

Organizational Training Case Study
Two Midwest HARDI Distributors
Eastern Michigan University Industrial Distribution

Prepared by
Tina Traites – Undergraduate student
David Gladding – Graduate student
Dr. Robert Teehan – Faculty Advisor

Abstract

This study examined two Midwest HARDI distributors' training and development programs. The two distributors were given the names Big Company which has 17 locations of operations and Small Company which has dual branch operations. Interviews were made over the phone to the human resource managers from the two distributors, as well as two employees from each distributor. Human resource managers were given open ended questions while the employees were given a series of likert scale questions. The model for this research was from the book Smart Investments by Susan Levering, Ph.D. This model defined the criteria for successful training and development programs.

The findings from this study were that both companies had strong T&D programs. The differences found between the two distributors were related to the number of learning tools available and how they were implemented. Employees' attitude towards the two different styles varied.

Introduction

This study was conducted by looking at two Midwest HARDI distributors. Interviews were made over the phone to the human resource managers from the two companies, as well as two employees from each. The model for this research was from the book Smart Investments by Susan Levering, Ph.D. Although this book covers the electronic distribution industry, the concepts of training within are relevant in all industries.

Data Sources

For the purposes of keeping each company private they will be referred to as Big Company and Small Company. See the tables on the following pages.

Big Company

Company	Partnership
Commodity	Wholesale heating and air conditioning equipment and supplies; wholesale plumbing and heating equipment and supplies; metal service center
Characteristics	Years in business: 81 years Number of employees: over 200 Base of operations: 17 locations all together
T&D Philosophy/ Background	<p>Their viewpoint is that they would “rather train than not train.” Their attitude is that when continuing “to invest in employees, [the company] will have a greater return [and they will be] more comfortable and more productive.”</p> <p>A majority of their training is on-the-job training stating that “if we don’t have to pull someone out to go to training, we won’t pull them out.” This is because it is more important for them to have a full staff “on hand to deal with customers.” This company is still working on their “timeline recognition,” which is “recognize and implement” training needs. There have been significant improvements “in the last three years” where evaluating their training needs have been “paying off”, but it was stated that they “still have a long way to go.”</p>
Distinguishing HRD Features	<p>Focus on developing managers’ competencies.</p> <p>Since their certification program puts them “far ahead of the curve” compared to other companies, they continue implementing it.</p> <p>The certification is a required program with “specific competencies” in order to move employees on to other levels.</p> <p>This training also “involves product specific and soft skills” such as customer service, interpersonal skills, customer communication skills, verbal skills, telephone etiquette, team skills, leadership skills and sales skills.</p> <p>The philosophies in some of their branches have changed regarding T&D. As a result, “order takers are also sales people,” and it takes specific “competencies to do this.”</p> <p>Although not required, they ask certain workers to take technical training through their tuition reimbursement program.</p>

Small Company

Company	Private, one owner
Commodity	Wholesales warm air heating equipment & supplies; manufactures wooden kitchen cabinets; wholesales kitchen cabinets; manufactures plastics materials & resins; wholesales lawn & garden machinery & equipment Primary SIC: Lumber, Plywood And Millwork, Primary NAICS: Lumber, Plywood, Millwork, and Wood Panel Merchant Wholesalers Description: Wholesale: Household Appliances
Characteristics	Years in business: 35 yrs Number of employees: 4 people per branch + 5 delivery people; 9 altogether. For the whole company, about 200 employees. 40 in HVAC distribution, warehouse. Main positions are CEO, sales staff, service staff, delivery staff, IT staff, HR director, VP of sales – HVAC division, sales manager, operations manager over sees customer service staff – service manager oversees outside sales and inside customer service. Base of operations: dual branches.
T&D Philosophy/ Background	This company’s philosophy is to have regularly scheduled ongoing training. The scheduling and types of training vary. For instance, their monthly meetings are for the sales staff and inside staff, and are usually a half day. Customer Service Representatives also meet monthly for T&D. They have been doing the monthly training for the last three years. More regular and consistent training was necessary “because of all the changes in the industry, especially since there is a wider variety of different products available now. Consistency is also helpful when dealing with issues that may “come up with vendors and products.” Additionally, since T&D is consistently scheduled, there are less timing conflicts, and everyone is better prepared for it.
Distinguishing HRD Features	This company has a Human Resource Director who has a “total open office” where employees can “go in to the office and talk” about issues that come up. Their HR Director is in charge of addressing these issues in training.

