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Recommendations for training options

*For HRSDC Project 7245780 Increasing Global
Competitiveness of Canadian SMEs*

Executive Summary

Although there is some talk beginning to surface that the economic situation in Canada is improving, many companies are facing a situation where they have had staff reductions, or are asking existing staff to take on additional duties as a result of the need to look to overseas markets for opportunity. Recognizing what skill sets their employees have and where gaps exist is a basic need for any organization. When gaps are identified, the next step is to try and fill them yet funding for training is a major challenge. Often business development goals will not align with the need for training due to this scarcity of resources.

This then begins the search for the most effective way to ensure an organization can sustain itself by finding the business opportunities that will bring revenues. Recognizing this, training providers are shifting their delivery mechanisms and the content of their training to meet clients' organizational needs.

Two forms of training are emerging as the most sought-after – online and short courses – both aimed at meeting specific requirements. Highly generalized training is still recognized as valuable but must be carefully considered in light of shrinking budgets. This report presents some recent findings and recommendations for these two training options as appropriate to meeting the needs of the deliverables for the HRSDC – FITT project *Increasing the Global Competitiveness of Canadian SMEs*.

Overview of Research and Updated Environmental Scan

This report has been prepared to present potential options for the delivery of international trade skills and knowledge development solutions targeted for Canadian SMEs. Any proposed solutions will have two goals – addressing the HR need for training and secondly to help improve the SMEs global competitiveness. The conclusions for this report were drawn from a combination of sources:

- The research conducted and report prepared for the Environmental Scan of Assessment Methodologies from Phase One of this project
- Inputs from meetings held by FITT's Regional Representatives
- Inputs from the interim Global Business 20/20 report prepared by CME
- Secondary research conducted by FITT

Training is not a priority for Canadian companies

There is continuing evidence mounting on the importance of international trade for the Canadian economy in terms of its impact on pulling Canadian SMEs out of the recession. Recently, the Canadian Chamber of Commerce President, Perrin Beatty, presented findings from more than 300 chambers from across Canada to the Prime Minister (www.chamber.ca). In this report the Chamber advised that the economic recovery was noticeable, but that it is "fragile and uneven as you move from region to region." This report also concluded that Canadian companies and the Canadian Government need to "increase our efforts to build and diversify our international trade." In the Chambers opinion Canadian prosperity depends on international trade. These same themes were also highly evident in CME's interim Global Business 20/20 report and as this organization prepares for an Economic Recovery Summit to be held in Ottawa on February 1 & 2, 2010, international trade is a major theme of this event. In the words of CME, "...there isn't a consensus on what the new norm of the Canadian economy will be post-recession, (but) everyone can agree that the very nature of business has changed, forever."¹

Yet in the face of this evidence, and the continuing strength of the Canadian dollar, many Canadian SMEs are either reducing their training budgets, or only providing training to their staff that is either mandated by law or regulation, or is directly related to the operational requirements of their business. These continue to be the responses received by FITT Regional Representatives and by its Director Business development when speaking with companies. This is backed up by information reported by the Conference Board of Canada recently in the *Globe and Mail*.² In a survey of 218 Canadian companies more than half are reducing the budget allotments for training and some are cutting these budgets by more than 50%.

The Challenge – International trade is important, but we can't afford to teach need skills to our people

So herein lies the fundamental challenge – we have to trade to be viable, but the economic situation has impacted our companies to such an extent that we cannot be frivolous with our budgets. Clearly one of the natures of business that has changed is the need for Canadian companies to be better prepared to enter into the arena of global business and to be successful competitors. It can perhaps be argued that in the past there was too much complacency and reliance on being just north of the world's largest market. While our political and trading ties with the United States are singularly important and always will be, Canadian companies facing a dollar near parity for

¹ <http://www.cmemberservices.ca/?action=show&sid=GWTJR-C7FDD-6FQLF&lid=13559-3S4TG-7A3U9>

² <http://www.theglobeandmail.com/report-on-business/managing/training-costs-less-is-more/article1432940/>

more than a year now are recognizing that they must diversify. But their only previous international trade experience has been with a partner who was so similar to them there was really no skill set needed to engage in successful international trade. And while Canadian SMEs are bombarded by information about the opportunity that exists in China, India, Brazil, Russia and other locales, they are fundamentally ill prepared to do anything about it.

