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Department of Management



DIPLOMA THESIS:

TRAINING AND DEVELOPMENT STRATEGY OF A COMPANY

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Declaration of Integrity:

I declare that the diploma thesis *“Training and Development Strategy of a Company”* was made solely by my-self.

All the literature and underlying materials are introduced in the *“Bibliography”* section.

Prague, 3rd April 2011

Signature

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Acknowledgement to the Supervisor:

I would like to express my sincere thanks to my supervisor, Richard Selby, Ph.D. for all his professional advice, expertise, suggestions and all the support with work on this diploma thesis.

My further thanks go to management of the company for their time and professional advice during preparation of the thesis.

I would also like to thank to all employees of the company for their cooperation and provided information.

**TRAINING AND DEVELOPMENT STRATEGY
OF A COMPANY**

**STRATEGIE ROZVOJE ZAMĚSTANCŮ
SPOLEČNOSTI**

SUMMARY

The diploma thesis focuses on the training and development strategy plan of a chosen company. The thesis consists of two main parts - literature overview, which summarizes theoretical information about strategies and training and development and practical part of thesis, consisting of company overview, discussion results and finally conclusions and recommendations.

The main objective is to create a framework – for a strategy and a plan - for training and development in a company where there is no human resource department. To fulfil this objective, the organisational and group strategy was analysed, discussions were held with managers and employees from each department. A SWOT analysis was created for each separate department to highlight current and future wanted status.

A framework proposal for training and development strategy was created together with a strategy statement which was then followed by a training and development plan for 2012.

The diploma thesis will be available to the company and the author will continue to work on this topic in the company.

KEY WORDS: Strategy, Training, Development, Plan, Employees

SOUHRN

Tato diplomová práce zpracovává téma školení a rozvoje zaměstnanců vybrané společnosti. Práce se skládá ze dvou částí – literární rešerše, která shrnuje teoretické poznatky o strategii, školení a rozvoji a praktické části skládající se z informací o společnosti, diskuze o výsledcích a doporučeních.

Hlavním cílem je vytvořit koncept – strategii a plán školení a rozvoje zaměstnanců ve společnosti, kde není oddělení lidských zdrojů. Tento cíl byl dosažen analýzou strategie organizace a skupin, diskuzí s manažery a zaměstnanci jednotlivých oddělení. SWOT analýza byla použita ke zvýraznění rozdílů mezi stávající a chtěnou budoucí situací.

Na návrh konceptu vzdělávání a rozvoje zaměstnanců a strategie navazuje plán školení pro rok 2012.

Diplomová práce bude k dispozici vybrané společnosti a autorka diplomové práce se chce této problematice ve společnosti i nadále věnovat.

KLÍČOVÁ SLOVA: Strategie, Školení, Rozvoj, Plán, Zaměstnanci

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1 INTRODUCTION

Mullins (1996, p. 634) says: “Staff is crucial, but is an expensive resource. However training is necessary to ensure staff that is technically and socially competent, and capable of career advancement into specialist departments or management positions within the company. There is therefore, a continual need for staff development, and training fulfils an important part of this process.”

Starting with words of one of the most famous authors of management literature, the author of the thesis would like to stress the importance of training and development for all organisations.

To focus training and development where needed, a strategy and a plan should be created in a company. Ideally a training and development strategy will be derived from an organisational strategy to ensure that all the steps taken in this area will be consistent with the company's goals and objectives for the future.

A training and development strategy and plan are usually made by the human resources department. However the human resources department alone should not be the only one designing and implementing training and development strategies and plans. The executive management together with all line managers should be involved in and fully support the strategy and be a part of its creation. It is primarily to ensure what was previously highlighted, that training should be a part of the development strategy within the organisational strategy.

2 OBJECTIVE AND METHODOLOGY

2.1 Objective

Author of this diploma thesis is aiming to create framework for training and development strategy and plan for a chosen company.

This strategy framework has to be connected with an organisational strategy and have to support organisation 's values and goals. In recent condition where there is no human resources department and also no concept of training and development, the author will also introduce full concept of strategy and plan for training and development plan for this year.

Both the strategy and the plan should provide the company a concept for future years.

2.2 Methodology

Main methodology in this diploma thesis is an analysis on the company's strategy by analysing resources provided by the Company freely on their website and also internal information provided by management.

To fulfil the both aims, creation strategy and plan of training and development, discussion will be used (<http://dictionary.reference.com/browse/discussion> viewed on 28.2.2011) refers to discussion as: "An act or instance of discussing; consideration or examination by argument, comment, etc., especially to explore solutions; informal debate."

First with management and subsequently with employees discussion will be led. This type of methodology was chosen for two main reasons, firstly – the company is a small size and secondly the author thinks that by interviewing the staff information gathered will more precise than for instance from questionnaire. Other advantage is that the author can work with the information from previous interviews with managers and vice versa. Discussion topics (Attachment 1) were created and send to managers in advance.

The SWOT analysis – “situation analysis in which internal strengths and weaknesses of an organization, and external opportunities and threats faced by it are closely examined to chart a strategy. SWOT stands for strengths, weaknesses, opportunities, and threats.” (<http://www.businessdictionary.com/definition/SWOT-analysis.html>, viewed on 28.2.2011). The other used method to establish current and future desired situation of the departments and also to identify potential gaps for training and development of employees’.

Last used methods are eight-step and five-step method created by Andrew Mayo. The first named method analyses current strategy, goals, and milestones and identifies performance gaps, which shall be closed by training and development. The five-step method primarily determinates for performance overview but can be used also for setting up learning objectives.

3 LITERATURE OVERVIEW

3.1 Training and development strategy

3.1.1 Strategy and philosophy

Generally strategies can be divided into three parts (Mayo, 2008, p.9):

- Organisational strategy
- Business strategy
- Functional strategy

Mayo (2008, p. 9) sees the organisational strategy as umbrella for questions such as:

- What are we in business for? (our *mission*)
- What is our vision of what we want to achieve? (our *vision*)
- What will govern our behaviour and priorities? (our *values*)
- What principles will govern the way we do business? (our *business philosophy*)

Business strategy provides *direction and guidance* for the more current business plans and the consequent resourcing needs. (Mayo, 2008, p.10)

Functional strategy, which is *a detailed plan for supporting functions*, shows the direction how they are going to contribute to achievement of both, business and organisational strategy. After creation of all three types of strategies, next step is to set up goals. This will end the first part of cycle of strategy, plans and goals creation. The cycle goes on with reality check – all named above must follow to show if the resources and timeline is available. (Mayo, 2008, p. 10)

Mayo (2008, p. 11) also emphasises the importance of implementation phase, this final planning should show the ways of making the real strategy actually happen. What is often omitted is reviewing the direction the organisation is taking in comparison to the strategy throughout the year (the “reality check”).

Mayo (2008, p.1) quotes The Ashridge Management Research Group, which distinguished three basic models of managing human resources development. The models are set up with progressive level of sophistication as follows:

The fragmented approach – an emphasis on training programmes, discrete and formalise, and unconnected with business priorities

The formalised approach – a more professional systematisation of training activities, including pre- and post-event activities

The focused approach – where training and development is a tool of an organisational success, and activities are clearly focused towards this end.

Author of this thesis aims to create a learning and development strategy guide the company from the fragmented approach and will set up the direction to the focused approach.

Mayo (2008, p.3) implies the importance of building value of intangible assets, over solely maximizing the current profit. Intangible assets portfolio depends in majority on people - their capability, their knowledge and wisdom, and how they are managed and utilised. Growth of capability and knowledge in the organisation is essential for growth of intangible assets.

3.1.2 Business strategy, organisation development strategies and HRD¹ strategy

Human resources development strategy as support function strategy shall not be prepared solely and independently on the business and organisational strategy contrary it should be derived from the organisational and business strategy to ensure it will support and ensure the main strategies. (Prior, 1994, p.323)

¹ HRD is an abbreviation for Human Resources Development, this abbreviation will be used throughout the whole thesis

According to Mayo (2008, p. 12) all business strategies require an organisational strategy: “to create the kind of organisation that will be most effective in delivering them”. To derive formerly said, Mayo (2008, p.12-13) offers questions, which shall be asked at the beginning:

- “What *structure* will be most effective? Where do we want to have business units and profit accountability? How centralised do we want to support functions to be? What is the ideal number of management layers? What balance do we want between process-based teams and traditional hierarchy?”
- What *systems and processes* will bind the organisation together? What will be the balance between “global” and “local” processes? How will knowledge be managed across the organisation?
- To what extent will we be a *learning organisation*, and what will this mean to practise?
- What behaviours *and attitudes* will characterise people in the organisation?”

Strategies can be also seen from the point of time. From this point we distinguish (Mayo, 2008, p.13):

- Long term to medium strategies – such as organisational strategy and business strategy (e.g. what we want to achieve in a long term)
- Medium to short-term goals –operating strategies, objectives and targets (e.g. what we are currently trying to achieve)
- Remedial – operating problems and issues that need resolution

What HRD strategy must be aware according to Mayo (2008, p. 14) is that: “providing new knowledge, skills and behaviour will not lead to effective learning if the structure, processes and values of the organisation do not support their application in the work place”.

Mayo (2008, p. 18) and Torrington & Hall (1995, p.87) provide the overall approach to people development, with set of four drivers, which support the on-going organisational strategy:

Mission, vision, values and goals – HRD's aim here is to progress organisation toward its vision, HRD should also emphasise the values and try to include them into every day's life of the company.

HRD should also support the *principles and beliefs of people management*, this part of OE strategy will significantly influence the approach to development and training in the company.

The third driver might be *core competencies* of a company; in the competitive world nowadays there is a need to support a development of core competencies and to enhance them through the company.

Also *external environment* should be taken into account by the HRD due to possible influence of technology or approaches of people development.

3.1.2.1 HRD strategy

Armstrong (2009, p.508-509) sees the employee development strategy's aim in: "Employee training and development strategy that is initiated by the strategic plans of the enterprise which define where it is going, the resources it needs to get there and the levels of performance required to achieve business goals.

"Business plans form the basis for human resource plans which define the numbers of people needed and the knowledge, skills and competence they will require. Human resource strategy and plan shall flow from the business plan but also contribute to it by spelling out how much more could be achieved by investing in people and by making better use of the organisation's human resources. Employee development strategy is a declaration of intent which states, in effect, 'that we believe a strategy for investing in people will pay off and this is what we are going to do about it'."

"The strategy sets out how employee development processes, policies and programmes will contribute to the achievement of the corporate goals contained in the

business plan. The employee development strategy should address the critical success factors of the business in the fields of product-market development, innovation, quality and cost leadership. It should demonstrate the real links between learning, development and training activities and business performance and indicate how these activities will add value and contribute to the achievement of competitive advantage. In a business enterprise their only justification will be the return that can be generated by investing in human resources, and how this will increase shareholder value. But the employee development strategy should be designed to benefit all the stakeholders in the enterprise: not only the shareholders but also the employees, customers, suppliers and the community. This is why it should be prepared within the context of the employee development philosophy of the business which should be determined at top level and communicated throughout the organization.”(Armstrong, 2009, p. 508-509)

3.1.3 Developing human capital

Mayo (2008, p. 15) sees human capital as: “The individual and collective capability available to an organisation.”

Mayo (2008, p 15) also describes components of capability, which the human resource development would aim to enhance through learning, as below:

- “Values and attitudes surround all out other capabilities and drive many of our behaviours. They are not easily changed, although some initiatives are targeted at them – e.g. in work place behaviour or attitudes to customers.
- Qualifications are indicators of depth of knowledge in specific areas.
- Experience is about the diversity of contexts that have been experienced, the depth and variety of challenges, and particular situations.
- Personal skills is the core of most “competency frameworks” and includes a mix of behaviours derive from personality, experiences and training.
- “Know-how” covers business, technical and professional knowledge and skills.
- “Know-who” is often neglected, but critical for success – the range of contacts, internal and external, that can provide information, expertise and support.”

3.1.4 Strategy documentation

A common problem of all types of strategies is the documentation. There is no universal form, which can be used for strategy documentation. Mayo (2008, p. 21) offers four points, which shall be clear before we document strategy. We shall be specifically clear about:

- The purpose – why are we doing it and what will it be used for
 - Base for management decisions
 - Base for HRD to link HRD systematically to business needs
 - Establishing priorities and plans for HRD activities and resources
 - Securing budget and resources
 - For internal credibility and visibility of HRD strategy to all stakeholders
- The audience – who will see it and what message do we want to convey
 - All communications shall be aimed to its audience
 - The audience of HRD strategy might be for instance CEOs, HR directors, HR staff, all employees and also to external potential recruits
 - The document shall have its own summary at which group of audience it aims
- The format – what will be included

Each company shall have its own format for internal documents, which would be comprehensive to all the audiences which it might have.
- The process of creation - how we shall put it together

As we are in reality there are some existing policies and processes taking place in the company at the time of the strategy creating or reviewing. Mayo suggests some questions which shall be asked during that time:

 - Are the current policies meeting the organisation's needs successfully?
 - Does it fit comfortably within the priorities of today's strategies?
 - Should they be eliminated, replaced or re-engineered?

