents against the set up of FMCG specific tertiary qualifications. The respondent prefaced his support for the staircase concept with a caution: "If you believe that there is a need for such industry wide training then such a staircasing structure to deliver that need seems to make eminent sense." However in providing this answer his tone and body language implied that he did not believe there is such a need. For this company to support a staircase it would have to have "relevance and currency" to what their business was trying to achieve with their staff. In particular, this company uses their people development as a competitive edge because "it is the thing that sets us apart both from an attraction perspective (recruitment) and also keeping people with us (retention)." Hence by implication, a "catch-all" training staircase would not provide this competitive edge and would therefore have to be supported by specialised "in-house" training that would teach the staff "the company way" of doing things.

The proviso for Company E, which was the strongest supporter of an FMCG tertiary qualification, was that it would probably not be used by the industry. Smaller companies that most need training and staircasing would not use it as they have less commitment to training than larger companies. By contrast, bigger companies do not need the staircasing as they have global resources that train their staff to the required level. Use of the staircase would also depend on the cyclical global economy. For example, in recessions businesses focus on reducing spending and in SME's training is the first operation to be cut. Company C saw benefit in such a "step programme" for staff "who the company want to migrate out of the trades on the floor to a leadership position in management.

The company's training needs

This section of questions is designed to identify whether there is a commitment to, and hence need for, training at a company, rather than industry, level.

Cost – Who benefits and who pays.

Training, whether short courses or tertiary education, is expensive and predicted to increase over coming years. From the literature survey it is clear that to address this problem there has been a worldwide trend towards “employability” and a consequent shift of the expense of training and education from the company to the employee. This has generated some debate at the heart of which is who benefits most from training and education and therefore who should pay, the company or the individual. In brief this poses that education, such as a degree, benefits the individual most and therefore the individual should pay. In contrast, job-specific training benefits the company most and hence the company should pay. The essence of the debate centres around the “grey area” between these two extremes.

Whilst the current investigation does not seek to resolve this conundrum, it has significance for the study as if companies will not pay for industry focused short courses, and individuals can not afford to pay, then this has a direct impact on the uptake of such courses. The first group of questions in this section therefore investigated what affect cost of courses had on company commitment to training and how they dealt with this factor.

The starting point therefore was to investigate why companies undertake training and what they wanted to achieve from that training – there were a variety of answers. Company B undertook training to develop future general managers by identify high flyers, providing them with knowledge and then monitoring whether they apply that knowledge and therefore are in a position to move up the ladder. They focus on particular areas of importance for the company and they receive funding – customer service is a low priority but supply chain, sales and management are a high priority.

Company D was committed to training because he recognised the affect step-by-step training had on his own professional development. Company A train because it provides them with a competitive advantage as demonstrated by the company out performing the S&P (Standard and Poors) index by 280% over the last five years, and basically because that is the way they have always done business.

For Company C and D training was not only a retention devise but an essential business function: “you either spend the money on staff development or you spend it on staff replacement and recruitment and I know which is more expensive,” and “you get the people you deserve by investing in them.”

There was also a diverse opinion over the benefit to the company from training. Company B picked out setting the overall impression of the company as one dedicated to a culture of learning and development as this assisted recruitment and retention of staff. Two respondents wanted staff to have a better knowledge and skill base so that they could do their job exceptionally well at a level recognised by the trade (D) and to understand the requirements of different leadership styles, decision making and to develop an attitude that “I can improve myself” (Company C). Company C also noted that training shows people you are engaging with them. This develops loyalty so that they do not just work for their weekly pay but develop an attitude that “I get my money but this company is investing in me”, this produces a motivated employee.

Company A wanted improved individual performance and resultant improvement in the company’s bottom line. Company E supported training as an aid to staff retention, but also viewed it as providing the company with ability to “do more with less”, noting an additional benefit that in hard financial times staff view money spent on training them as compensation in place of pay rises.

All of the respondents agreed that there should be a benefit to the individual as well as the company from training, but in reality their answers identified concrete benefits to the company and only “nebulous” benefits to the individual. For example, for Company B the benefit for the individual was being able to do their job better (really a company benefit) and giving them some form of “better self esteem” or “contentment in their job” because they think the company is taking an interest in them by investing in them,

regardless of whether it is a \$500 or a \$5,000 course. In addition, “training encourages people to stay in the organisation....if you spend \$1,000 and that person stays an extra year that is money well spent for them and the company.” In reality, the latter is also a company, and not individual, benefit.

Company D followed a similar line by identifying a nebulous or unspecified benefit for the individual employee which was in fact a company benefit: “Whilst we want to improve our people, one of our company anchors is to provide premium service to our New Zealand customers and exceed all their expectations” (company benefit). In reply to a supplementary question “Is your focus for training your staff to get the best outcome for the company and your customers?” he confirmed the company, rather than individual, focus. He stated: “We work to meet (our customers’) expectations that we are New Zealand, if not World, standard in the service we give and the professional way we go about their business.” Company A was perhaps more realistic in stating: “There is no separation between the individual and the company; the company benefits and the individual benefits” – it is interesting that in this direct quote the company was positioned before the individual. Company D was the only respondent which enunciated real individual benefits such as increased employability specifically in the FMCG sector, broadened range of skills, improved adaptability and related ability to cope with the changes that inevitably come along.

In answer to the “who benefits, who pays” conundrum, all respondents agreed that the company should (and in most cases does) pay where the direct benefit from the training was to the company. However, there were some differences of opinion in the “grey” areas where the training benefits the employee more than the company. Company C was unequivocal – the company should pay for all training. For Company B, in the “grey” areas, if individuals want to do something that relates to their own progression and career path it is at their cost unless the company can see some form of benefit. For example, as achieving CA registration is a pre-requisite of an accountant doing the job they would contribute towards that. Whereas, in terms of a dedicated FMCG tertiary qualification, even though it might help the company, the company would view this as something the employee wanted to do. Hence, the company would be generous in terms of making time available for attendance, but would not pay for it.

By contrast Company A has an education assistance programme. Hence, if an employee wants to do an MBA the company considers the benefit of that to the organisation and makes an offer to pay from 25% to all of it. However they seek assurance about the employee's ongoing commitment to the business, particularly where the degree is not directly related to the business (e.g. a degree in astronomy) but even then they might contribute a small amount. They contribute in all respects (time and money) where there is a reasonable correlation with the person's personal development and the business. For Company E the main consideration was how long they intend to retain their people. If companies typically keep staff for 10 years then they should cover the cost of training as they are getting a good return on their investment. If they turn over staff faster, for whatever reason, then the training decision is a values one – do we provide training for staff because it will make them a better person?

Cost - price sensitivity

As training is expensive, if this cost is more than companies are willing to pay then this clearly has an impact on the uptake of training courses. There is no data available in the literature on course prices, but anecdotal information suggests that prices for a two day course range from NZ\$2,000 plus GST to \$7,000 plus GST. The following group of questions were therefore designed to identify at what point are courses too expensive for companies to send their staff to them.

All respondents have an annual budget for training, but not all spend the whole allocation. The top of the 2-day course price band for small companies is \$2,000 plus GST and for larger companies \$5,000 plus GST.

Company B has an annual training budget of NZ\$100,000 – NZ\$200,000 and their prime criteria in selecting external providers are quality of the course and provider and fit of the course with their business. They did not specify particular course price bands, but they know the market place prices and “do not go looking for providers who will do it for \$100 cheaper”. Consequently they use tried and tested providers who have worked with them for many years and hence know and understand their business. The majority of their budget is spent on “in-house” training provided by their international corporate trainers, and anything that is left is spent on Sales training provided by their regular external

providers. As a small company, Company D set an annual budget for training, but only spend it when necessary, consequently they do not spend it all every year. They use three external providers who have worked with their business for some years. In terms of price sensitivity “\$2,000 plus GST is at the maximum level we can afford.”

Company A has an annual staff training budget but in tough financial years like 2010 it is the first thing to be cut. Their price band for external courses such as a 2 day industry specific short course is between \$3,000 and \$5,000. However that changes relative to the organisation that provides the course e.g. University/Professional Body as opposed to any other. Their cost expectations for strategic or executive level courses which usually include coaching and residential components were significantly higher, but not quantified.

Consequences of training

There are several potential negative consequences for a company from training employees and these can have an associated negative impact on the uptake of training courses. One such consequence is increased employee portability. All employee education, irrespective of who funds it, increases the individual's portability – the ability to win a higher position and salary in another company. In such circumstances where a company funds the employees' training it might consider that it has “wasted” company resources by increasing the individual's personal capital without any return to the company for that expenditure.

From their responses all of the respondents had given careful thought previously to this issue. They expressed two general attitudes, either it was not an issue for their company, or it is a fact of life that you have to live with. This was best exemplified by Company B, where, if lower level employees do a course that increases their capabilities and thereby opens doors for that individual it is a fact of life and there is little you can do about it. For middle level staff they expect some to leave. Nevertheless they train them to a level of on-the-job-learning and early responsibility, that when they leave the company is proud that their new companies find they have been well trained, not formally but in the on-the-job sense. They do not directly fund higher degrees, but will allow time off for employees who fund themselves. In that way, if the employee pays the

money and then leaves, the company has only lost some time on the job but not a significant amount of monetary investment.

Company D pays for training because it benefits the company. They pay their staff considerably more than the larger companies to retain them, but “if a person is leaving to get betterment in their lives that is fine by me. We reward our people as best we can, but if there are other opportunities for them out there then they should take it.” By contrast, for Company A, portability is not an issue because “people want to work for our company rather than looking to leave to go to another company. The more we spend the longer they stay. We have had only a 25% staff turn over in the past 5 years.”

Company E was adamant portability should never be an issue or even a consideration with regard to training. He encapsulated his answer with a poignant but germane quote: “What if I train someone and they leave” and the answer is “What if you don’t train them and they stay”. He added that in any circumstance where the HR manager questions undertaking training because the employee might leave, the answer should be “let’s save the money by not having an HR Department and spend it on training.” He further suggested that where companies have increased portability problems from training the issue is that they are training the wrong people. By providing training that is in line with where the company is going and the individual’s personal goals, they will stay. Training the right people should be viewed as a competitive advantage for a company not a resource drain. Hence, if a company needs to be better than their competitor then they need to train their staff more than other companies.

Company C did not have a problem with training people who then leave because the New Zealand FMCG industry is so small there is a quid-pro-quo. Hence, if one company trains a person and they leave, more than likely their replacement will have been trained by another company. So not only does each individual company benefit from training, but the whole industry benefits as well.

One answer to portability issues and even the “who pays, who benefits” conundrum is for companies to bond staff who undertake company funded training. There was a mixed response to the concept of bonding with small companies being more in favour of the concept. Adamantly against the concept, Company A takes the pragmatic position

that if someone decides to go then they are mentally checked out already. Therefore the company lets them go with the opportunity to get them back in 5 years when they have been outside the company and gained some more experience.

By contrast Company B not only supported the concept, but actively applies it in several situations, but with variable results. Some years ago everyone who went overseas for a “transition to General Manager” course were bonded such that if they left within six months of returning, the company reserved the right to recover the whole cost of the course. However, the policy was abandoned after a year as it proved to be counter productive. It contradicted the required company image as a caring, people oriented organisation and staff became reluctant to attend the courses for fear that circumstance beyond their control, such as a spouse being transferred with their job, meant they would have pay back the money. In contrast, by providing Otago University Honours students with scholarships and bonding them to work in the company for two years after graduation, they have managed to identify and recruit a number of high flyers for their company.

On the basis that it can be beneficial for employees to “have some skin in the game”, Company E supported the general concept, but with the caution that it is necessary to take care to whom the technique is applied. For example, there is always the risk that the wrong people with the wrong attitude will take up the offer of bonded training and they end up getting paid to just mark time for the period they are bonded. Company C expressed a similar approach by saying to employees “if I commit and invest in you then I expect some form of repayment for that” but concluded that it would be ineffective in achieving its goals as the person eventually moves on what ever you do.

Despite the information above to the contrary, anecdotal information from students attending FGC courses is that employers are becoming concerned that funding employee training is increasing their portability. This appears to be more of an issue for small to medium companies than for the larger ones. Consequently there is a growing trend towards employers “bonding” staff who go on company funded training. Under this regime if the employee leaves the company within 2 years of the training they have to pay back the full cost of the training. Unfortunately the practical outcome of this policy is the complete opposite of its’ intent. Instead of it promoting employees to take the

training and stay with the company, it is acting as a complete deterrent to employees attending training courses.

Another negative consequence of training is that when a company releases an employee to attend training it means that they are away from their desk and hence not doing the job they are paid for. All respondents agreed that this was not a problem at company level, but one (Company B) noted it did have an effect at the individual employee level. In this context if only one person from within a large team is chosen to do training, that makes the others think “well why not me” and this can de-motivate the rest of the team. They think “this person looks like they are going to get promoted before me” and that can turn people off. On the other hand training is often made available for people but often the very people who need to go on the course try everything possible to get out of it. For Company C attendance at courses is obligatory with annual expectations that senior manager are “off line” for a 2 weeks and up to 2 months, middle managers for 1 week and people “on the line” for 3 days, five or six times a year.

Because of the characteristics of their products and business cycles, many FMCG companies have “busy times” during the year and each month. This imposes constraints upon their staff’s availability to undertake training during these periods and hence on the uptake of training courses. All of the companies were affected by the seasonality of their product sales which meant that they could not release staff for training in the core months of December and January, with this period extended from late October (Company A) to Easter (Company E). Budgetary constraints can also have an impact and Company B summed up the position. They complete 75% of the company’s training in the first 6 months of the year. From then on “international visits and the business/budgeting cycles mean that the further you get towards the back end of the year the harder it is and by September anything after that is going to be very difficult.”

In addition all companies identified constraints to employee availability during each month, and some during the week, but this varied by Department. Commonly finance and accounts staff do not want to be away from their desks in the last or first week of the month because they are doing “month ends” and are also constrained at half year end or quarter year end. For Marketing the second week of the month is critical because they

do their forecasting. Sales staff want to avoid the last week of the month because they have to prepare for sales meetings, Mondays they are dealing with “out of stock issues and Fridays they are preparing for weekend merchandising and sales.

If the structuring of a course (e.g. One day, Modular) does not take account of these business timing constraints then staff in certain departments simply will not be able to attend. Hence course structure can also have an impact on the uptake of training courses. However none of the respondents had any specific structural requirements provided there is sufficient lead time for planning and the courses do not conflict with the timings identified in the questions about Seasonality and Month/week.

Finally in this context, as most training providers and hence course delivery is centred in Auckland, this might be a problem for companies who have staff and hence need training in other location around the country. However, only Company C, which has manufacturing plants in the South Island and lower North Island, identified a need for courses to be delivered outside of Auckland to remove the cost of flying people around the country. Of the others Company B does their training in-house or overseas, Company D has most of their staff in Auckland, and Company A provides staff outside of Auckland with information and programmes on line.

If organisations are not aware of what courses are available in the market place then they can not select them to send their staff to. Hence getting the right information to the right person who needs it is essential to maximise the uptake of courses. Another associated factor is identifying who is the “right person” who needs the information, or in other words, who identifies and initiates the need for an employees’ attendance at a course, the company or the individual. This has significance for course uptake as different information dissemination vehicles are needed to get information to individual employees as opposed to their company.

In all companies, it is the company which identifies the need for training employees. This is done via an annual or six monthly “performance review” process which involves the employee and from which an agreed individual development plan with target dates is set. The HR department then manages the delivery of the training. However, this process is sometimes modified for “average” staff because budgetary constraints mean

that the company can not always deliver on the development programme, but the budget for training identified high flyers is never cut. All respondents noted that they are always aware of what courses are available in the market place because they are continually bombarded with mailed flyers and advertising emails. In addition they all have other contacts and sources such as the New Zealand Institute of Management and Auckland Chamber of Commerce which provide information. "Basically we are on everyone's mailing list and get stuff in by email constantly, daily, hourly." (Company B).

Each company had a different technique for sifting through this myriad of information to select out those courses that were of interest. The large companies have HR divisions who undertake this function. For example, Company C has a group director responsible for staff training the group, supported by managers who provide a similar function for each division. They determine the courses to be used, the CEO does not get involved. Where new courses are required the HR Managers use their network outside of the business. For example, the HR manager in Company A "talks to colleagues in other businesses to see what they are doing and who they use." Some use specialist research companies such as "an organisation called the Training Network so if I am looking for something quite specific they do the research on our behalf." (Company A). Some companies simply ignore the flyers and other information, preferring to "stick to" tried and tested providers that they have used for many years (Companies D and B).

Obviously the information is getting through but not always to the right person. A comment made by one respondent poignantly illustrated the danger of a training provider sending their information to the wrong person. "I get a myriad of information arriving on my "desk" about courses and providers but I do not take much notice of them. Most of them are astronomically expensive and the majority of them are seminars that people go on but really gain very little real applicable new knowledge from. Anyway, I do not get involved at that level."

This analysis of the information gained from the interviews highlights a number of key points about the approach of some New Zealand FMCG companies to staff training. There is a shortage of skilled, FMCG experienced people at mid management level, particularly in the sales area. Hence there is a need to train people in sales and business acumen to enable them to perform these functions at the required management level. Industry focused, short courses, not university education, are required to meet this need.

Large companies provide company funded training for their staff and are satisfying their training needs with in-house courses. By contrast, some small companies do not provide training for their staff, but those that do train their staff use externally provided training courses. The greatest barriers to small companies training staff are cost of training and an attitude that training is either not needed or it will not benefit the company.

There is conflicting opinions about whether the FMCG industry has “unique” characteristics that warrant the development of industry dedicated university courses (Certificate, Diploma or Degree). However, there is overall support for the set up of a staircase from industry specified and accredited short courses to industry specified university qualifications, but only to the Bachelors level. There is no support for an FMCG endorsement of university qualifications. All companies agree that employees as well as the company should benefit from company funded training, but most the “employee” benefits they identify are actually company benefits. Expressed opinions are unanimously against the use of bonding staff as a response to training increasing employee portability. However, in some cases, practice contradicted expressed opinion as several companies actually use bonding for this purpose.

In the next chapter these results from the current investigation are compared and contrasted to the findings reported by other authors and identified in the literature review presented earlier.

CHAPTER 5: DISCUSSION

The starting point for this investigation was to identify if the New Zealand FMCG industry needs/wants training, as if they do not then this would have a significant impact on the uptake of training. In this context, training was short course programmes developed and delivered by external, market place, providers. From there, the investigation focused progressively on identifying the drivers for that need, what training the industry wanted (topics), was it currently being supplied, how they wanted it supplied (course structure) and finally whether there any obvious barriers that are preventing the uptake of courses on offer.

Does the industry want/need training.

The results of the current investigation demonstrate clearly that there is a shortage of appropriately FMCG skilled, mid level managers in certain topic areas available for recruitment by companies. There is also unanimous industry agreement that this shortage can be addressed by FMCG specific courses in the required topics. Topic areas in demand are Sales, commercial acumen and a range of lower priority topics such as leadership, productivity, people management skills, commercial and financial skills, category management, marketing. The required target for training is helping staff to do their job better (on-the-job training and/or industry focused short courses) as opposed to formal Tertiary education to improve their knowledge level and thinking capability (University qualifications).

However, translating this skill shortage as an industry wide need for training to be met by external training providers developing and delivering courses to the industry, as has been done in the past, is incorrect. None of the large FMCG companies are currently experiencing any skills or staff shortages because they are recruiting lower skilled staff and training them to their required level using their own in-house dedicated training programmes. Alternatively they are recruiting trained staff from overseas or other industry sectors and “converting” them to the FMCG environment. As one interviewee said “there are many multi-nationals operating in the New Zealand FMCG industry and they all have standard in-house courses, prescribed by international directives and designed to train and develop staff in the company’s way of doing things. Consequently

80% –90% of training is “in house” using peers or direct managers and external providers are only used for specific topics or reasons and those are the exception to the rule” (Company B).

Hence, in reality, it is only a part of the industry - the SMEs which do not have the resources to develop and deliver their own in-house courses - that require externally provided training in these identified topic areas. This is an important recognition in terms of this current investigation, as it has direct implications about the size of the pool of potential participants for externally provided training and hence uptake rates.

Why organisations and individuals undertake training

The literature identifies the focus and drivers of training as interventions which provide systematic acquisition and enhancement of employee skills, rules, concepts, knowledge, attitude and behaviour to give individual's enhanced job performance. In nearly all cases, for companies, the focus of staff training is improved job performance for the benefit of the company.

The New Zealand FMCG industry has the same concepts and drivers. These were expressed as employees achieving a changed in mind set, the knowledge to move up the ladder, sharpening skills, improved individual performance, understanding and attitude. One additional concept was identified as building capability, particularly in terms of giving employees better decision making capacity when working without supervision.

Training versus education: which does the FMCG industry want?

There is a difference between training and education. The literature describes training as being the acquisition of specific, job related, skills, knowledge and behaviour by adults, whereas education is intellectual enhancement. Essenhigh (2000) separated training and education as the difference between *know how* and *know why*. It is the difference between being *trained* as a pilot to know how to fly a plane and being *educated* as an aeronautical engineer and knowing why the plane flies and being able to improve its design so it flies better. The difference is fundamental, that *know how* (training) is

learning to think other peoples thoughts, in contrast to *know why* (education) which is learning to think your own thoughts. Universities are *not* in the business of “training” their business is “educating.”

The current interviewees were therefore asked what the FMCG industry want, training to help staff members do their job better (in house on-the-job training and/or industry focused short courses) or formal education to improve their knowledge level and thinking capability (University qualifications). The response was overwhelmingly in favour of job based training that helps employees to “do their job better”. Whilst University qualifications are required they need to be attained pre-employment as they are only a “pass” to get the individual to their first interview for a job. They are not considered as indicators that the individual has achieved a specified level of education, ability to think or providing information that will assist the applicant to do the required job.

In terms of obtaining qualifications whilst employed, companies unanimously prefer short course training rather than University qualifications for a number of reasons. One is cost – one interviewee noted “businesses prefer attendance at short term courses rather than a longer time degree commitment” and “what is needed is less courses more frequently”. The time commitment required for University study is another factor, but if a University qualification was required Certificates and Diplomas are preferred to part-time Degrees. This is because Degrees take so long to complete other things such as family life suffers. Consequently the degree is not completed, thereby creating employee dissatisfaction which produces poor on-the-job performance.

However, companies have a different approach to post employment qualification for different levels and types of employees. For example, one company stated that “a further post-grad qualification is not going to make the difference between a good and bad employee” and “for those people who have been in the industry for a long time a University qualification is not relevant”. However, for managerial staff, particularly those destined for (high flyers), or already at, senior management level, continual ongoing training and education is certainly recommended. An exemplar of this attitude was provided by an interviewee who defined that “senior managers need the knowledge and intellectual ability to think which is provided by University education and this should be intertwined with on-the-job experience and training that is tailored around the specific

industry they are involved in. Those who aspire to be senior managers should undertake tertiary education throughout their career (Bachelor at start of career, Masters late 20's early 30's, Doctorate mid 40's) intertwined with on-the-job training and short courses.”

This negativity towards University qualifications has existed in the industry for some time. It is in part based on an industry perception that the content of University courses is too general and does not address the perceived “uniqueness” of the FMCG industry. This was one of the reasons for the FGC in 2004, proposing the set up of a staircase from industry focused short courses to dedicated FMCG University qualifications such as a Certificate, Diploma, Degree and ultimately MBA (FMCG). Support for this concept was therefore investigated in the present study.

There was no consensus of opinion upon whether the FMCG industry is sufficiently “unique” to warrant setting up dedicated University qualifications, or that such a set up would change company’s opinion, and hence use, of University courses. In terms of industry uniqueness, there was a spectrum of opinion. One end of the spectrum was that the industry is simply an amalgamation of people with skills in different “standard” disciplines (accounting, marketing, sales) happening to work in the same company to achieve the company’s goals. The other end of the spectrum suggested that there are industry factors (channels to market, product manufacturing and shelf life) that are so unique that they debar people from other industry sectors entering the FMCG industry.

This diversity of opinion carried through to the concept of an industry dedicated University qualification system and associated staircase, although there was a definite bias against the set up of such qualifications. Support for the concept was based on the industry setting the content of the University courses to deliver specific industry topics (Sales, business acumen, negotiation, leadership, HR, L&SCM etc) supported by “standard” University offerings (marketing, accounting) but with the latter using FMCG exemplars and the courses not going beyond Bachelors level. Against the concept was the diversity of businesses in the FMCG industry which meant that no one course would suit all participants. For example a course for companies that manufacture short shelf life products and hence pick stock to zero every day have totally different operational, sales, marketing and L&SCM criteria to companies that import or make long term stock.

Hence, servicing this diversity of business criteria would require so many different “papers” being delivered that there would not be enough people in the FMCG industry for it to be worthwhile for any Tertiary Institution to set up such a range of programmes. The same argument applied to the set up of the staircase. As one interviewee identified, the concept is good, but “as you get further up the short course – MBA staircase there are going to be less and less people using it”,

Two other common and key argument against stair cased courses leading to a degree or MBA were again time and money. Most companies did not expect to be able to keep employees on the payroll for the minimum of 3 years to complete the degree and a subsequent period to “get some mileage out of the expenditure and commitment by the company”. The exception to this once again was for identified high flyers, senior managers and General Management.

What outcomes do companies and individuals want to achieve from training.

Over recent years there has been an increased interest by employees, employers and Universities/higher education institutions in workplace learning because of the benefits each derive from such training. Employers value training because the courses use real work projects, which offer direct benefit to their organisation. These projects also increase employee participants’ understanding of the business and through them they become motivated and more focused on organisational challenges (Durrant et al 2009). They also found that allowing time and resources for staff to attend work-based learning programmes generates increased loyalty because it demonstrates the visible and tangible investment the company has made in their development. Hence, staff retention rates and recruitment are improved. Employers particularly support training where they can work with the University (or provider) to develop a programme which not only supports the professional development of their staff but also focuses on improvement of their organisation. The outcomes organisations seek from training is for their staff to better achieve the organisations goals (bottom line improvement) by improving performance at reduce unit cost, in other words doing more with less, and particularly improving employee productivity (Ng and Siu, 2004) which provides a competitive edge to the organisation(Barney, 1995; Dobson and Toh, 1998).

The same concepts apply in the New Zealand FMCG industry, but with some key additions. Improved individual performance producing improvement in the company's bottom line, the ability to do more with less, informed people with the right skills providing "fantastic" productivity and creation of competitive advantage were consistent themes identified in the current study.

The affect of training to produce improved retention of staff also followed the theme in the literature and is attributed to a variety of factors. For example, the money spent on training an individual creates staff appreciation for engaging with them and they give loyalty (and retention) back. Retention is also enhanced because training creates more internal people ready for promotion, hence they do not seek advancement elsewhere. In addition, in tight financial times, staff view the money spent on training them as compensation in place of pay rises.

One company uses training to provide its' desired market positioning as a company with a culture of learning and development as this enhanced recruitment and retention of staff. Another "positioning" outcome of training is to demonstrate that the staff and company are New Zealand, if not World, standard in the service they give to their customers and the professional way they go about their (the customers) business

As well as training benefiting the company the literature identifies that training should benefit the individual as well as the company. Typical benefits to the individual are identified as enhanced career prospects, increased employment opportunities and greater job satisfaction. Because employers view employees study for an accredited qualification as evidence of their commitment to their role in the company, and the improved skills they gain from training increases on-the-job performance this fosters career progression and the potential for increased earnings (Roodhouse et al 2009).

New Zealand FMCG companies all agreed that there should be benefits to the individual employee as well as to the company. They cite the employee benefits as nebulous improved "satisfactions", similar to those cited in the literature, but upon analysis most of these are actually disguised company benefits. They include the employee being able to do their job better (Company benefit) and thereby giving them some form of better self esteem, improved contentment in their job, happier in themselves all of which impacts on

their personal life. All of these individual benefits are expected to encourage the employee to stay in the organisation and hence are in reality retention devices for the company. Another employee benefit from training is that employees expand their knowledge of the industry and how to do their job better, by interaction with other “like” participants on the course. This ties in with another perceived benefit that training makes the person more employable specifically in the FMCG sector, because it broadens their range of skills and makes them more adaptable and hence able to personally cope with the changes that inevitably come along. However in reality, these “benefits” assist the company more than the individual.

Course specifics

The environment in which manufacturing companies in all sectors operate has changed globally over the past decade. As New Zealand is now part of the global economy, these changes have affected the environment in which New Zealand FMCG companies operate. Powers et al (2010) investigated how these significant changes in the economic, cultural, technological and demographic environment from 1997 – 2010 had influenced the sales function and hence sales training. Specifically they focused on the 2010 practices in delivery and content of sales management training programmes with particular reference to availability, timing, form, location, methods used, instructors, topics covered and the perceived importance, effectiveness and satisfaction that sales managers have experienced with their training. This investigation is the most useful for comparing the findings of the current investigation against the rest of the world.

They identified that 91% of respondents received sales management training, usually in the early stages of their career. On-the-job training was most common (42.8%) followed by training provided by a firm hired in for the purpose (37.8%). Only 14.3% received training provided by a College or University. In terms of trainers the majority used either their own company’s instructors or independent sales management consultants. Priorities for training topics were the sales process, leadership, coaching, human resources, performance management and team building, similar to those identified 13 years earlier by Anderson et al (1997). They also identified that there had been a shift in training providers from “academic” (Universities and Higher Education Institutions) to

“commercially” based trainers, attributing this to the move of academic academies towards more theoretical based teaching and research.

More recently in New Zealand, Huibert and Dana (2009) found that less than 38% of SME’s undertook any business training and even less (29%) budgeted for training. Of the latter few actually spent the budget on training because of “time constraints, training was unnecessary, lack of courses relevant to their needs” In terms of other requirements, provider, reputation was a priority, short programmes (less than 6 weeks) were preferred, there was a strong preference for applied and business/sector specific courses delivered as workshops or coaching sessions. On-line, home based, and lecture style deliveries were unpopular.

Comparing the findings from the New Zealand FMCG industry with these previous investigations shows:

Availability of courses,

All respondents in the current investigation said that there were sufficient courses available in the market place and one company even suggested that there were too many. However, they all note that they did not use many of these courses because they were too generic and not tailored to the needs of the company and industry

Training methods used (in-house versus outside providers), Location for delivery, Providers and Course accreditation (Powers’ instructors and form).

