

Management Education and TrainingTEN YEARS OF RETAIL TRAINING

by

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Happy Anniversary! Celebrating the tenth anniversary of its inauguration in 1968, there will be some members of the Distributive Industry Training Board who had some doubts in 1973 that they would see this board survive. For the moment however, survival seems to be a matter that is not in dispute, but in the present competitive retail climate, with governments being urged to cut budgets, and firms grumbling at the prospect of National Insurance surcharges, there could be some moves to examine the need for some of the boards.

The purpose of establishing Training Boards in general is to make the particular industry more efficient or productive, and a fair test of their effort would seem to be the rate of increase in productivity which has been achieved by the industry. Figures are regularly published of the performance of the industrial sector in terms of productivity gains in yearly periods, and in an earlier period Cambridge economists compared the productivity increases of industry with that of distribution with a view to discovering what was needed to improve retail distribution. The period of study was 1956 to 1966, just two years prior to the setting up of the DITB, and they showed that when industrial productivity was rising at 3.1% per annum, retail productivity was rising at 1.4% per annum.

Comparing this with the period 1968 to 1977, the rate for industry was lower at 2.1% per annum, while retail productivity had almost disappeared to 0.14% per annum, much of it attributable to the period 1972 to 1977 when retail volume of sales actually declined by something like 4%. If efficiency is to be the measure of their performance, then clearly it would be unfair to lay the praise or blame for performance at the door of the training boards. No one can properly attribute the part played by training in the performance of any industry.

