



Business expansion through training and development



Introduction

Aldi is a leading retailer with over 8,000 stores worldwide. It continues to expand in Europe, North America and Australia. The Aldi brand is associated with value for money. Its stores provide customers with a wide range of products. There is an emphasis on high quality products and providing excellent value for customers.

Aldi's slogan is 'spend a little, live a lot'. It works hard to keep prices low for its customers. The company buys large quantities of products from carefully selected suppliers. Its buyers are experts who choose the best quality products at the most competitive prices. The savings achieved by sourcing products in this way can be passed on to customers. Aldi keeps costs down in other ways. It ensures its operations are as efficient as possible, for example, store layouts are kept simple and opening hours focus on the busiest times of the day.

Aldi places great importance on how it trains and develops its employees. Training is the process of providing employees with the necessary knowledge and skills to perform their tasks and roles competently. Training not only helps to increase business efficiency but it can also make staff more motivated by increasing their job satisfaction. While training is narrowly focused on helping a company become efficient and effective in the short term, development is more about building the long-term capabilities of the workforce.



It is about helping individuals to gain knowledge, learn new skills and develop a wide range of attributes. Development makes employees more adaptable and more able to take on a wider range of roles.

This case study will demonstrate how Aldi's training and development programmes help ensure its employees have the skills and competencies that the business requires both now and in the future.

Identifying training needs

Workforce planning is the process of finding out how a business will meet its labour requirements both now and in the future. Aldi, like other businesses, needs to predict its future staffing needs accurately. It needs to plan for both the number of workers it will require and the specific skills that the business will need in the future. The company can then recruit new staff if necessary. It can also ensure that it has training and development programmes in place to meet these needs.

Aldi identifies future training needs through an ongoing analysis of company performance in key areas at all levels. For example, the company monitors the availability of its products to the customer within its stores. If the level of availability drops below the targeted level then a programme of training on order accuracy would be undertaken. It also considers future developments within the business and within the grocery retail sector in order to predict both the total numbers of staff it will need and, more crucially, the skills and competencies that will be required.

Aldi's rapid expansion means that its current workforce cannot meet its future staffing requirements. The company will need to recruit more than 4,000 new members of staff within the next 12 months to meet the requirements of current exceptional sales growth and new store openings. To attract the best candidates, it offers industry-leading salaries at all levels.

Curriculum topics covered: • Identifying training needs
• On-the-job training • Off-the-job training • Development

To ensure it gets people with the right set of skills, the company produces clear and detailed job descriptions for each post. These show the tasks and responsibilities for that position and in turn, the skills and competencies needed by an individual to succeed in that role.

Through a process of interview and assessment, managers identify if candidates have the precise skills and competencies that the job requires. If the selection process shows that they are suitable, then they will be recruited and Aldi can be confident that they will fulfil the challenges of their role.

Although Aldi expects new recruits to make an immediate contribution to the business, it also provides training so that they can develop their careers within the company. Aldi has entry levels for apprentices, store assistants, deputy managers, assistant store managers, trainee store managers and graduate trainee area managers. Aldi organises high-level training for recruits to all levels. For example, in their first year, graduate recruits receive training in all areas of the business. This ranges from training in-store to understand how the retail operation works, to regional office tasks such as logistics, trading and financial planning.

All new recruits go through a comprehensive structured training plan. New employees learn about the philosophy of Aldi and its expectations of them. This is important in making new employees quickly feel part of the Aldi family. This training will be appropriate to the role, so could be in a store or at an Aldi regional office.



On-the-job training

On-the-job training is training that takes place while employees are actually working. It means that skills can be gained while trainees are carrying out their jobs. This benefits both employees and the business. Employees learn in the real work environment and gain experience dealing with the tasks and challenges that they will meet during a normal working day. The business benefits by ensuring that the training is specific to the job. It also does not have to meet the additional costs of providing off-the-job training or losing working time.

There are several methods of providing on-the-job training. Four frequently used methods are briefly described here:

- **Coaching** – an experienced member of staff will help trainees learn skills and processes through providing instructions or demonstrations (or both).
- **Mentoring** – each trainee is allocated to an established member of staff who acts as a guide and helper. A mentor usually offers more personal support than a coach, although the terms 'mentor' and 'coach' are often used interchangeably.
- **Job rotation** – this is where members of staff rotate roles or tasks so that they gain experience of a full range of jobs.
- **'Sitting next to Nellie'** – this describes the process of working alongside a colleague to observe and learn the skills needed for a particular process. This can be a faster and more useful way of learning a job role than studying a written manual. The colleague is always on hand to answer any questions or deal with any unexpected problems.

For most on-the-job training at Aldi stores, the store manager acts as the trainer. A typical format is for the manager to explain a process to the trainee, then to demonstrate it. The trainee then carries out the process, while the manager observes. Once the manager is happy that trainees are competent, they can then carry out the process unaided. This process is used, for example, to teach a store assistant how to operate the till and to instruct a trainee manager how to order stock accurately.