3.2 Human Resources strategy drivers

3.2.1 Mission, vision, values, long-term strategy

Mayo (2008, p. 33) defines mission, vision as below:

Mission states what we are and what business are we in.

Vision on the other hand needs to be inspirational, at least potentially achievable but sufficiently stretching not to be aimed in a short term.

Vision and mission should be clear to all employees. If all of them can see the big picture they will do their part with an understanding of the system to which they belong. Mayo (2008, p. 36) reminds that: "In order for people to identify with a vision and find it helpful, it needs to be focused, measurable, and at some point realistically achievable."

"Nowadays more pressure is put onto companies to express their vision and mission in concern of environmental policies, corporate governance, which causes more openness for the companies to all stakeholders." Mayo (2008, p. 35)

Role of HR in concept of vision and mission is to focus on necessary capacity and capability needed to make both vision and strategic goals to reality. In cooperation with the top line management a clear statement and understanding of vision and mission shall be posted to all employees. Mayo (2008, p. 37)

Values, according to Mayo (2008, p. 37), helps to articulate a philosophy and standards of behaviour that should characterize the way of company and its people operate. Important characteristic of values is that they are permanent. Values can be also characterised as "corporate glue" and a common language that bind diverse corporation together and makes the corporate name stands for something. Values should be challenging for individuals and organisational behaviour.

Companies, which put importance to their values often spends enough time to introduce the values to new employees.

“Richard Semler, in his book *Maverick*, from 1994, expresses very contrary idea about values - he thinks that organisations cannot have values, only people can. He also says that people in the organisation can work and act together towards all stakeholders and keep standards, which then can be seen as organisational values.” (Mayo 2008, p. 38)

Usually values face problematic treatment, they are too many, not meaningful or they are not applicable to day-to-day life. Worst of all top management does not take them seriously.

Role of HR in values shall be active; HR shall be a model, check if the employees know them and if not be very much in the centre - with top management - of implementing them. (Mayo 2008, p. 38)

3.2.2 Beliefs and principles of people’s management

Mayo (2008, p. 40) says, that the beliefs and principles of people management should not be made by the HR department, on contrary it shall be made by the senior management. Porras and Collins in *Built to Last*, from 1994 (Mayo 2008, p. 40) are stating that:

- “Long lasting companies develop and promote insiders in preference to hiring outsiders.
- A high profile charismatic leader is not required to create and run visionary companies.
- Clear unequivocal cultural beliefs symbolise continued success.”

Mayo (2008, p.41) says that is it surprising how many companies do not include training and development into their values; this might feel as that training is only accepted as something you have to do, without any seeing any significance to future and business goals.

HR department shall lead way from where we are now to where we shall be, firstly through business strategy and beliefs from senior management, after having this information HR shall think about the resources to be used in line of strategy and goals as well as the people development.

Talking about resources, there are two ways how to see human resources. Costs or assets, this is also question to the senior management. Management being asked about this question, often says that they see people as costs, but their approach in time of crisis goes on contrary of these statements. People shall be seen as investment, investment is their potential, which shall in finally end with organisation development and goals reaching. (Mayo, 2008; Armstrong, 2009)

Mayo (2008, p.41) also suggests dividing employees into table of fours squares:

Table 1: Division of employees according to their current state

Difficult to replace Low added value (aim is to motivate and retain this employee)	Difficult to replace High added value (retain at all costs)
Easy to replace Low added value (consider outsourcing)	Easy to replace High added value (aim for maximum productivity)

Source: MAYO, Andrew. *Creating a learning and development strategy the HR business partner's guide to developing people, second edition*. 2nd ed. London: Chartered Institute of Personnel and Development, 2004. ISBN 18-439-8056-8, p.43

What Mayo (2008, p. 43) suggests is an “asset mentality” shall consider following:

- Ensure employees are helped to regularly assess their potential
- Ensure that employees are focusing on continual learning and development
- Be concerned that it understands the talent it has, utilises and grows it effectively

These three suggestions shall lead to strategies, policies and processes to ensure people’s growth.

3.2.3 Core competencies, external environment

3.2.3.1 Core competencies

“By core we can understand the fundamental expertise that enables the organisation to be in and stay in its field.” (Mayo, 2008, p. 53) “Core capability requires that knowledge in it is continually updated, excellence is maintained, and all in the organisation who are affected by it will be evaluated for their expertise in it.”

“The overall agenda for HRD must include continuous learning in the identified capabilities. In practice, the department may not actually manage many of the training courses and seminars, certainly of a technical nature, but it will be concerned to ensure they take place and are effective.”

The main values are:

- Customer/client focus
- Result orientation
- Organisational impact
- Interpersonal effectiveness
- Self-management

3.2.3.2 External environment

From the external environment there are several points, which might be very important. Such as technology, social policies, local legislation, required certification and regular and/or unexpected changes on the labour market, etc.

3.3 Training and development

3.3.1 Training and development basic definitions and general information

“Purpose of the training is to improve knowledge and skills, and to change attitudes. This can lead to many potential benefits for both individuals and the organisation.” (Mullins, 1996, p.635)

Mullins (1996, p. 635) says that training can:

- “Increase the confidence, motivation and commitment of staff,
- provide recognition, enhanced responsibility, and the possibility of increased pay and promotion,
- give a feeling of personal satisfaction and achievement, and broaden opportunities for career progression and
- help to improve the availability and quality of staff.”

Training is therefore a key element of improved organisational performance. Training increases the level of individual and organisational competence. It helps to reconcile the gap between what should happen and what is happening – between desired targets or standards and actual levels of work performance.

Training and development is considered one of the major areas of personnel function of particular relevance to the effective use of human resources. Optimisation of employee contribution to the aims and goals of the organisation is crucial in order to sustain effective performance and economic development.

Drucker (People and performance 1977), among the other leading writers, recognizes the leading role of managers in training. He suggests that the basic operation in the work of manager is to develop people and to direct, encourage and train the subordinates. (Mullins, 1996, p.634 -636)

Mullins (1996, p.634), commenting on Drucker thought about management increasing role in training, says that the general movement towards the downsizing of

organisations and the nature of management moving towards the devolution of power to the workforce give increasing emphasis to an environment of coaching and support.

Armstrong (2008, p. 507-508) introduces activities, which are involved in training and development process:

“Learning – defined by Bassand Vaughan (1967) as a relatively permanent change in behaviour that occurs as a result of practice or experience.”

“Education – the development of the knowledge, values and understanding required in all aspects of life rather than the knowledge and skills relating to particular areas of activity.”

“Development – the growth or realization of person’s ability and potential through the provision of learning and educational experiences.”

“Training – the planned and systematic modification of behaviour through learning events, programmes and instruction which enable individuals to achieve the levels of knowledge, skill and competence to carry out their work effectively.”

Pedler et al (1989) see learning as being concerned with an increase in knowledge or a higher degree of an existing skill, whereas development is about moving towards a different state of being or functioning. (Armstrong, 1996 p.513)

3.4 Human capital

More often human resources are being called human capital; this reflects a view of people as value creating assets rather than as costs at the first place. Company’s assets can be divided into two parts tangible, those measurable physically or financially by accepted standards, and intangible, which are much more difficult to measure.

Intangible assets, which are sometimes also known as intellectual capital, can be divided into three categories:

- Customer or relationship capital – brands for example
- Structural or organisational capital – know-how, patents
- Human or competence capital – capability, experience, wisdom etc.

(Mayo, 2008, p. 17)

Thinking about people development we have to distinguish general expenses in running the organisation and those that are investments in the future. (Mayo, 2008, p. 3-4)

3.5 Concept of training and development in the system of personnel work

During past centuries and even past decades in 20th century an employee could manage with a vocational preparation. Modern society keeps changing the requests posted not only on person itself but also on the person as employee. For person be an employee he or she must develop his/her knowledge and skills instantly. Development and forming of the employee becomes a lifelong process.

The basic law of the business and success of every organisation is the flexibility and the readiness for change, possessing and using of these two basics it is vital for the organisation to survive.

The flexibility of the organisation is bases and influenced almost solely by the person who are not only prepared for the change but also are accepting and supporting it.

It is clear that that the most important function of the human resources department is to form the working skills of the employees. Today's HR department must recognize that induction, in-service and retraining is not sufficient to keep up with the business development. Therefore the development activities should come in place in broader ways, such as forming broader knowledge register and skills, and also forming the personality of the employees, forming their value system and adjusting the employees to the organisation's culture. All these development activities are supposed to form the flexibility of the employees and their readiness for the change. (Koubek, 2008, p. 44)

Armstrong (1996, p. 510) thinks that employee development should be considered within the context. There are probably many views, but the most important is the company view, there is also importance of national and international context. For sure

the company view on training and development will vary according to the size of the company, its traditional policies, technology used and the values of the management.

The significant impact on the employee development will have the organisation's culture and philosophy. The values and norms that govern the behaviour of line managers and team leaders will strongly influence their attitudes to training and their behaviour when dealing with the development needs of their staff. In other words the concept of learning should be developed as a part of the culture in the company and not simply offered to employees as such. (Armstrong, 1996, p. 515; Koubek, 2008, p.45)

Koubek (2008, p.46) quotes several reasons why organisations, when wanting to be successful and competitive, must engage in developing their employees:

- “More often there are new findings and technologies are developed, therefore the knowledge and skills are lagging behind more quickly.
- A volatility of human needs, and therefore also the changes on the market of goods and services is stronger, which forces a flexible reactions of organisation and their employees.
- More often the techniques and technology is changing.
- Organisational changes, which employees must handle, are happening more often.
- The customer orientation and good quality goods are where the organisations are orienting now.
- The business environment is changing quickly and organisations must to adapt.
- The work organisation, nature and also the management styles are changing (deepening and broadening of the work, delegating and strengthening of responsibilities, flatter organisations structures).
- IT development and their usage in the organisations.
- Globalisation and internationalisation of business activities followed by the need of being, making business and communicating international environment.
- The need of cost cutting and better usage of technical equipment and technology itself.

- The value system change of employees, focusing more on the welfare of working life, followed by a higher need to develop themselves.
- Caring of employee training and development is co-creating a good organisation's reputation and easy acquiring of new employees and stabilisation of the current ones." Koubek (2008 p. 253)

Definition according to Koubek (2008, p. 230): Training and development of employees covers following activities:

- a) "Adjusting working capabilities to changing request of the working position, meaning deepening of working capabilities. This longitude flexibility is the flexibility of the working position. It is the in-service, which is now the traditional, and most used and main task of employee training.
- b) Not less important it is to increase usage of the employees to at least partly possess knowledge and skills needed to handle other jobs. This is called transversal flexibility, a flexibility which broadens the working skills.
- c) The requalification of employees are used when an organisation needs another position then on which they have suitable employees
- d) Unfortunately the organisation always does not get new employees, who are specialists at the moment of entering into the company. On contrary there is always need to adjust the new employee's abilities to specifics of the working position, used techniques and technology, working style in organisation and culture of the organisation. All these activities are called induction.
- e) Forming of working capabilities in the sense of modern personnel work crosses the borders of solely qualification and more often it is also covering forming of the personality of the employee."

3.5.1 Forming of working abilities of person and forming of work abilities of employees

There is a need to distinguish forming of working abilities of a person and forming working abilities of a worker. The first is forming of working abilities in general, meaning in progress of the whole life, irrespective when, who, where and from whose initiative the

training is realized. In the second case it is forming working abilities of concrete worker of concrete organisation. It is activity, connected to work, which the worker does or with the organisation, in which he/she works. The activity is organised, supported or allowing the organisation within its personnel and social work. (Koubek, 2008, p.243)

In the system of forming working abilities of a person Koubek (2008, P.240-253) distinguishes:

1. Area of general education

In the area of general education it is formed the base and general knowledge and skills, which enable a person to live in society and in connection on that to gain and develop special working abilities and other skills. Area of general education is oriented mostly on social development of the person, and his/her personality. In this area the organisation is not taking place. This area is managed and controlled by the state and family.

2. Area of professional education/training

The professional education is concerning the processes of vocational preparation, forming specific, or on specific work oriented knowledge and skills. Also actualization and adjustment of the skills and knowledge to the working position, is part of this area.

Area of the professional education covers three main parts

- Vocational preparation
- Deepening of skills and knowledge /qualification
- Requalification (retraining)

Fourth part is the orientation/employee adaptation.