Employees and the Human Resource Manager from two Midwest companies were interviewed for this research. A list of several questions were written up for the HR Manager and asked over the phone. In total, there were twenty questions asked to the HR Manager.

Two employees from each company were selected. These employees had various job positions ranging from supervisor to pickers. They were asked a series of Lickert scale questions via phone interview. The employees were asked to answer the questions in form of: strongly agree, agree, neutral, disagree, and strongly disagree. In total, forty-three questions were asked to each employee.

Evaluation and Results

Evaluation and results were compiled from phone interviews and information provided by each company.

Interview with the HR Managers

Small Company

In the Small Company, they find instructors for Training and Development (T&D) based on their product knowledge and salesmanship. They use trainers within their company in addition to vendors. These choices depend on what type of training is needed and what is available.

Those who receive training are the sales staff, those who work in customer service and sales, HVAC distributors, the inside staff, and management. A separate trainer may be used to teach computer knowledge; whereas a trainer from inside the company will teach about the systems within the company.

Some examples of subjects taught are customer service and development and telephone and voice mail etiquette. They choose what is taught on an “ongoing and as needed basis.” They also consider special requests for T&D topics. Appropriate college courses are approved by the Human Resources person, where Small Company consider the costs, but there is no tuition reimbursement. When there are “job specific requests for classes,” they “will pay for computer courses” such as Microsoft Word and Excel.

The types of rewards Small Company offers for T&D are based on semi-annual reviews for both salary and hourly wage workers. When they meet the requirements and attend classes successfully, they get raises.

Small Company's methods to measure the results of T&D in "most cases," are based on "volume with sales staff, the more they are selling, or sales made." They also look at "inside customer service and tracking of customer acceptance." They look for red flags such as "derogatory" or "praise related" comments from customers.

When using teaching techniques such as peer-to-peer, coaching, and mentoring, Small Company counts on coaching as the main way of teaching. They also consider peer-to-peer as a constant, ongoing way to learn on-the-job skills. Training and development in groups works well especially with their entire customer service areas. When looking for trainers within their company, they seek out "star" performers in most cases. Approximately 75% of their trainers are from inside their company, which leaves about one fourth of their trainers from other sources.

Like many companies, Small Company's budget allows 1% of sales to go toward T&D. The areas that receive more training than others are in the sales and customer service areas. When determining which levels of employees will have training and development Small Company looks at levels of involvement with "direct interactions with customers." For instance, T&D will be more focused in areas in which workers have more direct interactions with customers. Small Company feels that all learning needs are important, however, they prioritize their learning needs according to when they arise.

A major challenge for many businesses is keeping up with changes in technology. They strive to adapt efficiently to upgrades in technology and feel "forced into keeping up," especially in the "last couple years." This affects the whole company when there are upgrades in computer systems, including lap tops, their own libraries, and books.

In the past, Small Company had poor results with T&D because they did not have a set schedule. They would recognize that “training was important and quickly have a training meeting.” When this happened, “people did not have time to get their questions together,” it was difficult to find the right time for everyone, and meetings were only considered “when management [thought] it is important.” This system was a set up for failure. Now meetings are on a set day and time every month, and the company conducts quarterly T&D sessions for additional training and sales plans. In this way, everyone has time to prepare, they have their questions ready, and it is scheduled consistently, avoiding scheduling conflicts.

Small Company uses monetary means combined with T&D to encourage their employees to be more committed to contributing to the success of their business. This works especially well for their sales staff. For example, when they send salesperson to a supplier for training, the salesperson gets a monetary reward for “each additional item they sold.” Salespersons can also “[make] extra money” on products that were not selling as well based on their product knowledge.

Small Company does cross training, especially with new employees in the first period. This is usually done “with another employee [who is a product specialist] listening on the phone.” For example, when talking with customers about fireplaces, fireplace specialists will coach the new employee as they inform customers.

