

RELATIVE MARKET MATURITY, BUSINESS CULTURE, AND BUYER FOCUS

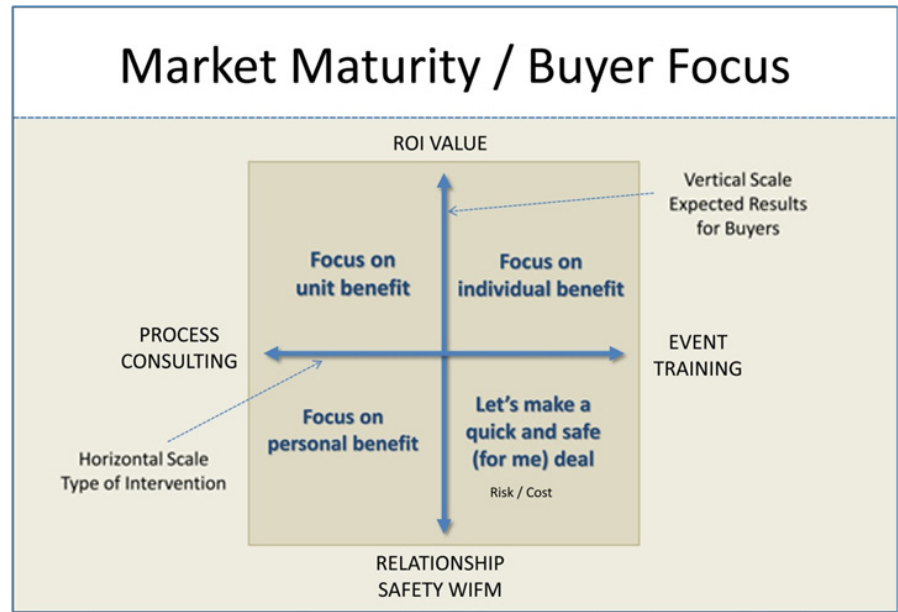
BY JON GORNSTEIN

Having worked in the training and consulting space for more than 35 years in more than 70 countries has given me the opportunity to observe the development of the industry that really got started commercially after the Second World War. They are my personal observations. They aren't based on a scientific or statistical study. They are generalizations. And, like all generalizations there are many exceptions. There are many influences that won't be discussed here but are real nevertheless.

My purpose here is to share with you my observations, give you "food for thought" and let you decide what they portend for you, your company, and indeed the competitiveness of your business, even your country! And, please remember that all my comments are "relative" to other markets, and business cultures.

Let me start with the relationship between Market Maturity and Buyer Focus. That is, relative to business cultures in other countries what is most often the buyer's concern, what is their expectations when they purchase training from outside resources both for the delegates as well as themselves. Here I use two scales which form the matrix below. The vertical scale is the expected results that the buyer hopes to achieve. The horizontal scale is the type of intervention ranging from discrete training events to process consult-

ing. (see matrix below) Let me say a very few words on each quadrant of the matrix.



The more mature markets are generally above the horizontal scale. Their focus is on ROI and value. The most mature buyers (upper left) looking more to process consulting because they realize that corporate change does not occur in a two day training session no matter how well it is delivered. Most often the buyer is a committee with operational functions and expect not only a change in practices and behaviors but also a financially measurable improvement which they intend to measure. In most cases these are large and complicated multi-national companies. Here the buyers are mainly focused on what their decision will mean for the unit they represent and their careers. The unit could be a department or even the whole company. If the buyers are from HR, operational management see them as contributors to the company strategic success, they have a place at the decision making table, and are seen as helping to increase the profitability of the company.

Buyers in the upper right quadrant are generally buying well recognized branded training programs. These programs may actually have a value, if not a measurable ROI for the company. Usually, the real value is for the individual delegate. The belief is that through a quick event the individual participant will be able to be more productive and thereby so will the company. The focus is not on results for the company. For the corporate

buyer this is a “safe” decision. Why safe? Because if other companies are buyer this popular training program the buyer can deflect the blame if something goes wrong with the training or nothing changes after the training (which is typical). There is a place for this training especially around different types of skills training and personal development training. Here training and development is usually delegated to the HR department, is not seen as a profit creator, may or may not be represented in management decision making, and may be seen by executives as “necessary” cost center.

Now, a few comments about less mature business cultures. These are the two quadrants below the horizontal line. Another generalization is that these tend to be the less technologically savvy business cultures. That doesn't mean they don't have computers, email and spread sheets. Rather it means that they favor personal relationships more than using technology to create business.

First, let's look at the left and where buying decision are based more on business relationships of a longer term character. For example, doing business with a friend, a family member, someone I went to school with, someone I know in the government or a NGO Here the focus can be on continuing the process for mutual personal gain on a consistent basis. Measuring results during and after the process is rarely done or an issue. Many times the buying decision is made by a single buyer who has been in their position for years and is well placed politically with the companies executives. Cost of the training may or may not be a factor depending on the relationship with the supplier.

Finally, a few words about the lower right hand quadrant. Here the focus is on relationship in a slightly

more sinister (by Western standards) way. They will usually deal with a few safe providers of training who they can absolutely rely on to “protect” their mutual interest. The business culture generally is one where bargaining (privately) may still be the norm. Buyers are more likely to reject what is in the company's interest if it isn't also in their own personal interest too.

I'm sure that there will be may critiques of this short article. It isn't comprehensive by any means. It is based on observation and experience. But like all generalizations it certainly has a grain of truth.

So my question to you is... in your country what is the business maturity of your training and consulting market? What do the buyers of training and development focus on? What weight is placed buying base on ROI and value added relative to buying based on personal relationships? And, finally what will you personally stand for if you're a buyer of training and/or consulting? Where you stand can have a huge affect on your own career and the success of your company.... and as a national business culture in this increasingly competitive world.

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