- i) Vocational preparation is often realised outside the organisation. This part is not directly connected to the organisation's staff and stands aside of the organisational training and development.
- ii) Orientation or adaptation of the employee is an effective way how to adapt a new employee in the organisation by providing all the necessary information

not only on the skills and knowledge needed for the job but also on organisational culture, team work and other formal and informal rules.

- iii) Deepening of the qualification is a process of adjust knowledge and skills of the employee to the changes of working position in time. These changes can be a result of technology, market or the profession evolution.

Training aimed to deepen and broader the knowledge and skills of employees is considered to be significant tool for increasing work performance and competitiveness of the employee and also of the organisation.

- iv) Requalification is aiming on change of the qualification of a person. The process can result in partly or fully new skills and knowledge needed to perform new profession.

3. Area of development

This area is based on acquiring more and broader knowledge and skills then required for the profession at that time. It is not only skills and knowledge of a person which is developed in this area; it can also be forming the personality, attitudes, potential and the employee's career. Last but not least the development is often targeted to enhance employee's interpersonal abilities and relationships.

This type of development might prove as most beneficial to the organisation, in all consequences it leads to increase in working performance and flexibility, increase of possibilities of an employee in the organisation and on the labour market outside of the organisation. What is also beneficial for the organisation is the increase in work satisfaction of the employees."

Koubek (2008, p.244) describes the difference of employee development and human resources development as follows: "Human resources development introduces new perspective and concept of development and training in organisation. Traditional training and development activities were oriented on each employee and forming their

working abilities and their personality, so they were employable in the organisation, performed their work effectively and were able to adjust to new tasks. Therefore they were oriented on personal development. Human resource development is oriented on development of working abilities of the organisation as whole, on development of teams, on creating of needed and dynamic structure of knowledge and skills to enhance the performance of whole organisation and effectiveness of each team.”

Now we can introduce two different terms based on Koubek’s (2008, p. 258) definition, learning conducted in the organisation and learning organisation:

- Learning conducted in organisation is about creating new skills and new angle, which are both capable of influencing the behaviour. This type of learning is rather spontaneous in the context of relationships inside of the organisation during the employee’s interaction.
- On the other hand learning organisation is by Koubek (2008, p. 258) defined as: “a climate, which encourages and stimulates employees to learn and develop, where the strategy of learning and development of human resources is part of the business strategy, and where - based on the learning - the process of change is taking place continuously.”

3.5.2 System of training and development of employees in an organisation

System of training and development in organisation should answer question like:

- What is the aim of learning and development in the organisation?
- Who is responsible for training and development?
- Who should decide who shall be trained and developed?
- Who should be trained and developed?
- By whom the employees will be trained and developed?

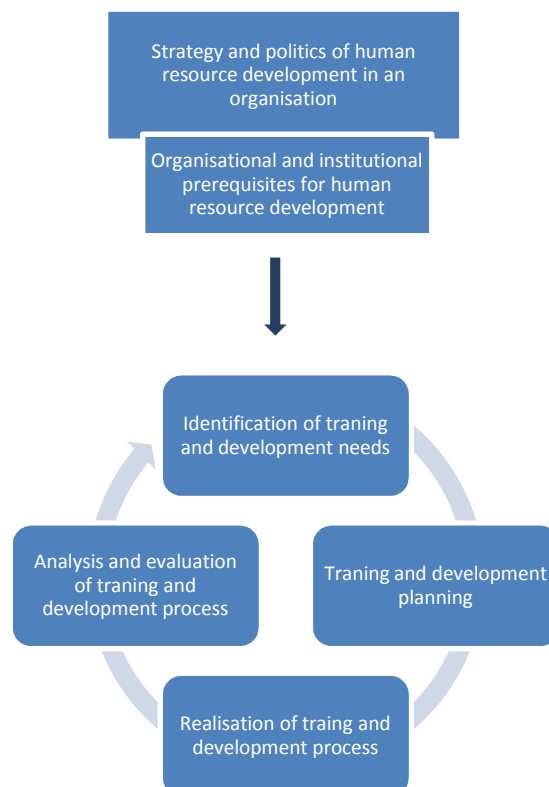
(Koubek, 2008; Hroník,2007)

3.5.2.1 Systematic training and development of employees

Systematic training and development of human resources is self-repeating cycle, derived from strategies and policies of human resources development and based on conditions created in the organisation for HRD (Koubek 2008, p. 259).

The cycle starts with identification of training and development needs of employees and organisation. It is followed by the planning phase, during which questions of a budget, time plan, concerned employees, areas, contents and methods are answered. Third part of the cycle is the training and development process itself. HRD is costly and time consuming process therefore an organisation must be interested in the results of training and development process. Phase of analysis and evaluation of results, methods and costs comes after and is last part of one cycle but also a part of next first phase of a new cycle. The outcomes of the evaluation are used in a new cycle for identification of needs and planning further HRD. (Koubek 2008, p. 259)

Figure 1: Basic cycle of systematic HRD scheme



Source: Koubek, J.: *Řízení lidských zdrojů*. Praha, Management Press 2008, p. 260 according to Cole, G.A.: *Management: Theory and Practice*. London, D.P. Publications 1990, p. 413

Koubek (2008, p. 260) also lists advantages of systematic HRD:

- a) "Continuously supplies the organisation with trained workers without many times difficult search on labour market.
- b) Enables continuous forming of working abilities and capabilities according to specific needs of an organisation.
- c) Continuously improves qualification, skills, knowledge and personality of workers.
- d) Contributes to increase of working performance, labour productivity and quality of goods and services more considerable than other ways of training.
- e) Is one of the most effective ways of finding inner sources to cover additional worker's needs?
- f) Average costs on one trained employee are lower than with other way of training.
- g) It enables better prediction of impacts of working time loss connected to training and development, and also better possibility to eliminate these time losses with organisational measurements.
- h) Enables on-going improvement of HRD processes by using experiences and evaluation results from former cycles.
- i) Facilitates looking for ways leading to enhancement of working performance of workers in final phase of employee evaluation.
- j) Enables to carry out modern conception of performance management.
- k) Improves the employee's relationship to organisation and increases their motivation.
- l) Increases attractiveness on labour market and eases acquiring and stabilizing of new employees.
- m) Increases social assurances of employees.
- n) Increases quality and market price of each one employee and his or her chances on labour market inside the organisation or outside it.
- o) Contributes to acceleration of personal and social development of employees, increases their chance to promotion and wage increase.

p) Contributes to enhancement of working and interpersonal relationships.”

According to Koubek (2008, p. 261) systematic HRD represents one of the most relevant and effective tools to fulfil all the main tasks of personnel work: meeting of requirements for working position with working capabilities of workers, optimal usage of work force, forming teams and working relationships and finally personal and social development of employees.

3.5.3 Training and development needs identification

Strategy, culture, vision – these are basis for the process of training and development in an organisation. Analysis of training and development needs is about collecting information on current state of skills, abilities and knowledge, on each individual, team and organisational performance. All these information are then compared to required level (Vodák, J., Kucharčíková, A., 2011, p. 85).

Hroník (2007, p. 135) also says that identification of needs starts with strategy and performance appraisals. He proposes to identify two types of needs:

- Individual needs – there is necessary to distinguish the wish of the employee and the real individual need for training and development, needs are clearly coming from the performance, respectively from the performance appraisal. Wishes are need to be connected to performance.
- Needs of organisation – based on strategy and operational aims of organisation.

In the needs identification phase the crucial is to harmonize interests of organisation and individuals.

Therefore Cole's basis amended by Koubek shown above can be adjusted based on Hroník:

Figure 2: Advanced cycle of systematic HRD scheme



Source: Koubek, J.: *Řízení lidských zdrojů*. Praha, Management Press 2008, p. 260 according to Cole, G.A.: *Management: Theory and Practice*. London, D.P. Publications 1990, p. 413, and according to HRONÍK, František. *Rozvoj a vzdělávání pracovníků*. Vyd. 1. Praha: Grada, 2007, ISBN 978-80-247-1457-8. p. 135-136

Vodák and Kucharčíková (2011, p. 74) are posing 4 questions to identify the training and development needs:

- “Is performance in tested skills, abilities and knowledge really necessary for the organisation?”
- Is an employee rewarded for possessing required skills, knowledge and abilities?
- Is management being supportive to required behaviour?
- What other barriers of performance are taking place?”

Vodák and Kucharčíková (2011, p. 87) say that training and development should always correspond with the organisation needs, these needs can be understood as existing problem (waste products, customer complains, etc) or to a new situation, into which the organisation came through new information system, new workers, new markets, etc. Every new situation emerge a need for training and development. The sense of training and development is then helping to overcome current deficit in performance and prepare workers for new situation and opportunities coming.

Vodák and Kucharčíková (2011, p. 89) are pointing our very important problem in practice, that is that when the problem is identified, it is crucial to search for key causes and not correct the symptoms.

Concerning new situations, which often come unexpectedly; from internal or external environment; there are some indicators, which help forecast the training needs. These might be:

- Strategic business plans, mainly expansion plans, diversification, value creation for customer
- Restructuring and following reduction of staff, change in differentiation
- Change in competitive market
- New technologies and systems
- Changes in management,

Vodák and Kucharčíková (2011, p. 89)

Koubek (2008, p. 261-262) states that qualification and education are very difficult to quantifiable and measurable human characteristics. There are some measures which are easier to quantify, such as education level and length of experience. But the individuality, specific abilities, talent, attitude to problem solving and other attitudes are very difficult to measure. Therefore as Koubek (2008, p. 261-262) says, the identification of needs of organisation in the area of qualification and training and development is based on assumptions and approximate approach.

Each position sets requirements on the employee. From easy work, which does not require any special skills or knowledge to complicated positions requiring high quality

skills, knowledge, special skills, understanding of complicated principals and connections, management and decision making. Koubek (2008, p. 262) also presents the idea of identifying needs from continuous monitoring of employee performance, quality of goods and services, resource utilisation, new technologies, new organisation of work etc.

Koubek (2008, p. 262) identifies three sets of information:

- Information concerning the whole organisation – covering the information about organisational structure, working processes, market position, resources and mainly headcounts, structure of employees, qualification etc.
- Information concerning particular working positions and activities – job descriptions with all the specifications, management style, organisational culture etc. It should be some kind of inventory of tasks and work needs in organisation.
- Information on each employee – performance appraisals, education and qualification information, former training and development taken, and also information coming from surveys and other sources where the employee's attitudes and opinions can be seen.

3.5.3.1 Methods of needs identification

Koubek (2008, p. 262-263) offers 6 methods to analyse information and data covered by collecting information mentioned above:

- a) Analysis of statistical or different continuously gathered data about the organisation, job description and each employee.
- b) Analysis of questionnaires or other forms of surveys to gather opinions, attitudes and requirements of employees connected to training and development.
- c) Analysis of information collected from managerial staff covering the needs of qualification and training and development of their subordinates, or directly analysis from managerial staff on their subordinates on training and development.
- d) Assessment and evaluation of performance appraisal of individual employees.
- e) Monitoring of discussion and meeting's outcomes, related to current problems in the organisation and perspective working tasks.

- f) Analysis of work logs administrated by managerial staff, specialists or other workers.

Vodák and Kucharčíková (2011, p.85) are talking about “performance gap”, which is recognizable by two types of performance, standard (required, optimal, planned) and current (existing, real). Performance gap is then the difference between standard performance and current performance.

Mayo (2008, p. 67-68) introduces 8-step method, how to identify performance gaps and establishing learning objectives:

“Business goals and strategies exist at different levels. They may be at a corporate level – for the organisation as a whole. These will be high-level goals, and will be cascaded or sometimes repeated at divisional level. Departments and teams will have their own sets of targets, many of which will not relate directly to corporate strategies but reflect the on-going role they have in the organisation. Finally, individual managers have their sets of objectives to achieve. The latter two sets will typically be dominated by a one-year timescale, whereas the first two will be a mix of short- and long- term goals. The achievement of goals of all goals at all levels is likely to involve change, and the task of the HRD professional is to understand where changes in capability- at any level- will assist or even accelerate the achievement of business goals. Not all HRD managers will have access to all the levels of business goals – however, the questions below are designed to assist this process at any level.”

“The series of logical steps here can equally be applied to solving performance problems, where instead of “milestones to be achieved” it is measurable performance gaps that need to be closed.” (Mayo, 2008, p. 67-68):

1. For any given goal, what are the milestones, if any, towards its achievement?

Without milestones, many strategies and goals, can serve as little more than wish-list or dreams, and their chance of being achieved will be low. Effort and resources must be dedicated, and that requires progress to the goal to be inbuilt into the action plans of individuals. A milestone is simply a measurable statement of what we want to have achieved at the end of a planning period.