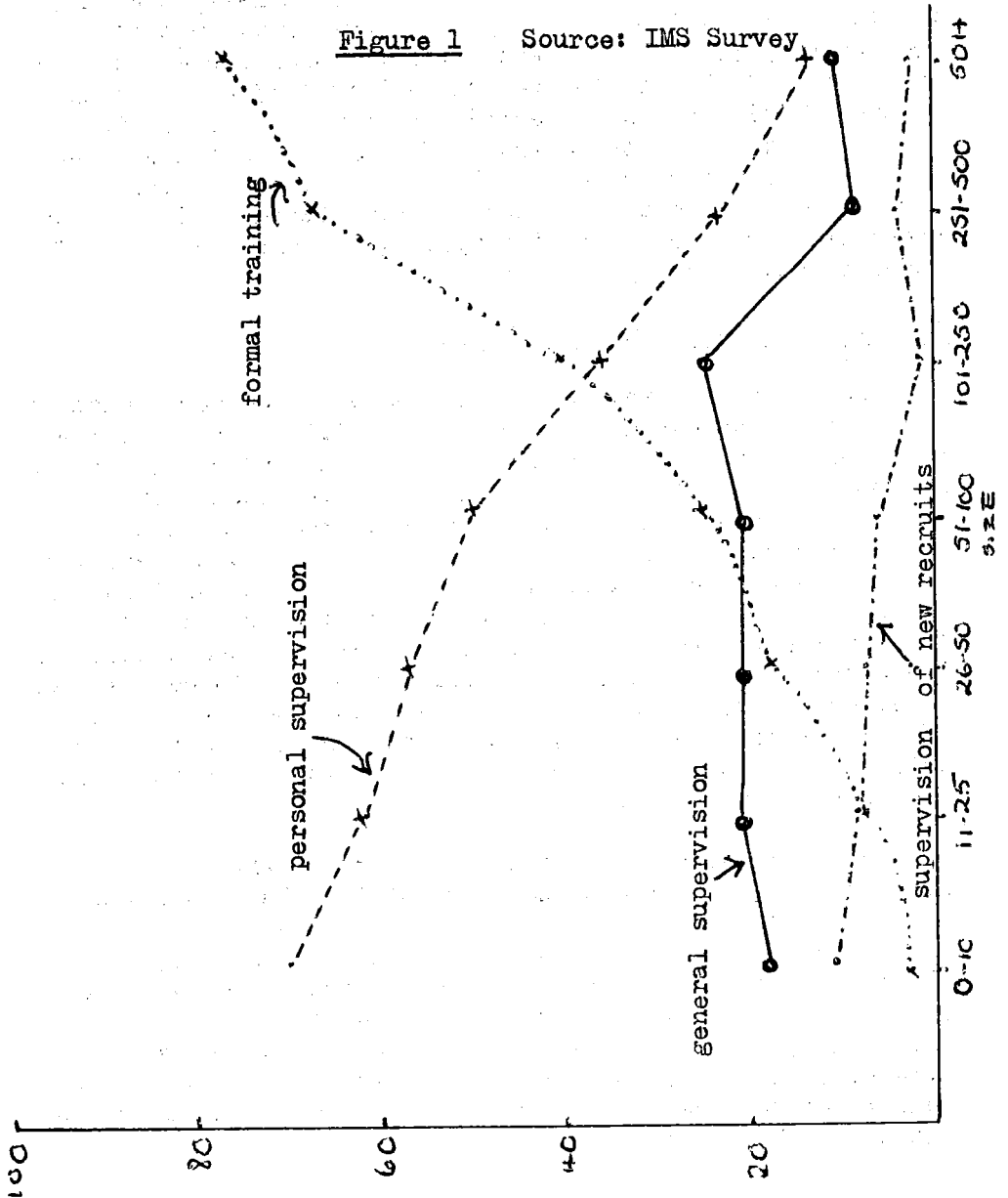
The Changing Environment of Training

The discovery that one thing leads to another, comes to us all with increasing age, but the ability to predict the consequences of change escapes most of us, and retailers are no exception. The pioneers of self-service could not have predicted its spread from grocery retailing to most other trades including wholesaling, nor could they have predicted the decline, as a result, in the need for sales training or product knowledge, the increase in labelling needs, or in the legislation to protect the consumer from inadequate labelling. Increased consumer protection legislation led to courses for retailers, anxious to protect themselves from the consequences of unconsidered replies by less knowledgeable staff, a process which continues as more legislation is translated into training courses and manuals.

But changes in the structure of the distributive trades have affected the extent and scope of training more than changed trading methods, as increased size of firm begins to result in the development of specialist training departments. The link between training and size of firm was established by a Manpower Services survey in 1975 as the Figures 1 and 2 illustrate, while changes in the numbers employed by staff size of firm are shown in Figure 3. The reduction in the numbers of persons engaged has taken place to a much greater extent in the smaller firm than the larger.