Big Company

In Big Company, the Human Resources manager is “responsible for internal training company wide but is not the only one coordinating it.” Within this company, they train their counter sales associates. They have developed a program with a “training outline for

people in that training position.” There is a training plan for employees from “entry level through all levels for that particular job.” Most of the training, including customer service, is internal.

Everyone receives training at Big Company. T&D is given for positions “on an as needed basis.” T&D is especially important at this company because of constant change; there are always “new products” and new problems. Administrative positions as well as others are provided with computer training on an as needed basis. Big Company “require[s] the management team to go through a series of management courses.”

When Big Company uses outside sources for T&D, they “combine classes with employees from other businesses,” they also use vendors and employees of vendors, and Heating, Airconditioning & Refrigeration Distributors International (HARDI). The HR director states that they would “rather train than not train.” By investing in training and building human capital, the company will receive a “greater return.”

Big Company has a tuition reimbursement program, and when employees “fill the requirements, they go to the next level with a promotion and wage increase.” Of course, the training requirements have to be related to the job description. In this program, one is required to “follow the training program” and have the requirements fulfilled within the previous year. Computer training and some technical training comes from outside this company. Employees who accomplish the goals of T&D are rewarded based on their evaluations. They use “performance management” to “weave” all of the competencies together.

The most challenging issue for Big Company is measuring the results of T&D. Their management team “follows up on a consistent basis” to see where “behavioral

changes are happening.” They have actual tests to assess training needs amongst their branch associates. Their product managers are “constantly in the field and quizzing people on the spot to make sure they are learning what they need to.” There are also counter quizzes that the company just started implementing again. Counter quizzes are tests that are based on the subject matter taught. The quizzes are sent out to the employees; the employees fill them out and send them back in. Big Company analyzes the quizzes and “inform [the employees] of where to go to get the information” they need. They encourage everyone to work together on the quizzes since it is “impossible to memorize all the information.” Additionally, resources and people change, and as a result, answers change.

The techniques this company uses in its training processes are peer-to-peer, coaching, and mentoring. They also train the trainer by sending one representative to training, and then they transfer what they learned to a vendor. They also have Webinars that they have implemented in the last year and a half, “especially with systems type training,” where employees have access to classes at home or at work. Training is also done within this company by simply dialing a phone number. These conference calls can also be done on a computer with one person leading the group. This is effective for training on the Enterprise Resource Planning (ERP) system, in which issues such as, “how to get on to a vendor’s Website and what kind of information is in there” are explored.

When looking for trainers within the company, they look for “star” performers, natural leaders, and teachers, and “sometimes subject matter experts”. But Big Company avoids this as much as possible since their HR manager has been “training since the

beginning of her career for at least 20 years.” She is able to teach on any subject needed by her company except for furnace related topics.

Since March, this company has spent \$10,000 on training in the first quarter. The interviewee gave a rough, quick guesstimate that they spend 1-2% of their aggregate income to pay for training.

At Big Company, there are definitely areas that receive more training than others. These areas include the branch location employees, counter sales people, outside salespersons, territory managers, and those out in the field dealing with customers. There is more technical training than soft skills, with about 70% in technical. Technical skills “include features and benefits of a product,” but, the company is trying to integrate soft skills into T&D by ensuring that “soft skills are built into the technical training.” They are asking vendors to provide more of this, and the “response has been really good.” In other words, “if you want us to sell your stuff, give us selling points.” Their “technical training is mingled in” with dealing with customers since “service technology, installers, service guys and techie guys” also “need to know how to sell features and benefits.”

Big Company determines which levels of employees will have training and development by “looking at what people are responsible and accountable for in their job” and “Who is it that needs additional tools and competencies to do their job.” They evaluate “all different levels” while focusing on workers on the “front line with customers.” Training is “open to anyone at any level” if it is needed.

Big Company feels that they “adapted pretty well” to changes in technology. They have systems to “make sure that people are up to date when changes are made.” The distribution industry, in general, is not as technologically advanced as other

industries, and they say that they have done a good job. Their IT team keeps track of “what is new out there” and are always “looking at ways to improve the tools that [they] have.” Their IT teams work on Webinars along with vendors. They also conduct Webinars in Electronic Data Interchange (EDI), electronic invoicing, where, in this area, there aren’t many customers that they are working with. EDI usually works with and expects to deal with the bigger companies, about 2% of the companies. There are still some kinks to work out, but it is working pretty well while they are transitioning the T&D with their supplier corporation. Big Company is “doing EDI with them, and they are changing their system” by contracting “with people who can help them.” If they don’t have experts on their payroll, they will outsource.