Roodhouse and Mumford (2010) identified an interesting dichotomy in terms of qualification versus provider. Their respondents valued University or Higher Education Institutions (HE’s) degrees more highly than vocational qualifications, but rated employers and professional bodies as much more credible providers of work-based learning than Universities and Higher Learning Institutions. They also identified a clear difference between what employees want in terms of course structure, compared to what is offered to them by employers. Employers preferred non-accredited, in-house, short course training but employees wanted these same courses but accredited.

In terms of training formats, workshops and on-the-job training were preferred for their highly interactive and participative approaches (Shepherd and Ridnour, 1995). Larger firms preferred in-house training programmes with frequent use of case studies, whereas smaller firms concentrated on field training. Training periods were typically 18 days in larger firms, but only 6 days for smaller firms. Training in both large and small firms covered the same topics (sales and management), but smaller firms cover performance reviews significantly more than larger firms. Large New Zealand FMCG companies have a similar preference for “in-house” training. These are delivered by company trainers or “tried and trusted” external providers who have worked with the company for some time and hence deliver the required programmes within a detailed understanding of the company’s goals and culture.

There is also evidence of a paradigm shift from “academic” to “industry” focused course content and supply. The involvement of a University in design and delivery of training courses has some value, because it “adds a bit of credibility”, but it is not essential. One respondent summed up the overall approach of the industry noting “we did one course through Auckland University, it was good but no better than we do in other training” but “training through a University has a certain je ne sais quoicompared to the Employers and Manufacturers Association”. He also noted “I prefer to have someone deal in-house with our people as a group than send them to stock standard courses where they just sit in with a bunch of people, because then the training is focused to the particular needs of our business.” However, there is definite support for the involvement of an industry body such as the FGC as it ensures industry credibility and relevance for courses. As one respondent noted “the fact that courses are FGC approved and the focus is on the industry is more important than who provides it or where it is being held.” In essence the industry wants courses for the industry with a mix of professional providers and the industry.

However, there was one strong dissenting voice to the effect that it is not the job of an industry representative organisation like the FGC to get involved in course delivery. Rather courses are only credible if they are delivered and accredited by credible providers. The latter were narrowly defined as specific Universities around the world such as Harvard, Oxford/Cambridge, Melbourne, Auckland and Otago.

Course topic priorities and Sales

Sales is a major part of many industry sectors and Sales departments usually employ around fifty percent of a company's total work force. Because of the importance of this function, whilst few researchers have addressed the sales function in FMCG companies, many have researched items associated with the Sales function in various organisations and industry sectors throughout the world. In this context, a literature survey of research on sales training over 25 years to 2007 identified 100 authors in the field of sales training research (Ricks et al. 2007). In 1998, American organisations spent US\$7.1 billion annually on training sales people, and devoted more than 33 hours per year training the average sales person (Lorge, 1998), and 73.4 training days for an entry-level salesperson (Kaydo, 1998). In computer and chemical sectors the cost of developing a competent sales person was in excess of US\$100,000 (Dubinsky, 1996) and consequently it can take up to two years before any profit is realised from a new salesperson (Johnson and Marshall, 2006).

The importance of sales training in an organisation can be seen by the fact that the average number of hours dedicated to training sales personnel exceeds that of any other kind of employee (Filipezak, 1992). In addition, whilst sales training was traditionally targeted specifically at the sales force, as it was traditionally seen as a means to increase productivity (Dubinsky, 1996), Potter-Brotman (1994) and Ginovsky (1998) suggested that every person in the organisation that interacts with customers in any way must have the appropriate skills to respond efficiently and effectively to customer needs.

Powers et al (2010) identified training priorities in American companies as sales process, leadership, coaching, human resources, performance management and team building. Within the New Zealand FMCG industry Sales has been the first priority for training focus and expenditure for the last decade. In 2004, the FGC identified training priority needs for the industry, in descending order, as Sales (particularly Key Account Management), Logistics & Supply Chain Management, People Management and Leadership. For the industry in 2010, Sales is still the main priority, but subsidiary topic priorities have changed and are now Leadership, People Management, Marketing, and commercial skills/business acumen, particularly in terms of the impact that decisions in

one department can have on the operations of other departments and particularly overall company profitability. One respondent set the subsidiary priorities as understanding the profit pool, the interface of categories, and understanding the total cost of operations or total delivery cost. In reality, these latter two topics are the same as understanding the impact of your decisions on the business as a whole but stated in a different way. His fourth priority was how to develop culture and the understanding of how a manager uses it to make an organisation “gel” and improve. The most significant changes in priorities over the past decade are for Logistics and Supply Chain Management – second in 2004, but not mentioned in 2010 – and Commercial “house” which was given some weight in 2010, but not even mentioned in 2004. The drivers of these changes are discussed in more detail in the Case Study presented later in this report.

Course Design, Structure and delivery.

The “satisfaction” participants gain from a course is significant in terms of the uptake of the course. The design and delivery of a course affects participants satisfaction (Dickinson and Levine, 2005; Rowold, 2007). Assessment of the factors affecting participant satisfaction is therefore important, as the results can be fed back into course (re)design in order to give a better outcome for participants. Giangreco, Sebastiano and Pecci (2009) confirmed that participant satisfaction is higher when the course material is relevant to their every-day job, (Kidder and Rouiller, 1997), course structure that is well-balanced and compatible with the work style of the trainees (Morgan and Casper, 2000). the course is administered properly, and the premises and didactical support is adequate (Lee and Pershing, 2002). The also confirmed that that Perceived Usefulness of Training has a strong link to satisfaction Berg (2008). In this way, satisfaction is higher when trainees find the topics relevant for their present work responsibilities (Brown and Reed, 2002), content is adequate to their present individual learning need (Webster and Martocchio, 1995), they believe that the subjects will help their future development (Noe, 1986).

In terms of specific variables trainees are more satisfied with short courses rather than long ones (Sitzmann, Brown, Casper and Ely, 2008), and length represents a key driver of decisions to send people on training (Saari, Johnson, McLaughlin and Zimmerle, 1988). This influence may reflect that shorter courses disrupt work less (e.g. after all it is

only one day out of the office) (Amietta, 2000) or offer less reciprocal exposition of dysfunctional dynamics – in other words there is not enough time to get on the teachers bad side. Whilst traditionally 25 participants is the “accepted” ceiling for class size, they found that neither the number of participants nor the type of content exhibits a significant effect.

However, contrary to the suggestion by Moss, and Corn (1993) that trainees from the same company create a familiar class climate that provides them with greater satisfaction, Giangreco et al. (2009) found that a single target audience is associated with lower levels of satisfaction than a multiple one. Similarly, training organisers tend to perceive the performance of the trainer as significant in generating participant satisfaction. However, this study demonstrates that the level of trainee’s perception that the training is helpful for their current work, and functional for their future development, is their most critical and important aspect.

New Zealand FMCG companies conform to many of these concepts if company “satisfactions” (requirements) are considered in place of participant “satisfactions” in previous investigations. New Zealand FMCG companies clearly have unanimous preference for targeted short courses, and do not commit to long “educational” courses. Length of courses is also clearly significant as the fund employees to short course training, but not long university education. The focus of their training is short courses, in specific topics, that will help employees do their job better, and which build employee capacity to “step-up” the management chain. All companies only utilise short training courses that are relevant to the needs of their employees’ every-day job. However, the driver behind this is achieving these required outcomes of training, not because shorter courses disrupt work less or offer less reciprocal exposition of dysfunctional dynamics (Amietta, 2000). Large companies only use either dedicated “in-house” courses that training in “their way of doing things” or externally provided courses from “tried and tested” long term providers. SME’s similarly only use externally provided courses that meet their specific topic needs, are relevant to their business needs, and are delivered by “tried and tested” long terms providers.

In terms of the specific of course design and delivery, Because of the characteristics of their products, New Zealand FMCG companies have “busy times” during the year which potentially impose special requirements in terms of course structure and delivery and which course providers therefore have to take account of. In this context, for all companies the core months of December and January are extremely busy and staff can not be released to attend course during this time. This period is extended from October till Mid February for some companies. However, in larger companies, all training does not stop during this period and, whilst there is no “class time” they provide training related information on line. There are also other monthly and weekly time constraints for staff in finance/accounting, marketing and sales departments. There was no particular preference for particular course structures (modular, daily, monthly etc). Hence, for all companies, provided the core months of December and January were avoided, course structure and timing is not significant.

However one thing that is important is lead time. Green, Westwood, Smith, Peniston-Bird and Holloway (2009) identified that, for busy nurses in UK to have good uptake rates of short courses for training, the courses have to be advertised well in advance (6 weeks minimum) of the delivery date so that they could plan their work load to enable them to attend their chosen courses. The same applies to New Zealand FMCG companies as exemplified by two companies (A and C). They note that outside of their core busy periods, they can cope with any of their staff attending courses at any time, provided they have sufficient notice so that the individuals attending the training could arrange their work schedules accordingly.

There is mixed opinion about whether class size and make up has an affect on participants satisfaction. While specific questions were not asked in the current investigation about these factors, some inferences can be made. Traditionally 25 participants is the “accepted” ceiling for class size, but Giangreco et al. (2009) found the number of participants had no significant effect on participant satisfaction. Class size appears to have no significance for New Zealand FMCG companies as none of the interviewees mentioned it. Moss, and Corn (1993) suggested trainees are more satisfied with single company classes as this create a familiar class climate, but Giangreco et al. (2009) found multiple company classes were more preferred. New Zealand companies appear to prefer multiple company classes, with one (company B)

specifically stating that the interaction of participant from other companies was a key value from externally provided courses.

Specific barriers to uptake of training

Several authors have identified barriers to the uptake of company (or state) funded training. Of these cost and attitude are the most significant. Cost barriers are most commonly a small business problem. Bennet and Errington (1990 and 1995) identified that in rural England the problem was not one of supply, there was adequate and appropriate training available, nor was it one of rural businesses requiring a distinct set of skills which were not being catered for. Rather, it was a small businesses problem caused by their limited resources. "Unaffordable" costs included not only the course fees, but also the costs of releasing key staff, staff time (paying them whilst absent on training), distance and transport costs.

By contrast, attitudinal barriers are not restricted to small businesses or particular "levels" of employees or owners. For example, managers of small businesses considered training as an unimportant luxury they could not afford. In bad times training was one of the first items to be cut and in good times they did not have time to consider releasing staff or managers for training (Townroe, 1992; Keeble et al., 1992; Bennet and Errington, 1990 and 1995) However, they found no evidence of an employee attitudinal barrier - unwillingness of employees to undertake training. By contrast, Cooke, Chowhan and Broen (2011) found Canadian employee attitudes associated with worker status (primary or secondary workers) were a barrier in large companies; some workers took all training available, but the remaining majority declined some or all of it when it was offered.

Attitude and fear within all management levels was also a significant barrier to the use of e-learning for training in large companies Kuwait (Ghadahj and Magalhaes, 2008). Senior management attitudinal constrains included lack of management support and commitment to implementation of company policy, and perception that applying e-learning to their training was a "cheap" option which did not "rewards" them for the responsibilities they carried in their respective organisations. IN the same companies, middle managers' feared that training would empower employees relative to themselves

and hence they might eventually lose their jobs to those better trained and better informed. These negative management attitudes discouraged lower level employees from buying into the training.

A number of authors have noted how negative managerial attitudes can put obstacles in the way of lower level staff from using training. For example, UK practice nurses quoted lack of staff cover within their medical practices, other work commitments, lack of support from their managers, insufficient time allowed for study as barriers Green et al. (2009). In this context, lack of resources, competing organisational priorities, and lack of time were commonly cited barriers in the literature (e.g. Devine, Llewellyn-Jones and Lloyd, 2009)

Perhaps most germane to the current investigation are two studies undertaken in New Zealand. In terms of manager attitude Short and Harris, (2010) identified that in many large New Zealand companies, training and development was dependent on individual personnel manager's enthusiasm for training and their level of scepticism about the value of training, Consequently, managers who need evidence of the payback (Sloman, 2004) postpone, or completely cancel training and development projects that do not show a clear alignment with the company's objectives (Tarrant, 2009). They also extended the attitudinal barrier to the Boardroom - there remains ongoing doubt at Board level about the positive connection between workplace learning and long-term business success. They also found evidence that a highly mobile labour market such as Auckland, organisations revert to their historic reluctance to invest in training, or the associated practice of bonding employees, if they thought staff were going to be poached at a later stage.

The same cost and attitudinal barriers identified by authors around the world also exist in SME's in Canterbury region of New Zealand (Huibert and Dana, 2009). They found very few SME's undertook, or even budgeted, for training and of those that did budget, very few actually spent that budget on training. Reasons for not spending on training were: time constraints, training was unnecessary, lack of courses relevant to their needs. Owner/managers attitude towards training were that they wanted to expand their businesses over the next two years, but did not need training for themselves or their employees to accomplish this.

Comparing the New Zealand FMCG industry to these previous studies some similarities and difference can be identified. Bennet and Errington (1990 and 1995) found there was no shortage of adequate and appropriate externally provided courses and the rural businesses did not have any distinct set of skills that were not being catered for, By contrast, in the New Zealand the FMCG industry there is a definite perception that the industry has some unique features that require a special set of knowledge and skills. Hence, while there is a plethora of externally provided courses available, unlike the UK, these are neither adequate nor appropriate for the needs of the industry. Consequently companies do not use most of those available as they are too general and none-industry specific.

The literature identifies that in a variety of industry sectors around the world the two major barriers to the uptake of training courses are cost and attitude. Cost is a small business problem caused by their limited resources, but attitudinal problems exist in large and small companies. It is difficult to draw any firm parallels with regard to cost barriers between these findings and the current investigation because only one small business was investigated. However, there are certainly indications that cost is a barrier for small businesses in the New Zealand FMCG industry. Clearly cost of training is not a problem for large companies. They can, and do, afford to develop their own in-house training courses, and to pay the market cost (NZ\$2,000 to \$10,000 per two day course) for externally provided courses. By contrast, even for small companies with a commitment to training (Company D), NZ\$2,000 for a two day course is at the top of their affordability. Others small companies do not even consider providing training for their staff (Company F). However, it must be stressed that a sample pool of two companies is not sufficient to draw any real or significant conclusions.

While the literature identifies “unaffordable” costs to include not only course fees, but also releasing key staff, staff time (paying them whilst absent on training), distance and transport costs, in New Zealand unaffordability is confined to course fees. Travel costs are not a consideration for most companies, including SME’s, as most training providers and FMCG companies are located in Auckland. Only one of the large companies interviewed expressed an interest in having courses delivered outside of Auckland to “save the cost of flying staff around the country”. However, this company is “unusual” as, unlike most New Zealand FMCG companies, it has significant manufacturing operations

outside of Auckland. Releasing staff from their every-day-job to attend training courses is also not a concern, provided the companies have sufficient notification of the timing of the courses to adjust work schedules for attendees.

In terms of attitudinal barriers (Townroe, 1992; Keeble et al., 1992), there are indications that, with some exceptions, this is also a small business, rather than large business problem in New Zealand. In the current investigation, large businesses are all committed to, and fund, training of their staff. None of the managers interviewed demonstrated any negative attitudes to staff training or to the company funding that training. By contrast whilst the small business that was interviewed is dedicated to, and funds, staff training (Company D), the other small company (Company F) refused to be interviewed and has the stated attitude that they are neither interested in, and do not provide, training for their staff. This is in line with the findings of Huibert and Dana (2009).

One other attitudinal barrier identified in the literature are worth considering within the context of the New Zealand FMCG environment. Short and Harris (2010) identified a barrier associated with the “consequences” of training from the results of a Delphi group of senior HRD practitioners in New Zealand. This implied that in a highly mobile labour market such as Auckland where recruitment and retention is challenging, companies might revert to their historic reluctance to invest in training if they thought staff were going to be poached at a later stage. Indeed, despite research showing that training and development actually helped in retaining employees (Smith and Hayton, 1999) they believed that in practice this attitude still prevailed.

In the current investigation respondents position about training leading to increased employee portability and associated “poaching” is contradictory, and in some cases Argyris’ (1985) principle of “saying one thing but doing another” seems to apply. All companies stated that increased employee portability from company funded training is not a consideration or a concern in the decision to train staff. However, this was contradicted in practice by some of them bonding staff attending company funded training. One of the large companies who uses employee bonding identified that it is counter productive and does not work, but in some cases they still use it. Furthermore,

the interviewee from the recruitment company considered bonding to be an acceptable practice for the FMCG industry.

This counterproductive effect of bonding is also identified by anecdotal evidence from two attendees at FGC courses. They stated that their company was attempting to bond any employees that accepted company funded training, but that if that policy was implemented they would not attend any further training courses. As these course attendees were both from small companies it could be inferred that this is another small company problem. However, this is contradicted by the attitude and practice of large companies identified above.

Another barrier, identified in the current investigation but not reported in the literature, is associated with getting the person(s) who make decisions about training to read and act upon disseminated material about courses on offer. In rural England it is the company and not individual employees, that makes decisions about training and hence the company managers and owners that require the information about courses on offer. As these people have a good understanding of the courses on offer and the providers of those courses (Bennet and Errington, 1990) then clearly the necessary information is being adequately disseminated to the people who need it and they are reading and noting the information.

In New Zealand FMCG companies it is also the company that makes decisions about employee training. All of the companies interviewed have regular staff review processes which identify for the employee “this is where the company wants you to go”. Together, the employee and their line manager decide whether this requires on-the-job learning or a training course and HR department then decides what training the company can afford to meet the employees needs, and manages its’ delivery. Hence, it is the HR department which needs to receive and assess information about courses. Availability of information is not a limiting factor for HR Departments. All managers report that a plethora of information about courses arrives “on their desk” via mail or email. As one respondent said “we are on everyone’s mailing list, we get stuff in by email constantly, daily, hourly.” The barrier arises because the majority of the “unsolicited” information is ignored, because most companies use a “reverse” selection process. This means that HR departments do not sifting through the disseminated course information to see which

may be of interest. Rather they determine their requirements then, if the course can not be developed and delivered in-house, they do not read the information “on their desk” but look in the market place for a provider to meet that need. That usually involves seeking information from colleagues who have used a provider to supply similar courses, obtaining information from organisations they belong to (e.g. The New Zealand Institute of Management, the Auckland Chamber of Commerce, the Employers and Manufacturers Association) or using specific “search” companies such as the Training Network. Hence, whilst information about courses is getting to the people in the companies who make decisions about training, they do not read, note, or particularly utilise it. This thereby perpetuates the use of “tried and tested” courses and course providers and acts as a barrier to the uptake of new courses or course offered by new providers.

Limitations and further research opportunities.

The key limitation to this investigation is the small sample size which limits the ability to use the data to draw meaningful conclusions about the New Zealand FMCG industry as a whole. It is also limiting as the literature identifies significant difference in the uptake of training courses between large companies and SME’s but in the current investigation only one SME was interviewed. This limitation of sample size was a direct and unavoidable result of the decision to use in-depth interviewing rather than mass dissemination of questionnaires as the data collection technique. This decision thereby determined that in the time available, it would only be possible to interview a limited number of companies. This was exacerbated by some of the targeted companies declining to be interviewed. In addition, as there is no record of any previous investigations into training in the New Zealand FMCG industry, this investigation was of necessity exploratory.

A further limitation is that the data collection completely undertaken by one person, hence there has been any independent check that it has been correctly recorded. However, this limitation is to some extent mitigated by recording and subsequently transcribing the full interviews verbatim. For this reason, the voice recordings have been retained and the full transcripts are attached in appendix to this report.

One opportunity for future research is clearly to maintain the focus of the current investigation but extend it to include a significantly larger sample size, particularly focussing on small and medium sized FMCG companies. It could also be extended to identify any difference in approach to training between companies which are, and are not, members of the New Zealand Food and Grocery Council.

CHAPTER 6: CONCLUSIONS

Within the limits of the small sample size in the investigation, the data allows the following conclusions to be drawn. In 2010 there is a shortage of appropriately FMCG skilled, mid level managers in certain topic areas available for recruitment by companies. Provision of industry specific, short training courses is one means that can be used to reduce this shortage. Top priority training topic areas are sales and commercial acumen, supported by a range of lower priority topics such as leadership, productivity, people management skills, commercial and financial skills, category management, marketing. FMCG companies undertake staff training (on-the-job training and/or industry focused short courses) to help their staff to do their job better. Large companies fund their staff to such training, but do not fund formal Tertiary education designed to improve their knowledge level and thinking capability (University qualifications).

In the past, the skill shortage has been identified as critical and “industry wide” and consequently translated as a need for training to be met by external training providers developing and delivering courses to the whole industry. In 2010, this interpretation is incorrect. None of the large FMCG companies are currently experiencing any skills or staff shortages. They are recruiting lower skilled staff and training them to their required level using their own in-house dedicated training programmes or recruiting trained staff from overseas or other industry sectors and “converting” them to the FMCG environment. Consequently, it is those SME’s which do not have the resources to develop and deliver their own in-house courses which require externally provided training in these identified topic areas.

The drivers for New Zealand FMCG companies training their staff are to assist employees achieving a change in mind set, the knowledge to move up the ladder, sharpening skills, improved individual performance, understanding and attitude and build capability, particularly in terms of giving employees better decision making capacity when working without supervision. The FMCG industry wants industry focused, short course to provide job based training that helps employees to do their job better. Pre-employment University qualifications are simply a “pass” to a first job interview. Companies do not fund employees to additional University qualifications because of cost and the time required for University study. If an employee does require a further

University qualification Certificates and Diplomas are preferred to part-time Degrees, again because of cost and time considerations. There is negativity towards University qualifications because the industry perceives that University courses are too general and do not address the perceived “uniqueness” of the FMCG industry.

There is mixed opinion about whether the industry has unique features that warrant the set up of dedicated University qualifications. However there is some support for a staircase from industry specific short courses to an industry specified University qualification provided it does not go higher than Bachelor level. However there are serious reservation about viability of the concept based on time, money and whether there are sufficient people in the FMCG industry to support the set up of a University qualification.

The outcomes companies want from training are improved individual performance producing improvement in the company’s bottom line, the ability to do more with less, informed productivity, creation of competitive advantage and improved staff recruitment and retention. Two companies use training to achieve their desired market positioning.

There is a general consensus that company funded training should benefit the individual as well as the company. However “identified” benefits for the individual are nebulous improved “satisfactions” - being able to do their job better, better self esteem, improved contentment in their job, happier in themselves. In analysis these are disguised company benefits as they are in reality retention devices.

In terms of course specifics, there is an excess of short courses in the market place but companies do not use most of them as they are too general and not industry specific. Large companies predominantly use dedicated in-house courses supported by occasional courses provided by external providers who they have used over a long period. Because of financial constraints SME’s use externally provided short courses where they can afford them, but many simply do not train their staff.

In the past decade there has been a paradigm shift from “academic” to “industry” focused course content and provider. University involvement in course design and delivery provides some “credibility” but is no longer essential, whereas involvement of an industry body such as the FGC is necessary. In terms of course design, apart from avoiding the industry busy times of October till Mid February there are no specific industry requirements for timing or structure of course delivery, provided there is sufficient notice given so that work schedules of attendees can be adjusted.

The New Zealand FMCG industry has the same barriers to the uptake of training as identified in other countries and industries. In this context it must be noted that interpretations from the current investigation are limited by the small size of the sample pool, and particularly as there was only one small business in the investigation. However, it can be inferred that whilst large companies have the resources to afford funding their employees to in-house, dedicated training courses, cost is a major barrier for SME’s training their staff. The market rates for a 2 day course is between NZ\$2,000 to NZ\$10,000, but for small companies NZ\$2,000 is at the top of their affordability. However, unlike companies overseas, in New Zealand other training costs such as travel to courses and the loss of a staff member from their work place for the duration of the course are not issues.

There are also attitudinal barriers which are not restricted to small businesses or particular “levels” of employees or owners. In the New Zealand the FMCG industry there is a definite perception that the industry has some unique features that require a special set of knowledge and skills. Hence, while there is a plethora of externally provided courses available, these are neither adequate nor appropriate for the needs of the industry. Consequently companies do not use most of those available as they are perceived as too general and none-industry specific.

No definitive conclusion can be drawn about companies having concerns about training leading to increased employee portability, indeed in part Argyris’ (1985) principle of “saying one thing but doing another” seems to apply. All companies stated that increased employee portability from company funded training is not a consideration or a concern in the decision to train staff. However, this was contradicted in practice by some of them bonding staff attending company funded training. One of the large

companies who uses employee bonding identified that it is counter productive and does not work, but in some cases they still use it. Furthermore, the interviewee from the recruitment company considered bonding to be an acceptable practice for the FMCG industry.

Another barrier in New Zealand, but not reported in the literature is getting the person(s) who make decisions about training to read and act upon disseminated material about courses on offer. All large New Zealand FMCG companies have an HR department which is responsible for selection and delivery of training for the company. All of the HR managers report receiving a plethora of information about courses via mail or email. The barrier arises because the majority of this information is ignored, and when companies require new courses that can not be catered for by development of in-house courses, HR managers seek information from colleagues who have used a provider to supply similar courses, from organisations they belong to (e.g. The New Zealand Institute of Management, the Auckland Chamber of Commerce, the Employers and Manufacturers Association) or by using specific “search” companies. Hence, whilst information about courses is getting to the people in the companies who make decisions about training, they do not read, note, or particularly utilise it. This thereby perpetuates the use of “tried and tested” courses and course providers and acts as a barrier to the uptake of new courses or course offered by new providers.

ADDENDUM

**THE FGC EDUCATION PROJECT
A RELATED CASE STUDY**

THE FGC EDUCATION PROJECT A RELATED CASE STUDY

ABSTRACT

In 2004, the New Zealand Food and Grocery Council (FGC) identified a critical, industry wide shortage of experienced and skilled staff in the Fast Moving Consumer Goods (FMCG) industry and developed industry specific short training courses to address this problem. By comparing the number of attendees at the FGC courses (100) up to 2010, against the 2004 “industry wide” context (36,000 people) there has been a “lower than expected” uptake of these courses. This case study investigates the reasons for this “lower than expected” uptake rate.

There is still a shortage of experienced staff in the FMCG industry in 2010, and consequently a need for training courses, but the shortage is not critical or “industry wide” as suggested in 2004. Indeed the evidence suggests that even in 2004 the need was neither critical nor industry wide. In 2004 the FGC did not undertake any needs analyses to identify the need for the training or number of people who actually needed training. Rather the “need” was based on the shortages of Key Account Managers and Logistics and Supply Chain Managers some FGC member companies were facing at that time. It could reasonably be expected that as the members of the FGC at that time were all managers of FMCG companies they would have contested this “industry wide” misconception. However, it seems that they approved the set up of the FGC Education Project on the concept that “the industry needs this training so we should do it” without identifying that their individual companies did not. This thereby gave false expectations to training providers to the FGC Education Project that the whole of the industry (36,000 people) would be candidates for training. Hence the 2010 perception that there is a “lower than expected” uptake of the FGC Key Account Management courses is incorrect, as it is based on comparing the actual attendees against the whole of the industry, instead of against the number of Key Account Managers in the FMCG industry.

In addition, the larger FMCG companies have developed “dedicated, in-house” programmes and recruited experienced staff from overseas. This has significantly

reduced their need to recruit trained staff from the New Zealand labour market, thereby reducing the pressure on the labour market and minimising their need for training courses from external Providers such as the FGC. Hence, SMEs are the target for the FGC training courses, but in many cases they do not use the courses as they can not afford the course fees, or simply do not provide training for their staff.

In 2010, the industry's top three topic priorities largely match those of 2004 (Sales, Leadership and People Management), but business acumen has replaced Logistics and Supply Chain Management as the fourth priority. The industry does not value or reward education and is only interested in education that improves an individual's ability to do their job. There is support for the development of a staircase from short courses to University qualifications, but only to the Bachelors Degree level. There is mixed support of an FMCG endorsement for such University qualifications, but a perception that there are not sufficient people in the industry to support such qualifications.

Companies pay for training that benefits the company but they do not fund other training. They select courses for their content, quality and "fit with their business" so long as the cost is within the industry norms. Operational factors such as timing, course structure, loss of productivity from staff being away from their desks and location are not of concern. Companies are not concerned about staff portability but there were opinions for and against bonding. The association of the FGC with training courses is essential, University involvement is beneficial.

There are a number of dilemmas which are reducing the uptake of courses. Mapping the underlying polarities provides an action plan by which the FGC can manage and reverse the negative impact of these dilemmas on the use of the training courses.

THE FGC EDUCATION PROJECT A RELATED CASE STUDY

In broad brush, the purpose of the FGC is to provide services to their FMCG company members which assist them to achieve their goals. In 2004 the FGC identified the need for industry training and set up the FGC Education Project to address this need. It was therefore the job of the FGC to ensure that this project maximised the required outcomes for the industry. However, from the number of participants at these courses from their launch in 2008 to the present (2010) attendance appears to be lower than expected, based upon the parameters identified in the original conception of the Education Programme. The focus of this case study is therefore to identify, from an FGC perspective, why there has been a lower than expected uptake of the FGC courses and from that identify actions that the FGC might take to improve the uptake rate of these courses.

CHAPTER 1: SETTING THE SCENE

Characteristics of the Staff in an FMCG Company

To clearly understand the following presentation, it is necessary to have a basic understanding of the Departmental structure of an FMCG company. For this purposes the operations of an FMCG company can be divided into 5 broad business functions. Manufacturing is the operational arm of the company which makes the products. The Logistics and Supply Chain Management Department (L&SCM) procures the inventory which is manufactured into finished product and manages the delivery of the product into the Retailer's (supermarket, dairy etc) store or warehouse. Marketing positions the company's products in the market place relative to competitors, and particularly manages the new product development process. The Sales Department sells the company's products to retailers and in doing so converts product into income. Administration handles all documentation about the company including the Human resources and Staff Development/training function.

In this context, it is important to recognise some factors about the educational standards of the staff who worked in these Departments in 2004. First, Sales usually has the greatest number of staff working in the Department and these people typically left school at 15 or 16 with little or no qualifications and entered the FMCG industry. In this context it should also be noted that in 2004, prior to the project described in the following Chapters, there were no training courses, and certainly no Tertiary qualifications in the Sales area. By contrast, the staff working in the Manufacturing, Logistics and Supply Chain Management (L&SCM) and Marketing Departments are typically tertiary qualified, usually with a University Certificate, Diploma or, in the case of Marketing, a Degree.

The FGC Education Project

In 2004 the FMCG industry was experiencing significant difficulties with recruitment and retention of staff. This problem had been building up over a considerable period of time but had then become critical. Typically new recruits to the industry, particularly in the Sales area, only stayed in FMCG companies long enough to gain an industry based training and experience. They then left for other business sectors which they perceived to be "more high tech" (IT) or "up market" (Banking) and where their FMCG training and skills commanded higher salaries.

