INTRODUCTION

Strategy identifies the route to be taken over a defined timescale in reaching a specified goal. In the CIPD’s 2008 annual L&D Survey respondents were asked how L&D could best make its contribution to organisational effectiveness in the future. The highest proportion of respondents by far – 35% – identified ‘a clear L&D strategy aligned to business needs/strategy/organisational development’ (Sloman 2008b). The purpose of this chapter is to encourage reflection on strategy as a field of research and practice, and to explore ways of ensuring that L&D activity in an organisation has a strategic orientation, underpinned by a sound planning process.

It may seem perverse that a chapter about such a vital subject should be one of the shortest in the book. The reason is simple: as I explained in the Preface ‘being strategic’ in HR terms means using professional expertise, business understanding and a proactive approach to help managers and other employees to solve major current problems and to prepare for future challenges. In that sense the entire book so far has had a strategic focus, so much of this chapter’s content is either a drawing together or an expansion of issues discussed earlier at different points. Many readers are perhaps unlikely to be in a position yet to help develop corporate L&D strategy for their organisations. For those who are, there are more specialised texts to guide them in tasks whose complexity I can only briefly outline here. All, however, should be able to look critically at corporate business and HR strategies that frame their work in order to understand how those have been developed, and with what impact and L&D implications at their organisational level. That rationale explains the content of this chapter.

The first of the four sections introduces some key research findings relating to the strategic integration of L&D activity, and the second explores their practical implications.
The third focuses on ways of enhancing the strategy process, again drawing on research evidence. The chapter concludes with lessons for HR/L&D professionals and an illustrative case study.

**ISSUES OF INTEGRATION**

**PROBLEMS IN ACHIEVING ‘FIT’**

It is a classic principle in the HR literature that any HR strategy should achieve horizontal and vertical integration. Applied to L&D strategy this means

- **horizontal integration** – integrating L&D activity with other HR practices so that there is consistency across the whole HR area (as shown in Figure 2 in Chapter 1), with all its activity supporting HR goals

- **vertical integration** – integrating L&D strategy with business strategy at corporate and business unit levels and aiding performance management, learning and development at operational and individual levels.

Table 15 provides a picture of a fully integrated L&D function.

The table is, of course, an idealised picture. The integrating principles are clear but the practice is difficult and sometimes the task proves impossible. There has been much discussion about the problems of integration (also referred to as ‘alignment’ or ‘fit’) in the HR literature, notably by Karen Legge (1995). The following points indicate the challenges involved for an L&D function.

**Horizontal integration**

- When adjustments or changes are needed to any aspect of L&D practices, consequent adjustments need to be made to other HR practices. Likewise L&D activity should give continuing support to HR practices so that there is overall consistency. But if those practices are of poor quality, irrelevant or failing to motivate employees, to align L&D activity with them will only compound those problems and put barriers in the way of L&D’s effectiveness.

- Smooth integration of L&D with other HR practices is in any case rare. We saw in the previous chapter the pessimistic observations of Stewart and Harris (2003) following their study of an HR function in local government in the UK. Hirsh and Tamkin’s (2005) case-based research identified a similar problem.
implemented in four of its stores, in some cases producing effective loose-coupling, in others not. The HR practices that worked best were flexible and had a robust link with the 'Big Idea' and its values. They were implemented by front-line managers who gave their teams significant opportunity to use the kind of discretionary behaviour in their jobs that would improve store performance (Purcell et al 2003: 28–31). Where that discretion is not delegated, or is not used to the benefit of the business, even the best HR strategies will come unstuck at business unit level.

The HR 'three-legged stool' described in Chapter 11 represents an attempt to organise HR (including L&D) in ways that achieve a mix of tight- and loose-coupling. I discussed there some of its successes and failures. The CIPD has produced a practical tool to help users understand the strategy process in their organisations and to build or implement HR strategy at their organisational level. The tool first takes the user through what are described as the main 'building blocks' in the strategy process. It then helps the user to diagnose HR priorities, develop an appropriate HR strategy, and identify ways to implement it (CIPD 2005e).