All positions from apprentices through to trainee area managers follow this type of structured 'tell, show, do' training. Trainee area managers also undergo job rotation. They have the opportunity to experience all aspects of the business to give them a complete overview of how Aldi operates. They can then see how each department and business operation relates to and links with other parts of the company and other processes.

Off-the-job training

As the name suggests, off-the-job training is provided away from the immediate workplace. This might be at a specialist training centre or at a college or at a company's own premises. This type of training can be particularly useful for developing transferable skills that can be used in many different parts of the business. It may be used, for example, to train employees in the use of new equipment and new methods or to bring them up to date with changes in the law. Typical off-the-job training courses offered to employees by Aldi include:

- recruitment, interviewing and selection
- employment law
- influencing skills
- performance reviews (appraisals)
- Aldi Management System (how to develop and performance manage people).

For each aspect of training Aldi decides whether on-the-job or off-the-job training is the better option. Off-the-job training may involve extra costs, such as payments to training organisations. It also means that staff taking training courses are not at work, so their jobs have to be covered by others. This can lead to an increase in payroll costs. However, balanced against these costs are the gains that Aldi makes from off-the-job training. These include the benefits of having more motivated staff, greater staff productivity and employees with better skills and the ability to provide improved customer service.



Aldi provides training opportunities for young people. The Aldi apprentice scheme combines on-the-job and off-the-job training. Apprenticeships are open to 16-18 year olds. Apprentices training as store assistants also study for an NVQ in Retail Apprenticeship. They complete store assistant training and gain an NVQ Level 2 in their first year. They then take a store management training programme over two years and work for a Level 3 advanced qualification.

The variety seems to suit apprentices. As Sam, an Aldi apprentice says: *'The fast pace of the role is really exciting, with lots of chances to learn new and useful skills. As well as the on-the-job training, there is also studying towards a recognised qualification that I can fit around work.'*

Emily, another apprentice, recognises that the programme is a good opportunity: *'After attending college I was looking for an opportunity that would allow me to use my customer service skills and the Aldi apprenticeship has given me just that. There is a lot of competition for places, so you really need to want to succeed. I really feel part of the store team. It can be challenging but it is well worth it.'*

At the end of their apprenticeships, Sam and Emily will have the knowledge and skills to take on deputy manager or assistant store manager positions. From there each can rise to become a Store Manager in the business. Aldi's current growth means that there are many opportunities for promotion, so Sam and Emily could soon join the many others who have been promoted within the business.

Development

Development is not the same as training. Development focuses as much on personal growth as skills that are directly related to the job. A development programme is designed to make individuals more skilled, more flexible in their approach and better qualified for their chosen careers.



Through a development programme, employees can obtain transferable qualifications that benefit the individuals concerned as well as the business. This can have disadvantages for the business, as it gives workers greater value in the job market. However, Aldi is willing to take this risk as it believes in providing what is best for its staff. Development options for apprentices include working for various qualifications. Aldi has a fast-track approach for graduates. Opportunities for graduate recruits at Aldi include secondments to different international countries to develop all-round expertise.

The Aldi retail placement scheme takes university students on a one-year placement. This allows the chosen individuals to show what they can offer the business and to find out what the business can offer them. Aldi offers an excellent reward package for students on a placement, but in return expects trainees to have enthusiasm, drive and ambition. Successful students get the opportunity to apply for a place on Aldi's Area Management training programme.

To support their development, managers help employees to set personal goals. These are identified during an appraisal process. This is when a member of staff sits down with their line manager to evaluate past and current performance, to consider what skills are needed going forward and to set targets for the future. This could involve identifying further training or development opportunities.



Conclusion

Aldi seeks to provide its customers with quality products at prices that provide value for money. It wants efficient operations, with its stores staffed by people who are keen and competent. Aldi's success is shown by the fact that it is expanding rapidly. It is opening new stores and experiencing sales growth that requires it to take on more staff. This means that it needs to combine good recruitment policies with robust selection processes.

Staff are recruited from school or college into Aldi's apprenticeship scheme or directly into stores for positions from store assistant up to trainee Store Manager. Those from university with a 2.1 degree or better are able to apply for the Graduate Area Manager programme. All recruits are assured of appropriate on-the-job and off-the-job training, as well as career development opportunities. Promotion is open to all staff, regardless of the route they choose to join Aldi.

Aldi puts great emphasis on developing its people. Over 85% of Aldi directors have been recruited from within the company. This commitment to training and development makes Aldi a business of choice for both ambitious teenagers and top graduates. This is shown by its placing in the Top 5 in *The Times Top 100 Graduate Employers* and the Graduate Employer of Choice for 2012 for General Management.



1. Describe what is meant by training. (2 marks)
2. Explain the difference between on-the-job and off-the-job training. Explain why you think both training approaches are used by Aldi. (4 marks)
3. Analyse the similarities and differences between training and development. Which do you think is most important to Aldi and why? (6 marks)
4. Evaluate the different ways that Aldi attracts and trains new staff. Which of these do you think is the most important route for Aldi? Give reasons for your answer. (8 marks)