This loss of people and skills was exacerbated by some of the business "rules" of many of the large companies that simply served to engender staff discontentment. For example Nestle, a major company in the industry, is renowned throughout the FMCG industry for the quality of training they provide for new recruits. However, the company had an "in-house" requirement that to progress up the promotional ladder, staff must spend at least 2 years on the road as a sales representative – next to lowest function in the Sales Department and the company. This created a significant problem for most staff, particularly those who entered the industry with some form of educational qualifications. They could not understand why after 3 – 4 years of University study they had to undertake the lowliest function in the company to have any chance of promotion.

There were also two "catch 22" situations which also engendered staff dissatisfaction and caused many people to leave the industry. The first was a general perception within the industry that the business requirements of the FMCG industry were significantly

different and more demanding than in other sectors. Because of this when people from other sectors who had many years experience as Sales Reps or Key Account Managers applied for a position in an FMCG company they were rejected because they did not have FMCG experience. However they could not get that experience unless they were admitted to the industry. Hence people with the necessary skills and experience to do the required jobs and who could have resolved the critical staffing shortage the industry was experiencing, were debarred from entering the industry. Consequently the shortage of FMCG experienced and skilled staff continued and grew.

The other Catch 22 involved people management skills and this also acted as a barrier to people's promotion up through the management chain. Typically the job of a Key Account Manager is such that they do not have staff directly reporting to them. However the next higher management level – Regional Sales Manager – does have direct reports. Hence to be able to make the step from Key Account Manager to Regional Sales Manager an applicant had to demonstrate that they had the people management skills demanded in that role. However they could not gain those people management skills as they were not given the opportunity as Key Account Managers to manage staff. Hence staff became disillusioned with this barrier to promotion and left the industry for other industry sectors.

As a result of this skill drain people who remained within the industry were being promoted to positions far above their capabilities and experience simply because it was necessary to have the position filled. Hence people were sitting in senior management positions without the requisite skills to do the job and the companies did not provide training to assist them to fill their skill gap. However, in this context, it must be recognised that in many cases, particularly Sales, at that time there were no readily available courses to train Key Account Managers and Regional Sales Managers.

In this way the FMCG industry became a training ground for other business sectors and was perceived by staff within the industry, as well as potential entrants, as an industry that did not value, or reward, education or industry experience and which put barriers in the way of staff seeking promotion. These processes caused considerable loss of human capital and financial resources when trained staff left the FMCG companies and the industry.

The FGC in 2004

The FGC is structured with a Board and a number of sub-committees designated as working groups - Health and technical working group, Industry Supply Chain working group, Environment working group and the Membership Services working group. Each of these working groups has between 16 to 20 members, and is chaired by a member of the FGC Board, who is usually the CEO of an FMCG company. In 2004, the FGC Board was as follows – the names of the individuals have not been included as the individuals have no significance in terms of the investigation, only their company affiliation is shown to demonstrate that they are all members of FMCG companies.

POSITION	COMPANY
Chairman	Fonterra Brands (NZ) Ltd
Vice Chairmen	Unilever Australasia Nestle NZ Ltd
Board Members	Coca-Cola Amatil (NZ) Ltd Mars New Zealand Healtheries of NZ Ltd Sealords Australasia Griffins/Tegel Foods Ltd Kimberley-Clark New Zealand

The Membership Service working group recognised the problems companies in the industry were having recruiting new staff, particularly people who had the FMCG experience and skills to fill positions at the middle management level. There is a lack of available documentation to identify why this working group focused on this problem. However it might have been prompted by two members of this working group who worked for staff placement companies that specialised in recruiting staff for the FMCG industry.

In searching for a remedy to this market shortage they recognised that one answer would be to train lower level staff to a level at which they could be promoted to fill the mid-management positions that were so desperately needed. However, at that time, although there were plenty of training courses in Sales, Marketing etc. in the market

place, these only provided lower level, generalised training. There were no courses which could provide the required FMCG industry specific training at a level that would give lower level staff the skills and knowledge to step up to the next level of management.

Based upon this logic, the Membership Services Working Group developed the concept of an FGC Education Project. This would oversee the development of various programmes which would deliver the required training and thereby upskill staff, so they could make the transition from lower to middle level management. However they did not stop there. For reasons which are unknown they decided that it was also necessary to raise the education level of the whole industry across all levels and disciplines. This concept of the FGC Education Project was approved by the FGC Board, and consequently in 2005 the Membership Service Group began to plan its implementation.

In essence, the Education Project had five essential elements to be achieved. In this context it should be noted that these five elements seem to have arisen based on the perceptions of this group. The word perception is used because there is no documentation available to suggest that there any needs analysis or other research undertaken as part of the development of the Project concept or its subsequent planning.

Be that as is it may, the first of the five elements selected was to “make FMCG an industry that people want to be part of.” This appear to have arisen from a perception that the general public, and particularly people who were about to enter the work force, had no knowledge about what the letters FMCG stood for and even less what the industry did. People outside of the industry had a general perception that it had something to do with supermarkets and check-out operations. Because of the “supermarket” and “check-out” connotations it was perceived as a “low level, low pay” industry by potential entrants and hence they were not interested in it and did not select to become part of.

The second element was to “educate participants in the FMCG industry to graduate level and thereby raise the level of education, and particularly job skills and competency, across the whole FMCG industry”. It is difficult to identify why raising the general level of

education of the people in the industry was seen as a solution to recruitment and retention. It was particularly strange in an industry which at the time did not value or reward education. Again in the absence of any documentation it can only be assumed that it was intended to in some way attract graduates fresh out of University to join the industry.

The third element was to “up-skill current FMCG people to constantly raise the benchmark in the industry.” The concept of up-skilling the work force was probably intended to address the critical shortage of FMCG skilled staff available for recruitment or promotion. However “raising the benchmark” appears to have been a “paternalistic” approach by the people of the working group who belonged to large companies saying the medium to small companies in the industry needed to lift their game.

Element four was to “train and educate experienced people wanting to enter into the FMCG industry.” This concept was clearly a reference to the need to circumvent the opinion that many of the CEO’s of FMCG companies had about the “uniqueness” of the industry which was preventing experienced people from other industry sectors from entering the FMCG industry. It can best be explained anecdotally as follows. The critical shortage of people available for recruitment to FMCG companies could have been significantly alleviated by recruiting people with the requisite skills from another industry sector. In this context, one would assume that the job and skills of Key Account Management, Marketing or Accounting are the same in every industry sector. However, at that time there were many instances of, for example, qualified Sales people from other sectors applying for jobs in FMCG companies and being refused entry because the CEO’s said “you do not have FMCG experience”

The final element was to “stop trained people leaving the industry, or attract back those who have left, by demonstrating that the industry values and rewards those prepared to develop skills and competency by training and education.” In other words demonstrate that the FMCG industry “values education”. This was an utopian concept which made perfect sense to achieve the goals of the Education Project. However, in reality, it was virtually unachievable without bringing about a total change in attitude and norms in an industry which at that time was often called “the last bastion of white male supremacy”

In developing an implementation strategy for the Project the Membership Services Working group made several key decisions, as follows. Many of the staff in the FMCG industry had left school without formal qualifications. Hence to achieve the project goal of lifting the educational standard of the whole industry, it would be necessary to develop a staircase which would take people from informal sub-Tertiary training to formal Tertiary qualifications. The ultimate goal for this staircase, as identified by the then Chairman of the FGC, was “an MBA (FMCG)”.

Based on information supplied by Massey University, they recognised that it would take several years to develop and get approval for University qualifications with an FMCG endorsement. Hence, in order to make an immediate impact, industry focused short courses were the obvious starting point for the project. To achieve the ultimate goal of the staircase to University qualifications these short courses must be designed in such a way that they linked in with, and became a pre-cursor to, a University Certificate, Diploma and Degree in FMCG.

Given that there were no courses in the market place to meet their identified needs, they recognised that they would have to develop new courses appropriate to their needs. They also recognised that it would be impossible for them to develop courses to address all problem topics within the industry at once. They therefore prioritised 10 subject topics where short course training would make a significant impact on the industry's problems.

The first four top priority topics, in descending order, were:

1. Key Account Management
5. Logistics and Supply Chain Management
6. People Management
7. Leadership

The Group recognised that whilst they knew everything about the industry, they had no experience or credibility in designing and delivering short courses or setting up the staircase. Hence, to implement the strategy they were adamant that they needed a recognised training institution that had the skills and experience to perceive, design and deliver the required courses to be associated with the Project. They therefore circulated

a *"request for submissions and expressions of interest"* to selected Universities and Polytechnics around New Zealand and from the responses selected the Graduate School of Business, Massey University as their partner in the project. However, before any significant work was undertaken on development of the short course programme, Massey University undertook some internal restructuring. A consequence was the disbanding of the Graduate School of Business and consequently the University withdrew from association with the FGC Education Project. The project therefore fell into abeyance.

The project was resurrected in 2006 as a collaborative project between FGC, the College of Business, Massey University and a private training provider specialising in the FMCG industry.

To demonstrate the FGC's association with, and intention behind, these courses they were called the "FGC Stepping-up Series" as they were intended to give participants the skills to step-up (be promoted) and to perform at the required higher level. In addition, to demonstrate their support to the industry and FGC, whilst Massey University did not want to be directly involved in delivery of the courses, they endorsed the FGC Stepping-Up Series of programmes. Hence, the private training provider delivered the courses on behalf of the FGC and participants who completed them received a Certificate of Achievement, co-branded by FGC and Massey University.

The FGC Stepping-Up short courses.

The first series of courses developed was a 4 Module Key Account Management (KAM) series. The first run of the KAM series was delivered in April 2008 and delivering 2 series per year thereafter to date (2011) the series has been run eight times. Around 100 people have participated in the KAM courses, of which 35 have completed all 4 Modules and have received Certificates of Achievement co-branded by FGC and Massey University. Following the priorities set by the FGC Board in 2004, additional courses in Logistics and Supply Chain Management and People Management were developed and offered to the industry in 2009.

Purpose of the case study.

Once each of the KAM, Logistics & Supply Chain Management (L&SCM) and People Management series were developed, they were promoted to the member companies of the FGC via the FGC electronic mailing system. Further “paid for” advertisements were posted in key magazines which service the FMCG industry.

The KAM courses are highly regarded by the FMCG industry as “these are the only courses that are specifically targeted and designed for the FMCG industry and which deliver real, applicable skill development for FMCG companies.” (pers.com) However, whilst 35 people attended the first delivery, participants have steadily dwindled such that only 4-5 people attended each of the last 3 runs of the series. Whilst this same marketing/advertising programme generated a number of enquiries about the Logistics & Supply Chain Management (L&SCM) and People Management series, only a few people actually signed up for the People Management Series and nobody registered for the L&SCM Series. Consequently neither series has been run.

Hence there are some issues with regard to these courses. They were set up because the CEO’s and Senior Managers of FMCG companies who made up the FGC Board and Working Groups in 2004 said “this is what the industry wants and needs”. The courses were developed following the priorities set by the FGC. In other words, they were conceived, designed, developed and delivered by the industry, for the industry.

On this basis it could reasonably be expected that the companies which belong to the FGC would support these courses and send their staff to them. However this has not occurred. Given that this industry employs around 150,000 people, attendance of 100 people at the KAM courses is lower than what could reasonably be expected, given that the FGC said the whole industry needed this training. Hence there must be some barriers and dilemmas that are reducing the expected uptake of these courses.

The purpose of this case study is therefore to:

- 1) Investigate the validity of the decisions that underpinned the set up of the FGC Education Project

- 2) Identify why FMCG companies are not using the FGC short courses in the predicted numbers
- 3) Identify ways in which the FGC can achieve increased usage of their short courses by the FMCG industry.

CHAPTER 2: LITERATURE

Methodology

The literature which is relevant to this case study is presented in the body of the report. However, during the analysis of the results of the interviews, several “problems” were identified where companies were not using the FGC courses. The FGC as provider of the courses could not change them directly or by force to make the companies use the FGC training courses. Hence, from the FGC’s perspective as there was no obvious or practical “solution” to these “problems” they were unsolvable.

Johnson (1992) addressed similar issues, prescribing the reason the traditional “problem, cause, solution” approach to problem solving produces unsolvable problems is the very fact that issues are perceived as “problems to solve”. Hence if a researcher takes this approach they are looking for a solution which is a “movement *from* one way of thinking or acting *to* another”

His answer to solving the unsolvable problem was to approach them as polarities (opposed opinions or positions) to be managed and not problems to be solved. However, he cautioned that “Polarity management is not a replacement for problem solving but rather a different paradigm which is a helpful complement to your problem solving skills.” Johnson proposed that polarities to be managed should be considered as the “two sides of a coin” – they are opposites which can not function well independently. Because the two sides of a polarity are interdependent, you can not choose one as a solution and neglect the other. The object of polarity management is to get the best of opposites while avoiding the limits of each one. Polarity management involves seeing a more complete picture of the situation.

Recognition and management of polarities has been used in a range of areas to solve seemingly unsolvable problems. Examples are, using polarity management to explore how Local Governments can manage their three roles of community, providing services, creating and enforcing regulations which conflict in terms of the Authority being both the promoter and regulator in these areas (Hayward, 2010). McNaught (2003) used the

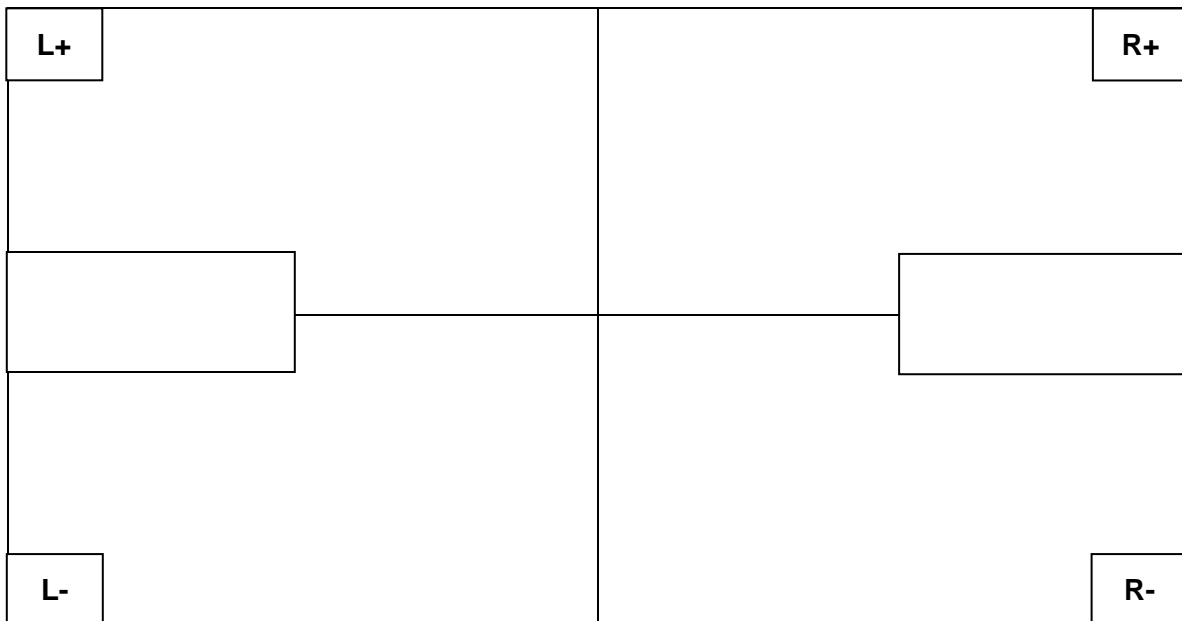
technique to identify how Universities can manage the conflicts involved in developing, and particularly implementing, internal policies.

A number of researchers have used the technique to manage the polarities and associated conflicts that inevitably arise in Research and Development teams. This type of research has two general thrusts. First, to ensure that the polarities do not hinder the new product development (NPD) process and second to ensure that “management” of the process does not reduce the creativity of the researchers. For example, van Englen, Kiewiet and Terlouw (2001) applied the technique to managing the conflict within “virtual” teams - teams who work on the same product development project, but in different geographic locations but are linked with each other via telecommunications technology. Kratzen et al. (2006) used the technique to identify and manage the positive and negative effects of conflict (polarities) on the creativity of R & D teams during the different stages of the R & D process. In an associated context, the technique was used to determine that a good project manager in a biotechnology company producing new pharmaceutical products should be able to manage six polarities arising from balancing scarce resources, people and time allocations across a project (Hirschhorn, 2001).

The technique has also been widely used in terms of ethical considerations in the health and social welfare area. Carillo (2005) applied it to identify ways to resolve “paradoxes” and build credibility and trust in cases where on-the-job injuries had polarised staff in terms of the development and application of safety policies in the work place. In another instance polarity management, combined with three other techniques were used to manage the advocacy process where the economic downturn in 2008 and 2009 posed financial threats to a community based outpatient children’s mental health agency (Malekoff, 2010).

As identified above, this technique is usually applied to management of polarities within a company to address internal issues that are affecting the performance of the company. However, in the current research, it is applied to resolve issues that are not issues for the company, but where the way the company does its business creates an issue for an external agency (the FGC) and thereby prevents that agency from doing business with the company.

The essential technique to apply polarity management to an issues is the development of a polarity map in which the upside and downside of each pole is recognised. The template for the polarity map, taken from Johnson (op sit.) is shown below. Each pole is divided in half. The upper half of each pole represents the benefits (upside) that result from focusing on that pole. The + sign denotes that the factors in this quadrant are perceived as being good. The negative aspects or “downside” of focusing on either pole, denoted by the – sign, are entered into the lower quadrant of each pole. It is important to note that an essential feature of this technique is that it enables the analyst to see “the whole picture” hence it is essential to complete and consider all four quadrants in the map.



In the current investigation this technique is used to identify how the FGC as provider of courses to FMCG companies can “manage” polarities inherent in the internal environment of a company to achieve its required outcome – the company using their training courses – without being able to directly changing the internal environment of the company.

Polarity management is not the only technique available to find ways of dealing with apparently unsolvable problems. Hampden-Turner (1990) applied Eastern (Japanese) norms of recognising harmonies in diversity in business and life to alter western norms which recognise competition and adversities to achieve greater business performance.

In the same context as Johnson, Hampden-Turner views conflicts not as problems to be solved, but rather dilemmas to be managed.

As Lessen identified in his introduction to Hampden-Turner's book, "the greater the force of contradiction, if it can be sustained, the more powerful the entity that can be created out of the diversity. It is through the process of dialectic (testing the truth by discussion) that one-dimensional managers confront one another to become two dimensional or better."

He exemplified the essence of Hampden-Turner's concept by comparing it with the "classic" approach to business. The competitive, combative western approach to business is espoused by authors such as Porter (1985) "a corporation must either create a premium product or be a low-cost producer. Any attempt to achieve both could trap the company in conflict." In Hampden-Turner's philosophy this misses the power of reconciliation of this dilemma whereby a company should focus on managing the dilemma by creating a premium product at a lower comparable cost.

Lessen précised Hampden-Turner's philosophy as "having confronted head-on the dialectic between people and profit, socialism and capitalism, he has come up with a new synthesis, centred upon an existentially based strategy, focused upon the reconciliation of dilemmas." The Hampden-Turner methodology involves identifying all of the dilemmas within an organisation pertaining to a particular problem. By critically defining the dilemmas they are reduced to a manageable number. The position of the company in terms of the dilemma is charted on cross axis and dual axis graphs. This allows the managers to gauge the cross-pressures between the polarities which are the axes of the graphs and identify how they can reconcile these tensions.

Contradictory statements

From investigating the theories of action, or in other words the fundamentals underlying human actions, Argyris, Putnam and McLain (1985) identified that the practice of managers saying one thing in a group but acting in a different way as an individual is a common occurrence. They argued that people assess a situation, react to that situation and then check to see if their assessment of the situation was correct and hence was

their reaction correct. A key factor in this is human's limited ability to process large amounts of data and hence they make decisions or react to a particular circumstance without having all of the facts. People also gain and store experiences (design programmes) which they use later to determine their reaction to a particular situation. Argyris recognised the use of these design programmes as theories of action. These theories may be thought of as a very large set of complexly related propositions. The form of a proposition (experience) in a theory of action is "in a situation S, to achieve consequence C, do action A" (Argyris and Schom, 1974).

Key to the application of Argyris' work to the current investigation is his identification of two kinds of theory of action: Espoused Theory and Theory-in-use. He defined espoused theories as those that an individual claims to follow. (i.e. what a person says) and theories-in-use as those that can be inferred from action. (i.e. what a person does). Critically he demonstrated that these two theories often do not match up, or in other words, people say one thing but do something quite different. This leads to the old saying "do what I say and not what I do". One of his exemplars was a management consultant who when asked how he would deal with a disagreement with a client, answered "discuss the disagreement with the client and find what kind of data would resolve it (espoused theory)." However when faced with the actual situation he advocated his own view and dismissed that of his client (Theory-in-use).

Apparently this discrepancy between what people say (espoused theory) and what they do (theory-in-use) is an "old story." However they made the clear distinction that this is not a difference between theory and action, but between two different theories of action. In other words between the action that people see in their mind (Espoused theory) and the action that they actually do (Theory in use). Importantly, in terms of the current investigation, they identified that although people's actions are inconsistent with their espoused theories what they do is not accidental. Hence, when people say one thing and do another it is not by accident, it is deliberate.

In addition, not only are people prone to inferential errors but they also reason in a way that causes errors to persist. People interpret new data in terms of previously formed opinion to the point that disconfirming data is ignored and misinterpreted. People act in a way that elicits data that confirms their opinions, and express great confidence in

reasoning that has little validity. They are predisposed to attribute the behaviour of others (but not their own) to dispositional traits (Nisbett and Ross, 1980; Einhorn and Hogarth, 1981). In other words, people get a “seat of the pants” idea of how things are, find the data to support this idea, ignoring or misinterpreting the data they do not like and which does not support their concept or analysis.

CHAPTER 3: DATA COLLECTION AND RESULTS

Data

The data for this case study was collected as part of the interviews detailed in the body of this report, with a few supplementary questions added during the interviews.

Results.

The starting point for this case study was to identify whether there is still the same need in 2010 for industry wide education, as perceived in the original 2004 FGC education project. This was selected because in part of the response from Company A about the industry's need for training, the interviewee noted "from an industry perspective my impression is that people in the industry believe or perceive there is a need for such training, but whether there is or not at present I have to say for me the Jury is out."

In trying to quantify actual need for training in 2004, perhaps most significant data was given by three of the interviewees responses when asked: "Argyris (1985) identified that when Chief Executives talk together about the industry they will agree one thing but do something totally different within their company. Do you think that happened in 2004 with the members of the FGC saying "this is good for the industry" whilst knowing, but not saying "but I do not need it in my company"? In this context, none of the interviewees were members of the FGC Board in 2004 when the need for the FGC training programme was identified and implemented. However, the 2004 FGC Board included senior managers from some of their companies. Hence, whilst this question has a "retrospective" focus, it is still a sensitive question. In answering it the interviewees might be seen to be criticising previous senior members of their companies. Consequently, some "took some care" when answering.

The three interviewees agreed that Argyris' concept of "people saying one thing but doing another" probably happened in 2004, but gave different explanations for why it happened. For example, Company B attributed the phenomenon to CEO's being busy. Hence a CEO will identify an area (Key account Management, Marketing, Logistics) that

could improve the business and set this as a specific target for the HR section to address. However, once appropriate training programmes are implemented, the CEO will often ask “did I support that idea?”. “In such circumstances it would be wrong to suggest that this is just the CEO paying lip-service to the problem. Rather it is a consequence of busy CEO’s who do not have the time to be closely involved in staff training and development in their companies – why should they when they have got trained professionals to do that?”

Company A suggested that the FGC structure and processes affected the decision. The FGC operates by the sub-committee working groups comprised of managers from FGC member companies developing programmes that are approved by the Board. Hence, before a project gets to the Board there has to be a “groundswell” from the working group that says “this makes sense, let’s go for it”. His implication therefore was that the enthusiasm of the working group that developed the concept of the FGC Education Project “sold” it to the Board. Hence the Board approved the project without due consideration or identifying that their companies did not need it. He stated “looking back to a decision that I was not part of do I think there may have been a little bit of “we feel this is good for the greater good, therefore it makes sense”? Yes I think it may have been so.”

Whilst the interviewee from Company E was not in New Zealand when the FGC decision was made, he supported the concept with the poignant observation “From what I have learned about the New Zealand FMCG industry over recent years I think that may well have been a factor.” The implications of these results are addressed in the Discussion section below.

CHAPTER 4: DISCUSSION

The whole premise of developing and offering new goods or services in the market place is that there is a need for those goods or services. Development of short courses or training is no different. The need for the new services (training courses) for the FMCG industry was identified in 2004 by the New Zealand Food and Grocery Council (FGC). As the members of the FGC were all senior managers in FMCG companies, then it can be said that it was the industry which made this determination. Therefore, it could reasonably be expected that once the industry prescribed FGC short courses were set up, FGC affiliated FMCG companies would send their staff to be trained in significant numbers. They did not. The following paragraphs therefore investigate possible explanations for this “lower than expected” uptake of the FGC short courses.

The starting point for the study therefore is to investigate if the attendance at the FGC courses has in fact been “lower than expected”. In the context of this study, “uptake” is measured by comparing the actual number of people attending the FGC courses from their launch in 2008 to 2010 (100 participants), with the number of people “expected” to attend as perceived in 2004. The problem, however, is that the FGC did not quantify this latter number, they only described an “industry wide” need. If it is assumed that “industry wide” referred to the 36,000 people in the industry, then attendance of 100 people can reasonably be described as “lower than expected” by any measure. Hence, to properly measure the outcome of these FGC courses in 2010, it is necessary to assess what the 2004 base line was, what changes have occurred in the FMCG labour market between 2004 and 2010 which might have changed that base line, and hence what is an appropriate 2010 base line.

The 2004 FGC decision.

There can be no doubt that there was a shortage of qualified people in particular disciplines. In 2004, the members of the FGC were all senior managers of operational FMCG companies and hence the very managers who were experiencing these shortages in their own companies. The problem is the quantification of this shortage. It is impossible to identify whether a needs analysis was prepared, or the number of people who needed training was identified, as part of the set up of the Education Project,

as there is no documentation available. Indeed all implications are that neither of these analyses were carried out. Hence, the following qualitative analysis is based on extrapolations from interviewees' responses to particular questions and anecdotal information.

To assess what the base line was in 2004, it is necessary to look at the dynamics of the FMCG industry at that time. By extrapolating back from the structure of the industry in 2010, this some interesting features to light. The current results show that whilst there is still a shortage of skilled people in some disciplines in 2010, this does not directly affect the larger companies as they have found alternative ways to deal with this. Hence, if FGC provided training is the still a solution to this shortage in 2010, it is not the whole FMCG industry that need that training, it is the SME's who can not afford dedicated in-house courses.

There is no firm data to identify whether in 2004 the large companies had their own in-house training programmes, but there are some inferences that this may well have been the case. As the CEO of Company A said, "This companyhas a very long history of running our own, in-house, Sales programmes" and "we have been using the same training programme for field Sales teams for the last 17 – 18 years."

This raises an interesting consideration. If the large companies had in-house training programmes and their companies were not facing the talent shortage of other companies in 2004, why as members of the FGC Board, did they agree with the FGC analysis of an "industry wide" need for the FGC Education Programme? Argyris (1985) identified that in certain situations CEO's say one thing in a collective environment, but act in a different way when they return to their companies. In other words, people say one thing but do another. Several of the interviewees in the current investigation were of the opinion that this could and did happen in 2004.

The Manager from Company B noted that this could have happened in 2004, as it happens now. He attributed the phenomenon to "busy CEO's who do not have the time to be closely involved in staff training and development in their companies, so at they just say "yes that would be great". However, once the programme has been implemented the CEO often asks "did I support that?". Similarly the CEO of Company A

agreed this “ambivalence” might have been a factor in the 2004 decision. However, he attributed it to the structure and way the FGC operates, implying that the FGC Board itself did not give detailed scrutiny and consideration to the proposal. He identified that “this (FGC Education) project would have come from one of the working groups (which) drive the outcomes...before the Board takes hold of a project there needs to be a groundswell that says “this makes sense, let go for it.” He further commented, “Looking back to a decision that I was not part of, do I think there may have been a little bit of “we feel this is good for the greater good, therefore it makes sense”? Yes I think it may have been so”. He also stated “From an FGC perspective, I get the impression that people believe or perceive there is an (*industry wide*) need (*for training*), but whether there is or not at present I have to say for me the Jury is out.” (The words have been italicised to clarify the meaning of the statement.). In answer to the same question, the CEO of Company C said “it is hard for me to comment as I was not in New Zealand when the decision was made. However, from what I have learned about the New Zealand FMCG industry over recent years I think that (saying one thing and doing another) may well have been a factor”.

The significance of this is that had these FGC members identified that their companies did not need this training programme, then it would have been recognised that the need for the training was significantly less than “industry wide”. This would thereby have dispelled any subsequent suggestion that the base line for the training courses was the whole of the FMCG industry. Indeed, it might even have triggered a quantitative analysis of the need for the courses.

Changes to the industry and labour market since 2004.

The section above deals with assessment of the baseline against which the outcome of the FGC training courses can be measured. However, it is also appropriate to consider factors that might affect the attendance of people at the courses. One such factor could be that the FGC courses are not delivering training in topics required by the industry. In 2004 the FGC Board identified 10 priority areas for training. The first and most urgent, was Sales, particularly Key Account followed in priority order by Logistics & Supply Chain Management, People Management and Leadership. The development of courses offered by the FGC followed these priorities. It is therefore appropriate to determine if

these are still the industry's priorities in 2010, as if they are not then FMCG companies will not send their staff to the course.

With the exception of Company C, all interviewees identified Sales as a top priority training need. Other subsidiary topics identified were Leadership, People Management (Company A) and Marketing (Company D). However notably three companies (A, E and C) gave some emphasis to the need for commercial skills and business acumen, particularly in terms of doing the job and the impact that decision in one department can have on the operations of other departments and particularly overall company profitability. The need for training in the latter topic was illustrated anecdotally as a key account manager who sold a single pallet of mixed product to a company in Dunedin and "chalked up" a profitable sale for the Sales Department. However, in terms of the overall company, the cost of picking a single pallet of mixed product, transporting it from the warehouse in Auckland to Dunedin and managing all the associated administration requirements meant that rather than making a profit, the company made a significant loss from this transaction.