Big Company prioritizes learning needs according to their bottom line; “what training can [they] do that will increase [they] sales revenue” since in Michigan, “sales have been flat at best.” So, they focus on sales training and evaluate their “diversified product offerings in the last year.” Since they are “getting into refrigeration,” it is a “priority that people in that field understand the product.” Due to the weak economy in Michigan “people are not buying [as many] furnaces.” So, they are looking into heat sources and parts, and they are looking to diversify with additional products to bring them “up to speed with new products they are selling.”

When Big Company plans for T&D, they look at who needs training and the availability of trainers. As in every company, cost effective means of training is the main goal. They look at their options and try to find the training formula that will accomplish their objectives in one training session. They have just started a certification program. They have an on site classroom and will bring in contracted trainers if they cannot find

internal trainers. The home study courses, which can be conducted on weekends after working a full week, work well since they are least disruptive.

In the past, Big Company has had some T&D activities with poor results. For instance, their customer service seminar motivated people, but afterwards, employees, including management, “went back to their old behaviors.” This might be due to the fact that the management team was not “held accountable for the behavioral changes [Big Company was] pushing for.” Instead of having a whole other seminar, they “picked out changes and implemented them through the management team.” Operations, not HR, was responsible for that training.

Recently, Big Company has implemented scripts for greeting people on the phone. Workers are required to follow the script, and if they don't, there are. Additionally, the branch management team has developed checklists on various issues such as housekeeping, professional dress, etc. Employees are evaluated for these things, and for many to complete the checklist, it was a lifestyle change. This system was initially thought to be so stupid, but attitudes are improving. Big Company is “pushing for a culture change.” Before, the certification implementation was more formal. Now, “people are excited about going to training, saying that they have been wanting to go to training all along, but they [were] too busy at work.” Additionally, employees are enthusiastic about training and are pleased that their company is willing to invest in them. This increases confidence too, since training helps employees develop “skills and abilities to be successful in their positions. Some never trusted what was going to happen with T&D, but now they are committed; people are more hopeful.” One specific employee, “is very

committed; to this he is not just the flavor of the month,” and he motivates leaders to make a commitment to T&D.

Big Company has done a “better job of getting people on the front lines where they are more involved with priorities.” The management team has been responsible for this, by thinking of goals and objectives such as increasing sales, reducing expenses, etc. They have been looking at how to “tap into people on the front lines” and what would “help them buy into” their T&D plans. The management team has also been helping employees to understand “what their jobs [are].” As a result, employees are “more involved.” “At first, several years ago, they considered input of employees, but it was “tough to have [that] many people with that many opinions; there was no consensus, agreement, nor priority.” They did not want to disappoint people, by saying “thanks for the opinion, but we don’t like it,” they still had to keep workers motivated in the training process.

At Big Company, workers in the field have, on average, quarterly T&D sessions per year. At the corporate level, those that are considered “support people” have less training with “maybe two T&D sessions per year, at most.” Receptionists receive one T&D session per year. The human resources manager “sits in on things” and decides if more training is necessary, even if it is not relevant.

When Big Company has training not relevant to the specific job, they evaluate certain situations and plan for a cross training process that will “enhance the scope of [employees’] understanding without direct impact.” This works well for them especially when cross training T&D is “part of the orientation process.” Additionally, since new employees have been there for less than a month, it is easier to “give them up for a

week.” Once you get someone in a job, it is harder to pull them away.” Recently, in the distribution center, they make sure the second shift gets cross training by working with the first shift, going with drivers, etc. Many managers are “convinced that this is valuable, whereas, the old time managers don’t think it is worthwhile.”

The president of Big Company is in charge of “executing T&D from the executive level, working individually with VPs and department heads.” This is included in the certification program.

Interview with the employees

As mentioned before, two employees from each company were selected and asked a series of Likert scale questions. They were asked to answer these questions using: strongly agree, agree, neutral, disagree, and strongly disagree.