So if business as usual is no longer an option, training budgets are being slashed by the majority of Canadian SMEs and much of the impetus for economic recovery in Canada will depend on a growing presence in international trade, what options are available for companies to get their people skilled and knowledgeable in international trade? What can additionally be done for the future generation of Canadian global business leaders to develop them into true international trade professionals?

Action Now – Training to Overcome Immediate Needs

As with the previously conducted Environmental Scan of Assessment Methodologies, there really is no new identification of unique training options for companies to consider. These options range from online training, in-house, and third-party provision with each option being either a generic offering or customized around a specific need or subject area. It is clear online learning is gaining much consideration with many organizations. In-house training is an option available primarily to those organizations with the staff size and budget to make this a cost-effective solution. Organizational budgets for external training are quite literally under the microscope with staff requests being scrutinized very carefully. In a growing number of cases an individual's opportunity for advanced training is become an activity that they will take on at their own expense on their own time.

The research for this report has clarified the options that will most likely be considered by companies who have the need and ability to offer international trade training for their employees or for the organization as a whole. What is most identified by this research is a number of specific issues in international trade that are emerging as potential subject areas where training will have the most relevance and where there is the greatest gap in existing knowledge. In any event, pre-established norms around training are being challenged at every point and companies are taking cautious approaches to any training. In many instances companies are not putting forth any options for employees and the onus for any training is being downloaded to the employee for them to bring forward for consideration. The one constant that still emerges when reviewing any training program is that there must be a real, tangible value for both the individual and the organization.

Training subjects – Common themes emerge

Throughout the research and interviews for this report, it became apparent that companies and individuals were looking for some very similar themes to the training they would want to engage in:

- Market Entry Strategies – given the wealth of information about specific countries being areas where international trade opportunities exist, there is still a wide gap in the knowledge required to pursue and exploit these opportunities. For example, one interviewee stated, “It’s great to know that China is a huge market, but how exactly do I get in there and how does my business do so profitably?”
- Market research – there is a repeated theme emerging that companies need to look to more than just the United States for export opportunities. The ongoing concern with the Buy America Act has almost every Canadian exporter watching this situation closely. Their overwhelming challenge is that they do not have the market research skills to find where other opportunities may lie. Much has changed in the past number of years while most Canadian exporters only did business with the U.S. and new opportunity will not just be found by attending trade shows or traditional advertising.
- Regulations and Documentation – the amount of paperwork it can take to import and export products or services can be the single deterrent causing most companies to abandon their efforts. Documentation has always been a significant element of any international trade transaction, and government regulations around international trade have been in place since the advent of the taxation system. What is now different is the rate of change with which governments are now adjusting regulations and documentary requirements around global business practices. Also alarming is that most governments have now adopted an “assumed compliance” position with documentation and regulation whereby all responsibility for adherence to proper procedures is solely that of the company’s. Many SMEs simply do not have the ability to manage changes in these areas as they are requiring full-time commitments of human resources.
- Trade Finance – nothing like difficult financial conditions in the domestic market will make companies more acutely aware of the need to maximize all financial instruments available to them to ensure payment from foreign buyers. The explosion of information and advertisements in this regard (EDC now fully sponsors CBC’s *Dragon’s Den* a show that targets domestic Canadian entrepreneurs) combined with Canadian companies’ preoccupation with tracking currency fluctuations is bringing many aspects of international trade finance to the forefront of companies engaged in international trade. Yet again, the knowledge gap that exists in area is very wide.

Online training taking precedence

Two of the most significant cost factors associated with training are travel and/or time out of the office. The Globe and Mail story states that most companies are seeking “innovative ways to continue

training in the midst of austerity.” In light of this, online training is now becoming fully entrenched as the most requested option for companies looking for a reliable combination of delivery and cost savings. Online training’s most common forms are short webinars (typically lasting 45 – 90 minutes), courses lasting a few hours (typically 2-3 hours), or more complex video conference sessions for full day events. Online training has the additional feature of being “live” or “archived” meaning participants can engage in real time with training or may participate by viewing or downloading the content at a later date offering true flexibility for the participant.