The one different view (Company C) set the priorities as understanding the profit pool, the interface of categories, and understanding the total cost of operations or total delivery cost. In reality, these latter two topics are the same as understanding the impact of your decisions on the business as a whole but stated in a different way. His fourth priority was how to develop culture and the understanding of how a manager uses it to make an organisation "gel" and improve.

Comparing these 2010 priorities with those identified in 2004 there are similarities and significant differences. Both analyses placed Sales as the first priority with People Management and Leadership in their top four. However, the most significant differences are the priority of Logistics and Supply Chain Management – second in 2004, but not mentioned in 2010 – and Commercial "nouse" which was given some weight in 2010, but not even mentioned in 2004.

These findings give some explanations for the rates of uptake of the FGC courses by the industry. There has been continuous and ongoing industry support, although lower than expected attendance, at the courses in Key Account Management (Sales). This is in

line with the ongoing prioritisation of Sales as the industry's top priority training need. However, when the course in Logistics and Supply Chain Management was developed following the 2004 priorities, no one registered and the course was not run. This is clearly associated with the changed priority for L&SCM between 2004 and 2010 – in 2010 the industry clearly does not want (or need) training in this topic. There can be no doubt that the priorities for industry training needs will change again in the future. It is therefore appropriate to identify and understand some of the drivers of change from 2004 to 2010, as this understanding may allow the FGC to pro-actively withdraw courses and develop replacements in anticipation of future priority changes.

Since 2004, there have been significant changes in the structure of the industry, the complexities of the business and the speed at which things change in the industry which necessitate staff having enhanced commercial acumen. This has largely been necessitated by the expansion of supermarkets and the associated impact Retailer's decisions now have on supplier (FMCG) companies. As the Director from Company E said "a territory manager (TM) looking after two or three Pac 'n Saves is now responsible for a significant percentage of a supplier's business.....TM's (Sales reps) now need the skills to sell B-trains of toilet tissue in to one store, whereas years ago all they had to do was "pop" in to a store to make sure things were on the shelf. Now they actually need the skills and ability to do the business." Hence, whilst supermarkets were operating in 2004, the Retailers did not then have the control and impact on the FMCG industry that they have today. This is the reason why training in business acumen is a priority in today's FMCG environment but not identified in 2004.

The changed priority for Logistics and Supply Chain Management (L&SCM) training can be explained by recruitment of L&SCM talent from overseas, particularly South Africa (Company A) or from other industry sectors and even the Military (Company C), rather than training staff in New Zealand. This latter phenomenon explains the lack of uptake of the FGC's new L&SCM and People Management courses by the industry.

Other things have changed in the FMCG labour market since 2004 which have affected the number of people needing training. For example the drivers of the FMCG labour market are different. There are indications that there is a cyclic "feast and famine" pattern over time to the market demand/availability of trained staff and hence the need

for training. The analysis of the FMCG labour market by the Director from Company E gave some insight to this. He noted that the availability of skilled and trained people in the FMCG industry varies considerably over time caused by factors peculiar to the particular time. For example he accredited the shortage of trained staff in the late 1990's to them being "poached" by other sectors because of the privatisation of telecommunications and the deregulation of the banking sector. This created a shortage of Marketing and Sales skills as these skills flowed out of the FMCG industry to Telecom, Vodafone and banks and this shortage was still being felt in 2004. However this drain stopped once these industries built some of their own talent pipelines. He also attributes the aftermath of recessions with being another cause of staff shortages in the FMCG industry. Hence when a recession hits, companies scale back their New Zealand operations and relocate their manufacturing, marketing or finance operations outside of New Zealand, usually to Australia. This necessitates people to either follow the lost job opportunities overseas (and not come back) or to leave the FMCG industry for another sector.

Another important point is that in 2004 the drivers were volumetric - to train sufficient people to replace those who were leaving for other sectors because of better job opportunities created by deregulation or disillusionment with the FMCG industry. Now, in 2010, the drivers are the necessity to upskill staff because of the speed of change in the industry and the increased complexity of the job for lower level people. Both of these latter factors have been driven by the rise in the number and buying power of supermarkets and the consequent demands they make on suppliers.

Whilst the large companies "training their own people" has reduced the overall pressure on the FMCG labour market, there are other contributing factors. One is the acceptance by the industry of the transportability of skills across industry sectors. In 2004, some of the critical shortage of skilled staff could have been alleviated by accessing the pool of trained people in other industry sectors – one could expect that the skills of Key Account Management is the same in every sector it applies. However, access to this pool of skills was blocked by the belief that the FMCG industry had some "unique" characters that debarred people from other sectors from entering. However, this has now been partially reversed in 2010.

It seems that the company view of portability is more relaxed and accepting than that of the recruitment sector. For example, when asked “does a person need FMCCG experience to enter the FMCG industry” the managers from the supplier companies (Companies A, B and C) said “no”, although one HR Manager qualified this with “It depends on the specific role, it may apply in senior sales positions, but it is not a blanket statement.” By contrast the Director from Company E that specialises in selection and recruitment answered yes, for what appears to be some very valid reasons. In particular he identified differences in the key competencies a person needs to do the same role in different industry sectors. He noted “there are significant differences between the “channels to market” (types of sales behaviour) in different industry sectors”. So in the FMCG industry the way of doing the business, particularly in sales (how you sell the product to the customer) is different from other channels. For example, a Key Account Manager in Pharmaceuticals will have a different skill set and operate in a different way from a Key Account Manager in the Food industry. This is largely a consequence of the operational requirements of the Retailer that they are selling to. Consequently the further up the seniority ladder you go the more you are set in your industry’s “norms” and way of doing business and the harder it is to change and adapt to another sector.

Clearly within the recruitment segment of the FMCG industry there are still some perceptions that the FMCG industry is unique and hence that this uniqueness poses barriers to portability into the sector. This must be of some concern to the industry, if they are aware of it, as the recruiters are the gatekeepers for the FMCG industry. Hence their perceptions are acting as a filter controlling people coming into the industry, a filter which may well be unseen and unknown to the companies who use their services who have no problems with transporting skills from other industry sectors.

So in effect, the FMCG labour market shortage identified in 2004 still exists in 2010. However it has been significantly reduced by large companies developing their own in-house training programmes, improved transportability of people and skills into the FMCG sector, and recruitment from overseas. Hence, in addition to the “inadvertent” over estimation of the pool of potential participants in the FGC courses in 2004, in 2010 this pool is significantly smaller than the “whole of the industry”. Indeed, in the light of the current investigation, that pool can be narrowed to the Sales sector in the SME’s, but only those SME’s who can afford to the \$2.000 cost of the courses. This conclusion is

supported by the participants in the FGC KAM courses who are predominantly from SME's.

So far this discussion has focused on FMCG companies, but employees as individuals are also potential course participants. However, unless they perceive that the industry values, and hence rewards, training and education then they will not fund their participation in the FGC courses as it will not provide them with increased promotion and remuneration opportunities. Recognition of this logic presumably underpinned the Education Project goals "To stop trained people leaving the industry, or attract back those who have left, by demonstrating that the industry values and rewards those prepared to develop skills and competency by training and education." Achievement of this valuing of education would presumably provide the platform needed to achieve one of the other goals: "To educate participants in the FMCG industry to graduate level and thereby raise the level of education, and particularly job skills and competency, across the whole FMCG industry." This latter was to be achieved by developing a staircase from industry focused short courses to a dedicated MBA (FMCG).

To find out whether the industry values training or education the interviewees were asked if, when recruiting staff, they gave any significance to the courses applicants had attended and/or their formal (degree/diploma) education. In general their answers were a qualified "no" to short course training although some considered them valuable in assessing the person's character and attitudes to doing their job.

Company B considered attendance at short courses not as a valuable achievement, but rather an indicator of the applicants character and dedication to the job – "when candidates listed courses they have attended you have to assess these in terms of whether the courses have relevance to support their ability to do the job you want them for – not just a course in cooking or wine tasting". This company applied the same focus to achievement of University degrees. "It is not sufficient that the achievement of a University degree demonstrates the person's abilities. Rather the University degree is the ticket to pass the first locked door and be on the list to be considered for employment." It is interesting to note this company's overall approach to training – "We would love to take a young person out of University and train them up over a period of time to be a Key Account Manager or National Business Manager. For us this simply is

not going to happenwe are going to pinch a Key Account Manager from another company.” Obviously, for this company, the attainment and content of the degree or training course has no value other than as an aid to first-job recruitment assessment.

Company A’s develop and promote internal candidates, hence they recruit people who fit their company and train them in-house to be what they require. Clearly they value in-house training within their company culture, but not pre-employment educational achievement, be it short courses or degrees. Company E (recruitment specialist) considered three priority items when recruiting people for the FMCG industry. These are consistent achievement, measured by “delivery” in their job, “cultural alignment with the business” and “their cycles of employment.” Achievement of a particular level of training or education was only considered as a “gate” factor: “If you are recruiting an analyst you look at have they got the necessary academic capabilities but also do they like delving into and finding that level of information.” When he was asked specifically about short course qualifications he responded that they are only considered to assess the person’s character and attitudes rather than anything to do with the content and level of the course. “In terms of courses attended as opposed to formal (degree/diploma) education I do look at them but only as proof that they fit in with those three flavour elements above” and “show that this person is really into personal development and sharpening their performance not simply that they were bored. It is a bit like the differences between I belong to a Gym and I have got fit.”

By contrast Company C was unequivocal in his opinion. “I do not think this (FMCG) industry values education. With regard to rewards, if someone (from this company) goes on a course there is no increase in income. My preference ...is to recruit from within.....for me the key is attitude and fit within the team”.

The only interviewee to express a contrary opinion was Company D. In this context it should be noted that this company was specifically selected to be part of this investigation as it is the largest user of the FGC courses, with all of the Key Account Managers having attended the course. Indeed, anecdotally, one of his staff noted that attendance at the FGC Key Account Management course is now a pre-requisite for anyone who wants to become a Key Account Manager in the company. When asked directly “does the FMCG industry value education” his response was “I do not know

about the industry by I certainly do. In terms of recruitment we definitely prefer to promote internally. We are not against bringing people in from outside but if we do we aim to get people who are better than ourselves.”

From this it is clear that in 2010 the industry still does not value, or reward, the achievement of education or training per se. Achievement of pre-recruitment degrees or training are in reality simply “passes” that an applicant must have to get to the next step of being considered for a position in a company. Whether it is short courses or University qualifications companies are not interested that these qualifications evidence an individual's intellectual capabilities, ability to “think”, or that a person has reached a level of understanding and competency in disciplines applicable to the industry. Indeed, when asked “what is needed - training focused to help the staff member do their job better or formal University/Technical Institute education to improve their knowledge level and thinking capability” one interviewee (Company B) responded: “probably the former – people to be able to do their job better. It (formal University training) may be for those who are new to the industry, or people who have shown a want to get into the FMCG industry. (For those already in the industry) I do not see that a further post-grad qualification is going to make the difference between a good and bad employee.”

For each company the key consideration was the person's “attitude and fit” with the company's culture and values. Sub-University training undertaken prior to a person entering a company was not valued by the companies (and industry) as they are not even considered as part of the candidate selection process for most companies. The only training that appears to be valued is training that the company has specified the person should attend once they are part of the company. However, this is not valued because of its education context or as a demonstration of a person's intellectual achievement. It is selected and specified by the company, for the company, and is focussed on the person doing their job better and giving them the skills such that the company can “utilise” (promote) them at a higher level in the future. The focus of the training is entirely on increasing the company's capital and not on the individual.

Where an employee decides to undertake a self funded degree they are not rewarded with increased income when they achieve it, even if the participation was sponsored by the company. By the same token, if they do a company sponsored internal or external

short course again they are not rewarded with more wages for achieving it. Rather it counts in some unspecified way to their potential for future promotion, but in reality it is all focused by the company for the company – the person's ability to do their current job better and to be able to take on a higher level job for the company at some time in the future.

Hence, in terms of the focus of the current investigation, as companies and the industry clearly do not “value” or “reward” education per se and short course training in particular, whilst this does not stop employees as individuals attending FGC courses, it dis-incentivises them from self funded attendance. It explains why no individual employees have self-funded participation in any FGC courses.

CHAPTER 5: DILEMMAS

Whilst, in 2010, the pool of potential participants for the FGC courses is smaller than previously estimated, there is still a need for such training, particularly in the Sales area. Hence, as the FGC have developed Sales training courses (Key Account Management), it is appropriate to consider the actions they can take to increase attendance.

If large companies used the FGC courses instead of their own in-house courses, this would significantly increase the uptake of the FGC courses. However these companies prefer to use in-house training because of internal factors such company culture, their “way of doing things”, company “resources”, or their approach to training. Hence they do not have any valid drivers or reasons to change this approach because it is the way they have always done business. Similarly, if the FGC could get all SME’s to use their courses this would also dramatically increase uptake rates. However, many SME’s either do not believe that they need training, or do not have the money to afford it. Consequently, as the FGC can not force these companies to change, they are faced with problems that have no obvious solution because they involve opposing views, drivers or required outcomes.

These situations where there is are “problems” with no obvious “solutions” fit within the concept of “dilemmas” and therefore are treated as “polarities to be managed” (Johnson, 1992). The following presentation considers how the FGC, as a course provider, must act to manage some of the dilemmas they face so that at worst the dilemmas do not further reduce the uptake of their courses and at best they actually increase participation.

In-house training.

Larger FMCG companies predominantly use in-house training that teaches, re-enforces, and perpetuates “their way of doing things because they have always done it this way and it has worked”. Training within the company’s philosophy is part of their “competitive advantage”. As the HR Manager of company A said, “businesses want to use their people development (*and training*) as a competitive edge because it is the thing that sets

us apart both from an attraction perspective (*recruitment*) and also keeping people with us (*retention*).”

The dilemma for the FGC as a course provider therefore is that as they can not “force” the large companies to change their ways and use their courses, they have to find a way of changing or modifying this company “philosophy”. There is no direct “solution” to this problem, as there are two parties (Company and FGC) who are diametrically opposed. Hence, the FGC must identify the benefits and down-sides of the Company’s position relative to the FGC’s position and then find a way to manage the Company towards the FGC’s desired outcome. Development of a polarity map allows a clear picture of this dilemma to be identified.

Managing the polarity: From the polarity map presented below it is clear that the key danger to companies from relying exclusively on in-house training, and hence the one that the FGC must manage to achieve its goals, is flexibility for future proofing. Whether or not companies recognise it, the downside of their predominant use of in-house training is that it perpetuates the status quo. This reduces their knowledge and awareness of alternative ways of doing things and hence limits their flexibility to adapt and cope with sudden, dramatic and unforeseen changes in the market place. Hence, the company’s position is strong whilst the market is static and their products have a fixed and sustainable market position and share. However, the problem for such “closed” companies is that the market does not remain static over long periods, often undergoing dramatic changes, such as the oil shocks of the 90’s and recessions of the 2000’s.

In addition competitors do not stand still. Hence, whilst a company is protecting its market position and perceived competitive advantage by training in-house to perpetuate its way of doing things, the competition may well be developing new products and ways of doing things to replace theirs. Classic historic examples of this were the development of synthetic plastics which destroyed the rubber industry virtually over night. Similarly the development of synthetic (nylon) fibre decimated the wool carpet industry. More recently, the global launch of Red Bull onto the market with the brand recognition and loyalty that it has generated has had a sever impact on companies such as Coke and

Pepsi. In the New Zealand FMCG industry the launch of “V” by Frucor in the 90’s had a similar, but smaller, effect on the New Zealand beverage market.

L+	<ul style="list-style-type: none"> • Narrow focus totally on the company and its needs • Instilling staff with “our way of doing things” • Maintains and perpetuates existing competitive advantage flowing from our way of doing things. • Emphasis on culture of business • Develops elitist culture • Keeps the training in house so that competitors do not learn “their way of doing things” • Keeps product information in house. • Deals with the specifics of the company • Develops staff ability to do their job better in the company • Provides solutions to day-to-day work problems • Company can control costs and timing • Cheaper as it is an internal cost centre 		R+
In-house training			External training
	<ul style="list-style-type: none"> • Staff never see alternative ways of doing things • No interaction for participants with people from other companies hence • Perpetuates the existing way of doing things and hence • Does not provide flexibility to react to changes in the external environment. • Causes stagnation of the company as nothing ever changes and better ways of doing things are never explored • Builds resistance from staff who do not “fit” the company model. • Associated loss of staff who do not “fit” • Perpetuates the company “norm” • Staff/company will never get any better than they are now 		<ul style="list-style-type: none"> • Wide focus on industry best practice rather than specifics of one business • Staff see a range of alternative ways of doing business and solving problems • Builds flexibility and knowledge base to deal with unseen future market changes • Develops staff knowledge, capabilities and ability to “think outside the box” • Presents new ideas. • Allows valuable learning from interaction with participants from other companies. • Does not use specific features of any company • Allow participants to measure their capabilities and industry knowledge against other participants • Focus on customer rather than company
L-			R-

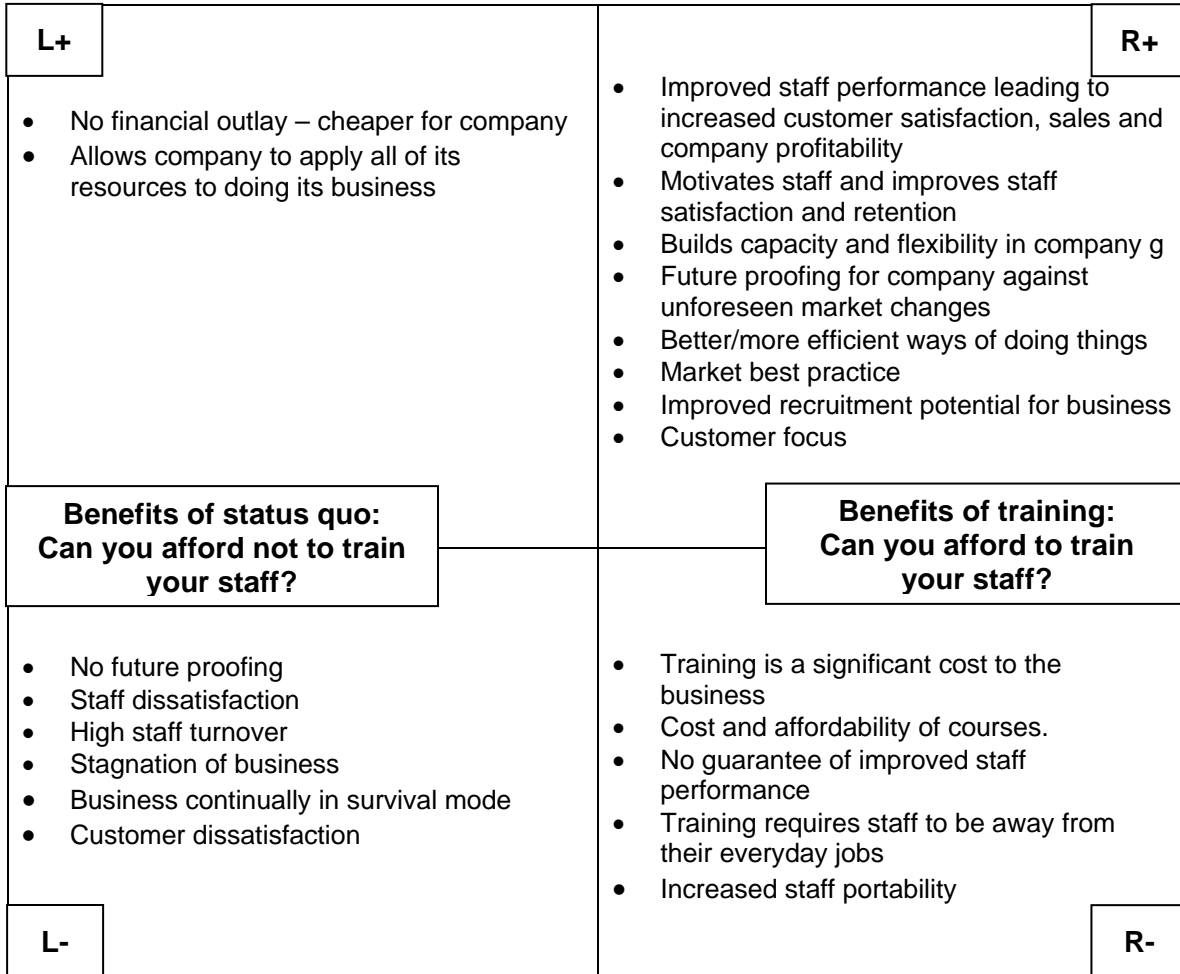
To manage this polarity the FGC must find some way of pointing out that to “future proof” their companies they should move from their current position [L+] towards [R+] as this will provide them with flexibility to survive any future market shocks. Clearly, from the FGC’s point of view they want companies to move completely from [L+] to [R+], as this will maximize companies’ use of their courses. However, given how ingrained and central to their business philosophy the concept of “our way of doing things” is, it is unrealistic to suppose companies will move all of the way into [R+]. For them the “perceived” downside of such a move would be that they would not only have to give up their fundamental “our way” philosophy for the business, but they would also face the downside [R-] of such a move. Consequently, the FGC needs to focus on getting these companies to move part of the way from [L+] to [R+] and hence mix more FGC courses with their in-house training. In this way companies will gain the best of both world [R+] and [L+] and thereby be able to future proof their business at the same time as carrying on “doing it our way”.

To achieve this, the FGC should undertake a marketing campaign, targeted at the large FMCG companies, stressing the benefits of the external courses in terms of building flexibility and associated future proofing for the company. Also how mixing the flexibility from external courses, with in-house courses designed to train staff in “our way”, gives them the best of both worlds.

SMEs – Attitudinal and Price/affordability

The main dilemmas that the FGC faces with regard to SME’s is the cost, and hence affordability, of their courses and the SME’s perception that the cost of training outweighs the benefits to the company. The current investigation identifies that SME’s are the greatest potential users of the FGC courses as they generally can not afford the development and use of “in-house” training courses. Unfortunately, most of them can not, or perceive that they can not, afford training for their staff. As the Director from Company E noted “the smaller companies are the ones who need the training and staircasing most, but usually they have less of a commitment to training than most. In the current tight financial times businesses are focussing on “what don’t we have to spend right now” and in SMEs training is one of the first things to stop.” As 85% of the FMCG industry are SME’s, if they can not afford to send their staff on training courses

then this severely limits the number of people who will use the FGC courses. Hence FGC's dilemma is how to convince SME's that the benefits from training are such that they should "afford" the money to send their staff on the training courses. Construction of the polarity map for this dilemma is based on identifying the opposing "cost/benefits" to the company of training their staff as opposed to maintaining the (do nothing) status quo.



Management of the polarity: This is the major dilemma for the FGC as it has the potential to be a significant cause of the SME companies not using their courses. From the FGC perspective this is a seemingly unsolvable problem. If a company perceives that it does not have the money to afford training for its staff then that perception and financial reality can not be "solved" by an outside agency such as the FGC.

The reality of this was demonstrated in the current investigations when a small company (Company F) was asked for an interview. The first point of contact was the standard “request for an interview” emailed to the CEO explaining the focus of the investigation and requesting an interview. As there was no response the company was telephoned to speak to the CEO. When the purpose of the call was explained to the receptionist she stated that “the CEO is too busy and would not be interested in being part of such a project.” When the Marketing Manager was finally contacted he stoically refused to be interviewed on the grounds that “we are a small company which does not have a view on the industry and do not undertake any training of our staff”. In this context it is interesting to note that whilst they do not fund training for their staff, they pay \$30,000 to be a member of the FGC.

Construction of a polarity map identifies two strategies that the FGC can use to manage this dilemma. The first is to address SME’s belief that there is little or no benefit from training staff. It requires development of documentation that explains to SME’s the value of undertaking staff training (R+) versus the cost of not doing it (L+). This should be done in such a way that company managers can relate the benefits and down sides to their company. This can be achieved by providing documentation, with examples, of the benefits, and particularly bottom line improvement, to be gained by small companies “affording” training for their staff. The dedication of Company D to training, and the performance that company has achieved from that training, is one example that could be used.

Addressing the “affordability” issue however involves money, and as such is more complex and difficult for the FGC to manage. Consequently it creates another dilemma for the FGC to manage. Company B, the only small company interviewed, indicated that the current FGC course fee (\$2,000 plus GST) is at the top limit of their affordability. An obvious solution to this affordability dilemma would be for the FGC to offer “easy pay” options, deferred payments, fees spread over several months at a level the company can afford and even a “scholarship” with the best performer at the course having their fees refunded. However the “deferred” payment option has been tried, but none have taken it up.

Another obvious and practical solution to this affordability dilemma would be to reduce the course fee to say \$1,000 plus GST, thereby making them significantly more affordable. However, the FGC courses are provided by the FGC but managed and delivered at no cost to the FGC by a management company. As this fee is the only payment the management company receives for its services, clearly reducing the fees would not suit them. Fee reduction is not therefore not an option for the FGC.

The FGC could fund a staff member to manage and administer these courses, and pay the management company a fixed fee for their services, all from the course fees. However, the combined cost of this staff member, plus the fee to the management company for delivering the courses, would be greater than the current arrangement. In addition, as the management company owns the intellectual property rights to the courses, the FGC can not use another management company or person to deliver the same, or similar, courses,

The FGC could fund the delivery of the courses from its membership income and provide the courses as a free service to the industry, including SME's, whether they are members of the FGC or not. However, a free service to one group is a tax on another. Hence, the industry as a whole would benefit from these SME's receiving the training they require free of charge. However, the companies who pay their \$30,000 membership fee to the FGC would be funding attendance of none FGC member SME's at the courses. This is clearly not a position the FGC would wish to adopt as it would not promote membership of the FGC whilst depleting the membership income they currently receive.

Hence this issue around affordability for SME's has no obvious solution and can only be addressed by construction of another polarity map based on the relative drivers of the FGC as an industry representative and the management company as the provider of the FGC courses.

L+	<ul style="list-style-type: none"> • Goal to maximize number of people on courses to thereby upskill whole industry • Cheaper the courses more small to medium companies will use them 	<ul style="list-style-type: none"> • Goal to maximise number of people on courses thereby • Maximise income 	R+
FGC representing industry		Management Co as Provider	
<ul style="list-style-type: none"> • Affordability issues for small to medium companies. • Can not resolve by subsidising small to medium companies 	<ul style="list-style-type: none"> • Discounted fees get more people on courses but significantly increases fixed costs and reduces profit. 		
L-			R-

Management of the polarity: The polarity map demonstrates that both sides of the polarity, the Management Company and FGC, want to maximize the number of people using the courses as this achieves both of their goals. The dilemma to be managed is that the management company want to maximise the price charged for the courses whist the FGC want to minimise it. Hence, to manage this dilemma the FGC must identify an inducement to the management company to significantly discount the course fees, but an inducement which will not cost the FGC in real money terms. The answer to this dilemma therefore lies in identifying and matching the capabilities of each of the two “players” in the polarity.

For the management company their capabilities are in the design, development and delivery of training programmes to the FMCG industry which they do for the FGC. However, independent of the FGC, the management company also provides consultancy services and tailor made in-house training programmes to individual FMCG companies. For the FGC, one of their key capabilities is their access to and the ability to influence the FMCG industry as a whole. Hence, the FGC can manage this dilemma by providing a “none cash” benefit to the management company by undertaking a marketing campaign that would promote their consultancy services to the industry. In this way, if this generates sufficient new business and hence income to the management

company from their consultancy services to offset what they would lose by reducing the course fees, this achieves the FGC's desired outcomes.

The FGC dilemma

The FGC Education Programme was implemented to improve the performance of all companies in the industry, whether they are members of the FGC or not. Hence, at present, entry to the courses is open to any company or individual, irrespective of FGC affiliation. However, in 2010, companies who are members of the FGC are questioning what value they get for their \$30,000 membership fee. Hence, because of their "industry wide" brief the FGC want to make their training programmes available to the whole industry, thereby maximising use of the courses and benefit to the industry. However, at the same time they want to make them exclusive to their members thereby providing tangible evidence of the benefits of membership.

In this context one interviewee (Company E), who is a member of the FGC Working Group overseeing the training programmes, stated: "We (FGC) have brochures (about the FGC courses) we are trying to get to HR managers in companies who are in the FGC. Broadly we do not want to wave it too much outside of the FGC companies because the intention is to raise the bar and hence capabilities and competitive advantage for FGC members."

Hence the FGC itself is facing a dilemma as it has two opposing positions. As a Provider of courses with a focus of upskilling the whole industry, it needs to use all possible means of maximising the use of the courses by all companies in the industry, whether they are members of the FGC or not. In contrast, the FGC also wants to restrict participation in the courses to FGC member companies to provide a specialised benefit to improve the position of those companies who have paid their \$30,000 membership fee. Construction of the polarity map for this dilemma is based upon identifying the opposing "requirements" of the FGC as a training provider and an industry agent.

L+	<ul style="list-style-type: none"> • Significant position as industry representative • Significant income • Enormous potential pool of membership • Industry negotiator. • Industry wide focus 	<ul style="list-style-type: none"> • Delivering specialised service and tangible benefit to members. • Creating competitive advantage for members • Assists membership drive for FGC. • Seen to be working for members 	R+
FGC as an industry representative		FGC as a course Provider	
L-	<ul style="list-style-type: none"> • Industry focus including companies who are not paid-up members • Difficult to demonstrate or quantify benefits to industry • Difficult to separate benefits to members (\$30,000) from same benefits provided to none members for free • Hence, difficult to justify \$30,000 fee 	<ul style="list-style-type: none"> • Excludes none FGC members. • Creates resentment and anti FGC sentiment in industry. • Diverts focus and resources from main purpose of FGC (Lobbying Government). • Creates resentment from FGC members who can not afford course fees • Reinforces a “have” (large companies) and “have not” (medium to small companies) and “elitist” division within the FGC members 	R-

Management of the polarity: This is a seemingly unsolvable problem for the FGC as the organisation is mandated to have an industry wide focus and undertake programmes that benefit of the whole industry. However, restricting access to the FGC courses to paid-up member companies to provide them with a competitive advantage clearly is not benefiting the whole industry. By contrast, if they do not provide tangible and quantifiable benefits to their members then they face a direct threat to their survival because why would any company pay \$30,000 to belong to an organisation which delivers nothing to them.

In the polarity map the FGC’s prime imperative as the industry representative lobbying government and representing the Suppliers at National level to the Retailers, firmly positions it in [L+]. Their ideal position as a course provider is in [R+], but because of their prime objective the FGC can not move totally into [R+]. Hence their ideal position must be to remain in [L+], but move some way towards [R+].