**CHAPTER 12: Producing and Implementing L&D Strategy**

**REFLECTION**

Reflecting on what you know about HR strategy in your organisation (or one with which you are familiar), do you think it is linked strongly or weakly to the business? And on what evidence are you relying to inform your assessment? Downloading and using the CIPD’s practical tool will provide you with a structured approach to this Reflection (http://www.cipd.co.uk/subjects/corpstratgy/general/tools.htm [accessed 31 July 2008]).

**PUTTING THEORY INTO PRACTICE**

**ACHIEVING L&D STRATEGIC INTEGRATION**

Chapter 11 cited research into the changing HR function that has highlighted the importance for HR and L&D of moving from being merely a service provider to occupying a full business partner role. The CIPD has produced another online practical tool to help L&D practitioners understand the alignment process and to strategically integrate their activity at no matter what organisational level they are working (CIPD 2008f). It provides a structured approach to ensuring that L&D activities in an organisation are aligned with the organisation’s strategic goals. It shows users how to:

- examine the strategic priorities of their organisations
- assess the extent to which current L&D processes are focused on what is important for organisational success
The Importance of Process

Wright et al (2004: 45) made six recommendations to tackle the frequent failure of even the most senior HR professionals to achieve the necessary ‘outside-in’ approach to HR strategy development. Adapted to an L&D context these are as follows:

1. Develop a formal process for involving line managers in the development of L&D strategy.

2. Create formal mechanisms to track developments in the external environment as part of the process (scenario planning is recommended for this purpose).

3. ‘Begin with the assumption that everything the current L&D function is doing is either wrong or does not exist’ (in order to destroy any skilled incompetence and produce fresh insights about how to add value to the business).

4. Identify the key business and HR metrics related to success of the business and ensure that these are understood and used by L&D staff in their work (something that was emphasised in the ‘Procon’ case in Chapter 8, and that I will explain in further detail in Chapter 14).

5. Develop (or promote) an L&D strategy that uses those metrics to drive L&D activity linked to business outcomes.

6. Remember that any strategy is a process, not a document, intervention, or event.

That final point has been explained in Chapter 11 and cannot be overemphasised here. In classic textbook approaches to HR/L&D strategy the main discussion tends to be of strategy as a product, with the result that the main emphasis is on how to perform the functional tasks involved in developing that product. Yet in over 10 years of research into business strategy in US organisations Beer and Eisenstat, like Wright et al and many other earlier and subsequent researchers, found that the
Scenario planning has proven value here. Its purpose is to confront uncertainty by first producing as clear an understanding as possible of the forces likely to shape the organisation’s (and the L&D function’s) environment in the future, and then by generating a variety of strongly contrasting options for a way forward for both, over the required time-frame. The following case example outlines how it operates.

**SCENARIO PLANNING TO AID THE STRATEGY PROCESS**

Scenario planning involves challenging customary patterns of thinking and logic in order to imagine innovative routes forward. For it to work, the members of the strategy group must be drawn (or be able to draw on) a wide social and knowledge network in order to bring varying and sufficiently sharply contrasting mindsets and bodies of knowledge to bear on both analysis and thinking. By considering more information and a broader range of viewpoints than a homogenous group would do, its members are more likely to define their business and L&D environment comprehensively and creatively, generate lateral thinking and produce a set of clearly differentiated choices for future paths (Ginsberg 1994). Through a thorough exploration of these multiple perspectives, a strategy and plan for L&D can be agreed that has a built-in adaptability to future contingencies and sufficient loose-coupling from current business strategy.

Scenario planning has another value: in developing strategic thinking and planning skills at business unit level. It is used for both purposes at BUPA, where it has proved particularly effective in developing operational managers, especially those who have risen through the ranks because they are good at delivering in the short term, and now need to bring a longer-term perspective to their work and planning (Arkin 2007).

Despite this double value, Peter Reilly (cited in Arkin 2007: 27) in his work as director for HR research and consultancy at the Institute for Employment Studies found little evidence of its use in the HR world. He blames this largely on the decentralisation of much HR work to individual business units and the loss of most HR planning specialists through downsizing during the 1990s. The result has been that most of such units are preoccupied with short-term thinking and rarely consider what their future workforce requirements might be – the very problem that BUPA has found scenario planning well equipped to tackle (Ibid).