2. How will this milestone be achieved or – if it is a performance problem – the performance gap be closed? What are the influencing factors that need to be managed to ensure success?

Milestones are not achieved through the mere passing of time. They require action, and this critical step is about looking at the casual influences that affect achievement one way or another. We can identify positive forces (both external and internal) that should be strengthened and negative ones that can be reduced or eliminated and there may be completely new initiatives to be taken.

3. Who (the whole organisation, subgroups and/or individual) is involved in causing change?

It is people who design and implement processes, and are involved in every aspect of change. This step identifies all those have some responsibility for and/or involvement in the factors outlined in the previous step.

4. What components of their capability (skills, knowledge, personal capabilities, networks, values and attitudes) drive the factors above, and what is the level we need?

It is highly likely that achieving the milestone will be dependent on a new level of capability in individuals and/or groups. We may need change in the whole organisation in some cases. We need to define the level(s) of capability needed for success. Appropriate and balanced “competency frameworks” can assist us considerably.

5. Do we need any diagnostic tools to determine the level of that capability?

There will be situations where the present level of capability may not be at all clear. For example, we may have a strategic goal to “create a more open blame-free learning culture”. We may have an intuitive feel of how it is today, but in order to help the change some clearer analysis is going to help us. So we may need to create some measuring instruments that can assess “gaps” and the process in closing them.

6. What, therefore, are the learning objectives that need to be set in order to close learning gaps we have identified?

This is the vital step that will guide us in choosing the most effective routes. Objectives should follow the SMART acronym – specific, measurable, achievable, relevant and time related.

7. How sure we are that the individuals concerned have the capability to make the changes?

This is a sensitive area, and the truth is that we may not be sure at all. More often than not, we give people the benefit of doubt and consequently can waste time and money and frustrate people as they realise their inability to cope. Whether possible, we should assess “aptitude” for the change in capability needed.

8. Do we have the time to make the capability changes, or should we recruit or subcontract for them?

Whether the aptitude is there or not, it could still be the case that some changes will take a long time to achieve, especially if they are attitude or experience objectives. Our milestone may be achieved faster by buying in the capability we need – although this may have undesirable side effect and the answer might be to revisit the milestone itself.”

4 THE COMPANY

The Company does not want to reveal its identity, therefore the term “The Company” will be used whenever talking about chosen company, or “The Group” whenever talking about the mother and sister companies.

4.1 The Group Business strategy and values (taken over from www.Allianz.com)

4.1.1 Group strategy

Group strategy is based on one main target, to put customer at heart of all operations in the Company. During last two last year the Group already took actions to ensure the strategy will be fulfilled, such as restructuralization and changing conditions of services.

4.1.2 Five VALUES for generating performance and progress

“Some view values as the company’s DNA, while others see them as guidelines or a state of mind. Whatever perception any of us may have, however, leadership values serve a double purpose. Guiding our actions, they support growth and help ensure that it lasts. Steering us forward, they enable us to advance together towards a common goal in which the client, more than ever, is the focus of our efforts and innovation is our driving force. These values serve as a powerful link between our Group and its parent company, Allianz, whose vision, culture and ambition we share.”

Consistency

“Our Group’s strategy will win support if it is clearly understood by everyone. Our company’s success relies first and foremost on our employees’ sense of belonging and commitment. For this reason, our top priority is to make our strategy 100% transparent, to explain what it means and to demonstrate its practical benefits. This open approach, therefore, commits us to “say what we do and do what we say”. “

Performance

“Excellence is in the “genes” of the Group. It is one of our core assets, a key component not only of our identity but also of our commitment, our promise to the market. Excellence drives progress on an on-going basis, enabling us to meet the challenges of a fast-paced and ever-changing environment.

Once the Group’s objectives are clearly established and shared, each employee must and should help put them into practice by making sure that excellence is a priority at every moment. To promote this culture of progress, our managers are always available to help their teams. The most convincing initiatives are encouraged and rewarded. “

Customers

“How can we raise the bar on service quality and convenience? How can we convert innovation into benefits for our clients? How can we turn our clients into ambassadors for the Group brand who will spontaneously recommend us? To meet these challenges, we must show exceptional empathy; we must literally put ourselves in our clients’ shoes.

Always striving to do more for our clients: that may seem obvious to many of our employees. But the Group’s growth objectives and the increased competition we are facing are such that we cannot be only satisfied with the regular improvement of our Customer Performance Index. “

Staff

“Because our Group is operating in an increasingly complex environment, it demands a high level of excellence from its employees. In return, it makes a commitment to respond favourably to their desire for professional or geographic mobility as long as they identify a need within one of the Group’s entities. With this approach, we all come out winners.”

“We want to support every staff member’s decision to participate in the great Group adventure. To do so, our responsibility as an employer goes well beyond the simple management of human capital. Over the medium- to long-term, our approach will be measured against the yardstick of sustainable growth, secure employment and labour

relations based on trust in a climate that fosters progress, innovation and employee fulfilment.”

Trust

“Working together to achieve success means sharing both objectives and resources. To move confidently towards the future, the Group has adopted “trust” as its credo. That’s not surprising when you’re the global leader in credit insurance: a relationship of trust is the key to dynamic business growth, because successful trade relies on the ability of each party to meet its commitments.”

4.2 Basic information about the Company in Czech Republic

The Company in Czech Republic consists of two separated companies, Branch and Service Company.

The Branch was established as company in 1997. In 2003 the company was bought by The German Mother and the Company’s name changed according to Group’s.

In 1999 The Service Company was established to support the insurance Company as a daughter of the insurance company as the only owner.

Last changes to structures and names were held in the period of year 2011 and January 2012. The Insurance Company merged with The Belgium Company, to become a branch. In January 2012 then the name of the mother company changed its name, and therefore The Branch changed name accordingly. The name of the Service Company was changed also according to new Group policy and this company is fully owned by The Belgium Company.

4.3 Organisational structure and staff information about the Company in Czech Republic

The Company, understood as The Branch and The Service Company, in Czech Republic has together 49 employees. There are 3 part-time employees and one employee working only from home.

As the business of both companies is highly interconnected so is the organisational structure. Most of the departments are mixed by both Companies' employees. Therefore now on both companies will be referred as The Company without differentiation.

The Company has CEO, Commercial director, CFAO and Operational director. Under commercial director's responsibility there are sales department and telemarketing. Under CFAO there are financial department, policy administration department and administration. Under Operational director there are Operational Department, Claims department and newly Collection department.

No local human resources department exists in The Company in Czech Republic. The role of human resources is taken by the CEO of the company, the administrative tasks by administrative assistants, reporting part by financial controller and payroll agenda is outsourced.

Human Resources department exists on regional level and is seated in United Kingdom.

4.4 Training and development in The Company

The Company ensures to its employees trainings, but these are not part of overall plan or strategy. The training and development can be divided into 3 parts:

1. Language training – The Company offers to all employees, who need a foreign language, courses, where no limits are given to choose the teacher or agency. Employees are limited only by the price, from each lesson 20% is paid by the employee and the amount over CZK4000 is also paid by the employee.

2. Trainings provided by the Group to support new coming policies or systems. These trainings are not usually planned ahead by The Company locally.
3. Trainings focused on development of knowledge, IT skills or soft skills of the employees, here we can find general trainings for example on MS Office (Excel, PowerPoint) etc.

5 DISCUSSION RESULTS

5.1 Discussion topics

The discussion with managers and employees was based on open questions (see Attachment 1). Each manager in the Company got an overview of topics, which shall be discussed. The overview composes of three parts:

- 1) First part consists of Company and department strategy, managers were also asked to provide SWOT analysis of their department, to derive goals for the learning and development strategy.
- 2) Through 8-Step method the author identified milestones and performance gaps, followed by learning and development objectives to ensure the performance gaps will be closed. All named shall ensure that the strategy will be fulfilled.

Below the shortened version of the 8- Step method can be found.

- I. Milestones identification
- II. Performance gap or problem identification
- III. Who is involved?
- IV. What capability is needed?
- V. What diagnostic tool is needed?
- VI. Learning objectives to close performance gaps?
- VII. Have each individual capability to make change?
- VIII. Time-bound

The author of this thesis does not agree with author of 8-step method to put seventh question, concerning each individual capable to make change, to the end of the method. Surely we can identify performance gap and learning objectives for people but first we shall have the confidence in employees that they will be able to go through changes and learn. But this topic sees the author more as matter of managerial decision only partly connected to human resource development.

SWOT analysis from point one will also help to assess the current situation and will help the author to identify performance gaps.

3) 5-steps performance overview (Mayo, p. 99-105) is primarily designed for performance overview but it can be also used to identify performance gaps.

It produces a current overview of the employee. And followingly it can be used as the target situation overview and compared to each employee to identify the performance gap.

- I. Educational level and professional qualification
- II. Experience
- III. Technical, professional and business “know-how”

A = Aware – can speak the language

B = Basic – has rudimentary knowledge of the field

C = Competent – is able to discuss and work competently

D = Distinguished – is one to whom colleagues turn for advice

E = Expert – is known within and beyond the organisation for his/her expertise

For this point the author together with managers introduced levels from A to D for each department. Level E - Expert was used only for one employee and defined only for the department, where this level was used.

- IV. Personal skills
- V. Personal network – “know-who”

The author had chosen all three topics to reveal the most important performance gaps and weaknesses, which might slow down the Company to accomplish its goals and their strategy.

The Company does not wish to reveal each employee capability separately therefore the departments were assessed together or in teams inside each department.

5.2 Discussion results and analysis for each department

5.2.1 Sales department

Sales department is a core department of the Company. It consists of ten employees and one manager. Its purpose is to acquire new business and providing account management for current clients.

Ten employees are divided to seven sales employees and three telemarketing employees. Sales employees are in charge of current client account management as well as acquiring new clients. Telemarketing team was established in 2011 and consists of two telemarketers and sales support. Telemarketers do active telemarketing based on internal database of potential clients. The department is managed by Sales director.

Sales department has very closed relationship with the other two main departments in the Company - operational department and claims department. All three departments need to be in line with approaching client and need to have information on current situation of each client.

5.2.1.1 Strategy - sales department

To fulfil company strategy of returning to the top of its market in Czech Republic, the department need to be more effective, dynamic and flexible as team and also in processes. To be in line with Group strategy the client approach needs to be improved.

5.2.1.2 SWOT analysis of the sales department

Table 2: SWOT Analysis of sales department

Strengths	Weaknesses
Quality of shareholders	Low PR, low brand awareness
History of the company	Low marketing activity, insufficient image
Experienced employee in the team	Old fashioned presentation of some company materials and IT tools (even policies texts)
Risk Business model	Not always flexible team
Good Risk team	More conservative approach
Good quality of services	

Opportunities	Threats
<p>“One” segment not touched</p> <p>Many prospects still not yet properly approached</p> <p>Competition has weaknesses</p>	<p>Too many projects from Group</p> <p>Migration of the staff</p> <p>Lack of local IT support</p> <p>Dependence on Group development</p>

Source: Own input

5.2.1.3 Goals derived from strategy or determined by Group

Comparing Group and Company strategies the author thinks that most important task to be achieved in future year is to increase sales effectiveness, through increasing number of leads, prospects, visits to and of course through new production increase.

For this year a very motivational target on profit was set for each sales employee to achieve. Also the targets for leads, prospects and visits are planned.

5.2.1.4 8- Step method for sales department

1. For any given goal, what are the milestones, if any, towards its achievement?

The most important goals are set as % of target (leads, prospects and visits) or as sum of profit per each employee. Therefore there are several milestones set up on monthly basis of number of leads, prospects, visits and new profit for each sales and telemarketing employee.

2. How the milestones will be achieved, what are the performance gaps and problems to be closed?

When the author compared SWOT analysis for sales department with current strategy she revealed problems with motivation, self-confidence, marketing and unused competition weaknesses.

3. Who is involved in causing the change?

The involvement shall start with the sales director on motivating the team. Also each employee in the team has his or her- self targets, which contributes to the sales targets.

4. What capability is needed to cause the change?

Part of the sales employees is high experienced staff (more than 5 years in the Company), the other part of staff is experienced until two years and the telemarketing team is new to company from 2011.

The part of experienced staff now need to increase the capability of communication and flexibility, others need also strengthen communication but also negotiation skills, assertiveness, flexibility. Core capability is to get very good knowledge of Company's product, competition and market.

5. Question number five in 8- Step method talks about diagnostic tools, which shall be used to determine level of the capabilities.

At the moment the company does not plan any diagnostics on capabilities for sales department, except of events which will be covering the whole Company and will be mentioned in next chapters.

6. What are the learning objectives to close the gaps?

When the author talked to the sales director and sales employees, the main learning objectives identified are: to improve communication with client, throughout this process the assertiveness, motivation, and flexibility shall be target behaviour to be achieved through learning.