To achieve this new position in the polarity they must find a way to allow the companies who are not paid-up members of the FGC to access the courses, but without “offending” the paid up members. This will require either “promoting” those who are not members to join the FGC and/or providing them with access to the training courses, but in a way that maintains an identifiable extra benefit to paid-up members. To manage this dilemma two courses of actions are available to the FGC.

The starting point is to promote the courses to the whole industry but offer clearly discounted course fees for paid-up members of the FGC. This however rebounds against the problems identified above in terms of addressing affordability of courses for SME’s. Managing the dilemma therefore requires that the FGC find a way to discount attendance at the courses at the same time as making it easier for SME’s to afford membership of the FGC.

Achieving this would require that membership of the FGC be offered on a graduated (relative to annual turn over) scale of membership. Member companies could then be allowed access the FGC courses at a discounted fee (say \$1,000 instead of \$2,000) with the \$1,000 shortfall to the management company being made up from FGC membership income. This would not only promote companies, particularly SME’s, to join the FGC but also give them access to the member’s discount for the courses. Alternatively, they could discount FGC membership relative to the number of training courses the staff of member companies attend. This would thereby not only promote the upskilling of the whole industry - the original 2004 intent of the FGC Education Programme – but increase the membership base of the FGC and also provide member companies with a special benefit (discounted course fees) for being members.

Bonding

Although the interviewees did not support the concept of bonding, several of them use the technique in various situations. In addition, anecdotal information from students attending FGC courses is that employers are becoming increasingly concerned that funding employee training is increasing their portability. This appears to be more of an issue for SME’s than for larger companies. Consequently there is a growing trend

towards employers “bonding” staff who go on company funded training. Under this regime if the employee leaves the company within 2 years of the training they have to pay back the full cost of the training.

Unfortunately the practical outcome of bonding is often the complete opposite of its’ intent. Instead of bonding promoting employees to take the training and stay with the company for a specified period, it is acting as a complete deterrent to employees attending training courses. Hence, whilst bonding is essentially an issue between the company and the individual employee, it has an obvious impact on the uptake of FGC course - it makes staff members reluctant and even resistant to attending courses. It is therefore a polarity that the FGC must manage even though they are not a direct “player” in the employer-employee bonding relationship. Construction of the polarity map for this dilemma is based upon identifying the “benefits” to the Company of bonding and not bonding.

Managing the polarity: Bonding is primarily a dilemma for the company and an issue between the company and the employee. However, as it impacts on the FGC as a course provider it is necessary for the FGC to manage the dilemma. As the FGC can not “forbid” companies from bonding, they must create an industry environment which dissuades the company from imposing a bonding regime. This can be achieved by the FGC including a “message” against bonding in the earliest documentation sent about the courses and repeating it in all documentation about the course. The message should document the case against bonding, quoting the comments made by interviewees. One in particular, which could become a “slogan” for the courses, is the saying “What if I train someone and they leave, what if you don’t train them and they stay”.

Another theme could be the comment made by the Director of Company E when he said “if you are training people and they leave for a higher paid job in another company you are training the wrong people. If you train the right people, in line with where the company is going and also their personal goals, they will stay.” Another line could be his other comment about training creating competitive advantage for a company, “if a company needs to be better than competitor companies then they need to train their staff more than other companies.” In addition, Company D could be given as an example of training working in practice.

L+	<ul style="list-style-type: none"> • Achieves staff training • Increases company capital • Captures benefits of training expenditure to company for a period, particularly for expensive courses • Addresses portability issues. • Good for employees to have “skin in the game” 		R+
	BONDING	NOT BONDING	
	<ul style="list-style-type: none"> • Poor performance from unmotivated staff who do not want to be in the company. • Demonstrates company’s focus on company and not staff. • Creates discontentment in staff. • Potential barrier to recruitment • Counterproductive as staff may refuse to attend training then everybody misses out on benefits 	<ul style="list-style-type: none"> • Increases individual’s portability. • If staff leave the company has expended money for no return. • If staff leave there is no gain in company capital 	
L-			R-

There is one practical action which could also be used. One message that is clear from this current investigation is definitely undertake staff training, but be selective about who you train. Hence to support this theme, the FGC could provide companies with a free, on-line, pre-training assessment of potential candidates’ capabilities in terms of whether the training will meet the needs of the company and the individual. Then a training programme can be recommended and delivered in the topics that will improve their skills. This will build their stimulation and personal capital such that they will want to perform better and stay with the company, and thereby remove the necessity for the company to bond them.

CHAPTER 6: CONCLUSIONS

In 2010 there is a shortage of trained and experienced staff in some topic areas in the FMCG industry but the shortage is not critical as it was perceived to be in 2004 when the FGC Education Programme was instigated. Comparing the number of people who have attended the FGC courses up to 2010 (100 participants) with the pool of potential attendees identified by the FGC as “industry wide” (36,000 people) in 2004, attendance has been “lower than expected”. However this perception about attendance is flawed because two key factors lead the FGC to grossly overestimate the labour market shortage, and hence size and urgency for training, as “industry wide” in 2004.

The first key factors is that the FGC did not undertaking a needs analysis to identify the actual size of the labour market shortage or the pool of people that needed training. Rather, based upon the problem some FGC member companies were experiencing in recruiting (and retaining) trained FMCG people in some topic areas, they inferred that the need was “industry wide”. In reality, at that time, from the FGC’s prioritisation of training topic needs, the shortage appears to have been in the mid-level sales area (key account management) and some “specialist” areas such as Logistics and Supply Chain Management, neither of which require large numbers of staff.

The second key factor is that given the members of the FGC in 2004 were all senior managers in FMCG companies, it seems incongruous that they allowed this misconception to pass unchallenged and approved the set up of the FGC Education Project. In this context, there are strong implications that the practice of people “saying one thing, but doing another” (Argyris 1985) applied to this decision. Clearly members of the FGC supported the set up of the FGC Education Project on the basis that “this is good for the industry so we should do it”. However, they did not identify that their individual companies were not facing this shortage because they were taking alternative approaches to resolve the shortage.

These two factors combined to give false expectations to the training providers who became associated with the FGC Education Programme that the whole of the industry (36,000 people) would be candidates for training and hence the perception in 2010 that attendances have been “lower than expected”.

There can be no doubt that there was a labour market shortage of skilled FMCG people in 2004, albeit significantly smaller than “industry wide”, but a number of factors have changed in the FMCG industry that have further significantly reduced the size of the shortage in 2010. Since 2004 the larger companies have developed “dedicated, in-house” programmes to upskill their staff and recruited experienced staff from overseas and other industries. This has virtually removed their need to recruit skilled staff from the New Zealand labour market, thereby reducing the pressure on the labour market and minimising their need for training courses from external Providers.

As large FMCG companies satisfy their training needs with their own in-house courses, it is the medium to small sized companies (SMEs) that are the target market for externally provided training courses such as the FGC Education Programme. However the cost/affordability of training staff and an attitude that training does not provide significant benefits to the company, are two key barriers to SME’s training their staff. This therefore reduces their use of the FGC training courses.

In analysing how the FGC can increase attendance at their training courses several “problems” were identified for which there are no practical “solutions” as they are created by internal factors within companies which the FGC is powerless to affect. These “problems” are associated with in-house training in large FMCG companies, cost/affordability of courses and attitudes against staff training in SMEs, bonding of staff and opposing “demands” on the FGC as an industry representative and course provider. By treating these “problems” as “dilemmas” and hence “polarities to be managed” (Johnson 1992) options are identified which the FGC can apply to these problematic situations to improve the uptake of their courses.

APPENDIX

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Request for interview

Dear.....,

I have worked with the New Zealand Food and Grocery Council over the past 4 years developing short courses in Key Account Management, FMCG Sales Staff Management and Logistics and Supply Chain Management as part of the FGC Education Project. These courses have been presented over the last 3 years at Massey University's Albany campus under the banner of the "FGC Stepping Up Series". They are endorsed by Massey University College of Business and participants who complete the courses receive a Certificate co-branded by FGC and Massey University. My company, Burns McFarlane Limited, develops, manages and is paid a fee for delivering the courses on behalf of the FGC. We are currently working on a new course in Leadership development specifically designed for the FMCG industry.

I am currently undertaking a year's research for the degree of Master of Management at Massey University (Palmerston North). My interest is in the use of short courses as a training vehicle and hence my research topic is "Identification of some of the barriers to the use of short courses for Staff development in the FMCG industry".

To collect the data for this research I am interviewing Chief Executives of FMCG companies to identify their philosophy towards Professional Development of their staff. I am also, at the same time, interviewing the Manager who actually manages staff development in their company to identify the practical problems they encounter in this area.

Given my involvement with the FGC, I have chosen the Board of the FGC as a starting point for my research. This selection has a two fold basis:

1. To check that the fundamentals that lead to the development of the FGC education project that was started 4 years ago are still relevant to today's FMCG industry, and also

2. To identify how the larger FMCG companies that they manage go about the Professional Development of their staff and the problems they encounter on the way.

I hope then to compare and contrast this with some of the smaller FMCG companies that also belong to the FGC.

The purpose of this correspondence is therefore to ask if you would be willing to assist me in my research by allowing me to interview you and the person who manages your company's Staff Development programmes. I realise you are very busy and hence, with your permission, I will record the interview to make the most efficient use of the time you have available – the interview takes about half an hour. In this context please be assured that I want to identify issues, problems and trends within the FMCG industry. Hence, all data which I collect will be kept totally confidential and the findings of my research will be written such that participating individuals and companies can not be identified.

To this end would you, and your manager with responsibility for Staff Development, each have a time slot for such an interview sometime in August. I live in Levin, but will travel to Auckland to meet with you at any time that suits your diary."

Derek A Burns

Low risk notification



NOTIFICATION OF LOW RISK RESEARCH/EVALUATION INVOLVING HUMAN PARTICIPANTS

(All notifications are to be typed)

(Do not modify the content or formatting of this document in any way)

SECTION A:

1. **Project Title** Barriers to the uptake of short courses in the FMCG industry

Projected start date for data collection 1 June 2010 **Projected end date** 30 November 2010

(Low risk notifications will not be processed if recruitment and/or data collection has already begun.)

2. Applicant Details *(Select the appropriate box and complete details)*

ACADEMIC STAFF NOTIFICATION

Full Name of Staff Applicant/s

School/Department/Institute

Region *(mark one only)* Albany Palmerston North Wellington

Telephone **Email Address**

STUDENT NOTIFICATION

Full Name of Student Applicant Dr. DEREK ALEXANDER BURNS

Postal Address PO BOX 601, LEVIN

Telephone (06) 368 6146 **Email Address** derekaburns@hotmail.com

Employer *(if applicable)* SELF EMPLOYED

Full Name of Supervisor(s) Dr. PHILIP RAMSEY

School/Department/Institute MANAGEMENT

Region *(mark one only)* Albany Palmerston North Wellington

Telephone (06) 356 9099 **Email Address** P.L.Ramsey@massey.ac.nz

GENERAL STAFF NOTIFICATION

Full Name of Applicant

Section

Region *(mark one only)* Albany Palmerston North Wellington

Telephone **Email Address**

Full Name of Line Manager

Section

Telephone **Email Address**

3 Type of Project (*provide detail as appropriate*)

Staff Research/Evaluation:	Student Research:	If other, please specify:
Academic Staff	Name of Qualification	M.Mg t
General Staff	Credit Value of Research	120
Evaluation	(e.g. 30, 60, 90, 120, 240, 360)	

4. Describe the process that has been used to discuss and analyse the ethical issues present in this project.
(Please refer to the Low Risk Guidelines on the Massey University Human Ethics Committee website)

Discussion with research supervisor Dr Philip Ramsey,

5. Summary of Project

Please outline the following (in no more than 200 words):

- 1. The purpose of the research, and**
To investigate the barriers and dilemmas that exist which reduce the uptake and use of short courses for the professional development of staff in companies within the Fast Moving Consumer Goods Industry (FMCG). Particular focus will be given to identifying if there is a divergence between CEO's of FMCG companies philosophy about training and professional development within the FMCG industry sector and that actually applied within their companies.
- 2. The methods you will use.**
Direct interviews with CEO's of FMCG companies, particularly those who have been members of the Board of the New Zealand Food and Grocery Council.

(Note: ALL the information provided in the notification is potentially available if a request is made under the Official Information Act. In the event that a request is made, the University, in the first instance, would endeavour to satisfy that request by providing this summary. Please ensure that the language used is comprehensible to all)

Please submit this Low Risk Notification (with the completed Screening Questionnaire) to:

**The Ethics Administrator
Research Ethics Office
Old Main Building, PN221
Massey University
Private Bag 11 222
Palmerston North**

SECTION B: DECLARATION *(Complete appropriate box)*

ACADEMIC STAFF RESEARCH

Declaration for Academic Staff Applicant

I have read the Code of Ethical Conduct for Research, Teaching and Evaluations involving Human Participants. I understand my obligations and the rights of the participants. I agree to undertake the research as set out in the Code of Ethical Conduct for Research, Teaching and Evaluations involving Human Participants. My Head of Department/School/Institute knows that I am undertaking this research. The information contained in this notification is to the very best of my knowledge accurate and not misleading.

Staff Applicant's Signature _____ Date: _____

STUDENT RESEARCH

Declaration for Student Applicant

I have read the Code of Ethical Conduct for Research, Teaching and Evaluations involving Human Participants and discussed the ethical analysis with my Supervisor. I understand my obligations and the rights of the participants. I agree to undertake the research as set out in the Code of Ethical Conduct for Research, Teaching and Evaluations involving Human Participants. The information contained in this notification is to the very best of my knowledge accurate and not misleading.

Student Applicant's Signature _____ Date: _____

Declaration for Supervisor

I have assisted the student in the ethical analysis of this project. As supervisor of this research I will ensure that the research is carried out according to the Code of Ethical Conduct for Research, Teaching and Evaluations involving Human Participants.

Supervisor's Signature _____ Date: _____

Print Name _____

GENERAL STAFF RESEARCH/EVALUATIONS

Declaration for General Staff Applicant

I have read the Code of Ethical Conduct for Research, Teaching and Evaluations involving Human Participants and discussed the ethical analysis with my Supervisor. I understand my obligations and the rights of the participants. I agree to undertake the research as set out in the Code of Ethical Conduct for Research, Teaching and Evaluations involving Human Participants. The information contained in this notification is to the very best of my knowledge accurate and not misleading.

General Staff Applicant's Signature _____ Date: _____

Declaration for Line Manager

I declare that to the best of my knowledge, this notification complies with the Code of Ethical Conduct for Research, Teaching and Evaluations involving Human Participants and that I have approved its content and agreed that it can be submitted.

Line Manager's Signature _____ Date: _____

Print Name _____

INTERVIEW SCHEDULE

The industry

1. What is your opinion of the status of the industry today in terms of availability of suitably trained or educated people?
2. Four years ago FGC set up an “education project” to “raise the level of education” across the FMCG industry. Do you think there is still a need for such education today?
3. What is needed - training focused to help the staff member do their job better or formal University/Technical Institute education to improve their knowledge level and thinking capability?
4. Part of the concept for the FGC project was to set up a staircase from certificated, industry designed, short courses to University Certificate – Diploma – Degree in FMCG – MBA in FMCG.
 - a. Do you think there is still a need for this staircase today?
 - b. At which end of that continuum do you think the emphasis should be placed: In the short term? - In the long term?
5. Do you see benefit in such training or education being associated with, or driven by
 - a. FGC
 - b. University.
 - c. Any other provider(s)
6. Is it necessary for someone to have experience in the FMCG industry to enter the industry?
7. How can someone who is not in the industry get this experience?
8. Is there currently any “qualification” that is accepted by the industry that signifies that someone currently not in the industry has the required industry knowledge to enter FMCG?
9. Is there a need for such a qualification?
10. At what level (new entrant, junior/middle or senior manager) should it be pitched?
11. For the industry to accept it who should certify it?
12. What do you think are currently the top 5 priority area/subjects for industry training?
13. At what level new entrants/junior managers/mid managers/senior managers is training in these areas required?

The company

1. What is your personal philosophy about Professional Development for your staff?
2. Is this also the company policy?
3. Is this written down?
4. What outcomes do you want from Staff training?
5. In your opinion has your staffs training to date delivered any of those outcomes?
6. If not why not?
7. What do you think are the benefits to the company from staff training?
8. Are there, or should there be, any benefits to the individual from staff training?
9. I sat in the office of an HR Manager and he said to me “don’t talk to me about staff training. Everytime I send a staff member on a course or a degree as soon as they complete it they leave for a higher paid job in another company.”
 - a. Have you had any similar experiences?
 - b. Have you given any thought as to how you might prevent this?
 - c. When I came to New Zealand I was bonded to my employer for 3 years or I had to pay back the cost of bringing me to New Zealand. Do you think this might be an answer to this problem?
 - d. What do you think might be the downside of such a bonding scheme
 - i. for your company
 - ii. for the individual?
10. What is your philosophy for staff replacement in your company – do you prefer promote from within or to recruit people from outside with the necessary skills?
11. When you are replacing a Manager in your company what are the 3 priority things that you look for in their CV.
12. Does what you look for differ depending on the department (Marketing, Sales, Operations, Finance) that you are recruiting for?
13. Do you ever look at the courses they have attended as opposed to their formal (degree/diploma) education?

Current training in your Company

1. What Professional Development of Staff do you currently do in your organisation?
2. What topics are the priority needs for Professional Development for your company?
3. Does this differ for Junior, Middle and Senior staff?
4. Are there sufficient providers in the market place to deliver on these needs?
5. Who currently provides your training?
6. How long have they been providing this training for you?
7. What is the ratio of “in house” or “on-the-job” training compared to training by external providers?
8. What criteria do you use for selecting your training provider?
9. Would you be more likely to send your staff on a course if it is associated with a recognised education provider such as a University, Technical Institute or Professional Body?
10. Do you set an annual staff training budget for the company?
11. I would like to understand your decision process around training
 - a. Who identifies the need for training for a staff member?
 - b. Who makes the decision to send a staff member for training?
 - c. Who selects the course he/she will go on?
 - d. If there are more people who want to go on courses than there is budget, how do you make the selection?
 - e. How do you evaluate the outcomes of the training:
 - i. For the company and
 - ii. for the individual
12. How do you find out about training courses that are on offer in the market place?
13. Are there currently courses in the topics you want training for your staff?
14. If there are gaps who should take responsibility for developing training courses for the FMCG industry, Universities, Technical Institutes, FGC, Individual training companies, The industry?.
15. Is your company’s HR function delivered from New Zealand or off shore?
16. Is there a person in the company whose job it is to look after Professional Development of your staff?

17. Given that attendance at any course means that your staff member is not at work doing their daily job what is the ideal duration for a short course for:
- a. A senior manager
 - b. A middle manager
 - c. A Junior manager or new entrant
18. In your opinion does professional development of staff directly improve:
- a. The individual's performance
 - b. The company's bottom line
19. Do you currently train your staff using any or the following:
- a. "In house" training specific to your company
 - b. Market place short courses
 - c. Tailor designed in-house short courses
 - d. Selected consultants who work long term within your company.

Preferred course design and structure

1. What is the ideal timing for your business for short course training in terms of
- a. Seasonality or business processes or operations
 - b. Time in the month (e.g. avoid start and end of month)
 - c. Time in the week
 - d. Number of modules.
2. Course specifics:
- a. To what level of training do you think a company should pay for a staff member – short course/Cert/Diploma/degree
 - b. What is the price band you would expect for a 2 day industry specific short course?
 - c. Does that change relative to the organisation that provides the course e.g. University/Professional Body as opposed to any other, unknown?
 - d. Do you see value in a recognisable and recognised industry certification/qualification for the FMCG industry?
 - e. Is location an issue for you – Would it assist your business to have courses run outside of Auckland?
3. Would you like to add any further comments relative to the need for, or barriers to the use of short courses for up-skilling staff in the FMCG industry?

Original interview transcripts.

COMPANY A

The Chief Executive and Director of HR were both present and took part in the interview.

First I would like to focus on the FMCG industry

1. What is your opinion of the status of the industry today in terms of availability of suitably trained or educated people?

CEO: I have a multifarious response because there are solid availability for certain types of role. There are challenges in other types of roles. I know looking for highly experienced Sales and Accounting management people is a challenge and getting people who are well qualified is not easy. Getting Sales staff for the front line is not overly hard because we do not have a very high bar. We look for clever, bright people and we teach them. We have taken that approach because of the low availability of quality individuals. Logistics, I have not been overwhelmed by the availability of really good Logistics people so we have home grown ours. Operation, interestingly, a number of our really good people of late have come from overseas – that has been quite a rich vein for us. There is not an avalanche of good individuals, you have to look pretty hard.

HR Manager: I agree with George. At the entry level for Sale for example, we actually do quite well. We run intake assessment centres often and we get a really good responses to that and we generally get a good group of people out of the assessment centre. But at Key Account level there is often a challenge there and it is the skill set (that is lacking). It is the analytical and relationship building skill set that is difficult to build and often lacking.

2. Four years ago FGC set up an “education project” to “raise the level of education” across the FMCG industry. Do you think there is still a need for such education today?

CEO: From a company perspective, no, we do our own thing, because we have the (in-house) skills to do our own thing – there are not many organisations within the FMCG industry who have this capability. From an FGC perspective, I get the impression that people believe or perceive there is a need, but whether there is or not at present I have to say for me the jury is out. In this context you must recognise that the FGC Education project was set up before I was part of the FGC.

3. Given that, there is a body of research that says quite often a group of Chief Executives when they get together to talk about the industry will say one thing but when they go back and work within their company they actually do something totally different. Do you think that might have happened here in making the decisions about the Education Project - was there perhaps a perception that this is good for the industry but I do not need it in my company?

DEO: The way the FGC works is that it has working groups that basically develop programmes. This project would have come from one of those working groups, they tend to be staffed by individuals who are not on the Board itself. Whilst there is usually a Chair and Vice Chair from the Board, most of the have 15 to 30 participating companies send their people along for the committee experience. They tend to drive the outcomes. So there tends to be a fairly broad base of opinion before something bubbles up to the Board.

This is the nature of committees in voluntary organisations, and before the Board takes hold of it there needs to be a groundswell that says this makes sense, let's go for it. Do I think there is a little bit of "we feel this is good for the greater good, therefore it makes sense", it may have been so.

- 4. Part of the concept for the FGC project was to set up a staircasing from certificated industry designed short courses to University Certificate – Diploma – Degree in FMCG – MBA in FMCG. Do you think there is still a need for this staircasing today leading to specific University qualifications with FMCG after it?**

CEO: It gets back to the previous question. If you believe there is a need to start with then as a structure to put in place to deliver that need it seems to make eminent sense. *(He did not say it but his tone implied that he does not believe there is such a need.)*

HR Manager: The way our company would approach would be as long as there is relevance for our business and what we are trying to achieve we might support it, but this is not necessarily a qualification. Perhaps something broader is needed. It is the same discussion as we have around working with other institutions – on one hand you have a qualification that is recognised by the industry, but is it fit for our purpose, is it the best thing relative to our business. The thing to focus on for us is the relevance and currency of it. I believe each business will want to use their people development as a competitive edge because it is the thing that sets us apart both from an attraction perspective and also keeping people with us. We focus on raising the bar through good focused people development.

- 5. So that implies that you would rather train your people internally because that way they are not learning the same as everyone else on the same course, but rather that they are getting something special from you which will help the competitive edge of your business**

HR Manager: Well we have a mix so a blended learning approach (some general courses and some in house) is needed some of which is definitely our way of doing things. However, we have to ensure that the training is not insular and that the staff get exposure to the external learning environment.

CEO: To that point we use an individual (staff) plan approach. So where an individual has identified learning/skill gaps we look at the opportunities and if they can be satisfied by going on a course for 6 – 12 months doing two days per month etc that is absolutely fine. But the blended approach is what we do. We will pick elements which are capable of being delivered in-house because we have sufficient volume (of people wanting to be trained) to do that. But if it is an individual who requires a particular piece of training and there is something external then we are more than happy to add this in to the programme for that individual.

- 6. So you blend the outside delivery in terms of learning the fundamentals of the job and there is another in-house component which is the company "way of doing things."**

CEO: Yes

HR Manager: I will just give an example. There are some skills that you want to get the critical mass or commonality of across all areas of the business. So, for example, in our Sales area there are some concepts and some models that we want everyone to buy into.

So that would be done internally. It would not make sense for us, over a long period of time, going to people externally for this. So that is run internally with some good coaching around that programme

- 7. The Sales area is quite unique from the rest. People come into Marketing with degrees and so they are already trained whereas there are no degrees, at the moment, in Key Account Management. How do you cope with that. If you are bringing new people in how do you train them in Sales and Key Account Management?**

CEO: Exposure

HR Manager: We are very fortunate to have the resources through our Australian team as well and through the global company. So we take all of Key Account Managers through a programme where the Australian training team come here. This builds in a formal training way on the work we do in-house with our front line sales people. This is often around the terminology and works at a core strategic level for our Key Account Managers.

- 8. Given what you have just said, are you aware of the FGC courses, particularly the one in Key Account Management?**

HR Manager: Yes.

- 9. Why then do you not use them for training.**

HR Manager: It goes back to the fact that we have had a really good programme developed internally, with a huge amount of investment and a lot of consultation with stake holders. It has been rolled out in Australia and New Zealand with the full support of the business. It has a good connection with what we are doing with our Sales people in getting that whole message out there quickly to a targeted audience. In this way it makes good sense commercially and internally for our business. It allows us to get the messages over quickly and efficiently.

- 10. That goes to the nub of what I am trying to find out because you have just said there is a need for training and it was not being met and so you developed a course internally. This means the FGC was right in saying the priority is Key Account Management. So they were obviously right in setting that up, but the courses are not meeting the needs that you company has in that area.**

HR Manager: I am not qualified to comment on that because I am new to the business and the FGC decision was made before I was here.

CEO: This company has been in business world wide for a long time and it has a very long history of running our own, in-house, Sales programmes. We see our training in the same way as we see direct in-store delivery, owning a delivery fleet, we see all of that as a competitive advantage for us. So, we have written the training programmes, we own the IP and it is written in exactly the way we want it to be delivered.

I have been with the company for many years and the first day I started I was shown there is a way we do it – this is the company system and this is the company way - and we have been using the same training programme for field Sales teams for the last 17 – 18 years. So there is a really long history of in-house training in the company system and way of doing things.

11. Is it necessary for someone to have experience in the FMCG industry to enter the industry?

CEO: No, we have had significant degrees of success with people who have come from other sectors, but it depends where you come in.

12. Anecdotally in the sales area, people who have had lots of experience in sales in other sectors have applied for jobs only to be told “you don’t have FMCG experience”.

CEO: That would not be something that we would do.

HR Manager: It does depend on the specific role. It may apply in senior Sales positions but it is not a blanket statement.

13. What do you think are currently the top 5 priority area/subjects for industry training?

CEO: I am not sure I am qualified to comment for the industry, but I can comment for our company. Leadership, selling, productivity, people management skills, Those are my top 4.

HR Manager: What you asked in your email was about the challenges we face in this industry with regard to training. Two of them that come to mind are the pace at which the business goes, and the speed at which you have got to get information and knowledge out to people, but then also your time constraint.

So you can not just quickly pull someone out from the field and tell them to come in for a 3 day workshop. So the one thing that would be very useful is more focus on field coaching particularly round that Sales area. Just to get people out there building capability in the field. So the coaching area, particularly with the Leadership training and leadership coaching would be one of our priorities.

14. You said Leadership, what do you mean by Leadership?

CEO: In the context of our business it is the ability to create agenda and inspire others to deliver on that agenda. It is also the layers of process within the Leadership framework that we have in this company in terms of managing through performance, having the right level of conversations with staff, it is about acknowledging responsibility. Leadership for us is a lot about personal choice and it is about making the right choices and owning the results – deciding what you have to do (*in a given circumstance*) and then doing it.

15. What is your personal philosophy about professional development for staff?

CEO: I would rather give you a for instance. We had no learning and development team in the business when I joined 6 years ago. Today we have a very strong team.

HR Manager: An example of the commitment to the sort of things we do is from the executive team throughout the company so it (training) is not seen as an HR function but rather as a business function. It is not being isolated into a corner and you just get on with it, rather the sponsorship around it (training and development) is from the executive.

16. What is it that has engendered or driven your philosophy towards staff training?

CEO: We expect a lot from people that work for us and we believe an informed educated work force and team is actually one that is much more capable of making the right decisions and working by itself. I joined this company many years ago, within 2 weeks of being in I was on a 2 week programme in Management and Leadership skills and that has helped me build where I have come to in the company and I have travelled a long way. I definitely think that clever smart informed people who are given the right skills just make way better decisions and have fantastic productivity. If I look at the level of education capability within our organisation there is absolutely no doubt that there is a correlation between that and the fact that our group has outperformed the S&P (Standard and Poor's) index by 280% over the last five years.

I would now like to focus on your personal and company philosophy to training

1. Are there, or should there be, any benefits to the individual from staff training?

CEO: Absolutely, it is a balance where we enable the members of the team to have benefits – and we do career counselling, planning and coaching – right down to health management which are personal outcomes. I have never seen an individual in this company as being compartmentalised. There is no separation between the individual, the company benefits and the individual benefits.

2. I sat in the office of an HR Manager and he said to me “don't talk to me about staff training. Everytime I send a staff member on a course or a degree as soon as they complete it they leave for a higher paid job in another company.” Have you had any similar experiences?

CEO: No. The more we spend the longer they stay. We have had only a 25% staff turn over in the past 5 years.

HR Manager: Infact a really good measure is we have a group of people in the business who have a really big investment around their development and the retention rate is fantastic.

3. I have always believed that if you get the money right then other things come in line for consideration by the staff. Based on you answer above and from interviewing other companies you are quite unique in your retention rate. Why do people stay in this company?

CEO: It is the package, nobody stays because they have got an MBA. If your company has a philosophy that people actually matter and then you create the framework around that to ensure that people know they matter in the organisation, and if that is one of your values, your values are only really of any use or benefit if they are costing you some money. If it is just a fluffy statement that you have by the front door then forget it. But if you have created a framework which says we will look after you, you are important, we will remunerate you appropriately, we will educate you appropriately, we will help you to deliver around some of the life stuff you would like to achieve and you have a career path you become self-assured.

We are very fortunate because we have a great system with affiliations around the world and one of the things that has worked very well for us is the ability to say to a staff member “would you like to go abroad for 2 years?” .

We will put you on our alumni programme and we pay you to go overseas and come back again and you bring that knowledge and that capability back to us. That is how you enrich someone's job and life and get retention.

