

# CFO Magazine

What's Wrong with Finance Training

And how some companies are finding ways to make it work.

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Like most companies, General Mills Inc. didn't always devote the resources to employee training that it should have. "There was always some training, but it was haphazard, not consistent or actionable," says Lisa Kline, director of finance and supply chain at the \$11.2 billion food company. "People didn't learn skills or techniques; they just got information."

That information tended to be parsed out during brown-bag lunches or simply when time and circumstance permitted. Minneapolis-based General Mills has since adopted a much more effective approach to educating its finance staff, but many companies haven't. "If you're asking what's wrong with finance training, my answer would largely be, what training?" laments Mark Beckstrom, a human-capital-management consultant at IBM Business Consulting Services.

That's an exaggeration, but not by much. Training experts say companies continue to repeat old mistakes. They offer off-the-shelf courses or seminars that aren't aligned with employees' everyday responsibilities. They schedule classroom training when the trainer is available rather than when employees need to enhance their skills. They offer lectures, even though adults generally fare better with interactive learning. They pluck trainers from within the ranks, even though these subject experts are unlikely to be skilled facilitators. They allow managers to skip the training sessions offered to lower-ranking employees, which means they won't know how to reinforce what their employees have learned. Worst of all, companies don't follow through — they offer a training program, check the task off their list, and forget about it.

"Organizations do that all the time," says consultant Marc Rosenberg of Marc Rosenberg and Associates, in Hillsborough, New Jersey. "They launch programs or events with great fanfare and then say, 'Well, we delivered it, we gave them a feedback form, and they liked it.' Then people go back to the same bad work environments, where they don't have the tools or reinforcement they need to carry what they've learned over to their jobs, and no experts to turn to if they have a problem. Those organizations are not designed or structured to support what employees have learned in class."

It doesn't have to be that way. Training professionals have plenty of experience with what does and doesn't work, as do many companies. General Electric Co.'s management training program is legendary. IBM Corp. created its first "education department" in 1932, and today spends approximately \$700 million annually furthering the education of its 329,000 employees around the globe.

Granted, it can be difficult to budget time and money for training, especially with so many competing options for scarce resources. But it's also becoming increasingly difficult not to invest in training, especially at companies where the finance function appears to be impeded by a skills gap. Jonathan Schiff, president of Schiff Consulting Group, in Monsey, New York, and founder of its Finance Development and Training Institute, says the areas most ripe for training include internal controls, budgeting, financial-reporting systems, understanding process-improvement strategies (such as Six Sigma), and developing the ability to explain technical and accounting issues in a clear and compelling manner.

At General Mills, it took a new CFO, James Lawrence, who was hired in 1998, and the acquisition of Pillsbury in 2001 to accelerate change. Lawrence began reworking the company's finance function almost immediately upon his arrival from Northwest Airlines, where he had also been CFO, seeking to transform it from a numbers-cruncher into a strategic partner to the business.

Initially, that meant consolidating finance operations into a shared-services center. Soon after, the company acquired Pillsbury. "That increased the imperative for training," says Kline, "because it virtually doubled the size of the organization. We had a lot more people who didn't know how we did things at General Mills." The company's finance leaders subsequently identified four areas in need of improvement: new-hire training and orientation, midcareer training, strategic thinking, and training on changes in the rules and regulations that govern accounting and financial reporting.

Kline and her colleagues deemed new-hire training the most critical concern and focused on that first. They rolled out a 20-module program designed to help new employees quickly grasp the mission and structure of General Mills's finance organization and their role in its success. About 30 employees worked nearly nine months to create the program, which debuted last May. In addition to providing information about the finance organization's structure and vision, it describes how the company prepares its profit-and-loss statements and what goes into key line items such as trade expenses. Other modules help finance staffers provide better decision support to the

business units, improve their critical thinking, and understand how to build shareholder value. The company uses a variety of delivery systems, from E-learning to classroom training.

More-recent initiatives have focused on strategic thinking and midcareer development. The response to date, Kline says, has been extremely positive. "Ninety-percent-plus of the participants say it meets or exceeds their expectations," she says. Her team is now surveying early participants, asking them what training has proved to be the most — and least — valuable so the company can refine its program.