Type of on the Job Training by size of Firm

Figure 1 Source: IMS Survey



Firms undertaking "Off-the-job" Training by proportions in each size Group

Figure 2 Source: IMS Survey

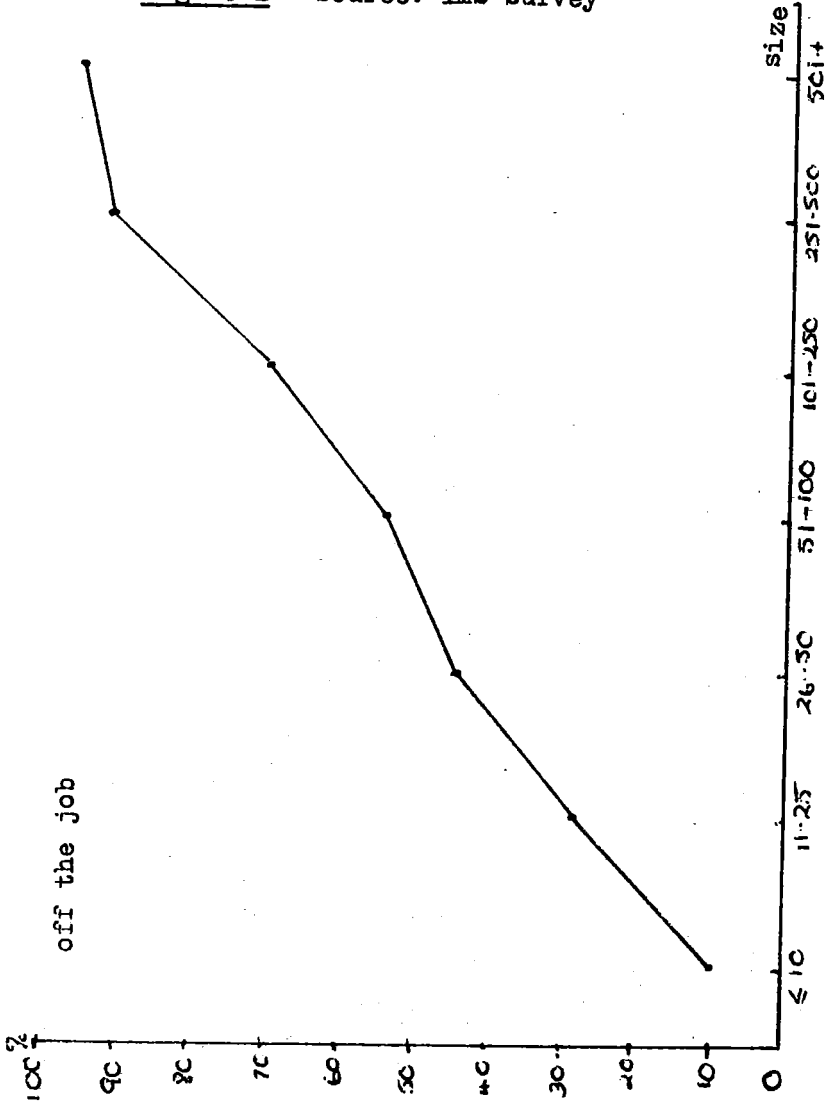


Figure 3Retail Employees by Staff Size of Firm

| Staff size | 1971* | Persons Engaged | | % |
|------------|-----------|-----------------|-----------|------|
| | | % | 1977** | |
| 1-9 | 843,570 | | N/A | N/A |
| 10-19 | 207,796 | 13.4 | 47,106 | 3.7 |
| 20-49 | 135,298 | 8.7 | 76,412 | 6.0 |
| 50-99 | 54,442 | 3.5 | 51,618 | 4.0 |
| 100-249 | 78,466 | 5.1 | 55,133 | 4.3 |
| 250-499 | 70,773 | 4.6 | 94,362 | 7.4 |
| 500-999 | 104,763 | 6.8 | 99,670 | 7.8 |
| 1000 + | 895,822 | 57.9 | 849,742 | 66.7 |
| Total | 1,547,360 | | 1,274,043 | |

N/A = Not assessable

Sources: *Business Statistics **DITB

It should also be noted that with increased firm size, training becomes more formalised, more amenable to recording, but not necessarily more effective.

It could be argued that these changes in themselves could account for the greater part of the undeniable increase that has taken place in training, but training officers in the trades themselves confirm the view that the establishment of the Training Board, and in particular the power to levy increased the trend in training. The political argument of the time was that it was unfair to leave training

to a few firms in the industry. Firms who were big enough to develop a training programme which would result in a higher level of skill in the industry should do so. At the time firms in all industries could virtually choose between 'growing their own staff', or 'buying them in'. The implication was that somehow the costs to the firm were roughly similar, but it meant that some firms tended to become the industry's suppliers of skilled staff, while others were content to be users at slightly higher wages costs. The government's main intention was to raise the whole standard of skill in industry and thus to make Britain great through more efficient and competitive practices. On that basis, one must obviously question the achievements of training boards, and suggest that there are factors other than training which must be considered in addition.

As to achieving 'fairness' in training costs, the chairman of the DITB notes with regret that only one firm in ten meets the criteria for levy exemption, while a quarter of firms which pay levy have not bothered to claim grant, suggesting that they have nothing to claim.

Levy and Grants

The levy method of spreading costs by giving firms a choice of paying the levy and doing no training or, under the new method, of devising a training policy and programme sufficient to satisfy the board's exemption or remission of levy requirements. The money produced is then used by the board to provide financial help to group training schemes, and to those firms within the scope of the board, whether paying levy or not, to encourage special training activity. It enables firms to send staff on external courses specially designed for the distributive trades. These grants were begun in 1975 and only now are beginning to have an effect. Prior to this point, further education colleges were not benefiting, as they had expected to do, from the Training Board's activities.

For about the first five years of the Board's existence, firms generally treated the levy much as they do Corporation Tax. It was something to be avoided as much as possible by ensuring that you reclaimed the maximum possible in allowances. Any activity which could be adjusted to satisfy the regulations was adjusted and, under the old system, grant was claimed for it. Consultancy firms produced courses for which Training Board approval was sought, and a new industry of instant experts in distribution was born. Head Office meetings which brought managers together for policy discussion were now incorporated with training so that expenses associated with the meeting could be recovered from the Board. University lecturers on Human Relations, Management, or even Distribution, were a fruitful source of respectability.

Inevitably a great deal of cynicism was engendered about the Board's activities as they responded to these measures. Indeed within the Board itself, considerable anxiety existed about the continuance of its life as government began to have second thoughts on the structure of the Training Boards. The Board survived. Changes were made in the grant system, and from 1973 things began to improve. The levy and its paperwork still remained until August 1977.