**Strategic decision-making and planning**

`Strategic decision-making` requires choice of the strategy to be taken, agreement on its specific objectives, and determination of the resource requirements if
though, it is due either to unrealistic strategies or to imperfect planning of their implementation.

**REFLECTION**

An organisation’s L&D manager complains that although she produces drafts for an L&D strategy that fully supports business goals and strategy, and provides logical arguments to underpin her proposals, she still doesn’t seem to be a strategic player in the organisation and often finds herself having to try to implement an L&D strategy which she finds unsatisfactory. ‘Where am I failing and what should I do?’ she asks you.

Reflecting on research evidence and other material in the chapter so far, what advice would you give her?

**L&D STRATEGISING: LESSONS FOR THE PROFESSIONALS**

**MOVING FORWARD**

It should by now be clear that many of the problems related to L&D strategy and its implementation are built into the strategy process. Many, however, could be avoided by a better relationship between HR professionals and front-line managers whose actions have such a direct effect on the skills, motivation and discretionary behaviour of employees. What, then, should those professionals do (whether or not they are L&D specialists) to ensure that there is a sound, feasible and engaging L&D strategy to guide L&D activity in their organisations?

- Analyse, diagnose, produce contextualised goals and plans, and work with business partners in setting a clear path for L&D as a key business process. A pragmatic approach is essential too. Where stakeholder interests vary widely HR professionals should identify at the start the likely aids and barriers to effective collaboration. They must either possess or have access to the L&D expertise as well as the business knowledge, the creativity, political and interpersonal skills to promote and help to implement value-adding L&D strategy.

- Be proactive and achieve excellence in L&D services, products and processes. Build a springboard for increasing credibility and political power in the business at all organisational levels by developing a proven record of achievement that is rooted in a real knowledge of the business, the big issues that confront it, and strong partnerships with those who manage it.

- Keep in touch with strategy on the ground. Throughout the organisation people’s perceptions, actions and influence related to L&D strategy will vary,
sometimes widely. Such variations will affect its implementation in each workplace. Whether it is HR generalists or L&D specialists who are responsible for ensuring successful implementation they must regularly communicate L&D strategy’s purpose, monitor the progress of L&D plans and help to train, motivate and support front-line managers who carry L&D roles.

- Treat strategy as a process, not a product. Much strategy emerges in an ongoing manner from individual and collective learning and from new threats and opportunities arising for the business. Such contingencies will require adjustments, sometimes radical, to be made to the strategic route originally agreed. Occasionally they will mean it has to be abandoned. As we saw in Chapter 11, in today’s business environment a continuous strategising process makes more sense that a reliance on strategy and plans as products fixed at one point in time and resistant to change thereafter.

The final case in this chapter concerns an innovative approach that combines an effective mix of tight- and loose-coupled L&D strategic integration. It illustrates, too, an approach to L&D in the business that has been directly shaped by the way in which the umbrella HR function is structured.

**CASE EXAMPLE**

**Learning and Development: A Strategic Function at Westpac Bank, New Zealand**

*The L&D centre of expertise*

Westpac is New Zealand’s largest bank, and was launched as a brand in 1996 from a merger of Westpac and Trust banks to form WestpacTrust, later changed to Westpac. The two banks’ high-cost, fragmented and heavily staffed training units were combined and restructured to create what was named the ‘Development Centre’. It was to be run as a business adding strategic value to the bank, and in effect was an L&D centre of expertise. This called for a major shift in attitudes throughout the company from regarding learning as something gained by going on a course to understanding it as an integral part of work, with the crucial questions for all employees to be: ‘How and where do we learn, and how does this support my business objectives?’

By 2000 most of the Centre’s products and services were being promoted through, or used by, HR portfolio managers and their teams of HR consultants. They worked with line managers to whom many routine responsibilities had been devolved. The Centre held strategic accountability for learning and training, with agreed criteria against which to measure itself including spend per employee, cost per training day and goals for training delivery through formal and informal learning. Benchmarking was used to establish these goals and to guide the creation of an infrastructure for training administration.