7. How sure we are that the individuals have the capability to make changes?

The confidence to handle the change and learn further to accomplish the given targets is given to all employees except for one, where the current results are deep under the average expected to be achieved on bottom line.

8. Do we have the time to make the capability changes?

The targets are based on yearly timing.

In sales department the targets are very high as are the expectations for the whole team. The time bound is very clear; the company works on monthly, quarterly and yearly reporting. In each of these periods the targets will be review and compared to the yearly target.

5.2.1.5 5 Steps for employee performance overview for sales department

As mentioned above the Company does not wish to reveal each employee separately; therefore the sales employees were divided into 3 parts according to the experience and teams.

5.2.1.5.1 Educational levels and professional qualification

For sales employee the graduation on high school and communication level of English is required. No professional certificate or special qualification is required. MS Office user level is required.

5.2.1.5.2 Experiences (current and future wanted – new project, new responsibility, coaching)

To start working in sales department experience are preferred but not required.

Concerning the current situation in three groups:

The first group are high experienced employees, who have responsibility, and they are also working on Group projects. Here the possibility for future learning lies in improving their knowledge of market and clients to highest level as well as new communication approach will be welcomed. Also new responsibilities for Group projects and mentoring to less experienced colleagues are possible ways for future learning and development.

The second group is composed of sales employees with less than two years' experience. Here the client communication and client knowledge are preferable. New projects, which will be assigned to these two employees, are planned for next two years. These projects are connected to Group systems as well as to client approach.

The third part is telemarketing and marketing employees, both functions are new to the company and the training shall lie mostly in telemarketing skills of communication with client and also negotiation skills. The Marketing employee will coordinate new marketing strategy in Company, which will bring experiences; no special training for this employee is planned for this year.

5.2.1.5.3 Technical, professional and business – “know-how”

First we need to identify each category for sales department:

A = Aware – newcomer in induction

B = Basic – has basic knowledge of products and system, ability to answer basic client questions

C = Competent – knows the product and system well, is capable to answer all client questions confidentially and clearly, has knowledge of economy and sector

D = Distinguished – deep knowledge of product and system, high professionalism when dealing with client, confident of knowledge of economics and sector, able to advice client clearly, correctly and with confidence

The first group of sales employees is divided; we have two employees including the sales manager being on D level approaching E level, and other being on C level.

The second group of sales employees is also divided, one person is on level C, and the others are just now stepping from B to C level. Of course target is to have all employees over two years of experience on C level and all employees with more than five years of experience on D level.

Telemarketers and marketer are on level B at the moment, the target is to get to level C in one year.

5.2.1.5.4 Personal skills (personal traits, attitudes, behaviour that is demanded or characterising high performance)

When talking to the sales manager the author revealed four main traits or attitudes that the sales person or telemarketer employee shall have or be: motivated, driven by performance, client oriented, be able to negotiate and have communication on excellent level.

5.2.1.5.5 Personal network – “know-who”

This part of the employee review is very much important for sales employees. The network is very important for sales employees and all opportunities to build networks shall be used.

5.2.2 Operational department

Operational department is biggest department of the Company. It consists of 14 employees and operational manager. The department is stable, with experienced employees.

As well as the sales department the operational department is contributing to core business of the Company. Operational department is with sales department crucial to contribute to local Company strategy - becoming market leader again.

The department can be divided to two teams, one team acquires data; the other team are data processors with competence of decision making.

5.2.2.1 Operational strategy

Long term strategy of operational department is to be dignified partner to external and internal customers.

5.2.2.2 SWOT analysis of the operational department

Table 3: SWOT analysis of operational department

Strengths	Weaknesses
Stable team	Timing and workload constrains
Effective processes in place	Lack of high quality information about industry sectors
Market knowledge	
Group best practices in place	

Opportunities	Threats
Increase of market and buyers Visits and specialized seminars	Employee turnover

Source: Own input

5.2.2.3 Goals derived from the strategy

During the discussion with manager he suggested that the goals to be achieved this year to contribute to the Company strategy are:

- Find external and internal sources of information regarding micro and macro economy and regularly distribute them among the team to build knowledge base.
- Improvement of definitions of sectors and delegation of responsibility is required.
- Direct contact with companies resolving to better information about companies and sectors.

5.2.2.4 8- Step method

1. For any given goal, what are the milestones, if any, towards its achievement?

Main milestones for finding internal and external information are each employees' suppliers' information coordination, seminars.

New definition of sectors shall be according to experience and with cooperation with team determined by the manager.

2. How the milestones will be achieved, what are the performance gaps and problems to be closed?

The identified performance gap lies again in sector information delivered to each employee, its acquiring and its usage. The system of working with information by each employee shall be improved through better organisation of sectors and by training employees in systematic work with this information. The information base for employees needs to be broadened.

3. Who is involved in causing the change?

The change is involving the whole department, though the change in sector definition and information income to the company shall be directed by the department manager.

4. What capability is needed to cause the change?

Capability of employees to work with information is the targeted one. The employees will have to cooperate with change of segmentation and new information, therefore capability to cope with change will be required.

5. Question number five in 8 - Step method talks about diagnostic tools which shall be used to determine level of capabilities.

At the moment the Company does not plan any diagnostics on capabilities for operational department, except of events which will be covering the whole Company and will be mentioned later on.

6. What are the learning objectives to close the gaps?

Learning will be targeted on information itself and on changes which will occur when creating condition leading to strategy fulfilment.

Learning objectives will also cover two team leaders to gain soft skill to provide their teams' full support.

7. How sure we are that the individuals have the capability to make changes?

The Company has confidence in the team and each employee.

8. Do we have the time to make the capability changes?

Timing is bounded to one year.

5.2.2.5 5 Steps for employee performance overview for operational department

5.2.2.5.1 Educational levels and professional qualification

Required educational level for data processing team is bachelor degree, preferably with economic field of orientation. Previous experience is preferable.

For data acquiring team high school graduation, no experience is required.

Communicative level of English is required. No professional certificate and special qualification is required. MS Office user level is required.

5.2.2.5.2 Experiences (current and future wanted – new project, new responsibility, coaching)

Both teams are experienced employees, but in a time of changing environment nowadays the information and experience is most important. Also project requirements from Group are growing. During 2012 all employees of data processing team will be subsequently included in testing, communication and go-live of all projects required to be finished in 2012.

5.2.2.5.3 Technical, professional and business – “know-how”

First we need to identify each category for operational department:

A = Aware – newcomer in induction

B = Basic - has basic knowledge of product, services and can answer basic client questions, is able to make basic decisions, each decision check from supervisory colleague or manager

C = Competent – knows provided services well, is capable to answer all client questions and make decision confidentially and clearly, has knowledge of client, economy and sector

D = Distinguished – deep knowledge of services, high professionalism when dealing with client, high experience when dealing with client data and decision making process, deep knowledge of client needs, economy and sector

All employees in the department are classified as D. The target is to keep high quality capabilities in whole department.

5.2.2.5.4 Personal skills (personal traits, attitudes, behaviour that is demanded or characterising high performance)

Employees of data processing team shall be able to take decisions, and ability to handle stress together with good communications with client is required. Acquiring data team shall be resistant to stress and able to communicate through phone with the client.

5.2.2.5.5 Personal network – “know-who”

Good client relationship is required to acquire information, but it should not be close relation not to jeopardise fair decision making process.

5.2.3 Claims department

Claims department gone through several changes during last months. There is new head of department and two junior employees out of five employees in total.

5.2.3.1 Claims strategy

Claims, as well as sales and operational departments, is a department which is important in contributing to Company strategy. Current department strategy is to comply with Group claims processes and best practices. Also current local strategy is to stabilize department in connection with local changes and also due to Group requirements.

5.2.3.2 SWOT analysis of the claims department

Table 4: SWOT analysis of claims department

Strengths	Weaknesses
Good local processes and practices	Junior employees
Opportunities	Threats
Group best practice New management	Ability to cope with change

Source: Own input

5.2.3.3 Goals derived from the strategy

Goals derived from local and Group strategy are quite clear, stabilization of the department and implementation of current Group processes and policies.

5.2.3.4 8- Step method

1. For any given goal, what are the milestones, if any, towards its achievement?

Important milestones are understanding and good preparation for new processes, testing and go-live, new system setting is the following milestone. For stabilization of the department the author suggests that the manager will lead each step, such as coordination of junior employees training, new responsibilities division and delegation of processes to senior employees.

2. How the milestones will be achieved, what are the performance gaps and problems to be closed?

Inexperienced manager and changes coming to the department will definitely cause need to change, therefore the ability to cope with change is now the performance gap, as for last several years the department was stable, with stable team and stable processes.

3. Who is involved in causing the change?

The whole department is involved in the change and therefore also in training and development.

4. What capability is needed to cause the change?

As said above ability to cope with change and managerial skills are the main abilities needed.

5. Question number five in 8 - Step method talks about diagnostic tools which shall be used to determine level of the capabilities.

At the moment the Company does not plan any diagnostics on capabilities for claims department, except of events which will be covering the whole Company and will be mentioned later on.

6. What are the learning objectives to close the gaps?

Main learning objectives are managerial skills and internal processes and policies training.

7. How sure we are that the individuals have the capability to make changes?

The Company has confidence in the team leader and each employee in the team.

8. Do we have the time to make the capability changes?

Timing is bounded to one year.

5.2.3.5 5 Steps for employee performance overview for claims department

5.2.3.5.1 Educational levels and professional qualification

Required educational level is high school graduation with experience or bachelor or higher degree without experience for junior position.

Knowledge of local legislation would be preferable but not required.

Communicative level of English is required. No professional certificate and special qualification is required. MS Office user level is required.

5.2.3.5.2 Experiences (current and future wanted – new project, new responsibility, coaching)

As said in department overview most of the employees are junior employees and there is a new manager. Therefore induction to departmental process is necessary as well as introduction to Group processes and local legislative, product and services.

5.2.3.5.3 Technical, professional and business – “know-how”

First we need to identify each category for claims department:

A = Aware – newcomer in induction

B = Basic - has basic knowledge of claims processes and systems, able to answer basic client questions

C = Competent – knows provided services well, is capable to answer all client questions confidentially and clearly, has knowledge of local legislation

D = Distinguished – deep knowledge of services, high professionalism when dealing with client, confident of knowledge of local and foreign laws, legislation

Out of five employees two are newcomers this year, two others have last year experience and manager with over five years of experience. Therefore we have one A, one B level employees, from newcomers. For more experienced staff there are B-C, and one C-D employee. Manager is on D level.

Of course the targets are to have newcomers achieving C until the end of 2012, for the other two employees the level D is required state at the end of 2012.

5.2.3.5.4 Personal skills (personal traits, attitudes, behaviour that is demanded or characterising high performance)

Ability to cope with stress and good communication skills are important skills for position in claims department.

5.2.3.5.5 Personal network – “know-who”

Personal networking is important for each department dealing with clients, on the other site same as for operational department the relationship shall be kept in line with compliance.

5.2.4 Collection department

Collection is second product or rather service the Company offers to its client, or to third party clients. The department consists of two employees and head of collection.

5.2.4.1 Collection strategy

The strategy for collection department is part of the overall strategy of the Group. The connection to Company strategy is through the client service. But collection department has also its strategy connected to other collection units in the Group. The long term strategy talks about third party client acquiring together with excellence service for current clients.

5.2.4.2 SWOT analysis of the collection department

Table 5: SWOT analysis of collection department

Strengths	Weaknesses
Experience	Team cooperation missing Team outcomes are not equal

Opportunities	Threats
Best practices from Group Language training	Matrix management Foreign court rules and legislation unknown Followed by not ability to advice clients

Source: Own Input

5.2.4.3 Goals derived from the strategy

Same as for sales department the collection targets are set as % or a sum of profit or clients for one year.

Also new head of department shall stabilize the team and processes in the department.

5.2.4.4 8- Step method

1. For any given goal, what are the milestones, if any, towards its achievement?

The most important goals are set as % of target (profit, clients, and cases) or as sum of profit per each person. Therefore there are several milestones set up on monthly basis.

2. How the milestones will be achieved, what are the performance gaps and problems to be closed?

The main problems in collection department are connected to the team and that working processes are not equalized in the department. Also MS Office training and language learning shall take place. Customer communication is also one the topics which shall be strengthened. Last gap to be closed is understanding of foreign legislation processes.

3. Who is involved in causing the change?

Whole department is involved in change and therefore also in training and development.

4. What capability is needed to cause the change?

The team composed of experienced employees but lack the capability of team work and cooperation inside the team. Following of the rules is also lacked in the department.

5. Question number five in 8- Step method talks about diagnostic tools which shall be used to determine level of the capabilities.