For the purposes of this project, FITT is going to explore the development of specific online content in the form of topic specific presentations which will be presented as webinars and also be available for later archiving. In this way FITT will meet the common themes mentioned earlier and have an immediate turnkey solution to address a recognized skills gap identified by SMEs. In providing such content, FITT will have created a specific training solution as identified by a broad range of Canadian SMEs. (Meets the specific requirements of activities under Phase 2 of the project)

Customized short courses

The other option that appears to present the combination of value meeting needs, is the development of training that is specific to a defined need and concise enough so as not to require a significant human resource commitment. While there are a broad range of training programs, products and services available covering many topics, organizations faced with highly restrictive training budgets are looking for training that will exactly match the areas where they have knowledge or skill gaps. Organizations that can clearly identify and articulate their training needs have the distinct advantage of being able to then identify a suitable training provider and work with this organization to develop a program that meets these precise needs. Training developed in this way can be as short as a half day but would normally not exceed three days at the maximum. Materials developed to support the training can also then become the property of the organization so that there is some form of legacy product available for reference once the training has been completed. In many cases, organizations are only designating training to those employees who are identified as requiring training yet more could benefit from it. In being able to send a few employees on training who can then bring back materials to others and provide them with an overview of the training received, organizations can extend the value of the training exponentially.

While FITT has had good success in providing short courses with its *Going Global* series which provides solid introductory knowledge on seven international trade topics, this project will continue to seek organizations that are looking for this type of training. The *Going Global* materials can be used as the foundation and then the training developer will add supplemental information to meet the precise request of the organization. The closest match for this scenario may

be realized from potential projects with two other sector councils – The Canadian Agricultural Human Resource Council and the Wood Manufacturing Council have both been in discussion with FITT on this very subject.

Another key area where FITT can assist organizations to identify training gaps is to take them back one step and help them review the competencies of their staff against those established by FITT for the Certified International Trade Professional (CITP³) designation. Not only does the CITP competency profile assist in skills gap identification it can help with a broad range of human resource issues including new position description development, performance bench marking, employee self-assessments and more. FITT makes this document available as a free download from our website.

Summary & Recommendations - Training as usual is not an option

Within the scope of companies engaged in international trade there is a strong realization that their approach to global business must change. “Businesses active in global markets that were consulted during our roundtable meetings stressed that it is those businesses that will best adapt to the new economic reality that will be in the best position to take advantage of new business opportunities. Canadian manufacturers and exporters increasingly see their future success depending on their ability to grow their business beyond North America.”⁴

Inherent in this type of thinking must also be a coming to terms with the fact that many organizations do need to address human resource issues around skills and knowledge development including:

- Identifying what skill sets an organization needs within each position
- Ensuring people with right skills are employed within the organization
- People employed within the organization are in the right positions and are maximizing the knowledge they have
- There may be gaps in the knowledge employees have, and we must identify these gaps and seek ways in which they can be addressed

The focus on skills and knowledge updating has to be that investments in this area will provide as much return to the organization as investments in plant, machinery, or marketing.

³ FITT's professional designation in the U.S. and E.U. is FIBP- FITT International Business Professional.

⁴ *Succeeding in Global Markets - Global Business 20/20 Report*, Fall 2009, CME, p.10

Training providers are recognizing that organizations are thinking more along these lines and are changing the delivery methods to meet financial concerns and address the return on training investment equation. Online programs and customized short courses are the two areas where organizations are putting the majority of their emphasis to meet immediate needs that will position them for longer term viability. Antoinette Blunt, chairperson for the Canadian Human Resources Association was quoted as saying, "...I would caution companies that cutting out training will turn out to be short-term gain for long-term pain. If organizations stop training and development now, it will weaken their ability to innovate and effectively recover from the downturn."⁵

Recommendations – Meet immediate needs that will provide lasting skills and knowledge enhancements

For the purposes of providing training options to organizations this report recommends utilizing online technologies for the development of training products at two different levels:

1. Webinar type seminars that can be archived and viewed later;
2. Topic specific online content that will provide the audience with immediate, practical skills and/or knowledge development that addresses a pressing need and that they can then use in their work immediately.

To this end FITT will proceed with the development of at least four webinars, on its own or with international trade partners, and will take into consideration the topic themes mentioned above.

The second recommendation for any training program development is that it be focused on very specific themes or skills and knowledge gaps as identified by an organization. This training should also be deliverable in a very short period of time not to exceed three days. Organizations are expressing very strong opinions that any structured training for staff must be timely.

⁵ <http://www.theglobeandmail.com/report-on-business/managing/training-costs-less-is-more/article1432940/>