Training Budgets

Firms began to look more seriously at Training Budgets, concerned now to evaluate the benefits of genuine training expenditures, as opposed to avoiding expenditure. Multiples, who had been slower than department stores to get into training because of their different needs and opportunities, now saw the benefits of organised induction training to bring staff in their expanding organisations up to target productivity in a shorter period. They saw the benefit in their larger stores of having trained instructors who could sort out problems attributable to a lack of training, and who could supervise on-the-job training. One major grocery

multiple in Scotland now aims to have two qualified staff trainers in each major store, and they in turn are supervised by Field Training Officers. They now spend more than they would if they simply paid the levy. A department store with many Scottish branches now has 80 instructors throughout its branches.

Not only have numbers of specialist training staff increased, but so has the investment in facilities, premises, equipment and material. The Board has provided encouragement in a practical way by producing complete teaching programmes consisting of Training Manual with associated Visual Aids, Exercises, and reminder cards, VCR Cassettes, Audio Cassettes, Films, Slides, Booklets and Guides. The quality of this material is at least equal to or better than that produced by specialist training consultants.

Firms now think seriously about measuring the benefits of investment in training but have to face the same problem as with an advertising budget. Some have attempted to relate the expenditure to sales performance either of the individual, the branch, or the company, but no completely satisfactory rationale has yet emerged. Most link training with annual staff appraisal, and a few with Management by Objectives appraisals.

The Students

It is difficult to establish the numbers of students involved in training at any one time, because of the diversity of agencies involved and the degree of involvement by the student. What seems to have happened is that the number of students participating in in-plant training and on-the-job training has risen slowly because of increased numbers receiving training, and increases have also occurred in the average length of training. Numbers in attendance at Colleges of Further Education had been declining rapidly since a peak in 1966 and were at their lowest level when the

training board began. Numbers at evening classes too, had diminished, are still low, and likely to remain low.

In the early days, students had strong personal career motivations, although not always with the expected results. Some of those early graduates in retail management courses, went on to careers in education, in retail training, in the DITB, in politics as a Member of Parliament, and one failed student became a self-employed retailer, owning his first Mercedes within two years.

The ratio between sales staff students and supervisory students tended to remain fairly constant, indicating a more than proportional increase in management students, or at least in students engaged in management training. Demands on management to acquire new skills increased as more firms introduced computers and managers had to learn how their services could be used, or simply how to use the information the machine spewed out to all and sundry. Cost and profit analysis now occurred monthly or even weekly. Company-systems changed in response to computer needs, to new technology at the check-out, to supplier invoicing systems, to the requirements of legislation on VAT, National Insurance, Credit Sales and Hire Purchase. Employee legislation is so important to policy makers in the firm that directors now feel compelled to participate in courses. The total effect has been to bring a change of attitude where training was once regarded as a low level activity. One managing director's record of training is now as long as any of his supervisory staff. In another firm, University graduates have a three year training plan at the end of which they are intended for posts of General Manager of the Superstore category of branch.

Sheer store size in the grocery trade, of course, would have created these requirements for companies, without the presence of the Training Board, for no company would have left training to chance in such an investment. There

was certainly a shortage of managers in the 1960s who possessed the talents needed in superstores. It is now recognised that management ability rather than product knowledge is more important in large branches, since all buying is now specialised and centralised.

There is a long way to go as a recent report notes. Twenty five per cent of establishments interviewed in London and the South East provided no training at all for their managers.

The Teachers

In 1968 teachers and training staff were for the most part ex-retailers of some kind or another. Some were formerly shop owners who had sold out under pressure of competition from expanding multiples - and now found themselves teaching employees of multiples! Others were salesmen or junior supervisors who had acquired a retail qualification which made them acceptable as teachers. There were also ex-service officers who had qualified as training officers of management skills, personnel staff who had teaching ability, and some, of whom Bernard Shaw said, "Those who can, do: those who can't teach". Such was the problem facing the industry, and not many firms were sufficiently convinced of the superior importance of training to seek out their best managers to make them into training officers. By and large the same is true today, but a good trainer or instructor who is provided with the best practices of the trade in the form of a manual and exercises, can, and does, accomplish the job of training effectively.