General Mills's new approach incorporates many of the strategies that experts say are characteristic of good programs. The company took time to develop classes that relate directly to what employees do and how the business operates. It provides training to its facilitators — who are, in fact, in-house subject-matter experts — so they are prepared to engage their students and not just lecture them. It uses a variety of delivery systems tailored to the content of each course. It monitors results and, perhaps most important, is now committed to making training a part of the organization's DNA. "Even a good program is not going to succeed if it comes up against an unsupportive organizational culture," warns Rosenberg. "Culture always wins."

### **E-Yearning**

Going forward, an increasingly important element of finance training will be for finance teams to react quickly to changes in regulatory demands. And speed, of course, is what information technology is all about. Nancy Kaufman, a learning partner at IBM, says her company increased the total amount of training it delivered to employees by 29 percent in 2004 versus 2003, to 15 million employee hours, even as it reduced expenditures by 1 percent. These improvements are attributable in part to a 54 percent increase in the use of "E-learning," computer-based training delivered via Web seminars, CDs, and related online strategies. Similarly, Frank Hanfland, manager of training technology and interactive media for Safety-Kleen Systems Inc., an industrial-waste-management company in Plano, Texas, says he's reduced the time needed to produce employee training programs by 90 percent — and pared annual development costs by \$600,000 — using an inexpensive software package called Macromedia Captivate from Adobe Systems Inc. Rather than create training programs from scratch, Captivate records the work being done by an expert user, which can then be annotated and edited (see "Sim-ply Marvelous" at the end of this article).

While some argue that technology is no substitute for a good human instructor and that E-learning isn't as powerful as classroom training, proponents counter that its cost and accessibility are hard to beat and that it is ideal for conveying fairly straightforward information and reaching large numbers of people quickly. Of course, its value depends largely on how it's produced. Putting a classroom lecture online and calling it E-learning doesn't advance the art of education much, but converting that lecture to an interactive learning session that employees can tackle when and where they need to just might. "The good financial training organization will blend various delivery strategies based upon the content that has to be delivered, the need for speed, and the location of the students," says Rosenberg.

Kline agrees. General Mills delivers the first dozen or so modules in its new-hire orientation program online, she says, seeing that medium as ideal for material the company simply wants to communicate quickly. It then switches to a classroom environment for more-complex topics such as ethics and shareholder value. Those sessions include not just lectures and classroom discussions, but also situational exercises that require employee participation. Tod Christie, treasurer of \$4 billion Sealed Air Corp., based in Saddle Brook, New Jersey, says his company has taken a similar multimethod approach. An off-the-shelf (but customizable) Web-based curriculum provides a foundation in good corporate-governance practices, while in-house seminars address career-development issues.

IBM is among those companies that hope to give employees access to the instruction they need, on demand, in the workplace. In an example of this on-demand vision, a finance employee reviewing contracts and transactions to assure appropriate revenue-recognition principles are applied could pull up an accounting rules Website, access a structured E-learning module for in-depth information, and link directly to internal experts or external authoritative Websites, all from his or her workstation.

Rosenberg says that sort of flexibility, while perhaps a luxury today, will soon be an imperative. "Learning financial skills cannot be relegated solely to the classroom," he says. "There's too much to know and the information changes too fast for people to be constantly called into class."

The ultimate gauge of a training program's effectiveness is whether it gets results, and to properly assess that, a company must do more than simply ask employees whether they liked a given program. "These days, you need objectives that are pushed up to a higher level — application and impact objectives," says Jack Phillips, chairman of

the ROI Institute Inc., a research, consulting, and benchmarking organization based in Birmingham, Alabama. "Application objectives show how you'll use training on the job, and impact objectives say that when you do, this is what's going to happen — greater productivity, faster cycle times, whatever. Without that kind of focus, people sometimes don't apply what's being learned. Training is not over until you do it right on the job and produce the results you expect."

In short, decisions about training become easier as the metrics get harder.

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