At the moment the Company does not plan any diagnostics on capabilities for collection department, except of events which will be covering the whole Company and will be mentioned later on.

6. What are the learning objectives to close the gaps?

There are four main learning objectives. First the cooperation and processes in the department shall be review by the management. Secondly the customer communication training shall take place including the special care for communication concerning collection. Third language and excel training are necessary to increase the workers capabilities. Four, managerial training for new head of department shall take place to ensure the team cooperation.

7. How sure we are that the individuals have the capability to make changes?

The Company has the confidence in the team and each employee.

8. Do we have the time to make the capability changes?

Timing is bounded to one year.

5.2.4.5 5 Steps for employee performance overview for collection department

5.2.4.5.1 Educational levels and professional qualification

Required educational level is high-school graduation and higher, with more than three years of experience.

Communicative level of English is required. No professional certificate and special qualification is required. MS Office user level is required.

5.2.4.5.2 Experiences (current and future wanted – new project, new responsibility, coaching)

Employees in the department are experienced, but lack international project experience. Also with new management new responsibilities are going to be required.

5.2.4.5.3 Technical, professional and business – “know-how”

First we need to identify each category for collection department:

A = Aware – newcomer in induction

B = Basic – has basic knowledge of services and can answer basic client questions

C = Competent – knows provided services well, is capable to answer all client questions confidentially and clearly, has knowledge of local legislation and judge processes

D = Distinguished – deep knowledge of services, high professionalism when dealing with client, confident of knowledge of local and foreign laws, legislation and judge processes

All employees in the department are classified as C-D. The target is D for all employees.

5.2.4.5.4 Personal skills (personal traits, attitudes, behaviour that is demanded or characterising high performance)

In collection department the knowledge of legislative and excellent communication skills are required. Both of these need to be strengthened in the department.

5.2.4.5.5 Personal network – “know-who”

Collection department shall have good network with clients and also internal clients from other Group units. No special care taking about networking for the department is not to be taken.

5.2.5 Finance and administration department

Financial department consists of 7 employees, including two accountants and 4 controllers. Manager leading the department is also leading policy administration

department and has also direct responsibility to other Group Unit for financial and policy administration department. Her responsibility also covers administration department.

5.2.5.1 Financial strategy

Financial department’s strategy is to be partner to all other departments in the Company and Group. To deliver data in time and required quality is also very important part of strategy of financial department.

5.2.5.2 SWOT analysis of the finance department

Table 6: SWOT analysis of finance department

Strengths	Weaknesses
Stable team Good communication	No back up
Opportunities	Threats
IT improvement for better efficiency of process Mobility	Employee turn over

Source: Own input

5.2.5.3 Goals derived from the strategy

The strategy influences the financial department as well as the other departments in the Company although it is noncore department. The goals connected to the strategy are mainly to keep quality of services and improve the connection and communication to other departments. Moreover creation of back up inside finance department is a goal for 2012.

5.2.5.4 8- Step method

1. For any given goal, what are the milestones, if any, towards its achievement?

The milestones are to set new communication patterns, transform Company's results into understandable form to be presented not only to managers but also to all employees of the Company.

Other milestones are connected to the other goal of financial department - back up creation.

The first step is to establish who will learn what capabilities and after that the timing shall be delivered. From the point of IT assistance the assessed first and the following steps will be taken on bases of this analysis.

2. How the milestones will be achieved, what are the performance gaps and problems to be closed?

The communication gap can be definitely identified in non-delivering information to the Company at all. The back-up gap is clear as well - the employees are not able to provide back-up for each other.

3. Who is involved in causing the change?

The change will influence whole department.

4. What capability is needed to cause the change?

Capabilities need to cause the change are surely the capability to transform Company's results into understandable way, also the capability of prioritizing tasks and new cooperation with information which need to be enhanced for acquiring new information as back-up.

5. Question number five in 8 - Step method talks about diagnostic tools which shall be used to determine level of the capabilities.

At the moment the Company does not plan any diagnostics on capabilities for finance department, except of events which will be covering the whole Company and will be mentioned later on.

6. What are the learning objectives to close the gaps?

Main learning objectives are to broader knowledge in the department, and learn to work with information to present them in understandable way.

7. How sure we are that the individuals have the capability to make changes?

The Company has confidence in the team and each employee.

8. Do we have the time to make the capability changes?

Timing is bounded to one year.

5.2.5.5 5 Steps for employee performance overview for finance department

5.2.5.5.1 Educational levels and professional qualification

For financial department at least bachelor degree from economics is requested. Better communication level of English is required as well. No professional certificate and special qualification is required. MS Office on experienced user level is required.

5.2.5.5.2 Experiences (current and future wanted – new project, new responsibility, coaching)

All employees are experienced, except for new coming controlling employee.

Required extension of experiences as back up to other employees in the department, new projects coming from the Group are the main future wanted experiences and knowledge.

5.2.5.5.3 Technical, professional and business – “know-how”

First we need to identify each category for finance department:

A = Aware – newcomer in induction

B = Basic – has basic knowledge of processes and systems, is able provide basic accounting or reporting operations

C = Competent – is able to perform accounting or reporting on daily bases, has proper knowledge of processes and systems

D = Distinguished – is able to perform accounting or reporting on daily bases without mistake, has strong knowledge of processes and system, and is able answer to ad-hoc requirement of management and Group

E = Expert – Employee with long term experiences, high standard of knowledge of services, ability to advice client and deal with client on professional level

There is one new comer to the department therefore the employee is A level, the learning target for this employee is to get to B or C level over the year 2012.

Other reporting employees are level D, but as said above the back-up is now the main problem.

Accountants are on levels C and E. For both the main learning target is to keep up with the local legislation. For the level C employee also proving back up for the level E employee required new capability to be established over the year 2012.

5.2.5.5.4 Personal skills (personal traits, attitudes, behaviour that is demanded or characterising high performance)

Required is team work and ability to work without mistakes and in time. Also important is stress resistance. Time management belongs to desired personal skills in financial department.

5.2.5.5.5 Personal network – “know-who”

Networking is desired mainly internally in the Group.

5.2.6 Policy administration department

Policy administration department consist of two employees and one head of department. Manager of the policy department is the same as for financial department. Head of department has now also new role of head of same department in other Group unit.

5.2.6.1 Policy administration strategy

Company and Group strategy are both talking about returning to the top on the market and being the best solution for Company’s clients providing best services and products.

Policy administration department is in daily contact with customer and can have significant impact on customer satisfaction.

5.2.6.2 SWOT analysis of the policy administration department

Table 7: SWOT analysis of policy administration department

Strengths	Weaknesses
Long term experience	Lack of MS office knowledge
Networking	English language level
Good knowledge of system	
Opportunities	Threats
New project and policies	Employee turnover

Source: Own input

5.2.6.3 Goals derived from the strategy

Main goals derived from the strategy are:

- To provide customer information of new concept of policies and services.
- Improvement of MS Excel and English language level.
- Have excellent knowledge of new policy and system set up

5.2.6.4 8- Step method

1. For any given goal, what are the milestones, if any, towards its achievement?

The milestones are: to get know the new policy offered, inform the customer and provide all necessary services and advices.

To achieve the other goal is necessary to find actual level of knowledge of MS Excel and English language, and flowingly plan the training.

Internal training of new policy concept will be as well milestone to be achieved.

2. How the milestones will be achieved, what are the performance gaps and problems to be closed?

The performance gap can be seen from the milestones.

3. Who is involved in causing the change?

The whole department is involved in the strategy and therefore also in training and development.

4. What capability is needed to cause the change?

Capability of coping with change is very important due to change of policy text and also good communication skills are required due to very frequent contact with customer. Moreover better knowledge of MS Excel and English language to cooperate on group projects is needed.

5. Question number five in 8- Step method talks about diagnostic tools which shall be used to determine level of the capabilities.

At the moment the company does not plan any diagnostics on capabilities for policy administration department, except of events which will be covering the whole Company and will be mentioned later on.

6. What are the learning objectives to close the gaps?

The learning objectives are to improve level of MS Excel and English language to level on which all employees will be able to work with pivot tables. And in English the level conversation need to be improved to B1.

Internal training shall cover having all necessary information about new policy type.

Communication skills training shall be organized.

7. How sure we are that the individuals have the capability to make changes?

The Company has the confidence in the team and each employee.

8. Do we have the time to make the capability changes?

Timing is bounded to one year.

5.2.6.5 5 Steps for employee performance overview for policy administration department

5.2.6.5.1 Educational levels and professional qualification

Required level of is high school graduation for employees and at least bachelor degree for head of department. Communicative level of English is required. No

professional certificate and special qualification is required. MS Office user level is required.

5.2.6.5.2 Experiences (current and future wanted – new project, new responsibility, coaching)

All three employees in department are experienced but due to change – new policy type the knowledge will need to change and there will be much more required to communicate with client and the Group.

Head of the department is now responsible for the project of new policy and also for the team on other Group business unit.

5.2.6.5.3 Technical, professional and business – “know-how”

First we need to identify each category for policy administration department:

A = Aware – newcomer in induction

B = Basic – has basic knowledge of product, system and services and can answer basic client questions

C = Competent – has very good knowledge of product, system and can provide client support, advice and answer client’s question

D = Distinguished – deep knowledge of services, high professionalism when dealing with client, confident of knowledge, ability to solve clients problems and ability to provide qualified advice

5.2.6.5.4 Personal skills (personal traits, attitudes, behaviour that is demanded or characterising high performance)

Client communication orientation, ability to advice and satisfy client, team work and ability to work without mistakes and in time. Additionally stress resistance is important too.

5.2.6.5.5 Personal network – “know-who”

Client orientation is the backbone of the department; therefore good relations with client are necessary to keep high level of client satisfaction.

5.2.7 Administration department

Administration department in reality does not exist as such; the Company has two assistants and one IT employee. Both administration assistant are relatively new to the Company. On contrary the IT employee is an experienced employee

One of the administration employees and IT is directly subordinated to financial manager.

The other assistant is CEO assistant responding only to CEO.

5.2.7.1 Administration strategy

Strategy of administration assistant is directly interconnected with the Group strategy – putting our customer at heart of our operations. Both assistants can be the first person to whom a client talks in the Company or whom a client meets when visiting the Company. High quality communication skills and providing support to all employees in the Company on professional level is a strategy for incoming time period.

For IT the strategy covers support to all employees and improvement in provided services to the Company and also in connection to Group requirements.

5.2.7.2 SWOT analysis of the administration department

Table 8: SWOT analysis of administration department

Strengths	Weaknesses
Processes established and working (assistant)	Low experience (assistants)
Experience and core capabilities (IT)	Low accounting knowledge (assistants)
	Only one employee in the Company - time

	pressure (IT)
Opportunities	Threats
Improvement is communication skills Language training	Employee turnover (in both cases)

Source: Own input

5.2.7.3 Goals derived from the strategy

For assistants the main goals are to master all the processes and procedures of daily work as soon as possible and documenting them on Company's intranet site.

For Company's IT the projects to be processed are the main line of strategy for current year.

5.2.7.4 8- Step method

1. For any given goal, what are the milestones, if any, towards its achievement?

For assistants the milestones are the processes and procedures to be handled. For IT each project has several stages as milestones to be fulfilled.

2. How the milestones will be achieved, what are the performance gaps and problems to be closed?

For assistants the milestones will be achieved by mastering skills during daily work, performance gaps can be revealed in communication skills with customers. Also general accounting rules and legislation shall be new performance gaps, as well as MS excel.

For IT the milestones will be achieved by cooperation with Group and local colleagues.

3. Who is involved in causing the change?

All three employees are involved in causing change.

4. What capability is needed to cause the change?

Communication and ability to learn are now the most important capabilities needed to achieve the goals.

5. Question number five in 8- Step method talks about diagnostic tools which shall be used to determine level of the capabilities.

At the moment the Company does not plan any diagnostics on capabilities for administration and IT department, except of events which will be covering the whole Company and will be mentioned later on.

6. What are the learning objectives to close the gaps?

Learning objectives for assistants are mainly given internally by the work to be handled. As said above both assistants shall have required level of accounting knowledge – to be able to read documents, recognize mistakes and ability to input the documents in right way to accounting system. MS Excel knowledge shall be on level of using simple formulas.

For IT learning objectives will be given by the nature of projects needed to be implemented during this year.

7. How sure we are that the individuals have the capability to make changes?

The Company has confidence in each employee.

8. Do we have the time to make the capability changes?

Timing is bounded to one year.

5.2.7.5 5 Steps for employee performance overview for administration department

5.2.7.5.1 Educational levels and professional qualification

For assistants high school graduation and some level of experience are required, or college degree with limited experience is also possible.