Recently Unified Vocational Preparation Schemes (UVP) which aim to give the academically unqualified, skills and experience they were once thought incapable of receiving, were launched by the training boards. One tutor remarked, "I didn't have to do any teaching, and virtually acted as a catalyst and adviser". These students who would not have

been accepted in college previously, nor would have wanted to go, are now eager for the chance as a result of a new approach to teaching.

Subjects

The changing needs of the industry are reflected in the change in subject emphasis. Product knowledge, skills and sales training, systems training, and management are now supplemented by more specialised aspects of these subjects for those who have more direct responsibility. Buyers, rather than sales staff, need to increase their product knowledge and packaging knowledge, grocery sales staff now need more systems training, or equipment training. Management learn to use computer print-out or to know the law on employee protection, or consumer protection. As a result of new employee laws, 3,000 firms undertook Health and Safety training, while 80,000 people attended metrication courses in 1976/77. In London, one seminar on Industrial Relations attracted 117 delegates, and another 67.

There is no shortage now of courses to suit all needs in the trade and one wonders if this proliferation, sufficient research is being done by firms and by the board to identify more accurately training which produces profit rather than promotion. Two projects recently completed indicate that the "academics" (Universities of Leeds and of Aston) are aware of the need, but the research sponsored by the firm itself is often more productive in the long run. Even large firms have been reluctant to spend money on acquiring information either about their markets or about the effectiveness of their budget expenditure where it cannot clearly be measured in sales.

Equipment and Aids

'Professional', was the way one training officer described the output of DITB training manuals compared with the amateurism of their earlier courses. And indeed the same expression could now be applied to in-plant training centres in the trades. Many are better equipped than the Colleges and have an added advantage of Display or Printing departments to produce material as needed.

Specialist training firms or visual aid producers who offer total training packages for use at branch level now offer these packages to wider markets with permission of the original sponsors. Information on new material, at one time obtained in a haphazard fashion, is now more organised since the advent of Training Times, a DITB publication. The board's role as an information centre - it has an excellent library - does not extend to vetting or approving all that it collects from the many agencies involved.

Most material is designed for groups, very little progress having been made in developing 'learning programmes' for use on an individual basis, following the type used by Sketchley, the cleaners, prior to 1968. This was intended to be used to educate a new entrant up to the standard of a skilled assistant with full product and systems knowledge, and using very little training staff time. This kind of material would be very useful to the small firm if it could be generalised in production and made more specific manually by the user firm. This latter process could be done by leaving blanks to be filled in by the firm before putting the material into use. The resulting programme should then be of a price that smaller firms would be willing to pay. A low price policy like this seems to be followed by the board for their training manuals which can be purchased in sections as required.

The Agencies for Training

Employing outside firms to provide training 'off-the-job', is, as expected related to size of the retailer, and indeed, on-the-job training tends also to become more formalised as firm size increases. Figures 1 and 2 illustrated this. What has happened in the past decade is that where previously the main agencies were Further Education Colleges, or Universities, more have entered the training field to provide competition for non-examinable courses tailored to the organisation's needs. Many of the firms who came into this market were already in the field of management consultancy and education, and expanded their activities with the growth in demand.

In addition to these commercial services, the Training Services Agency has taken over some of the Training Boards' basic courses where the course is common to a number of boards, or where the demand is sufficiently great that specialist training officers can be used to relieve the pressure on the boards. The DITB is now more involved in providing advice and encouragement than in providing training courses.

Now also involved is the Business Education Council (BEC and ScotBEC) and the Technical Educational Council (TEC).

The Future

If past performance is any criterion, Training Officer and Training Boards will continue to follow events rather than to anticipate them. It seems likely that the present price competition will continue to produce more cost saving ideas and technologies, for increased checkout technology will probably spread as did self-service, taking with it new systems such as the use of a Universal Product Code in Food distribution. New customer information technology will

probably develop from micro-computer technology and the function of retail staff will shift to security rather than sales, until technology can get ahead of the thief; in over a thousand years it has failed in that task. Retail buyers will discover a need for information on customer preference, taste, and attitudes as the organisation separates them from the customer, and retail giants will rediscover their dependence on the manufacturer for specific product/market information.

The separation of the skilled from the unskilled will probably continue and there will be fewer opportunities of promotion from the shop floor to senior management, for the economies of scale also apply in management. The composition of management will change with many more specialists with some form of higher education being employed.