Based on teaching tools (computers, materials, hands-on learning, and case scenarios) both companies’ employees agreed that the materials and hands-on learning were helpful. No one disagreed about the benefits of using a variety of teaching tools during training. Both companies had trainers that gave case scenarios and other resources for learning.

Hands-on training was the only problem area with regards to teaching tools. In Big Company, one employee strongly agreed that there was opportunity for hands-on training while the other employee disagreed. In Small Company, neither employee agreed that there was opportunity for hands-on learning.

When asked questions about problem solving both companies excelled. After training, employees felt more confident dealing with new challenges and strengthened their areas of weaknesses. They were able to demonstrate what they learned. The

employees possess a stronger comfort level with their jobs and with their capabilities to solve problems in their workplace.

When asked questions on issues within the class (size, length, involvement), both companies' employees agreed that the class size was appropriate for the subject taught. No one disagreed on the employees' willingness to participate based on class dynamics. Additionally, no one disagreed that the instructor encouraged team-effort in class.

When employees were asked questions pertaining to the relevance of the subject matter (self or professional improvement, topics that are used in their current position), both companies did well. Employees from both companies agreed that the training was viable towards their professional growth and self improvement. Everyone agreed that the training was relevant to their current position and agreed that learning about professional conduct and behavior was important. No one disagreed that they were able to use the concepts learned right away and learned what they had expected. No one disagreed on the use of benchmarking or that training related to goals of the company.

When asked attitude questions (view point of the employee, company culture), both companies' employees thought their companies fared well. Employees agreed that in both companies training expectations were met, and management has a positive view of training. No one disagreed on the companies' motivation to use the new acquired skills.

The results were mixed when employees were asked about their attitudes concerning looking forward to training. At Big Company, both employees agreed that they looked forward to training. On the other hand at Small Company one employee did not look forward to training, while the other stated that he was neutral on the subject.

Both companies' did well in range of the structure of their training. Employees all agreed that there was enough time, and they were encouraged to ask questions. No one disagreed that materials were easy to follow. Additionally, employees thought training schedules were convenient, and the companies offered a sufficient number of training sessions.

There were discrepancies when employees were asked about the companies' background and mission statement being taught during training. While both employees at Small Company and one employee at Big Company agreed that the companies' background and mission statement were touched upon at training sessions, the second employee did not agree.

On questions pertaining to the employee's opinion, employees agreed that the training helped them to be more proactive and set them up for success. Employees also agreed that the investment in training is important; training is required to compete in the industry, it is a significant resource for improving efficiency, and it provides continuous improvement. No one disagreed that there are incentives for utilizing things learned in training.

There were some disagreements in the area of employee opinion. In Big Company one employee agreed that training sessions were organized when problems occurred, while the other was neutral on this topic. In Small Company, both employees disagreed that training was setup when problems occurred. When asked if new training programs were setup when new products arrived, both employees at Big Company agreed. At Small Company one employee agreed while the other disagreed.

Conclusion

Both Big Company and Small Company have a solid training and development program, based on the criteria in the book, Smart Investment. Dr. Levering lists the criteria for American Society for Training & Development BEST (Build talent, Enterprisewide, Supported by the organization's leaders, fostering a Thorough learning culture) award as the following:

1. evidence that learning has value in the organization's culture
2. evidence of a link between learning and performance
3. evidence that the organization has leveraged technology in learning
4. evidence of investment in learning and performance activities (Levering 2006).

Big Company

Learning has value	Employees showed interest in attending training and development sessions.
Link between learning and performance	The HR manager said that this training has improved performance
Leveraged technology in learning	Through more funding comes a variety of abundant tools on how to run their T&D. The various tools in use by Big Company encouraged the enthusiasm of their employees
Investment in learning and performance activities	Although both companies did spend about the same percentage on their T&D programs, Big Company would have spent more due to their larger sales

Small Company

Learning has value	Employees at Small Company did not share this same enthusiasm.
Link between learning and performance	Has had a similar result with employee performance through training.
Leveraged technology in learning	They might not have as many tools for T&D as Big Company, but they do as much as possible with what they have and manage it well.
Investment in learning and performance activities	Small Company's monthly training meetings have worked wonders for them. The employees know that they have a set schedule for T&D. This set schedule allows the employees to schedule around these meetings and be prepared with questions to enhance their learning

T&D is very important for a company's success. Both of these companies have demonstrated that they understand T&D is an important tool to securing their identity. Although their approaches are different between the two companies due to their size and structure. Through their continued efforts to improve their T&D programs, these two companies should continue to have success in the future.