In the early days of the merged organisation the Centre played a vital role in aiding the change process and creating a sense of direction for employees. A range
of planning and monitoring tools helped people to understand how their roles had changed, what skills they had and what they needed, and how to track the progress of their learning and development.

Through time new L&D standards were produced to reinforce the Centre’s brand and ensure that its staff provided excellence, innovation and a coherent approach in their service to its customers. The Centre was customer-facing in two senses: providing a service for internal customers, and helping them to provide an enhanced service to the bank’s external customers.

L&D strategising

The Centre was linked to the business at corporate strategic level so that the bank could develop the corporate and individual capabilities required to achieve the WestpacTrust vision of ‘a great New Zealand company’. The link was provided by a ‘virtual’ strategic learning advisory team (SLAT) that was formed as a decision-making and policy body. Its brief was to look at issues in the context of the wider organisation and to give key stakeholders, mostly executives and senior managers, the opportunity and vehicle to contribute to the strategic direction of learning and training. SLAT’s membership changed through time to deal with specific strategic issues that required a corporate perspective and response.

SLAT helped the Centre to develop strategic partnerships with other key business functions including strategic planning and finance so that it could play its part in the bank’s decision-making processes as well as creating performance support tools for staff. This led to better forecasting of corporate capability requirements, smoother implementation of changes in products or procedures, and better integration of training into mainstream business decisions, projects and processes.

L&D planning

L&D planning and monitoring was informed by a computerised system feeding into the HR information system, downloading into a central bank system where financial information could be added. This enabled the Centre to contribute to balanced scorecard measurement and reporting. An insourcing policy was formed with key suppliers that in effect enlisted them as part of the bank’s development team. This ensured better management of staff costs, access to a unique range of skills, and access also to new knowledge from around the world that led to innovative learning processes and products.

Ultimately the Centre was negotiating and monitoring all supplier agreements and working with business unit heads to identify how to share training staff, resources and information to reduce duplication and costs. A universal ‘training estimator tool’ was produced to enable a broad-brush preview of training requirements that could be updated every six months. This linked to the bank’s performance management framework, and also linked skills requirements to development solutions.

Sources: Simmons, C. and Valentine, E. (2000); the company’s website at: http://westpac.co.nz [accessed 25 September 2004]
This case example shows how L&D can be linked to the business through a type of HR three-legged stool structure where HR business partners, supported by an L&D centre of expertise, achieve vertical ‘fit’ of L&D at business unit level. The centre is an influential strategic player at corporate level, also forming alliances with external agencies.

Such an approach relies on HR professionals being fully versed in all the core fields of HR and possessing a deep understanding of their organisation, the big strategic issues it faces and key learning needs at all organisational levels. It requires HR generalists to work closely with L&D specialists and with heads of business units, while L&D specialists must have the high-level business knowledge and credibility, the specialist expertise and the consultancy skills needed to operate a complex internal and external partnership network. This is a demanding set of requirements and I have already referred in the chapter to some of the research evidence indicating that few HR or L&D practitioners as yet have the ability to meet such challenges. When that ability is present, cases like Westpac and Procon Manufacturing in Chapter 8 demonstrate the added value that strategically-oriented L&D activity can achieve for the business and for its employees.

By now you should have a sound general understanding of different ways in which a strategy and strategic plan for an organisation can be produced and implemented, together with barriers and aids to the strategy and planning processes. You should also feel confident in tackling the review questions contained in Appendix 3.

The main themes in this four-section chapter have concerned:

- the pressures on HR and L&D functions in today’s business environment which make it more essential than ever for their professionals to be able to link their activity to business strategy and to convince stakeholders of its value
- problems surrounding horizontal and vertical alignment of L&D strategy;
- tight- and loose-coupled approaches to improving ‘fit’
- textbook approaches to achieving L&D’s strategic integration and their practical limitations – weak links between L&D and other HR functions, lack of ‘outside-in’ strategic thinking, bounded rationality and six ‘silent killers’ of strategy
- research evidence suggesting how to improve the strategy process; the gap between strategy and its implementation and problems of the HR profession in tackling this
- four practical suggestions to help L&D professionals ensure effective and continuous L&D strategising in their organisations; case example of an innovative L&D function.
FURTHER INFORMATION SOURCES