4. What is your philosophy for staff replacement in your company – do you prefer promote from within or to recruit people from outside with the necessary skills?

CEO: We are currently 56% within 44% outside. Internal preference.

HR Manager: Definitely internal preference – first look is always internal.

5. Is that because they know the company way of doing things?

CEO: Yes. It is back to the framework. If your philosophy is about developing your people and you have created career paths then you always look internally first.

6. Does that work in all areas or is it different in areas such as Sale and Marketing where it is hard to find people?

HR Manager: Yes. There is always opportunities to do better and more. If you think that it is all good (in the company) and you do not keep looking at where the gaps are then you are in trouble. But you need to look at those critical roles and skills and make sure that we have got people coming up to fill them so that we do not have an interrupted delivery of service because we do not have people with talent and skills.

7. Would you say that your company is a prestige company in the FMCG sector that people actively seek to come into in preference to others?

CEO: Yes. We take a strong approach to our employee value system. So it is not just about what you are paid, but also about how you are made to feel. It is about the opportunities and there are so many levers that you have got to pull. We look seriously at the alignment of your values and fit with the team you are going into rather than just your skills. If your values alignment is not the same as the company you will not be happy so go and work somewhere else and be happy there.

HR Manager: Yes very much so because the brand is strong, we have just had an induction programme for 24 people joining the business, and I ask the question what made you choose this company? They say the brand, the opportunity for development.

8. With the outside training you use do you see value in that outside training being delivered in association with a University?

HR Manager: Yes, we do some work with Auckland University and Sugar. So long as there is a good fit, we know what they are delivering and it is linked to what we want, if the price is right and it meets all the other criteria then we are open to it.

9. Why did you choose Auckland University?

HR Manager: We do not do a lot of work with Auckland, mainly their short courses in Project Management or Finance.

10. What about the FGC – if they provided FGC sponsored courses or took on their development would you see value in that in being industry based and focused or do you prefer it to be with a traditional teaching organisation such as University.

HR Manager: I would be open to have a look at it but to date I have not gone in enough and had a look at what is on offer through the industry. You have to keep an open mind and if there is a good match and it is meeting the kind of outcome that we want then I am very happy to look at it.

11. Are there sufficient providers in the market place at the moment to deliver any courses you want?

HR Manager: Absolutely.

12. How do you find out about what courses are in the market place?

HR Manager: I have ways and means. I have a very strong network outside of the business. Talking to colleagues in other businesses and seeing what they are doing and who they use. I also have a link with an organisation called the Training Network so if I am looking for something quite specific they will do the research on our behalf. So mainly through networks and other general communication.

13. What about the FGC newsletters, how far down the company (past the CEO's desk) do they go?

HR Manager: I have only seen a few of them and I do not often get them. One or two of the Sales guys have shown me copies, but I do not get them.

Training in your Company

1. Presumably you have an annual staff training budget for the company?

HR Manager: Absolutely

2. Do you spend it every year?

HR Manager: I try to, but in tough (financial) years like we have just have it is one of the first things to go?

CEO: The in-house training programme never gets touched.

HR Manager: That is correct the training budget is not up for grabs. It is there and it will be spent and the work will be delivered.

3. I would like to understand your decision process around training: who identifies the need for training for a staff member?

HR Manager: We have a robust process of managers and staff talking about their performance, about what is coming down the track for them in the next 12 months and then discussing an individual development plan. So for each individual they have an agreed individual development plan with target dates etc.

We then have a look at that and what we are doing at the moment. We analyse this to see what sort of trends and themes are coming through for groups and individuals. We go back and clarifying those and that becomes the main platform for us to prioritise for our training needs for the coming year. That is then the platform from which we deliver all of our training and development.

That is one area but obviously there are others. We look at things around what is coming to the business. So at the moment there might be some compliance things that we have got to do so we will respond to that. There might be some big projects with change initiatives and that will influence what we have got to do in terms of Learning and Development. That way we know the impact of things like Leadership on the business so that will be an ongoing focus for us. So our decision making is really about what is going to have the biggest impact for the business now and into the future with a long term view.

Going back to your question about short courses and Auckland University, the other big thing for us is that we have a very clear philosophy around learning and it is that 70/30 principle. You spend the least amount of time in a class room and the most time actually doing it and experiencing it. That is where that application of the learning back into the business is one of the things that decides for us what, how and who we are going to train – that piece is really important.

4. In terms of the who, what and how do you identify high flyers at an early time in their career and give them different training from the rest?

CEO: Yes. The organisational capability review that the HR Manager has referred to is the official organisational planning. From that we develop potential and quality and individuals who are high quality at the job they do and have potential to move on and up. They are put through onto a programme which gives them 12 months of very targeted development that will be job related and also Leadership skills plus a number of life skills programmes. So it is a very holistic view.

That is a heavy investment – I would hate to call it expenditure – it is heavy investment. We have run that for the last 5 years and we keep 94% of those staff. We have had 2 or 3 of these people leave to do good things in our sister businesses. One is now MD of a large business here in NZ. So yes they are picked out and the programme itself, whilst it is an umbrella, a lot of it is around individual coaching. Participants get individual coaches and mentors, they also do a lot of self coaching and self teaching. If they are still top box they can stay on that programme for another year, but the development changes, it stays with their requirements.

5. So if you have another staff member who sees that other person has clearly been identified as a high flyer and they think why haven't I been given the same opportunity, how do you deal with the demotivation that must cause?

HR Manager: Every individual gets feed back from their Manger so it is a transparent process, they understand the criteria. They have the discussion, they get the feed back, they talk about the areas where they need to improve and they plan together how they will achieve that. So what is quite interesting is that it is something that people really aspire to. In some organisations they may say we keep this secret – we have this pile of potentials but we do not tell anyone because others may get worried about the impact of this on them if they are not one of them. We do not do that, it is not a secret for us we actually like talking about this.

CEO: We measure that Group a lot and every year 60% of them will be promoted with greater responsibility and change of role etc.

6. Given that attendance at any course means that your staff member is not at work doing their daily job what time can you make available for:

a. A senior manager to undertake training through the year?

CEO: It varies. There are no issues, we are more than happy to send a senior manager away for 1 – 3 weeks if needs be.

b. A middle manager

CEO: Same

HR Manager: The biggest thing here is a good lead time. You have to plan and give people good notice so that they have time to plan and prepare – a week before is not good – it just annoys people.

7. In your opinion does professional development of staff directly improve:

a. The individual's performance

CEO: Yes

b. The company's bottom line

CEO: Yes, otherwise I would not do it

8. How do you measure an individuals training in terms of improving your bottom line?

CEO: I have no idea. There is a direct correlation between training and performance. The fact that we are the most profitable company in the FMCG and our stock market performance is excellent compared to other companies I believe has a direct correlation with the training and quality of our people.

HR Manager: Just to add to that, if we were not (that good) we would not have the retention rates that we have. We would not have that internal placement that we have and we would have gaps in skills that would have a definite impact on the delivery to our client base. There is no hard and fast measure but if you look at some of the internal placements that are happening, people are ready to take on new roles, and that is a good indication for us and they are staying. That is a good engagement driver, "What is my career looking like, I will stay with you as long as I feel I am actually learning".

COURSE SPECIFIC

1. What is the ideal timing for your business for training (internal or external) in terms of seasonality or business processes or operations

CEO: From late October till Mid February is a no go zone.

HR Manager: But we do not disappear over those months, we have other ways of keeping contact – we provide on line information, but class room time we are very sensitive to taking people away from their jobs in that time band.

2. Do you do on-line training?

HR Manager: Yes. It is beginning to work well. People have got to have the information and knowledge but you can not bring people up from the regions for half a day, So there is a really big need for people to have access to those on line modules.

3. What sort of areas do you train in via on-line?

HR Manager: Well for example, at the moment we are looking at some compliance modules, soon our whole induction programme will be on-line and interactive. There are online modules around compliance, trade maths. We have a platform programme developed internally and not bought "of the shelf" and that holds an enormous amount of information.

4. What about timing in the month (e.g. avoid start and end of month)

CEO: No problems, we are not affected by that. It gets back to the fact that with sufficient notice you can manage anything. It is the same for time in the week and course structure.

5. To what level of training do you think a company should pay for a staff member training as opposed to the staff member themselves – short course/Cert/Diploma/degree/MBA. Should the company pay for all of it given that on an MBA there is a significant amount of personal development for the person rather than directly for the company, and you have increased their portability.

CEO: We have an education assistance programme on top of the learning we provide so we view any opportunity for a staff member. If a staff member wants to commit to do an MBA for example, we will view the benefit of that to the organisation and make an offer to pay for anything from 25% to all of it. We do seek some assurance particularly where the degree someone is going to do is not directly related to the business (e.g. a degree in astronomy) but we might contribute a little bit. We also say if you leave within a given time you should write a cheque and give the money back. But we will contribute in all respects where there is a reasonable correlation with the persons personal development and our business.

6. When I came out form the UK I was bonded for 3 years for the cost of the transport and I had to stay there and work for 3 years. Have you given any consideration to bonding people?

CEO: No – this is the 21st century. If someone decides they want to go then they are mentally checked out already. I prefer to let them go and take the opportunity to get them back in 5 years when they have been and had some more experience.

7. Do you see training as a remedy for none performance or is it better to just let them go?

CEO: Depends – if it is an attitudinal issue you can not train that out of them. Generally when I see none performers I have their attitude checked out.

8. Do you have a price band for external courses say a 2 day industry specific short course?

HR Manager: between \$3,000 and \$5,000.

9. Does that change relative to the organisation that provides the course e.g. University/Professional Body as opposed to any other, unknown?

HR Manager: Yes and the level. One of the things when you look at the strategic or executive level then coaching and residential at that level is more expensive.

10. Would you see value in a recognisable and recognised industry certification/qualification for the FMCG industry?

CEO: Personally no. I just don't know what you would end up training for. FMCG is a wonderful acronym for the products that we produce, not for how we do it, sell it or market it, or the transport/logistics systems we use. There are 5 or 6 groups of specialities within what we do. The disconnect for me is what will I get from this?

I am a chartered accountant who happens to be in the FMCG industry. So we are a collection of qualified people who happen to work in a certain industry. I just struggle with the concept. To me it is trying to land a qualification at a breadth that is too wide – what would you put in it. I do not get the being enamoured with the FMCG nomenclature.

11. So from what you are saying to me is that the focus for you is really inside the company and how the company does it. Developing people within that culture is important than a bit of paper they might have that says MBA (FMCG) which includes a bit of Logistics and a bit of Marketing. Sales etc.

CEO: For us performance and culture are the main things. There is not a packaging degree, yet packaging is enormous in this industry. The magic in what we do is pulling all of these things together and that is Leadership and that is how you get the outcome. It is getting a group of people to all have the same objective and with clarity of purpose that enables them to deliver what you want.

12. Where do you send people for your leadership training?

HR Manager: A mixed bag – some of it is in-house and some of it is through residential – some of it through Australian Universities. Some of it has been Auckland University, but not recently, and we have seminars that we think are particularly relevant to our senior leaders. We are also starting to work with other none FMCG companies in a JV where we can tap into some of the things and resources they are doing – just to challenge and broaden thinking around leadership. So it is a mix of internal and external, in the sector and outside of the sector.

13. Is location an issue in as much as most training and training organisations are base in Auckland – Would it be an advantage to your business to have courses run outside of Auckland?

HR Manager: No it does not matter because they can get the information and programmes on line. If we do use a coaching organisation that does need to be national. The other thing we have done with some of the programmes we are putting in place we have champions in the region so we do the training in Auckland but underpinned by coaches in the regions aswell. Otherwise we are quite happy with not too much going on in the regions.

COMPANY B

First I would like to focus on the FMCG industry

1. What is your opinion of the status of the industry today in terms of availability of suitably trained or educated people?

Within the industry you have a load of multi-nationals and if you take our Company or Nestle as an example, most of us have stock standard courses in terms of our development and training. A lot of what we do is geared towards international directives and not necessarily what we want to do locally. So to some degree, your hands are tied behind your back in terms of what you might feel is appropriate for the local market. But you are dealing with a global company that believes that they have the angle on training of Key Account Management or Supply Chain Management or HR or any shape of course whether it is Leadership or Management style, or basic product training. So we are constrained by international directives.

In terms of what do I think about the local situation there are number of organisations that are supplying stock standard courses for the industry, I don't know that things are FMCG specific. I do know from a recruitment point of view that it is hard to get FMCG people in certain streams so there is a definite shortage in the industry of good people.

2. What particular areas do you find the skills are missing?

Key Account Management and Marketing.

3. Four years ago FGC set up an "education project" to "raise the level of education" across the FMCG industry. Do you think there is still a need for such education today?

I think there is. If something was set up it really never reached us. So it is not like a big "to-do" was made out of this. If this has been set up for the benefit of the FMCG industry it almost seems like "yes there might have been a need there" but as soon as the need was established that had achieved its goal - it certainly did not get broadcast to the industry.

4. So the FGC sends out information in mailers through email every month or so, do they hit your desk?

Some hit my desk – some are forwarded to me but generally speaking they relate to conferences or whatever. Initially I was one of the only people who did get them and I made sure that both our MD and General Manager of Consumer Division were put on the mailing list. They are now very active in terms of attending all these Conferences and Seminars. So there has been a turn around from the point of view of participation from this company to the main (FGC) events.

But what is of interest in training in the FMCG area, and it has got nothing to do with the FGC, but a group of us Professional HR Managers get together on a regular basis so there is an FMCG HR bi-monthly meeting. Not every member of the FGC is part of it, but it is our company, Pernod Ricard, Nestle, Frucor etc and we meet up on a regular basis. But nothing is discussed about FGC, it is more about what are our issues within the market place, how are we going with Union negotiations. Sometimes training and development pops up as an item of interest in terms of "do you know of a good provider for a particular topic".

This group has never heard of this education project so obviously you have got people in the industry who are not aware that these courses were ever set up.

5. What is needed - training focused to help the staff member do their job better or formal University/Technical Institute education to improve their knowledge level and thinking capability?

Probably the former – people to be able to do their job better. Generally speaking as an organisation we are employing people who already have University qualifications. It does not always work that way and some of our older generation people came up the old fashioned way through the ranks rather than recruited out of University. In some cases we have gone for experience rather than formal qualifications but really for those people who have been in the industry for a long time it is not relevant. It may be for those who are new to the industry, or people who have shown a want to get into FMCG industry. I do not see that a further post-grad qualification is going to make the difference between a good and bad employ/person in that area.

6. Part of the concept for the FGC project was to set up a staircasing from certificated industry designed short courses to University Certificate – Diploma – Degree in FMCG – MBA in FMCG.

a. Do you think there is still a need for this staircasing today?

In today's environment money is an issue. Just like many organisations I have had my training budget cut 3 years in a row. When we look at the key courses that we send our management on they will either be in Asia or Europe (centre for the company's business) so we have huge costs to get people there. Sometimes the flight is more expensive than the course content which is unfortunate because for the same price you could send 3 instead of 1 people to the same course locally as opposed to paying all of those expenses. But we are part of a multi-national corporation and they are the things that we are required to take on board.

However, for stair cased courses leading up to an MBA that will require 3 years commitment and I don't know that we can expect to keep people on our pay roll for that period, let alone get some mileage out of that extra expenditure and commitment by the company. In today's environment short courses are probably better or courses where you can see an instant return on your investment for most staff. The exception is the Managers that we send to Europe because they are being geared up for General Management so we take a much longer term perspective for them.

If you have a Business Manager or a Key Account Manager the most important thing, if they are any good, is to keep them in the business in a volatile market, and how do you make them better and retain them. Is training the answer? Yes it could be, but is it alternatively more money – probably – we have to take all of those things into consideration. Training is definitely part of it. Could I say over the years our turn over rate is high? It is, but is that because we don't spend enough money on training – I don't have any proof of that but I believe there is some logic to say that we don't spend enough on training. Certainly in the last few years that has led to a few people thinking "well the company is not taking any interest in me I don't see my career flourishing here, there is no investment in me so I may as well go elsewhere."

- 7. It was said that Nestle were the best trainers of staff in the industry and that people would go there, get trained, and then leave for higher paid jobs in sexier industries. Do you face the same thing?**

We are the other way around. We train people really well through our on-the-job-learning and giving them very early responsibility and then people leave and take that exposure and experience. So people who have our company name on their CV, whether they have been in Sales, Marketing, Finance or Supply Chain Management, people look at them and know that they have been well trained. Not trained in the formal sense but trained in the on-the-job sense

- 8. Is it necessary for someone to have experience in the FMCG industry to enter the industry?**

No. I think there has been a tendency to try to keep within the square. We say that we are part of the FMCG industry but really we are not. Part of our business is but you can not say our pharmaceutical products are part of the FMCG industry. So we are almost 50% FMCG and 50% selective distribution.

- 9. The reason behind that question is that anecdotally people which lots of experience in sales in other sector have gone for a sales role with an FMCG company only to be told that you do not know the FMCG industry so you cant have the job.**

I would not stereotype. At the end of the day there is probably a truth that 75% of the people just continue to swirl around within the industry. We are lucky that if we see someone that maybe has that passions or the ability to be a bit of a chameleon we move them from one part of the business to another – we have a number of people who are now in the FMCG industry arena who were not FMCG.

You tend to find that many of the guys who enter at a junior position – maybe marketing graduates straight out of University - will do their training in some of the other divisions and get a real hands-on feel for how the industry works. But many of them put their hands up for the next stage of their development to go into the Consumer Products division to look after a brand which is in FMCG. They see that is probably the best career move for them as the Consumer division represents 50% of the company's turn over and is therefore seen as the big driving force in the organisation. So there is probably a greater exposure and chance for them to move on and represent that division in an overseas country.

- 10. Typically people coming into marketing, even logistics or accounting, have some formal qualification, quite often a University degree. But there is no such thing for Sales or Key Account Management. How do you deal with training in that area for someone that comes in at the base level through to a National Sales Manager etc.**

There are 2 areas. The people at the grass roots level – a sales rep or a merchandiser – they probably do not have tertiary qualifications and they left school at 15. If we are looking to recruit someone for Sales, we have not got the luxury to have Sales trainees in our structure so we usually recruit people who already have 4 -5 years experience in that role. We are not big enough so we have to have people who can go out and do the job straight away.

Probably the only people we give a bit of an opportunity to have Sales training are our Marketing graduates. We might put them out on the road for 3 – 6 month exposure to the business so that they do not make stupid decisions.

We have people who have joined us from a Services Management background and they have shown flair, passion and good communication/negotiation skills and have moved up in the company to National Sales Manager. We also have someone who has moved from Logistics and Supply Chain Management to a role where they are a Senior Account Manager looking after Foodstuffs. But that person was qualified, they had a degree, and they started their career in another area. We saw their qualities within the business and slowly but surely we moved them through the company to get them out of one particular area and into another.

You just have to look at the talent you have got and sometimes take a chance and move people around to see what potential they can reach. You can't always go into the market place and get what you want because often they are simply not there.

11. What do you think are currently the top 5 priority area/subjects for industry training?

I did a presentation at Auckland University last week – they wanted us to go in as a preferred supplier to talk to their first year graduates. They are sitting there thinking what am I going to do with my life – I have done my half a dozen subjects that I have to do for my degree so now how am I going to specialise. I went along with one of our staff who is an ex-graduate of Auckland and she talked about what she is now doing in the company, so that they can have an insight to what Marketing in a company is actually all about.

It was interesting because I said to some of the Professor in front of the class “the sooner one of you Universities actually gets a Sales degree underway – you will have so much demand from organisations such as us that would take 21 – 23 graduates on. They would have a guaranteed job because nobody is catering for this”. I said to the audience that when you see Sales you probably just think “what an awful job” and you think of the girl that is trying sell you something in Smith and Caughy in a retail store. But that is not Sales. Sales can lead you to be a General Manager of a Company. However no one see it as a career.

I have asked Auckland and Otago Universities why they do not come up with something like that.

12. So given that concept the idea the FGC ad with this of going from a short course training to a Certificate/Diploma/Degree in sales was valid.

It is a degree. It is absolutely valid. We are a small company at the door of Auckland University and we take 3 - 4 graduates every year, usually in Marketing, sometimes in Supply Chain. If there was some form of qualification that said at 22 you had done a degree in Sales, you are still green, you have not got any sort of “ the road experience” we would say come on board. Maybe for the first 6 months you will be doing a bit of analytical work, you may start out as a Merchandiser. It is all very boring to start with but the next step is buddy up with some of our Sales people and the world is yours to take. That way you convert from a University student to being able to do a serious job properly.

I would like to talk now about your personal and company philosophy to training

1. What is your personal philosophy about Professional Development for your staff?

The company has very high ideals in terms of training. Here in NZ because of the ebbs and flows of where we are geographically, whenever the (financial) pressure goes on, training is one of the first things that get cut. Even though there is a decree that can not happen – the MD is supposed to make that call. But unfortunately the pressure is there and we pay lip service to training here in NZ.

We have had some good years where we have done well and the money has stayed in the training budget. But as soon as the tough times come the money is taken out and training is one of the first things that goes. To me (as an HR manager) it is not nice to have to cope with as training is an essential part of keeping people here – it is a retention tool. I am not saying we can train everybody. But we did set ourselves a goal 3 years ago when the money was there that we would put every single person in the company through some form of course every year, even if it was only going to a half day management course.

We almost achieved that, we had an 86% strike rate, but now, 3 years later, we are down to less than 20% of our staff having any form of formal training. However, having said that, we do more in-house training than we did before. That is because our European company produces these in house training courses which can be run by me (HR Director), the Finance Manager or the Marketing Manager in conjunction with an advertising agency. So we are doing more (self run) internal courses but it is not the same as having an expert do it. But it is still part of on the job learning and it is better than nothing.

2. What outcomes do you look for from your Staff training?

A change in mind set, has that person applied what they have learned, are they now in a position to move up the ladder. Generally you know who your potential people are and whether they will get trained or not, they probably already have that level of capacity that they are going to go well in the organisation. We look to see who the high flyers are and we automatically put the money behind them and it is like putting a bet on the favourite. Sometimes that is at the expense of another person who could do well, but they do not immediately show the same level of initiative and so they do not get the same sort of money spent on them. There are also particular areas of importance for the company in training. Hence the customer services girls are not going to get much spent on them but a person who has potential in Supply Chain or Management is going to get whisked off to Asia to be trained.

It is nice to have the high and mighty philosophy of everyone getting some training each year, but in reality business demands means it does not happen.

3. As part of that do you have a succession plan for the staff in the company

Yes. We are relatively small subsidiary in a multi-national corporation and the problem for us in training is where can we feed people to. We do not want to set ourselves up as a pipe line for trained people for other parts of the business because that would mean we are continually striving to get talent to stay locally. There is a need to be seen to be moving people on because people recognise there is an opportunity for them overseas, so it sends out some very positive messages about our performance here in NZ.

But the reality is that if you keep moving all of your good people off shore by giving them an opportunity to go to Europe – and Australia are always tapping us – then you continually weaken your own business, nobody ever comes the other way.

4. In your opinion has your staff training to date delivered any of the outcomes you are looking for?

Yes as best we can manage. It could improve and if I really wanted to deliver on the outcomes I would need twice the amount of money. There are lots of people who could move ahead if they had some form of formal training – they miss out simply because the revenue is not there. From exit interviews, I have never had anyone leave the company because they did not have enough training - most people do learn a lot while they are here. This is mainly learning from people around them who are very knowledgeable – from doing on the job training rather than courses.

5. Is training an expectation of the people on your staff, or do they blink in surprise when you say they should go on a course?

There is an expectation. When you go to our web site it shows what training is available in the multi-national company. This great if you are in Europe or USA where the company has its own development centres. You just book yourself on a course and so long as you get your managers approval and off you go. In this circumstance there is no a great cost – a few hundred euros. But for us we have got \$7,000 in airfares to get someone to a \$500 course – so we don't send them.

6. What do you think are the benefits to the company from staff training?

It is a number of things. First it is the overall impression of the company – we want to be seen as a company with a culture of learning and development. However this comes and goes. Certainly it has been a problem recently when people were promised courses last year and the year before, but they got cancelled and cancelled again. However we managed to put some people back up to Europe this year and do a number of high flying courses that were cancelled from last year. So it looks to staff like we have got back into action again but where I sit we are not there yet. We did get people on to courses in Australia and got some people from South Africa to teach a course here. Even when we do a small amount we do shout it from the roof tops and when we get feed back from these courses it seems to get pretty well publicised that there was a positive outcome.

7. Are there, or should there be, any benefits to the individual from staff training?

Yes there should be benefits to the company and the individual.

8. What would the benefits for the individual be?

Being able to do their job better and thereby giving them some form of better self esteem in terms of thinking the company is taking an interest and “has invested in me regardless of whether it s \$500 course or a \$5,000 course.” If it is part of a programme to get someone from here to here – in our company we have Step 1 to Step 5 training. Step 1 is introductory stuff, Step 5 is for the Managing Director of a company or when you are going on to Zone management, Here the training is a very advanced course in Europe where you do 2 weeks per year over 2 years and it is almost a condensed MBA.

Also if it encourages people to stay in the organisation then we have delivered what is required of us. If you spend \$1,000 and that person stays an extra year that is money well spent.

- 9. I sat in the office of an HR Manager and he said to me “don’t talk to me about staff training, particularly MBA’s, because everytime I send a staff member on a course or a degree as soon as they complete it they leave for a higher paid job in another company.” Have you had any similar experiences?**

No. For a start we do not have many people doing MBA’s. We have had people who have done them and they have now arrived but to be honest for somebody working for this company and doing an MBA would not work. The hours that we work are not conducive to study. When I came into HR I did a Post Grad over 18 – 21 months and it nearly killed me. I was still doing 50 – 60 hours a week in the company and trying to put my 20 hours a week in to attend the lectures and the work I had to do for University.

So we are not so open to having people invest in themselves in that way. Also we would not pay for someone to do an MBA. We would probably try to assist them in getting the amount of time off that they needed, but we would not invest \$25,000 in them for that purpose. Hence, if they pay the money themselves and then leave we have only lost some time on the job and not a significant amount of monetary investment.

- 10. What about a lower level of training, does that increase their portability?**

I am sure it does. It is a fact of life, if someone has managed to do a course and thereby increase their capabilities it does open up doors for that individual. Some year ago we did come up with a decree that if we sent someone to Europe to do a transition to General Manager course and then they came back and within 6 months said they were leaving we reserve the right to recoup the money. But that does not set you up to be seen as a caring free spirited organisation it is almost like entrapment – we want you to go but you can only go if you stay with us. We did that for a year and then I said we have got to move away from this because people are going to Europe in fear that if other circumstance (such as a husband being transferred) mean I have to move on I have to pay back this money.

- 11. That leads into my next question which is when I came to New Zealand I was bonded to my employer for 3 years or I had to pay back the cost of bringing me to New Zealand?**

We still do bonding. For example, we do a marketing scholarship down in Otago University. Part of that is that the guys who are chosen to do honours in a B.Com we interview on campus in the final year and find the super stars who want to join us. We pay for their expenses in the final honours year, but the condition is that they must come and join us for 2 years. We do this in the hope that they will stay after the 2 years is up and up to now – we have run the programme for 6 years – we have only lost 1. The benefit is that if you can pick the person early and establish a connection by supporting them then you have that person for many years. For an investment of \$5,000 it is a relatively inexpensive exercise to get someone on your books for 3 – 5 years.

12. What is your philosophy for staff replacement in your company – do you prefer promote from within or to recruit people from outside with the necessary skills?

Mixed, we don't have a fixed policy. We are not a Proctor and Gamble where everyone gets promoted if they can. Our first look is always internally, but if we believe that people are not ready or that the talent pool is not sufficient it is straight out to the market place. I believe you need to do that. If you just keep promoting from within there are no fresh ideas and one continual way of thinking and never anyone to ask is what you are doing right. We are probably 50/50 internal to external.

13. When you are replacing a Manager in your company what are the 3 priority things that you look for in their CV.

For a manager a background close to what we are doing because we are multi-divisional. Someone who has the ability to "go on in the company" – we are not just filling that particular slot, we want to grow the person, so we are always looking for that potential. Also have they got the right Tertiary education – we are more keen these days to have exposure to experience but also the right Tertiary qualification along with the ability to grow within the organisation.

14. What about recruiting in areas such as Sales and Key account Management where there are no formal qualifications?

We are very much looking for experience. We are not in a position to feed our own young talent up the line. However we are now thinking that we should recruit Marketing Graduates who we can persuade to do Sales rather than Marketing. If they agree then change their mind 2 – 3 years down the track it will not have done them any harm, they will still be able to move into a Marketing role. We have come to the conclusion that if the University or schools are not going to develop the right sort of material maybe we have to be a bit more creative in how we do things.

15. If University was to agree to develop a formal qualification in sales what are the key areas you would want covered in the degree?

It is a business degree that is skewed towards negotiation, HR, Leadership - you want someone who is not just going to be a sales rep but someone who is going to go on and be a team leader. You have to focus not on the bottom end, but rather where is or can this person go in the company and hence what are the relevant papers they need to ultimately get them there. So we also need to include some standard papers that already exist that relate to marketing, retail industry, supply chain area, the internal "go round" of the company in terms of how decisions made in one Department (e.g. Sales) impacts on other Departments (e.g. Supply Chain) and hence on overall company profitability.

16. When you look at peoples CV's do you ever look at the courses they have attended as opposed to their formal (degree/diploma) education?

If you are going to employ a person for a particular job and they have listed some of the courses they have attended, you have to be realistic in terms of whether the courses have relevance to support their ability to do the job you want them for – not just a course in cooking or wine tasting. However, the thing about our company is that we do not just recruit to put square pegs in square holes. We have never done that. Even when we go on campus we say "what is the best student that we should take on board to come to us."

In the end we do not look for the guy who has got all the "A's". We look for people with potential, who have got international exposure, that have done an exchange and hence gone out of their comfort zone and had to immerse themselves in another language. We look for people who have done a conjoint degree, so if they have done a BA majoring in Art, History or Languages they are of interest to us not just because they have done Marketing or Business. We now do not look at someone who has just done a normal degree. It is either conjoint or they have gone on to do honours or post grad.

The standard for the entry point for us is constantly moving and developing. That is why we are working with Otago to get in at the ground level and why we are now working with them on their new Internship programme. Trying to get one of their students to come and work in our company in their third year. That is when they do their thesis as part of their study and if they do it on something to do with our company it can be beneficial to them and us. Then they go back to University and complete their degree. Obviously if you find someone who is a superstar before they go back to University you give them an employment contract so they come back to join us.