Bibliography

Levering, Susan (2006). *Smart investment: Developing top performers* in wholesale distribution. Washington, DC: Distribution Research and Education Foundation.

Appendix A.

Employee Training Questions Using Likert Scale

(Strongly disagree, Disagree, Neither agree nor disagree, Agree, Strongly agree)

1. I was able to practice the newly learned concepts right away.
2. I feel more confident dealing with new challenges.
3. The training will help me to be more proactive.
4. My expectations were similar to what I accomplished in training.
5. I am able to demonstrate what I learned.
6. I learned what I hoped to learn.
7. The applicability of the training to my current position was helpful.
8. The applicability for my professional development was helpful.
9. I have a stronger comfort level utilizing the skills I learned in this class in my workplace.
10. The materials were helpful.

Teaching Tools

11. The instructor used a variety of efficient learning styles to teach the topics.
12. The instructor used a variety of teaching tools, such as computer, video, handouts, etc.
13. I had the opportunity to do some hands-on training.
14. The instructor gave actual case scenarios.
15. I was given information to find additional resources such as Website links, books, magazines, contacts, etc.

Problem Solving

16. I felt that this training will help to solve more problems in your department/workplace.
17. The training and development helps to strengthen areas of weakness and solve problems.

Size of Group

18. The size of the group of trainees was appropriate for that subject.

Issues in the Class

19. The instructor encouraged a courteous, and team-effort oriented class.
20. Employees are encouraged and willing to participate.

Subject Matter

21. It is important to learn about professional conduct, behavior and general etiquette for you and your coworkers.

Relevance of Subjects

22. The various levels of benchmarking (individual, department, company, external, etc.) were addressed, and how to use them effectively.
23. The training was directly related to the goals, objectives, and plans of the company.
24. The information was relevant to my role and duties.
25. The training focused directly to job-related (professional) development.
26. Training focused directly on interaction and self-improvement (personal) development.

Attitude

27. I was motivated to use my new skills/knowledge right away.
28. I looked forward to the training.
29. Management has a positive view of training.

Structure of the training

30. The course structure and presentation of materials was easy to follow and understand.

Time Issues

31. There was convenient scheduling for training sessions.
32. Enough training sessions are available.
33. There was enough time to cover the content of the course.
34. It is important to financially invest in training and development.
35. T&D is required to compete with other companies in the industry.
36. T&D is a significant resource for improving efficiency.
37. T&D provides continuous improvement.
38. Training program is setup for success
39. When problems occur new training programs are setup
40. Company background and mission statement are presented
41. Employees are encouraged to ask questions and advice from management
42. New training programs are setup immediately when new products arrive
43. There are incentives for following things learned through training

Appendix B.

Management and Human Resource Questions – Categorized

Who

1. Who participates in training and development? Different stages of the planning process? Who does the training?
2. Who receives training and development?
3. When you use outside sources for T&D, do you use vendors and other companies you are closely associated with for training? Do you combine classes with these other businesses?

What

4. What is your T&D philosophy?
5. What is your T&D background?
6. What kinds of subjects are taught in T&D in your company? What learning topics are considered? For instance; technical training, college courses, self improvement, safety, specific job skills, customer service, etc.
7. What method do you use to measure the results of T&D?
8. What techniques are used in the training process? Peer to peer, coaching, mentoring, etc.
9. What criteria do you use for selecting trainers within your company? Do you look for “star” performers, natural leaders or teachers?
10. Approximately, what percentage of your T&D is done from trainers outside your company?
11. Approximately how much money do you spend on training per year?
12. Are there areas that receive more training than others? If so what areas?

How

13. How do you determine which levels of employees will have training and development?
14. How do you measure the results of T&D?
15. How do you prioritize learning needs?

Why

16. Which T&D activities have you had in the past with poor results? What corrections were made?
17. Do you use T&D to deal with the rapid changes in businesses today?
18. Is training tailored to specific jobs? If so how?

How much

19. How many training and development sessions do your employees at each level attend per year?