For IT university degree in information technology or similar field is required.

5.2.7.5.2 Experiences (current and future wanted – new project, new responsibility, coaching)

Both assistant have limited experience and need to master day to day work. No new projects for assistants are planned for this year.

On the other hand for IT as for experienced employee projects are very wanted type of new experience to be acquired.

5.2.7.5.3 Technical, professional and business – “know-how”

First we need to identify each category for administration department:

A = Aware – newcomer in induction

B = Basic

- has basic knowledge of processes, ability to communicate with clients (assistants)
- has basic knowledge of IT processes and systems, ability to solve local IT problems (IT)

C = Competent

- has very good knowledge of all supporting processes in a company, good knowledge of Group management and ability to communicate in English and with clients (assistants)
- has good knowledge of IT processes and systems, ability to solve problems connected also with Group systems, ability to advice employees with local and Group systems (IT)

D = Distinguished

- ability to process all supporting processes in a company with excellence, very good knowledge of contacts within the Group, ability to communicate fluently in English and excellence with communication with client (assistants)
- excellent knowledge of Group and local systems, ability to work on Group and local projects to improve all IT processes, daily support to employees (IT)

5.2.7.5.4 Personal skills (personal traits, attitudes, behaviour that is demanded or characterising high performance)

For assistant good communication skills, professional approach to clients and ability to work under stress are desired personal skills.

For IT time management and ability to communicate is required.

5.2.7.5.5 Personal network – “know-who”

Personal network is not backbone for assistant work, neither for IT. On the other hand, assistants shall be aware of Group management and have professional relationship with suppliers.

6 TRAINING AND DEVELOPMENT STRATEGY OF THE COMPANY IN CZECH REPUBLIC

6.1 The strategy of the Group

In recent years the Group launched a Group strategy, which shall bring Group companies together with better cooperation, sharing best practices and maintaining profitability. The most important message of Group strategy is to put our customer at heart of all of what the Group does. The priority is higher customer satisfaction, through excellent knowledge and professional services provided to the clients.

6.2 The strategy of the Company

The Company strategy has two parts, first which is aligned to the Group strategy, and the other which is aligned to local position on market. The local strategy was discussed with managers, as this one is not stated in official Company's materials.

In next years the Company has not easy, but achievable target – get back on the top in its market. Although The Company has solid performance and profitability it is losing clients to competition.

6.3 Learning and development strategy of the Company

Training and development in the Company is now fragmented and has no solid framework. The Group development strategy put more emphasis on international mobility, but there is also Mother Group, which emphasis in its leadership values the importance of local training and development.

Below the author would like to introduce the concept of learning and development strategy for the Company.

Content of the learning and development framework (according to Mayo, p. 21 -24), amended by the author of the thesis:

6.3.1 Introduction

1. *Executive summary*

Human resource training and development strategy is established in the Company to ensure all employees have the capability to perform their job nowadays but also in the future.

2. *Statement of purpose and the audiences for the strategy*

Purpose of the strategy is to establish framework of human resources, to give path to walk on for management and employees.

Audience of the human resources training and development strategy are all employees of the Company as well as management of the Company.

6.3.2 Part one

3. *Statement of organisational beliefs concerning people development and learning*

The Company recognizes the importance of people training and development, and as small company it does not see the path in training programs for all employees but in establishing learning and development plan for each employee to help him/her to achieve required capabilities to perform their job on best possible level as well as to provide employees the possibility to enhance their potential.

4. *External factors influencing approaches to people development*

External factors influencing approaches to people development are mostly connected with the supply on training and development market and also with the Group and Mother Group policies.

5. *Mission of HRD, its own strategic goals*

Mission of HRD is to be there to treasure Company's capabilities and to enhance capabilities in employees.

There are two strategic goals for HRD in the Company

1. To establish policies and frameworks of HRD in the Company.
2. To create functional strategy following the focused approach

6. *HRD policy framework*

HRD policy framework is to be established on basis of Group framework, concerning more on managers who shall be the drivers in each department for development of their subordinates.

7. *Organisational mission, vision, goals and core competencies – how HRD will support them*

The Group or the Company does not state mission and vision on their websites or to their employees. The author of this work would like to introduce possible mission and vision.

According to Mayo, p. 9, *mission* states what the company in the business is for.

Author of this thesis thinks that *the Company exists to enhance intra-national and inter-national trading opportunities, providing support to local economy.*

In *vision* (Mayo, p.9) the Company might state that the achievement would be by words of Group strategy *to establish “businessable” world.*

Goals to be achieved in this year are connected mostly with the customer, putting customer at heart of everything what the Company does is the main target.

Core competencies are good knowledge of our products which shall be matched with clients’ needs, excellent provided services and communication with clients.

8. *Aspects of Company’s strategy needing HRD support and how this will be carried out*

There are several aspects of Company’s strategy needing human resources development support, firstly the whole Company need to have human resources training and development plan to ensure the needs are covered by the employees in the Company today and also in the future, as strategy goes over longer period of time. Secondly there are real aspects of the strategy such as providing better services to client, which can be enhanced by improving core capabilities such as communication by training.

9. *On-going processes and programmes that will provide the main learning and development infrastructure, their objectives*

6.3.3 Part two

10. Initiatives supporting Company's business strategy, organisational and change plan

There shall be three initiatives which will support Company's goals and strategy.

1. Managers will assess their subordinates on regularly to identify gaps, which may threaten achievement of Company's goals
2. Managers will support their subordinates in development
3. Employees shall coordinate their development

11. Specific initiatives aimed at resolving operational problems

There are two specific initiatives planned for resolving operational problems.

Firstly language training shall be established on Company's level.

Secondly new heads' of department training in managerial skills

12. Specific external issues requiring response

Currently there are no external issues requiring response. But the external conditions are shall be thoroughly observed as local legislation is recently changed.

6.3.4 Part Three

13. Principles governing the HRD

The author proposes main principle to govern the human resources development in the Company. The equal approach to every employee and possibility to develop him/her shall be granted to all employees.

14. HRD organisation, resources and budget needed

HRD organisation

The existence of separate human resources department in the Company nor human resources development department in the Company is not planned currently nor for the future years.

The author therefore proposes the only possible way how to ensure that the human resources development will start and continue in the future – direct managerial responsibility. That means that each manager or head of department

is responsible for creating training and development plan with cooperation with each employee.

HRD resources and budget

The author mentioned earlier that resources for training and development are very tight for 2012. In next chapter one suggestion of lowering the budget by 10% is introduced. Luckily the Group has introduced a training and development system, which offers e-learning for free for 2012.

15. Role, responsibilities for HRD

As mentioned in previous point, main responsibility for human resources development shall be taken by the management. However each employee shall play an active role in his or her development in the Company.

16. Communication and marketing plans

Nonexistence of any human resources development framework led to lack of communication on this topic. The author suggests clearly communicating to employees that the Company supports development of employees and encouraging managers to take actions within their teams. The subsequent communication can be led through local intranet system, offering local trainings possibilities and dates.

The proposal concerning language training (introduces later in the thesis) in the Company will need to be communicated carefully to all employees to forego negative reactions.

17. Activity and schedule plan

For plan please see next chapter.

18. Standards of performance, measuring and monitoring effectiveness

Standards of performance were established in previous chapter using Mayo's 5-step method. The author proposes to use 5-step method to evaluate current performance for all employees and set up desired performance standards.

7 TRAINING AND DEVELOPMENT PLAN FOR THE COMPANY

In fifth part the author introduced the discussion results, in sixth part the results of part five were summarized and training and development plan for each department will be introduced.

7.1 Current possibilities for training and development in the Company

As mentioned in the Company overview there is no framework of training and development of employees. Currently employees are trained internally from Group on Group's request and only a few trainings are covered locally by external suppliers.

During 2011 the Group identified training and development of employees as key topic for employee dissatisfaction. As answer to this problem Group launched system for training and development from February 2012.

This new system works on base of agency that will provide all necessary trainings for the whole Group. Trainings have several divisions (www.knowledgepool.com, viewed on 31.3.2012):

- According to type of training – e-learning or classroom

At the moment E-learning is provided free of charge to all Group units for 2012.

Classroom type of learning will be organised locally when over 13 employees are gathered for the training, or internationally when employees from several units are interested in the training

- According to key area – functional, leadership, culture change

These areas cover all the trainings, from managerial, over soft skill to technical training of systems.

- According to employee level – managerial and employee training

Managers under two years of experience are entitled to be trained in six areas of leadership skills: performance management, talent management, communication styles, leading change, motivation and management of conflict and time.

Managers over two years of experience are entitled to undertake two of above named trainings – performance and talent management.

7.2 Budget for training and development

Training and development budget was studied by the author carefully. Current level of budget for training and development is unsatisfactory and is designed on basis of last year actual amount. As stated before the training and development of employees in last year was reduced mainly to language training.

Hereunder the reduction of language costs per one employee per year are introduced throughout the new selection of one or maximally two language schools or agencies providing language training to all employees. Expected savings earned through this solution is 10% of annual budget. The author is aware that this saving is not very high, but on the other site these 10% can cover for example MS Office training again when ordered for whole Company.

Other budget saving will be achieved by using new system of Group training and development as all E-learning classes are free of charge for 2012.

On the other hand employees and managers have to choose carefully trainings in classrooms offered by this new system as these will be connected not only with training costs itself but also with other expenditures such as travel costs.

The author would like to point out significant increase on budget costs for training and development of management. Firstly coming from trainings required by Group for all higher managerial and secondly by local trainings for new heads of departments and teams who are not covered by the Group system.

7.3 Training and development common for all employees in the Company

There are some requirements which are similar for all employees in the Company and which were not named above on purpose; these are language training and soft skills training.

For both trainings the examination of the current level must be provided. The author suggests to make inquiry for both trainings to training and development agencies.

With language skills the situation is quite complicated, as there are more specific parts, such as grammar, speaking and vocabulary. Also there are different requirements on the level of language on each position and each employee.

In the Company there is currently language training available for all employees, but there is no concept. The author of the thesis will introduce an inquiry for both soft skills and language training.

7.3.1 Language training

Language training is offered to all employees who need English language to perform their work. In the current situation this condition is fulfilled by all employees.

Language training in the Company is set up as individual lessons, which is taken by employees as benefit. In author's opinion this situation is recommended to be kept.

The author suggests several actions to be taken before new language training framework will be introduced to employees. These actions were approved by management only at the beginning of the year 2012. And will go into action from April 2012, starting with searching for testing agency, followed by search for language school or agency. Before both of these steps the revision of contracts and the possibility of terminating these contracts have to be revised. Go-live of new training lessons are suggested to be started from June 2012.

Termination of contracts is usually two maximally three months starting first day of next month from delivering the termination letter.

Firstly the review of number of language agencies was reviewed. For the Company there are currently 14 language agencies or contracted teachers.

Table 9: Contracted language agencies and contracted teachers

Number	Language agency or contracted teacher
1	Agentura Educo s.r.o.
2	Estelle Koper, výuka jazyků
3	Exact - Jan Janča
4	Hana Nepivodová
5	Ing. Bc. Jana Kadová
6	Jazykový Institut Praha
7	Jipka - vzdělávání, s.r.o.
8	Kevin Kilroy
9	Markéta Kopková
10	Milada Sovová
11	PhDr. Petr Rusý
12	PROVIM s.r.o.
13	SENTIA, spol.s.r.o.
14	Timothy Paul Hort

Source: Own input, internal accounting system of the Company

Secondly the author recommends selecting an agency for language testing.

All language agencies and contracted teachers stated in table 9 shall be contacted with inquiry for testing of employees and providing language training. The author

proposes to contact also language schools and agencies from two language associations which act in Czech Republic; ACERT – association of certified language schools and AJŠA – association of language schools and agencies.

The author proposes to contact maximally twenty agencies or teachers.

According to author's opinion the inquiry to be send to language agencies shall look as follows:

- Number of employees to be tested: 49
- Testing shall reveal the level of grammar, vocabulary and also conversation – the test shall be composed of written test but also of conversation testing
- Testing shall be done in one maximally two days in Company's rooms for all employees
- Required outcome is level of grammar, vocabulary and conversation level
- Plan for each employee that shall be fulfilled within one year
- And timing and price list will be also required outcomes

After having chosen one agency or language teacher for testing employees there shall be another inquiry for another agency to obtain best prices for required language training. The inquiry shall contain:

- Number of employees to be taught: 49
- Level of each employee and his/her plan for improvement in each part of language (grammar, vocabulary and conversation) covered during testing phase
- Timing – each employee once a week a lesson of 60 minutes
- Price for each employee or teacher when visiting more employees
- Tests will be required to verify knowledge and conversation skills once a year, with first testing at the end of 2012

For both - searching for agency for testing and subsequently searching for training agency - the web site www.jazykovky.cz (viewed on 13.8.2011) offers posting inquiry online to all chosen language schools and agencies at once.