17. Would it be fair to say that in general you take people from other companies who have already been trained to a certain level rather than taking them in at ground level?

Definitely. For certain roles you just need experience. We would love to take a young person out of University and train them up over a period of time to be a Key Account Manager or National Business Manager. For us it is not going to happen because we can't get the right type of person and because of our very tight structures we are going to go out and pinch a KAM from another company.

18. So your company really is not in the market for short courses – you are at a higher level of training senior managers.

if you analyse our business we spend a lot of money on training and developing the young graduates who come into the organisation. We spend a lot of money on our top management. The people in the middle miss out, mainly because we accept that they know what they are doing, they are doing a good job and what possibly could we train them to do better.

For the young ones we put them on internal courses about the company and their job and put them on presentation courses and give them a mentor. They go to Australia to understand the culture of the company etc.

19. Are there sufficient providers in the market place to deliver on your training needs?

Yes. We have a few areas where people have asked, or been recommended, to go on specific topic courses and we have had to dig around. But when it comes to the typical standard courses (sales training, computer skills, presentation skills, project work) there are lots around. We have also used New Zealand Institute of Management, Auckland University, Employers and Manufacturers Association, Sugar, and we have used a whole myriad of providers and generally they do a good job. It is only for a specific area, for example IT, something that is highly technical, that there are problems. But we have a book this thick with all the courses our own company delivers in-house at our Learning Centres.

We also do on-line stuff. Next week we are testing an online course in marketing – 3 of our young marketers are going to hook up with a senior Marketing Manager in Europe and they are going to have 6 two hour sessions with some course work in between, so there is a lot of e-learning going on.

You can ask what is the best form of learning. Is it in a class room, at home in front of your computer, looking into a camera and speaking to someone in Europe, sitting with a group of other people in a course. Is it better to learn with your own people or to go to a course where you are sitting with 12 people from other companies and backgrounds. Is it better to get someone to cater in-house for you and your way of doing things? It is hard to know and there are pluses and minuses for all of these.

20. At a rough guess what is the ratio of “in house” or “on-the-job” training compared to training by external providers?

80% – 90% is in-house training by your peers or by your managers and the external stuff is only specific for a reason and is the exception to the rule.

21. If you do send staff to an external course would you be more likely to send them on a course if it is associated with a recognised education provider such as a University, Technical Institute or Professional Body?

We stick with the tried and true. There are certain organisations out there who have a high standard and are well recognised. We do not necessarily prefer a University. We did one course through Auckland University to do with project management. It was good but no better than we do in other training. However doing it through a University has a certain je ne sais quoi. The status of doing it through Auckland University as opposed to the Employers and Manufacturers Association is good but they also have some good courses. We do have people who have done a lot of work for us over the years and so they are probably a little more in tune with how we operate and that does help. I prefer to have someone deal with our people as a group than send them to stock standard courses where they just sit in with a bunch of people, because then the training is focused to the particular needs of our business.

22. I would like to understand your decision process around training:

a. Who identifies the need for training for a staff member?

We identify the need at an early time and this is supported by a twice a year review process – we call them development reviews. This is for the staff member and their line manager to look at “this is where I want you to go” and to get there does this just require on-the-job learning or are we going to have to invest in you doing a course to get from A to B. That all gets assimilated and comes down to HR and when we have put it all together we decide what we can afford. Then, as there is always requests for more than we have money for we have to prioritise – who justifies that being spent on them, who needs it, who doesn't.

b. Who selects the course the staff members will go on?

Generally HR. We put the proposal back to the line manager. In some cases the line manager knows of certain courses but that does not mean they are the best so we stick to courses where a staff member has attended and gives us good feed-back. Obviously, if we get bad feedback we try to find out what went wrong on the day or what is the shortcoming with the course.

If we have one particular presenter who understands our business we will always use him for our courses – one example is for our presentation and advanced presentation skills.

23. How do you find out about training courses that are on offer in the market place?

We are members of the New Zealand Institute of Management, we regularly deal with the Auckland Chamber of Commerce – basically we are on everyone's mailing list. We get stuff in by email constantly, daily, hourly.

24. How do you manage to sift through all that information and decide what is good?

It is in reverse. Once we have gone through our review process we know what we need in 2011. So we look at what is available in our international portfolio, who are the key 4 or 5 people who will get an opportunity to do an overseas course, and then we look at what Australia are offering. Australia is much bigger than us – they have a training manager over there – and they put on a lot more courses and because of their size, they can fill up a lot more courses. We only have 4 Key Account Managers so once we have trained our 4 what do you do? So we ensure that our guys are involved in the Australian training and we look to see how many people have been promoted and now have line management responsibility. That determines whether we bring our company sponsored trainer from South Africa to run another transition to team management course. We can only put 10 people on that course – that is the maximum that is allowed – so if we have only got 5 we will send them to one of Australia's courses.

So it is more driven by identifying who we have got and what their need are and then we go out looking. We do not have the time to research all the courses on offer so we send our people to the tried and tested people we have used in the past.

25. Given that the dynamics of the Australian market are quite different to those of NZ how do you cope when you send staff from here to a course designed in and for Australia?

When we send people to Australia, the course that they go on is with our company people from Australia, its all our company, there is no outside influence and the facilitator is either a company assigned facilitator or someone they have used over a period of time. So the focus is on the company and not the Australian (or NZ) market features. The risk to us is that they like it in Australia so much that they won't come back.

26. In your opinion does professional development of staff improve the individual's performance in practical terms?

Yes and no, it depends on the individual. The company is always going to have to take a gamble on people. We see the potential in someone and we are prepared to invest in them but does it make them for example a better leader or if they are terrible at managing their staff can we train or coach them out of that behaviour – probably not. You always have to take a gamble – you put the money on the table, we believe in this person, we know they have the talents so where to from here? You just have to make the investment and take the gamble, sometimes it works, sometimes it does not.

27. Have you any measures or belief that training improves the company's bottom line?

None whatsoever.

28. So how do you measure the impact of training or do you not bother?

I am not saying that you can not measure it, I am sure some of the bigger organisations have ways to do that, but it is incredibly subjective (and honestly not worth while). You can do it but it does not necessarily mean anything. Rather training is just part of a good organisation and as such it must invest in training and other things – such as a good mix of staff benefits.

To me it is part of making a place a good place to work and that there is money invested in individuals and it is not just money in the back pocket – for the business or the staff member. People recognise and appreciate that the investment is made in them. For example this course that we just ran we have been 3 years trying to do it. Last year it was cancelled, the year before it was cancelled, so we said this year no matter what happens we are not going to cancel it. The interesting thing was just getting the feedback from the guys that went. Some of them felt so honoured that they were chosen. For me that is a measurable measurement. Are they now going to do their jobs better. Are they going to be a better team leader or be able to negotiate and relate to their staff better? We would like to think so.

29. Given that any course takes the person away from their desk and doing their job, is that an issue for you?

I think it is an issue for their managers. Managers like the idea of their staff going on courses, but when the reality hits time away from the desk can have a de-motivating factor. If you are part of a large team of people and only one person has been chosen to do the training there a factor in there that makes the others think “well why not me” and this can de-motivate the rest of the team. They think “this person looks like they are going to get promoted before me” and that can turn people off. On the other hand we put training on for people and they will try everything they possibly can to get out of it, because they are too busy, but in reality these are often the very people who need to go on the course.

30. Given that, what would be the ideal timing for training in your business. Are there business processes or seasonality through the year that can constrain training for you.

Probably December through to February is taboo. We are coming up to year end, Christmas sales, holiday periods etc. Outside of that, because there are budgets and money involved, I try to get 75% of the training for the company done in the first 6 months of the year. So we are talking March, April, May, June, July. After that it starts getting busy – we have more international visits and there are budgets to do etc. so the further you get towards the back end of the year the harder it is. Probably by the time you get to September anything after that is going to be very difficult.

31. What about timing in the month (e.g. avoid start and end of month)

It varies by department. People in finance do not want the last or first week of the month because they are doing month ends. Marketing might hate the second week of the month because that is the time they have a forecast.

Sales people might say not the last week of the month because I have got to prepare for a Sales meeting. Whatever you do it is going to be wrong – and it is not just monthly, it can be a half year end or a quarter year end. There is always someone who has a busy time over and above the usual times and so it is difficult for them to attend.

32. What about course structure. Is it better to have somebody out for a modular style course with 2 day Modules each month or some other structure better for your company?

There is no hard and fast rule. We just have to be flexible and go with how the course is constructed. This recent course where we got the guy over from South Africa to do the Transition to Team Manager – it is supposed to be in 2 parts - a 3 day session with a 3 week break where you are supposed to do applied work with a final 2 days - but we could not justify bringing the guy from South Africa twice in the year. So he said that as part of the second part is a re-cap of the first part we dropped that and the middle bit out and we did the whole thing in 4 days. The result was that whilst everyone said the course as great, we killed them. They were working to 8 or 9 pm every night because everything went over time. So they were having a quick meal and then going back - they came away totally exhausted.

33. To what level of training do you think a company should pay for a staff member – short course/Cert/Diploma/degree – at what point do you perceive it as a benefit for the person rather than the company?

Any course that is sponsored by our company is paid for entirely by the company. If individuals want to do something that may relate to their own progression and career path that they want to take themselves, it is usually at their cost unless the company can see some form of benefit. For example, if we have got people in Finance who are going for their CA, it is a pre-requisite of them doing their job, so in the past we have usually contributed towards that. When I changed roles into HR it was unfair to expect me to move from a Marketing and General Management position into HR and expect me to just walk into it. So the company paid for me to do a Diploma at Auckland University.

34. If a University designed a Certificate/Diploma/Degree for FMCG containing what you wanted would the company to pay through the staircasing to the Degree?

If a University put something together we would like to think it would be at degree level studied over 3 – 4 years but we would not pay. Rather it would aid our ability to be able to recruit people at that age. If we took a Sales rep at 26 or 27 and we felt it would make them a better person if over a year they attended a Diploma (2 nights a week) would the company pay for it – probably not. Even though it might help us, we would perceive it as more something they would want to do for themselves. The company would be generous in terms of making time available for them to attend the course, but it is hard for them to do – a Sales rep is on the road travelling most of the week.

35. How much price sensitivity is there around training courses – are there particular prices you say that is far too expensive even though we will get a good outcome from it?

We have got a general understanding of what the patterns of prices are in the market place. We do not go looking for providers who will “do it for \$100 cheaper”. We have a standard and if the standard costs that and we are happy with the provider and the outcomes then we stick with it.

We don't have the time or money to search the market place for alternative providers – we use the tried and tested who we know understand our business. Our training budget is between \$100,000 and \$200,000 each year. Most of that is taken up by our company's stock standard courses - there might be a little bit left over to do some Key Account Management or Sales training. Given that, we really are not going to spend time and money searching the market place for alternative or cheaper courses.

36. The Board members of the FGC said “the industry should have these courses” but from what you have said your business does not need, nor would use, these courses. Have you any thoughts on how that conundrum has come about?

The use of training and development depends on the company, the culture of the company, and where the top executive of the company sits with regard to training. If any CEO's recognises an area – Key Account Management, Marketing, Logistics – that would improve their business they are likely to jump up and down and say this is an area that we should address and attack. However that does not always get done. I am not saying it is just lip-service. Rather you are talking about busy people who do not get too involved in the training and development in their companies – they have got trained professionals to do that. So at their level they just say “yes that would be great” and the reality is that when it comes to the company actually implementing it they say “did I support that idea?”.

COMPANY C

First I would like to focus on the FMCG industry

1. What is your opinion of the status of the industry today in terms of availability of suitably trained or educated people?

I do not think we have got a problem with recruiting appropriately experienced and trained people at present. Probably the skill shortage comes in the trades rather than the professions. The skills shortage that I am experiencing is because trades people are leaving the industry because of its relatively unsociable hours. There is a lack of skilled tradesman in terms of electrical and mechanical engineers with the ability for maintenance and having experience in plants. In regards to executive level individuals entering here in middle management the majority are coming degree qualified now and so it is really the standard that they are degree qualified. So I don't have a problem with people who have got sufficient skills.

There are some challenges in people with customer and market skills such as Category Managers – they are a bit short. In Logistics probably most of the people in L&SCM are not degree qualified in that field they have gone into it from something else and subsequently worked their way up. In finance there is no shortage

In terms of Sales and Key Account Management our size gives us a relatively big pulling power in the market. If you run the Progressive or one of the Foodstuff accounts here you are a big fish in the New Zealand FMCG world. We are the largest listed food company in the country and we are over a billion dollars in sales and each of the divisions is over \$450 – \$500 million. So we have a large ability to attract staff and to come here. It is almost the pinnacle of what a lot of FMCG people in New Zealand aspire to.

2. Four years ago FGC set up an “education project” to “raise the level of education” across the FMCG industry. Do you think there is still a need for such education today?

There is merit in having courses that have an FMCG bent, rather than having a Bachelors in Management, Economic etc, because there are things about the FMCG industry that are different from other sectors. My challenge back to the FGC is that I have been in New Zealand now for 3 years and I can only recall seeing anything about them on 3 occasions. I am involved with the running of the FGC and I could not list at all any of the courses they are involved in.

3. What do you think is needed? Training to help staff members do their jobs better or formal education at University level to help them “think” better and be able to apply that thinking to their every-day-job.

It is both. You need to have the knowledge and intellectual ability to think which to me is driven through University education. That sets the ground work for someone and they should do that at differing stages of their career. So they should progress up through their career. The thinking and thought processes that you do at a Bachelors degree are different from what you do at a Masters and Doctorate level.

So there are levels of tertiary education you should do throughout your career and to compliment that you should intertwine on-the-job experience and training that is tailored around the specific industry you are involved in.

As an example, to enter our industry where you do 365 stock turns per year is different from working at Nestle where you do 50. There is a component of the on-the-job training and experience that should be industry specific. Hence you would want to tailor a course for our industry by combining it with milk, newspaper and a few others to talk about the intensity and tempo of the job in those companies.

That is how on-the-job training and University training fit together. However I do believe that tertiary education at 2 or 3 levels through out your career - Bachelor at start of career , Masters late 20's early 30's, , Doctorate mid 40's - intertwined with on-the-job training that is tailored to your industry.

4. Part of the concept of the FGC project was to set up a staircasing from certified industry designed short courses to University Certificates, Diplomas and Degrees with an FMCG in brackets after them. Do you think there is still a need for that staircasing?

I do think there is a need for the staircasing. However I think the challenge that you would have is to say that those people who are entering in middle management to day many of them are already degree qualified. So whilst escalating to a second degree has some benefit I am not sure they would bother. But those people such as those I am currently grooming that I am taking off the floor it would be a good idea. Here is an example. I have a site manager who in my view is an operation director of the future but he probably has 10 years to do before he achieves that. He is a guy who has no formal qualifications with regard to management but he is a skilled and trained tradesman. So for such people who you are going to migrate out of the trades on the floor to a leadership position in management then a step programmes like that would be advantageous.

Another example of the need for that training is the man who is an excellent fork lift drive. He gets promoted to warehouse manager then to logistics operator and finally to Logistics Manager. The reality is that without appropriate education and training he may well sit in the chair of the Logistics Manager but in actual fact he is still a very good forklift driver.

5. If we were to set up a staircasing from industry prescribed short courses through to an MBA (FMCG) where within that continuum should the emphasis be placed in the short term?

I would not go past Bachelors, because to be honest the MBA has been devalued to a point where there are very few MBA that count. The reality is most company senior executives discount MBA's if they do not come from one of the top 3 or 4 schools. The first question I ask when I see someone has an MBA is what school did you get it from and if it is not the Australian School of Management, University of Melbourne, or maybe Macquarie it does not count. In New Zealand, Auckland and Otago are the only two programmes that have credibility and therefore I would not look at a proposed staircasing programme going past Bachelor's degree. I would get my 35 year old site manager that I see as a senior manger of the future on that programme early. Make him train so that at 35-36 he has got his Bachelors degree and then if he is really good send him to a decent management school because at that stage for his MBA you want him to go to a high quality school.

6. In terms of training for sub-University short courses do you see a benefit from such courses being driven by the FGC?

It is more benefit for me if it is run by a reputable school. The accreditation should come from a reputable School and the accreditation for the short courses go towards a University qualification. Accreditation by a recognised credible training Institution is more important than having the FGC logo.

7. Where do you position the FGC in your thinking in terms of your industry – what do they provide, what benefit are they to the industry?

Their principle role is to lead advocacy on behalf of the industry with Government and potentially advocacy with Retailers so that we can speak with a unified voice rather than be picked of individually by the Retailers. It costs \$30,000 per year to belong to the FGC.

8. Is it necessary for someone to have experience in the FMCG industry to enter the industry?

No, because if that were the case you would never have a Logistician from the military who then went into event management at the Olympics and then join an FMCG company if that were the case. I like to break the FMCG paradigm as often as I can. My Sales Director is from pharmaceuticals – whilst that is also FMCG he is not a food person. The most successful State Sales Manager in Australia in our business used to sell restaurant equipment before he came here.

9. So it is the skill set that is important rather than the place where you have worked.

Yes. As an example, my challenge to my managers is if you are going to bring a Logistician into this business bring them out of the newspaper industry. So they have a mind set that understands deadlines, timeliness, the fact that if you miss that day's delivery you miss the sale. That is more important to me than having come out of an FMCG company. Now our business is almost unique in its nature because of the number of stock turn we do – this is the ultimate in Fast Moving Consumer Goods. We pick to zero every night, there is no inventory held in reserve. That requires massive reliability issues and focus on plant utilisation and maintenance and a really coordinated logistics operation which delivers to 6000 plus customers every night right across the country. They also bring back the stuff that did not sell the day before.

10. You tossed in there as a throw away the term "mind set" – explain to me what you mean by mind set.

The majority of people that come out of "make-to-stock" businesses versus ours which is a "make-to-order" business so their tempo is much slower. We live and die by our Monday sales results because if I did poorly last week I can not catch that up this week. In a make-to-stock business you forecast and draw down what you forecast. So if you have a poor week this week you can catch up next week. Your maintenance team do not have to worry so much as with inventory (finished goods) in the warehouse, if you have a major break down you can shut down the plant and repair it. That is why our business and the newspaper business burn people out because it is relentless, you can not afford to stop for any reason whatsoever.

11. Is there currently and qualification that is accepted by the industry that signifies that someone not in the industry has the required skills to come into the industry or is such a qualification not necessary

A qualification is not necessary what is required is experience and attitude. Training is about knowledge, skills and attitude. Most people have the basic skills if they have been working in the function – selling is selling, accounting is accounting. The most important thing for me is if they come with the right attitude or the preparedness to have the right attitude. Most of the people who come onto my executives are not based on skills or knowledge but based on attitude.

12. Would it be of any advantage if there was such a qualification?

I do not think you can (give such a qualification). A qualification for the newspaper industry would not be relevant for other companies such a Pernod Rickard. They face totally different challenges to those that we face. So you can not have a “one-fits-all” industry qualification.

13. What do you think currently are the top topic areas for industry training for the FMCG industry?

I will compartmentalise them. The first is around understanding the profit pool and interface of categories. For example. traditionally this business has thought of itself as a particular food product business and that it just runs and competes against the other similar businesses producing the same product.

We have recently gone through a transformation about the way we think. We now talk about the categories we play in and the eating occasions in which we participate. If you look now at our sector of the industry we are shrinking now year on year as an industry – total consumption of our products is going down in New Zealand,. There are 2 reasons for this. One competition from boutique manufacturers, and in-store manufacturers are taking sales away from the traditional areas. Two, we are competing for the breakfast eating occasions against cereals that have grown 7% in the last 3 months because of innovations and strong marketing campaigns. As a consequence, my competitors are not just companies producing the same product as us, but other companies who are competing for the same eating occasions. So we have to train people in the mind set to look at things in a different way and challenge the “traditions” of the industry.

Understanding the total cost of operations or total delivery cost. There are too many occasions where Marketing do not understand the impact of their decisions on Supply Chain and manufacturing sufficiently. That is because the accountants do not articulate it sufficiently and we do not have sufficient cross functional teams. Linked to that understanding of total delivery cost is the third area.

This is the implications across all of the interfaces of the functions within a business of the effect/implications for the whole business of a change. For example, Marketing might say it is a simple packaging change they have designed. They need to understand the impact of that on the plant, supply chain, procurement and whole implications of that decision. From this they will then realise that it isn't a “simple” packaging change.

The fourth areas is culture. Making an organisation gel and then improve and the way as a leader you drive cultural change and really set visions and bring people onboard. You need to teach more than the “8 steps of change”. You need to teach people how to engage and go on to the floor, speak to the staff at all of the different levels to get the message through and achieve buy-in from people when they are hurting because of the effects of a change.

This is practical rather than theoretical stuff and it might require on-the-job training rather than a formal course.

This training has to be for all levels, not just Senior Managers. If there are people on the floor who have an understanding of change and what you are trying to achieve with the change then they are much stronger advocates for the change. The reality if the CEO can not change the culture. The only people who can change it are the workers on the line. If they do not want the change then they are not going to. From 20 years in the military I know that the most powerful person in the battalion is the section commanders and not the general staff.

14. What is your personal philosophy about training for your staff?

Extraordinarily committed to it. I believe fundamentally in training, it is vital. You get the people you deserve by investing in them

15. Is that also your company's philosophy?

It has not always been so but we are now improving and have a frontline leadership programme for junior managers. We also have a 3 day course for middle managers around understanding different people's styles and what are appropriate management styles for dealing with those people. At senior management level there is a programme of sending Managing Directors to Harvard. However the problem at present is that these programmes are not fully coordinated yet.

16. What are the outcomes you want to gain from staff training?

Improve their knowledge base, give them additional skills to allow them to improve. As an example I will use the leadership course we have. First I want them to get the knowledge and understanding that there are different leadership styles and to get and insight into what each if them is about and how each of them can be both supportive and constructive, and an understanding of situation leadership. Second, you want to give them the skills to be able to look at the circumstance they are in and to be able to make a decision based on the knowledge they have and to apply the appropriate leadership skill to the situation they are in. Third I want them to develop the attitude that I can improve myself. One of the biggest thing I want people to come out of course training with is the attitude that "I can do better than what I have done and there is better ways of doing things".

My approach is that I tell all of my managers and all of my team that every team leader's responsibility is to groom at least two replacements for the future who will bang on their door in 2 years and say "I want your job". That for me is what you as a leader should be doing to ensure internal succession and the leader should be prepared to move up or on. Companies need to have "up or out" approach. People sitting in a role for 6 – 7 years is stagnation for the company. For me 3 years is starting to get near the end, 4 is alarm bells, 5 years is too long.

17. What in your opinion is the difference between management and leadership?

Management is about making commercial decisions and what is the right way to add value from this and what is the right outcome from this financially. It is about managing resources most particularly in order to ensure that you get the optimal financial outcome.

Leading is about inspiring people to give you the effort and outcome that you want. Leadership is about making people want to excel and excelling and good leaders set very good visions for the future, they support their people to achieve that. They do earn a huge amount of respect from their people so that when they have to make the hard decisions the people affected say "he is a fair person so there must be a reason they have done that". It is also about making the people want to work and work as a team.

They are quite different skills but to be effective in business you have to be effective at both.

18. To date has your training delivered the outcomes you want?

The training we are doing – the frontline leadership programme and the middle level leadership – it has done well. The insight people are getting from it. However it is a bit isolated in that you do not get to go on the courses until you have been with the company for a few years. So I have asked my HR manager to design a more integrated programme that runs from when someone joins the company on into senior management.

19. What do you think are the benefits to your company from staff training?

You get a better person because their knowledge, skills and attitude improve - if it is good training. The other thing you get is the appreciation of people from you engaging with them and they give you loyalty back. I can give you an example. The plant manager from our plant in the South Island was upstairs doing a 6 sigma course last week after having just come off the front line leadership course and you could not find a more motivated man. His view is that I have worked for this company for 10 years and finally they are giving me something back and it's not just that I get paid to do my job. So what we have to do is break the mind set of "I turn up, I do my job, I get my \$8.50 for 8 hours and I walk out with my \$100, I pay tax and they can get stuffed". We have to bring them on a journey where they say it is more than that – I get my money but this company is investing in me". That way you get a better motivated person.

20. I sat in the office of an HR Manager and he said to me "don't talk to me about staff training or an MBA. Everytime I send a staff member on a course or a degree as soon as they complete it they leave for a higher paid job in another company." Have you had any similar experiences?

No. There is an old adage: If I train a guy who might leave, imagine the issue if I do not train him and he stays. So what. If I train people and they go to other companies that is fine.

21. So you would not be looking for some way to prevent that happening such as bonding.

I do not have a problem in saying to someone "if I commit and invest in you then I expect some form of repayment for that". But eventually they will move on so my feed back to the HR manager you mentioned is what you should be doing is working on your staff engagement so they do not want to leave. You need to make them feel that the experience they have got from the company is so rewarding that they do not even think about leaving. But that is also the challenge for the company that when someone does complete a degree or course that we give them another challenge for them to use their new knowledge and skills on rather than just sending them back to the mine, because that is the worst thing you can do.

So when you send someone on a course, when they come back to work their job has got to have grown. If you do not do that then of course they will leave because they will say why did I bother doing the MBA if all you are going to do is sit me back at my desk.

22. Is this an industry that values education?

I don't know, probably not.

23. Does it reward education?

No. If someone goes on a course there is no increase in income.

24. What is your philosophy for staff replacement in your company? Do you prefer to promote from within or recruit from outside?

My preference is to recruit from within.

25. When you are replacing a manager what are the three priority things you look for?

By the time people get to me they have been through enough sieves and selection processes that I accept that they have the requisite skills. For me the key thing is attitude and fit within the team.

26. You talked to me earlier about the training for management, but is your company training the lower levels of staff.

We are doing training based on 6 sigma and there is a green belt programme for junior managers along with a black belt programme for senior managers. We are about to introduce a competitive manufacturing yellow belt programme for improvement for line workers which will identify the leading line workers for future development.

27. Does your company do its own sales function? For example do you have Key Account Managers?

Yes, we have Key Account Managers and Merchandisers, but I do not know what level of training courses they have attended. I am not involved in that function at that level on a day-to-day basis.

28. Are there sufficient providers in the market place to deliver on the training needs of your company?

Yes, there are too many. There are a number who have no credibility. The privatisation of training, particularly in Australia which I currently know better than New Zealand, has devalued the whole concept of training.

29. What do you define as credibility?

Credibility is certification and alignment with a credible tertiary education institution. It is no good giving me a Certificate of Management from an FMCG company's school of business if it has not got accreditation with a listed provider.

30. Who currently provides the training in your company?

We do 6 sigma ourselves, the leadership training for middle managers is done by Leading Initiative Worldwide out of Charter bay in Sydney and the employee leadership programme is done by Compesis.

31. How long have they been working with you?

Leading Initiative Worldwide have been with us for 5 years, Compesis for the 3 years I have been in New Zealand (they are an Australian company)

32. What is the ratio of in-house or on-the-job training versus external providers?

We are doing a lot of on site training about behaviours and systemisation of safety functions but even those are done by outside people. So about 75% of our training is done by external providers.

33. Do you set an annual training budget for the company?

Yes, but by division but not coordinated as a group.

34. Do you spend the budget every year or is it just as "as required" amount

No, I don't spend it every year. If I am under profit pressures it does not get spent. There is a latent demand for training in the group which far exceeds the budget available. This means that I should spend more on training, but the reality is that I have continual and unrelenting profit expectations which mean that I can not invest as much as I would like in training.

35. I would like to understand the process of training. Who identifies the need for training of a staff member?

There is a process that every person who has KRA's under the business should have a personal development plan set up. This is agreed with their line manager each year. However the reality is that process does not work because the manager is not in a position to deliver on that because of budgetary constraints and so it has fallen into disuse. So the majority of people who get picked up for training are usually identified by their manager or by the HR community within the business. They identify who the high flyers are who we should invest in.

36. How do you find about what courses are in the market place that might be of interest to you?

We do not. We know what programmes we have got and HR develop and source new programmes where needed. I do not get involved at that level.

37. Do you get a myriad of adverts on you email about providers and courses?

Yes I do but I do not take much notice of them. They are astronomically expensive and the majority of them are seminars that people go on but really gain very little real applicable new knowledge from.

38. Do you have a person in your company whose job it is to look after staff development?

Yes we have a Group Director who answers to the group HR manager who is the person responsible for staff training and development for the group and there are others for each division.

39. Given that attendance at any course means that your staff member is out of their everyday work, what is the ideal duration for a senior management in your company?

For a senior manager if they are off line for a couple of weeks even up to a month or two it is not an issue. If I was sending someone to Harvard they would go for much longer. For a middle manager a week. For people on the line that course that we currently do is 3 days five or six times.

40. In your opinion does professional development of staff directly improve the individual's performance and/or the company's bottom line?

Yes to both

41. Do you have any way of measuring that?

Retention of staff is a measure and also every three years we do engagement surveys and part of that is surveying whether the programmes we provide have any effect on employee "loyalty"

42. I would like to get more specific about courses, although I realise that you might not have any direct connection at this level. What is the ideal timing for short course training for your business – is there a seasonality, operations or business process that might affect that decision.

Absolutely. Never Christmas and never Easter those are our two critical lock out periods where it is all hands on deck. Particularly the 8 weeks before Easter. Probably also it is not ideal in the week before or after back to school

43. What about through the month itself?

We do not want accountants away at months end, but for other Departments it does not really matter.

44. To what level of training, from short courses to an MBA, do you think that the company should pay for a staff member's training?

All of it.

45. Is location an issue for you in terms of training

Yes. I have got 5 plants in the south island and 3 in the lower north island so I don't want to have the expense of flying people from those areas to Auckland. I want to be able to do Regional based training.

46. Finally have you any particular thought or comments on the barriers or dilemmas to the use of short courses for upskilling staff. My particular focus here is that the Board of FGC, who are senior people like you, said yes we need this training for the industry but in most cases their companies do not use what we have set up.

If I had been on the board at the time the analysis of the need would have been much more rigorous. There are 3 key barriers.

The first is the company being able to identify their training needs by doing a company wide training needs analysis. What you have in most organisations is a lack of understanding of how to do a decent training needs analysis and to identify what skills and attitudes their staff need. Given that they do not know what to look for because they do not know what they need. They (the FGC) should have assessed what skills, knowledge and attitudes does a line manager have and need and gone from there. Hence, because companies are not good at doing training needs analysis they tend to buy programmes that they think they need, usually ones identified by their HR manager.

