

From Training Departments to a Company Academy Part 1

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Nobody questions the importance of learning and developing. However, in these uncertain times, training and development activities are often put on hold or investments in T&D are drastically reduced. One of the reasons T&D activities are cut or reduced is the difficulty of proving that HR Development is a valuable and effective component of successful management. The concept of Company Academies (also known as Corporate Academies or Corporate Universities), however, offers a good starting point for a clear positioning of Human Resource Development.

What is a Company Academy?

A Company Academy is defined as a company-specific training and development institute. It can be considered as a 'central educational hub'. It is a strategic instrument for the organization to train employees. Its primary purpose is to make a translation of the strategy of the organization to training initiatives relevant for the employees and the company.

Company Academies have shown rapid growth the last 20 years. In the early 1980's, only about 50 companies had their own Academy. By the middle of the 1990's there were about 400 (mainly in the US), and today, there are more than 2000 Company Academies or Corporate Universities. Big companies like Unilever, Zain, Cisco, Heineken, and Toyota have similar institutes.

The academy concept has evolved over the years, as illustrated in the chart below:

First Generation (1980 s)	Second Generation (1990 s)	Today
<ul style="list-style-type: none">◆ Training centers◆ Focus on transferring company culture◆ Ex: Disney University	<ul style="list-style-type: none">◆ Focus on quality control and competency development◆ Ex: Motorola University	<ul style="list-style-type: none">◆ Purpose to stimulate knowledge sharing within the organization◆ Ex: KPMG

A Company Academy has a strategic function aimed at the integration of the development of people as individuals and their performances as teams and eventually, as the developer of the whole organization. The activities of a Company Academy could extend to the complete value chain of the organization, such as customers, suppliers, distributors and so on.

These academies have the following characteristics:

- ♦ *Strategic Focus* - A Company Academy centralizes the learning function in the organization. It is frequently managed as separate business entity. A big difference between a Company Academy versus a traditional training department is the strategic focus and its possibilities for leadership, creativity and problem-solving potential within the organization.
- ♦ *Visionary in Character* - Company Academies provide a contribution to the translation of the vision of the organization to work processes of the employees. Often, they are also used to carry out large change initiatives and strategic projects.
- ♦ *Company-specific* - Company Academies aim at those skills which are essential for the functioning of the organization. In increasing complex and competitive business environments, traditional universities are not always fast enough to be able adapt to the specific needs of a company. Moreover, most of the time companies want to maintain the knowledge exclusively within the organization.

The core of a Company Academy is the focus on the objectives and the priorities of the organization by linking the learning activities directly to the strategy of the organization. This includes the direct and effective involvement of strategic management in all the Academy's activities with coherent programs and a results orientation (in terms of business objectives).

In addition, the Company Academy should be the vehicle for creating and safeguarding the organizational culture, as well as the development of the so-called 'core workplace skills' such as learn-to-learn, leadership, creative thinking skills and innovation, and not just the skills which correspond with the execution of work.

The Company Academy is not just a physical entity but also a concept for **organized learning** in the organization.

Advantages of Company Academies

There are numerous advantages to a Company Academy. Here are some of the most common:

- ♦ *Reducing training costs* – the development of individual employees becomes cheaper
- ♦ *Customer orientation* – employees experience traditional training institutes as more concentrated on internal rules instead of on their individual learning needs
- ♦ *Important for the growth of the company* – employers see the need of transferring their company vision and strategic objectives to their employees
- ♦ *Increase of employee involvement* – companies realize the added-value of employee involvement
- ♦ *Development of effective learning methods* – specific learning materials and more company-relevant case studies
- ♦ *Employer branding* – employees experience the added-value of sharing knowledge with colleagues from other parts of the country and the world.

Development Stages of Company Academies

Gavin Brown (2006) of the [Institute for Management Development](#) (IMD) identified a set of four development stages for Company Academies. Every next stage includes the previous.

Stage 1 – Rationalization	Stage 2 – Institutionalization
<p>The Company Academy at this stage plays the role of knowledge broker, and the primary added value is to reach operational efficiency. It is the centre and it's the only supplier of company specific programs. The development and implementation of many of these programs are outsourced. The added-value comes from knowledge of the training marketplace, sourcing advantages (programs are centrally bought) and the overall quality secured on the provided services. Sometimes the Academy also plays the role like an entity which just gives directions.</p>	<p>The Company Academy now supports Business Units in analyzing learning needs and to develop company-specific learning activities, and stimulating knowledge-sharing. Tactical effectiveness is the aimed effect; the Company Academy becomes a tactical business partner. The added-value comes from the synergy between developing training material, implementation of programs and professional support. Smaller operating companies, especially, can make use of this advantage.</p>
Stage 3 – Implementation of Company Strategy	Stage 4 – 'Future Center'
<p>At this stage of development, the Company Academy is the direct connection with strategic (top) management. Strategic effectiveness is the aim, and Human Resource Development staff profile themselves as strategic supporters of the business. The Company Academy is used to translate the strategy of the organization into programs that directly lead to the implementation of that strategy. Setting up Communities of Practice around a strategic topic is a common result.</p>	<p>The Company Academy is used actively as 'change agent' and is involved actively in the development of new business concepts. Strategic renewal is the aim. HRD plays the role of 'strategic innovator'. Staff and 'students' are narrowly involved in research projects which aim to build strategic, relevant new knowledge. In this way, important competitive advantages are built-up for the organization; knowledge is created and this 'new' knowledge becomes the basis of a new strategy.</p>

The process of implementation through the four stages is not linear. Instead, only after top management is engaged and supports the strategic role of the Academy does Stage 3 even become possible. The catalyst for this is the "awareness" at the highest level of management that something fundamental must happen in the company to prepare them for serious external developments, and that this is a process without end. The programs which are developed form the core around which the Company Academy can grow.

In Part 2 on this topic, we will discuss some recent developments and the expected future evolution of Corporate Academies, and the roles top management and Human Resources could and should play.

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