Keeping the individual lessons as well as possibility of acquiring Cambridge certificate are is recommended by author. New possibility to acquire Cambridge certificate would be recommended to be offered to all employees as motivational factor.

The author thinks that the manager can expect resistance to change, as until now the employee could have chosen his/her teacher by him/herself which was considered as benefit.

In reference of above said the author recommends to managers to discuss this change with employees carefully. This topic is as well as with framework connected with budget for training which will be discussed later.

7.3.2 MS Office training – MS Excel

From the discussion with managers and employees the author identified another gap which covers almost all employees in the Company. This is gap is in MS Excel using.

From the discussion there were identified two basic levels of knowledge of MS excel, there are beginners and on the other side employees who work with MS excel within their everyday work and they need to extend their knowledge over the user level to professional user level.

An inquiry was made to organisation where several employees of the Company are members and which has proven high standards of trainings.

The inquiry consists of:

- number of employees to be trained (up to 40)
- Company's own rooms
- Testing of current level
- Different MS Excel versions training (2003, 2007)
- Materials request
- Feedback testing

The inquiry was answered by the organisation very quickly, offered price for one day training in Company's own rooms is 35 000CZK including introductory testing, materials and feedback testing. Number of participants does not influence the price for one day.

Price including computer rooms, coffee break and lunch would be 46 500CZK.

The author would recommend having two training days, first day for beginner's level and second day for more experienced users.

Unfortunately the Company does not have sufficient equipment and rooms to accommodate 20 employees for training and therefore it will be necessary to use supplier's rooms.

As the budget constraints are high at the moment the author would suggest testing the employees first to see the level of each employee. It is likely that more experienced users will be less than less experienced users. The Company might benefit from that and organize one session outside the Company for less experienced users and one session in Company's room for more experienced employees.

The price for one employee will float from 1 790CZK (inside Company training) to 2 790CZK for outside Company testing. Both prices are low comparing to other organisations on the market providing MS Excel trainings. Market price for one person on training is now from 3 000 to 5 000CZK per day (Prices were compared to biggest training and development agency on the market – Tutor s.r.o.)

Content of chapter 7.3 is excluded later on from recommendations to each department.

7.4 Author's recommendations for training and development plan for each department

7.4.1 Sales department

According to identified gaps the author would recommend to all employees advanced sales skills training, author also recommends hiring an agency to test, train and obtaining feedback on this training. As the budget for training is very tight the author suggests employing the possibilities of new Group training system. Unfortunately currently the system does not offer any sales training, but according to information from Group these trainings are now under construction.

When the author compared possibilities of Group trainings and locally designed training three aspects were taken into account:

- Budget – training from Group will probably be more expensive as it also covers travel expenses on the other hand the offered price for Group trainings is very favourable, for local agency no travel expenses are taking place, but the price can be much higher for high quality training.
- Group knowledge – this aspect is very important when understanding new conditions of Company's services. Group's vision is to have all conditions equal in every country. For local agency it will be very difficult to cover all the information.
- Language – this only aspect speaks against Group training, in author's opinion sales skills shall be always training in local language, respectively in client's language. There is not only language but also cultural aspect, which need to be taken into account when undertaking sales skills training. In this point local agency will serve its purpose much better than Group training.

There are several projects starting in 2012, including the one named above, which will have crucial impact on product and services offered by the Company.

In ideal situation the author would recommend internal training on communication of these changes to all customers, based on deep analysis of new conditions of services

offered. After this analysis an outside company shall be hired to enhance communication skills to overcome possible customer resistance to change.

Training market offers wide range of variety of sales and negotiation skills. If any outside training agency is hired to provide sales training its credibility, references and ability to provide the knowledge shall be observed closely as the price for these types of trainings is usually high.

7.4.2 Operational department

As said in fourth part of thesis operational department is divided into two groups, data acquisition employees and data processing employees. There is one manager in the department and two team leaders.

New determination of sectors shall be done internally to maximally use employees' knowledge. Almost all projects which are connected to sales department will somehow touch also operational department. Currently the capability of employee in the department is kept very high, but an internal training is recommended to all employees to acquire new knowledge of current Group and Company situation on market compared to all other competitors. Decision flexibility is now desired capability to ensure the Company can beat its competitors in offered services.

The author also suggests that the employees shall participate on seminars and conferences held by unions, which are present almost in all sectors of our economy.

7.4.3 Claims department

In Claims department the situation is very different to all other departments, new head of department and two junior employees are now main targets for training. There is also new Group project which will change processes inside the department. The author would advise to the head of department to ensure the senior employees of the department will be trained internally through Group trainings concerning new processes; and each of them might in the same time take care of one junior employee providing support and initial trainings including new processes. In time the junior employees may also be given part of responsibility for process change.

The head of the department shall herself be included in internal trainings of new Group processes to ensure all the knowledge will be acquired and implements as required from Group. Beside that the head of department shall also be trained in soft skills such as communication or managerial skills. Both mentioned trainings are offered by Group training system and can be undertaken through e-learning. The author might argue with readers on efficiency of managerial skills being taught through e-learning, but to keep up with budget these trainings are the only ones possible.

Currently there is a legal training provided by Company's lawyer (outsourced service) consisting of five lectures. All lectures are recommended to be visited by all claims employees.

7.4.4 Collection department

As well as claims department, collection department is dealing with current changes. New head of collection department was named only a few days before thesis submission.

Opposite to claims department, in collection department there are very experienced senior employees. Main learning objective is foreign law and court systems concerning debt collection. The author searched throughout the offer on local market of training schools and agencies, but currently there are no such trainings available. One of the biggest training agencies on the market - Tutor s.r.o. would be able to provide such training solely for the Company but the price would exceed 70 000CZK, which is for one training for three employees, significant portion of the Company's training budget.

In this situation the author proposes to contact other Group units, whether the same training need is also present there and try to organize such training internally. This solution would also provide value added on networking and exchange of best practice.

As well as claims department collection department shall have professional knowledge of local legal and court processes and therefore undertaking the course prepared by Company's lawyer should be mandatory for all collection employees.

7.4.5 Financial department

For financial department the author proposes to concentrate on improving knowledge of MS Excel and databases to enhance the ability each employee to adjust the reporting tools in best usable way. Possibilities on MS Excel trainings were introduced earlier.

The author also mentioned above that back-up problem is the main issue in the department; therefore a plan for trainings on activities has been made during yearly performance overview. The plan consists of main reports and employees who will internally train the rest of the employees.

As indicated above there is one new employee in the department, to which the processes and systems are now being introduced. No external training is planned for this employee, but there are several internal local trainings to be undertaken, mainly on systems.

In case of legislation change the author suggests training for both accountants to keep their knowledge up-to-date. Junior accountant is considered to undertake an accounting bases course to ensure the ability to back up for the accountant.

For other types of trainings employees are free to choose several e-learning trainings provided by Group training system according to their wish.

7.4.6 Policy administration department

From the discussion with head of policy department and manager of the department the need of communication training is evident due to new conditions of services provided, which need to explained to all clients.

The author suggests choosing from e-learning courses of Group training system such as "Communication of change" as a first option due to budget constraints.

Local training on communication, in case the e-learning will not be sufficient, shall be coordinated with sales department as both these department will communicate the change to the clients.

7.4.7 Administration department

Both assistant are still relatively new to the company and are still in training of daily operations. To finish the training and master the skills is the main objective for year 2012.

Concerning outside Company training there is intention to train assistants in local legislation concerning archiving Company's materials. These training will not affect budget significantly and therefore the author can recommend them.

IT employee would use internally offered trainings and Group training system.

7.5 Managerial training and development

Currently no local actions are planned for management training and development. Group actions were mentioned in section 7.1 of this thesis. These actions were not part of budget for 2012, but as required by the Group the expenditures will be made.

Managers can also participate on any of offered e-learning courses from Group training system.

The author would like propose future possibility of mentoring for managers in the Company. For instance British Chamber of Commerce is launching again its project focused directly on female managers. There are several other agencies on the market providing the possibility of manager mentoring or coaching.

7.6 Talent management

Talent management is fully in hands of regional human resources department and it is not intended by the Group to delegate this task to local level.

8 CONCLUSION AND RECOMMENDATIONS

The aim of this thesis was to create a framework for training and development, more specifically a strategy and a training plan.

The author used several methods to identify current situation and to analyse organisational and Group strategy, such as discussion with managers and employee, 8-step and 5-step method and SWOT analysis.

Chosen Company is a small size, with 49 employees, divided into five departments led by three managers and a CEO. The Company does not have local human resources department, such department exists only on regional level. Company CEO and assistants ensure basic human resource functions, such as administration and legal requirements of employee contracts.

Absence of human resources department leaves the Company in situation where only necessary human resources functions are carried out and all other functions are missing. One of these functions of human resources department is training and development of employees. Currently there is no framework surrounding this problematic in the Company.

The only training taking place in the Company at the moment is language training, which is not organised; other trainings are random and concern only few individuals.

The author first analysed the strategy of Group and Company strategy. Afterwards the discussion with management and employees were held. Main topics of the discussions were: Company and Group strategy and policies, and current position of departments – SWOT analysis was used to help to define current position. From all three topics named above goals and targets for each Company's department were listed.

The outcome of the discussion and strategy analyses the author used to create a framework for training and development. The author suggests the strategy executive summary like this: Human resources training and development strategy is established in the Company to ensure that all employees have the necessary capabilities to perform their job nowadays and also in the future.

In author's opinion managers shall be the initiators and drivers of new framework for training and development.

There are two main tasks to be done by managers when introducing new training and development framework, firstly the beliefs and policies shall be clearly stated. Such as that every employee is entitled to develop her or himself to help achieve Company's goals and targets.

The last part of training and development framework is the actual plan. To set up the plan the author proceeded subsequently: all the information from discussions were analysed by 8- and 5-step methods to derive learning objectives from strategy and Company's goals. Again as for strategy, each department was analysed separately. Extracted learning objectives for individuals or groups of individuals were discussed with manager of each department.

The author then analysed learning objectives with possibilities for learning in 2012. Important criterion was a budget – the Company has very restricted training and development budget. Yearly budget is based on amount spent the year before and as there were almost no trainings except for language trainings last year the amount is set up only on the same level. Therefore is it very problematic to design training plan.

The author can offer two coexisting solutions at the moment. Last year the Group also recognized the need for training and development to be enhanced and came with Group solution – Group training system. The system offers various types of trainings including e-learning, which is without charge for 2012. Second solution, how to save expenses on learning and development, is better organisation of language trainings. The author introduces process how to organize the trainings this year, including tender for new supplier of test and training services. Expected saving is 10%.

From analysis of learning objectives there are three main areas where almost the whole Company need to be trained – language, MS Excel and Communication. Language training was mentioned above. For MS Excel the only possible solution is to hire a training agency to provide the training. But the budget has to be watched carefully. For all types

of communication trainings the author recommends to use the Group training system supported by internal trainings.

All employees have the possibility of using the new Group training system for e-learning courses for free this year and therefore the employee are free to choose the trainings according to their interest and needs. Concerning classroom courses, organised through the Group training system, the author recommends paying attention not only to course costs but also travel expenditures, which will be connected to this type of training, as these courses will be international and therefore not located in Prague.

Specific recommendations for each department can be found in chapter 7.

The author intends to continue working on this topic in the Company, as she finds necessary to ensure the framework and the plan are implemented.

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11 APPENDICES

Appendix 1: Discussion topics send to managers

COMPANY STRATEGY

DEPARTMENT/TEAM STRATEGY

SWOT OF THE DEPARTMENT

Strengths	Weaknesses
Opportunities	Threats

GOALS DERIVED FROM THE STRATEGY

8-STEP METHOD

1. Goals and milestones
2. Performance gap
3. Who? Individuals, whole company, teams? Responsibility
4. How? Capabilities, internal- external factors
5. Any diagnostic tools needed?
6. Learning objectives?
7. Capability of individuals concerned? Responsibility and ability to deal with the goal
8. Time to make change?

5 STEPS FOR PERFORMANCE REVIEW

1. Educational levels and professional qualification
2. Experiences (new project, new responsibility, coaching, mentoring)
3. Technical, professional and business - “know-how”
 - a. A = Aware - can speak the language, knows what is involved
 - b. B = Basic – has rudimentary knowledge of the field
 - c. C = Competent – is able to discuss and work competently
 - d. D = Distinguished – is one to whom colleagues turn for advice
 - e. E = Expert - is known within and beyond the organisation for his/her expertise
4. Personal skills (personal traits, attitudes, behaviour that is demanded by the role, or characterizing high performance)
5. Personal network – “know-who”