The second barrier is Cost. Once your training needs analysis is complete you can say I have this need and that course has a level of apparent value in that it addresses the need but also gives me some kind of bottom line return in terms of improved engagement or less staff turnover.

The third aspect is around the issue of quality of provider. That for me is a fundamental and you need to have an articulated clear journey to a Bachelor of Statistics or Economics.

COMPANY D

1. You obviously believe in training your staff

a. Why do you believe in it, what is your philosophy for staff training?

My background was Woolworths and in those days they had a training manual that was as thick as McDonalds and so my personal experience was that I had been through heaps of training step-by-step from cutting cabbages to sweeping the floor right through to managing stores and then managing the managers of stores. So all of that involved lots and lots of training and manuals on how and why to do things. That is my background so I recognise the benefits of having that training.

So when we started this company it was my wish that we had some form of manual and plan to develop people and part of that was initially with one of the ex Woolworth human resources people that they used to pull in and that was Cheryl Wright. We used Cheryl in the very early days of the company - 15 years ago – and she would come in and train in our Sales conferences.

We then moved to a lady called Adelle Crane and for the last 12 years we have used her for our base sales training and she is a little bit of a mentor for me. We catch up probably one or two days a year. I go to Australia or she comes here, her company is called Sales Focus and she does a lot of on-line training. We spend probably around \$10,000 to \$12,000 or probably a little bit more some year with her and that is just ongoing training for our field sales people.

You (FGC) then introduced training in Key Account Management. This timing was just right as we never had Key Account Managers, we could not afford them so Area Managers, or myself did most of that work. Hence when you came up with your course the timing was co-incidental and so we said “now is the time we need Key Account Managers”. So it was nice that we could take our Area Managers to that next level. So we have put 4 KAM's through your course and one other that we are training. We now have had our 6 key people through that KAM course.

b. What do you want to get out of this training?

I just want my people to have access to what the market uses. So my reasoning for upskilling my KAM's was that I wanted them to be at a level that is recognised by the trade as being acceptable and beneficial, so hopefully when they go and do their KAM work they are armed with the tools and Knowledge that they need.

c. Is the outcome designed to improve the company's position or the individual or a bit of both?

One of our anchors of our company is that we state on our business cards our focus to “provide premium service to our New Zealand customers and exceed all expectations”. So when you say that in writing to the 5 brands that we work for and tell them that we are going to do better than you want we have to be professional and the best.

d. So you want to get the best outcome for the company and your customers?

Yes, we work for 5 different NZ manufacturers and their expectation from us is that we are New Zealand standard if not World standard in as far as the service we give and the professional way we go about their business

e. Do you have any way of measuring outcomes of training?

Difficult, we have endless measures in our company that we use that is separate from the training you (FGC) supply to our people but we measure them on 4 different fronts e.g.

- Sales and budgets
- Market share using AZRC data
- From the Coal Face report
- Another that I have forgotten

2. Training increases an individual's portability.

a. Is this an issue for you?

It never worried me because I have always thought that if a person is leaving because they are getting betterment in their lives then that is fine by me. I know we reward our people as best we can, but if there are other opportunities for our people out there then they take it. That has just happened with Aaron. He went through our training and he has now picked up a sales position with a company where he is doing export to Asia and Australia for Southern Peaks who make women's Jerseys. So he is doing all the overseas business and is travelling overseas every month. It is a bit of a glamorous job for him and good luck to him.

3. Given that training does increase an individual's portability, who should pay for their training?

We pay for the training because it benefits us and whether it is short or long term ultimately the benefits come back to the company. Woolworths paid for my training, I did not have to pay for it and so it is for the benefit of the business.

4. Would this be different if they were training for a University Certificate/Degree as opposed to a short course?

No we are actually looking at putting 3 of our people through an MBA in the next few years.

5. What would be your top priority areas for the training needs of your staff?

Really to ensure that they are world standard and that we give them the best tools and opportunity to do their job. We are simply a Sales and Marketing company and so that is all we would be interested in.

6. Do you do marketing?

Certainly we do a little. We give the FMGC perspective to our marketing brand owners and we give them lots of encouragement and advice. Some of it is taken and some ignored by the marketing people in those brands.

7. So your Principals do their own marketing and you look after the sale?

Correct. Each of the Principals has a Marketing Manager and they use our people to varying degrees. Certainly we do influence all sort of things in their marketing.

8. Is your approach to training the same for a new entrant to the company or a senior manager? Do you expend your resources in the same way?

For each person we initially spend money with Sales Focus (for new entrants) and that is our initial training plus in-house work aswell to develop Brand and Product knowledge. Then when the team reaches a level of Key Account Management then we start involving you (FGC). That is all we do and that is enough.

9. Are there sufficient courses available in the market place to deliver your company's needs?

10.

Yes, more than enough. We tend to use the people we know and trust. The thing with Adelle is we have known her for about 15 years and she knows our business. She has been over and worked with our people so she does understand our business and at that level – just Sales – that works really well.

11. How do you identify the training needs of yours staff – do you find it or do they come to you and say I would like to do this?

It is more proactive, we offer it (training) as a part of their career, there is no specific needs base.

12. If you think that one of your staff should go on a course and they are not keen to do so what do you do?

There is no forcing. It is up to them whether they want to take up the opportunity we provide or not.

13. How do you find out what courses are available in the market place?

We get lots of emails from various companies offering courses specialising in Sales but not so much from the FGC. However that is what I like about the FGC course – it is tailored specifically for our industry. Adelle is a bit less focused on FMGC but rather on Sales and this works well just for Sales people. (These are lower level staff)

14. Whose desk should flyers about training land on in your organisation?

Definitely mine.

15. How do you decide which courses to send your staff on? As you said you get a myriad of information coming across your desk, what is your selection criteria?

Some of our training for our office people is done by EMA (Employers and Manufacturers Association) and that is basic Human Resources etc. They run courses for office people in hiring and firing etc so that might happen once a year when a person goes off for a year. It is not as intensive or expensive as the FGC courses. We are well and truly covered with the three avenues (Adelle, FGC and EMA) we use, we are certainly not lacking in training providers and courses.

16. How did you select these providers in the first place?

Just by reading the content of what is in their courses. Their flyers just arrive on my desk or computer. However for Adelle – she has written 3 or 4 books – I read one of her books. Then because we had purchased a book she had kept a data base so she flicked us an email saying she was coming to New Zealand to do a talk and so we went along and listened to that.

17. I am getting the impression that a lot of what happens in the company comes from your approach and your knowledge. Do you read widely about the industry and what is in the market place?

Not really

18. How did you come to read her book?

I do tend to be a bit of a reader of self-help books – anything to do with Sales. I like to pick up a book on sales and just have a scan of it – Adelle impressed me with her straightforwardness.

19. You were talking earlier about sending your staff on an MBA, do you have an MBA?

No and no formal training – all my training was done in my 15 years with Woolworths New Zealand. I have done the Ice House course at Auckland University. It has been going for 10 years. They have 50 or 60 business people who are currently in business and then run a course over 6 months where you go and get locked up for 3 days and you get a lot of entrepreneurial learning; people come and talk to you about business.

I did that for 2 years. Did I enjoy it? Yes, I felt there was a little bit of a chance – most of the members were there for fun and they got into the booze at night. To me it did not really focus on training or developing you, it was just showing you what could be done and then there was the big party that went on for 3 nights. By the end of it, whether you actually absorbed a lot of it I don't know – it is certainly popular and a lot of businesses use it. It was really a networking opportunity than a training experience.

20. What would your ideal course for you staff look like in terms of:

a. Price – how much is too much?

Your (FGC) courses are not cheap but they are in the right range. How much is too much? \$2,000 plus GST is about at the level we can afford.

I couldn't stretch it much more than that. We are not a massive business as you can see by the surroundings. (total 120 staff including merchandisers).

- b. **Format – One day/one off, Modular spread over several months, one whole week, Whole year – what would be the ideal for your business**

The thing that is lacking – you (FGC) do everything well – what is lacking is the follow-up. All courses are the same – Ice house was the same – they do very little refreshers or follow up and I think that is probably a fact of the (training) industry.

Supplementary question: What would you look for in a follow-up? The reason I say that is that we do provide telephone assistance to anyone who has been on our course who is having difficulty applying what they have learned to their specific work place.

I am talking about a follow up course for a couple of days a year later with some guest speakers and any new information that has come to hand about what the industry is doing. At the moment what is hot: GST. That is an Ideal opportunity for you (FGC) to run a workshop on that. Bring in all of the people who have been on the course and offer that as a one-off and I am sure you would get good buy-in.

Other topics are Progressive doing something or punishment from Progressive – those are important current topics to KAM's so why not have a workshop and thrash it out? That is a more up-front way of dealing with problems rather than saying “ring us if you have got a problem” because I don't think people will.

- c. **Timing – are there timing constraints set by business cycles – in Year, Month, Week?**

Avoid December/January, that is the basic busy time. That is the only constraint. Thursday Friday are good days.

- d. **Is seasonality a factor/problem for your business?**

No

21. How do you cope with staff being away from their job to attend a course?

It is not a problem.

22. Does it matter to you who provides the courses? For example do you prefer a course designed and delivered by.

- a. **A University:** Probably adds a bit of credibility but it really doesn't matter to me
- b. **FGC:** Definitely having them oversee the courses is a value.
- c. **Technical Institution:** No significance
- d. **The industry:** No significance
- e. **Private provider:** No significance
- f. Any other: No significance.

The fact that it is FGC approved and the focus is on the industry is most important than who provides it or where it is being held.

23. Do you take into consideration the provision of a Certificate at the end of the course when selecting a course for your staff?

It doesn't matter to me but I know it matters to our team (people who have attended the course). I know Adelle when he first started her courses she did not send out Certificates. We actually suggested to her that she make them because people were saying to me I have just done this course and I want something to put on my wall. Look around the room and you can see Certificates from different courses and I think that is an important thing.

24. At what level do you want courses provided for your business? Eg Short course, Certificate, Diploma, Degree, MBA with (FMCG) after it, because that was what FGC originally asked for. They wanted a staircase from industry based short courses to an MBA

As you get further up the ladder there are going to be less and less people using it, but certainly it is a good way to go. Particularly for example if Natalie who has done the short course can use that as a credit to an MBA.

25. Do you have difficulty recruiting adequately skilled and trained staff for your company?

Never – people want to work for our company.

26. Why is that, what does your company do that others don't do you think that is?

You will have to ask my team

27. You are obviously aware of the FGC Stepping-up series of short courses. This grew out of the FGC belief that there is a need to increase the level of skills and education across the board in the FMCG industry. Do you agree with this?

Yes, you hear it from management of the supermarkets, from buyers and from people like Murray Johnson. You hear it regularly that we have got a lack of skill.

28. Does this industry value education?

Don't know, I certainly do.

29. How do you think this upskilling might best be achieved? Eg Short courses, FMCG specific University qualifications etc?

Everything we use now is taking us to level that I am happy with the amount of training and skill development. With the combination of in-house, delivered by Adelle and your FGC courses we certainly have lifted our skill level in our team to where I am comfortable with at present. We will continue to use these vehicles.

30. Do you find yourself in to position such as Nestle where you train people up and then they leave for a more highly paid in a more sexy industry?

We certainly like to have them stay, but we do not suffer as Nestle do because we definitely pay more and better than Nestle do.

31. What is the upside for the company of training your staff

Huge. To our 5 brands it means we treat them and their products professionally. To the trade it means we are recognised as being one of the best, if not the best, Sales Agencies in New Zealand. For the staff they think about their job as the business.

32. Is there a down side? No.

33. Do you prefer to promote internally or recruit? (If you promote internally then you have to get staff trained/upskilled, if you recruit you do need training courses)

Definitely internally (said with staff sitting close by listening). We are not against bringing people in from outside and if we do we aim to get people who are better than ourselves.

34. If you are going to promote people internally then there is a need to train people for each new job they will do. Do you have a succession plan for your staff which directs their career and development from when they first come into the company?

No, we are a little bit small for that. **How many staff do you have?** 120 including Merchandisers but if you take sales reps (we call them area managers) we have about 15 then 4 KAM's. But they all know that when something comes up they have the ability to go for it.

35. I do not want to know what it is, but do you have an annual budget for staff training, or is it simply ad hoc relative to current business needs?

Yes we do have an annual budget but I don't spend it if I do not need to. It is spent on a needs basis. So for instance if we have no area managers (Sales reps) leave in a year and they have all done an Adelle sales course then I don't need to run another course.

36. Do you have a written company policy on training?

Nothing in writing, it is certainly a culture. **Who generates that culture?** Me

37. Do you think training is a solution for none-performers, or is it better to simply replace them because there is a cost to training and an equal and perhaps larger cost to getting rid of them?

That is a difficult one. We are rather lucky as we have only had 3 lemons in 15 years. What happens with someone like that is they enter the business and within 6 months you know things are not working. So you apply pressure and training for the next 6 months and they then usually either turn around or leave. Those who are able to be turned around usually become very good employees as a result of the training.

38. How do you turn them around?

Working alongside them as closely as you can and try to get them back on track that way. Certainly not sending them on courses.

39. What are the greatest problems/barriers to you training your staff?

I don't have any.

COMPANY E

First I would like to focus on the FMCG industry

1. What is your opinion of the status of the industry today in terms of availability of suitably trained or educated people?

Of all sectors, the food and grocery sector has probably been the best at recruiting graduates into entry level roles – I am not saying it is as good as it should be but it has probably been the best compared to all others. That probably comes out of the Unilevers and Procter and Gambles of the past setting that framework and expectation. Also I would like to think that our company's programmes have had a bit to do with that placing probably 10 to 15 graduates per year for the last 21 years into the FMCG industry.

So that has created a pipe line through, but that pipe line gets blocked from time to time. For example in a recession, when Companies scale their NZ operations back and take their manufacturing, marketing or finance operations out and relocate them usually across the ditch. That takes opportunities and levels of advancement out.

So you get distortions where progression opportunities between one level (of Management) and the next disappear and you can not go from one level to the next within a company – hence the only opportunities for promotion/advancement is to go to other companies or sectors.

The other aspect is that from the late 80's early 90's with the privatisation of telecommunications and the deregulation of banking, people with experience in consumer goods in areas such Marketing have been in demand and hence have been pinched by other sectors. As Marketing has become recognised by other industries people with these skills have flowed out of the FMCG industry. So in the past you found Telecom and Vodaphone and banks peppered with FMCG skilled and qualified people. However this is less so now as those industries have built some of their own talent pipelines more.

2. He was mainly talking about Graduates so I asked him: What about the below graduate people, for instance there is no degree in sales or Key Account Management?

For graduates typically, independent of what degree they have done (and it is usually either Marketing, Economics, Management or Accounting), the pathway into FMCG organisations is by the Sale role. So we recruit graduates into the FMCG industry and place them into basic Sales role, just to get them started (in a job). They often then stay in those areas of the company and forget the topic training they had in their degree. In this way the graduates go into the front line position because here they get to understand the very front end of connecting with the customer. So when they get into a management role and they want to role something out they can say with certainty and experience this is how it will work.

The best Marketing managers and Brand managers now that have come through our programme are the ones who started in Sales. Now they hated me for putting them in this lowly position, but later they said this is the best thing that could have happened, because it teaches the fundamentals of the business and dealing with customers.

So the lack of a degree is less of an issue than the content of the degree that people do at University. They shape Graduate perceptions because the last year in your degree you are doing all of the strategic “sexy” stuff. It is then a big shock when you go out to a job that is not much better than the student’s holiday jobs. Hence it is necessary to link in a bit of realism in terms of what the Graduates might expect when they hit the work place.

In achieving this Auckland University has been running a one day Sales course, presented by a professional Sales trainer, and every person who has gone through this has said wow that has really changed my perspective. They then understand how they and their degree fit in the process of getting into an industry for their first job and how they can subsequently progress in the management chain.

3. Four years ago FGC set up an “education project” to “raise the level of education” across the FMCG industry. Do you think there is still a need for such education today, given that it was intended to be a staircase from short courses to degrees

If anything more so. The complexity and the speed of change in the industry needs a lower level of people at Territory Managers level to understand some of the dynamics of the industry and business. A good example is if you are a Territory Manager (TM) and you are looking after 2 or 3 Pac n Saves, that can be a significant percentage of the company’s business. When FMCG, and I remember having this discussion with a former CEO of Tip Top Ice-cream, who was also ex-Heinz Wattie and he made the comment there were 3,500 call points in Grocery in New Zealand before supermarkets really started in New Zealand, but now one Pac ‘n Save can be several hundred of those now. So the dealing and negotiating that goes on even at TM level/sales rep level is much more significant in terms of the proportion of a company’s business, in terms of the scale and the weight of deals going through. For example when I talk to prospective TM’s we are talking about them having the skills to sell B-trains of toilet tissue in to one store - so it is no longer just a case of them popping in to a store to make sure things are on the shelf and away you go, it is actually having the skills and ability to do the business.

4. Part of the concept for the FGC project was to set up a staircasing from certificated industry designed short courses to University Certificate – Diploma – Degree in FMCG – MBA in FMCG. At which end of that continuum do you think the emphasis should be placed in the short term?

Short courses (short courses, Certificates and Diplomas as opposed to Degrees) for a couple of reasons. I think for the (dynamics of the) population market out there part time degrees are a waste of time because they take so long to do and other things such as family life often get in the way and prevent them completing the degree. If someone wants a degree they should take the break and go and do the degree full time. I recommend that Post Graduate qualifications are the way to go for experienced people – you can complete the programmes in 2 years. More businesses – budget and resource wise – are happier to commit their staff to shorter term courses rather than allowing a longer time (degree) commitment. What is needed is less courses more frequently. Staircasing is great but if people are going to do those then they will try to do the whole staircase within a Tertiary Institution because they want to own the results more than the company owning their results.

5. **So staircasing through to Certificate/Diploma level would be a goer in terms of if the FGC project is to work it needs someone to set that up with a University?**

Yes, but the smaller companies are the ones who need it (the training/staircasing) most, but usually they have less of a commitment to training than most. The bigger companies, often if they have HR Departments, like to think that they have got control; of those with global resources to support them – how much those global resources actually pan through is questionable – but that is their perception. One of the things I am trying to do with the FGC is to raise overall perception of the industry out there and the education and mentoring programme are all part of that. But at the moment that you currently have the focus of where is the economy going, businesses are focussing on “what don't we have to spend right now” and Training in those small to medium companies is one of the first things to stop. In the bigger companies, because they have role-out programmes that they are not having to pay for (they are provided as in internal resource which are part of the overseas company and the people involved have nothing else to do in the company – it is their function) they tend to continue even in hard times. We are trying to counter these issues with the mentoring etc (which is free). So the idea is that staff say “I know that you can not afford to pay me more, but give me some training (free mentoring) and that will increase my personal capital” hence staff are taking that in place of pay rise.

6. **Who should be driving the drive for education, FGC, University, any other provider, a mix of all of the above?**

A mix. I think the FGC because of resources and focus. The working group that we have is quite passionate about that but in the end everyone else has other jobs to do as well and because it is a voluntary thing it tends to be fitted around everything else. Realistically you and other providers tying it in with the University links because that adds some weighting and credibility too, but it needs to be driven by FGC. It must be recognised however that whilst the FGC has the focus it has a lot of other things to do and not a great deal of resources to do them. The Universities add credibility, but are not great at moving things along. Hence it needs someone else in the middle to shake things along and make them happen.

7. **Is it necessary for someone to have experience in the FMCG industry to enter the industry?**

Absolutely this becomes a constant issue and there are a couple of reasons for it. Skill Set, Sector knowledge, Channel to Market (type of sales behaviour). These three circles overlap in the centre and three adjacent areas. The Channel to Market has different factors compared to other industries. So the way of doing the business, particularly in Sales (how you sell the product to the customer) are different from other channels. Hence this is where the problem is. The three overlapping areas are the place where short courses have relevance and allow the conversion of people from one sector to another, however only at basic entry level.

8. **How do people find out about the FGC programmes that are available to do this conversion?**

We (FGC) have got brochures we are trying to get to HR managers in companies who are in the FGC. Broadly we do not want to wave it to much outside of the FGC companies because the intention is to raise the bar and hence capabilities and competitive advantage for FGC members.

9. What do you think are currently the top 5 priority area/subjects for industry training?

There is a term in Grocery which is "Fact based selling" – this is relationship selling. Now the reality is every sales person who comes to see me will quote "I can build good relationships". What relationships do is give you a bit of leeway if things haven't run well, if you need to pull something out of the hat, or to give you that little bit more of an edge to get you an extra display. Also if you are a Key Account Manager the Progressive manager will ring you to offer extra space rather than you having to fight for it. That is incremental value over time – it does have to go both ways and it might mean that Progressive choose you because you are not a great negotiator and hence it is easier for them. So one area of need is commercial skills such as selling, negotiating, understanding the numbers, financials etc. I do not mean selling skills as such, but probably the hardest skills are the skills behind that in terms of doing the job – the numbers, understanding the impact of your decisions on the business, understanding the impacts on supply chain, as part of your job.

If I said what is the ideal diploma in FMCG it would contain the skill set and knowledge that a General Manager of a business, a National Sales Manager or a CFO need – understanding the key dynamics of the trade, understanding where the costs are across the business and how each area impacts on the other and whole. It is really understanding the commercial environment the business operates in, and internally what levers pull what in the business. We need better financial understanding for people, because if you do not know those things then the trade (tail) is wagging the dog.

10. At what level new entrants/junior managers/mid managers/senior managers is training in these areas required?

It is the transition from junior to middle managers. The training market for senior managers - MBA's etc - is already saturated and the cost and life decision there is quite different.

If you look at the short courses which are 3-4 days and the Diploma programmes which are 2 years and which require a significant commitment and often change of life style, there is nothing in the middle. So I talked to Auckland and MIT recently about the idea of a Certificate course which is 90 days. No one has taken that up which is interesting. This is not necessarily an FGC course because the demand is also there in other sectors. The 90 days is critical as so many people start Diploma courses and do not finish because they get promoted and the demands of the new job do not give them time to do the Diploma. However everyone can commit to 90 days – it is the length of a gym course.

PERSONAL AND COMPANY PHILOSOPHY TO TRAINING

1. What is your personal philosophy about Professional Development for staff of FMCG companies?

It is something that I have been passionate about for ever. The reality is that unless you are constantly sharpening your skills and knowledge and learning you get bored with things. Often people who say to me they are bored with their current job I ask how long since you have done a training or development programme for yourself.

Training and development is a fantastic retention device. Every company out there which has a better than average training budget has a better than average staff retention rate and part of this is also training for internal promotion. So you either spend the money on staff development or you spend it on staff replacement and recruitment and I know which is more expensive.

2. What outcomes should a company expect from Staff training?

It is fundamentally the ability to do more with less. They get better staff retention. They will have core people internally ready for promotion. They will get some turn over, not more than they are getting at the moment, but they will get turn over for different reasons. The turn over will happen at a time that works better for the company. What usually happens is that when times tighten up, and pay rises do not happen, the best people leave for other jobs in other companies. However, with those companies who have committed to training their staff, the best people stay because they view the money spent on training them as compensation in place of pay rises.

3. Training benefits the company in a variety of ways, are there, or should there be, any benefits to the individual from staff training provided by the company?

Yes and this happens. Training makes the person more employable specifically in the FMCG sector generally because they are broadening their range of skills. They are also likely to be more adaptable and hence able to personally cope with the changes that inevitably come along. Generally people who are undergoing training are happier in themselves and that will have an impact on their personal life. If a company is stimulating their staff with training and it does not involve the after hours commitment that part time degrees involve, then the company gets the benefit and the family do not have to suffer the down side that commitment would cause. A key factor also of training is the course itself and who you interact with on that course.

4. I sat in the office of an HR Manager and he said to me "don't talk to me about staff training. Everytime I send a staff member on a course or a degree as soon as they complete it they leave for a higher paid job in another company." Have you heard of similar experiences in companies you deal with?

My argument to that is a very simple line someone once said: "What if I train someone and they leave and I said, what if you don't train them and they stay". Because every time you have that argument from an HR person then the company has got the wrong HR person. They have someone who is filling a job and they are not able to field that complaint. The better answer is let's save the money by not having an HR Department and spend that money on training.

As an aside, one of my companies took out the HR Department altogether because they found that the HR Department was a wailing wall for staff. By removing it the Managers had to deal directly with their staff's problems which was better for the company and all concerned.

5. Have you any thought as to how you companies prevent this?

They can bond them, they can do all of those other things. Janitorial Services case – they are a cleaning company, train their staff on an average of 3 weeks per year. You do not need that much experience to mop floors, but they spend company money on training staff in what the staff are interested in.

The CEO has got a Doctorate in Music, paid for by the company. So if through training you are meeting your staff's other personal needs and stimulation the fact that their jobs are of necessity "steady Eddie" they don't need to look outside of the job for stimulation and hence they work better and stay with the company.

The same applies if you say I train people and they leave for a higher paid job in another company. Well if you train the wrong people you will get that issue, but if you train the right people, in line with where the company is going and also their personal goals, they will stay. Hence, if a company needs to be better than other companies then they need to train their staff more than other companies – this is the goal for Company B in this investigation and it seems to work.

- 6. My next question is about bonding because when I came to New Zealand I was bonded. We have come across a number of companies who are sending staff on courses and are saying if you leave within 2 years you have to pay the money back. Do you think might be a significant downside for a company or for the individual?**

I can well understand it and I do not think that is necessarily a bad thing for the employee to have some skin in the game as such. But you have to be careful how much you do that because you run the risk that the wrong people with the wrong attitude take up the offer and they end up just marking time for a chunk of that time. You always have to line the training up with the plan for the person's development in the company and as an individual. Only then can you train them in a topic that will improve their skills for the company and build their stimulation and personal capital such that they will want to perform better and stay with the company.

- 7. Should training ever be viewed as a vehicle for turning round a non-performer?**

Yes. There is training for non-performers, but it has to be part of a good performance management plan. Often non-performance is because you have got the wrong person in the wrong job, or they have not been well trained or inducted in the first place, or something has changed in terms of their personal goals, motivation or personal circumstances. You have to figure out which one of these it is as training will only work in some of these situations.

If it is the wrong person in the wrong job then training will not solve this. If they have not been properly trained or inducted from the start then training can change this. You really have to know your staff from a psychometric point of view. If a person is in a maintainer's job which does not suit their style then all the training in the world will not change their performance.

- 8. When you are recruiting a Manager what are the 3 priority things that you look for in their CV.**

1. Consistent achievement that lines up with the role. So if it is a Sales role, have they consistently achieved and delivered in what they have done so far. If they are at graduate level have they consistently achieved and delivered, not just academically, but in their other interests and their social interactions. Is there a sense of achievement that relates to that role or behaviours. If you are recruiting for an analyst you look at have they got the necessary academic capabilities but also do they like delving into and finding that level of information.

2. Is there a cultural alignment with the business. That is probably the number 1 alignment because if you haven't got the cultural and values alignment then everything else goes out the door. Excepting if the business itself wants to change values. That applies usually at the more senior level of recruiting.

3. Evidence of the right sort of cycles in employment that they have had in roles that tie up with the cycles the business is looking for in this role. If this person is usually 18 months in a job and then moves somewhere else or moves up and we are looking for a person for a business where the cycle is less than or considerably more than 18 months then we say well how is that going to line up.

9. I have seen lots of CV's that have several pages of courses that they have been on, do you ever look at the courses they have attended as opposed to their formal (degree/diploma) education?

Yes, but only as proof that they fit in with those three flavour elements above. Does it show that this person is really into personal development and sharpening their performance or is it simply that they were bored. It is a bit like the differences between "I belong to a Gym and I have got fit."

TRAINING IN COMPANIES

1. Are there sufficient providers in the market place to deliver the courses that are required by companies or individuals in the FMCG industry

It is pretty ad hoc because companies that do not have an HR resource do not usually plan staffs professional development and even those who do have the HR function tend to vary considerably. Yes there are sufficient providers, but these are not necessarily well aligned to the need of the industry or individual companies. There is also the problem that the training providers can not specifically align themselves to one industry sector because as New Zealand is a small market, if their sector is having a hard time and therefore cut training budgets, specifically aligned providers go to the wall.

COURSE SPECIFIC

1. To what level of training do you think a company should pay for a staff member – short course/Cert/Diploma/degree

It depends on the quality of the company and how long they intend to hang on to their people. If companies keep staff typically for 10 years then they should cover the cost of training as they are getting a good return on their investment. If they turn over staff faster, for whatever reason, then the training decision is a values one – do we provide training for staff because it will make them a better person.

2. Do you see value in a recognisable and recognised industry certification/qualification for the FMCG industry?

I think there is value for the industry having such a qualification. However, I do not know whether there is the scale in the New Zealand industry to make it worth while for someone to do this. Monash has their Retail Executives course (for senior managers) and I would like to see a course developed in New Zealand for a lower level of managers but not quality.

How you can develop the Key Account Management course to be that is the question mark. I definitely think there is a need for this, I just question whether the FMCG industry can provide the scale and scope for it to be viable.

3. Given that the FGC courses were set up at the industries request and priorities, why do you think there has been such a poor uptake of the courses?

I think it is a market thing. As times have got tighter and there have been changes in the trade then company's abilities to think longer term in terms of the investment in training and development has been affected. Now some businesses will always do more. There are a number of businesses that are having their needs met by their own corporate international providers, so if they do not have an HR function here, you can guess where the influence are coming from. For those who do have an HR function here they set their budget then do the training.

I think the Key Account Management course has gone well because that is fundamental to the industry and businesses and has developed some key associations. With regard to the HR and Logistics courses, it is one of those things where everyone agrees that yes we do need to get better, but we can not necessarily bite that off as an industry qualification. I think you could solve that with a bigger, integrated course. Also we are getting much fewer people promoted from none people to people roles hence there are much fewer Sales supervisors managing 2 or 3 people. Companies now have a National Field Sales Manager running a team of 12 or 14 rather than a number of Regional Managers running teams of 3 or 4. We do still get companies who say I have got a Territory Manager who needs to manage a few people, but their priority for training is for them to be sharper at the Key Account Management end. Maybe it is something that you can incorporate into the Key Account Management course rather than running it as a totally separate course.

4. Do you think there is the "you don't know what you don't know" factor at play. In other words people are promoted to the next level because they are a good Key Account Manager without the company recognising that you have to be taught a whole new skill set to be able to perform at that higher level?

It is an issue. But most of the larger companies who are well established have those systems in place to manage that change and training need. It is the next tier down of companies who are the one that stumble and fail in that way and therefore suffer higher staff turn over and related issues. They are the ones who do need to spend the money training and a few are, but not as many as should be.