

Learning Outsourcing

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Before jumping into an outsourcing agreement, talent managers should thoroughly scrutinize their learning functions, business needs and vendor options to ensure the right partnership and resulting benefits.

In a weakened economy, with stalled credit markets affecting industries across the board, the ripple effects of such turmoil extend deep into all organizational levels. The resulting battle for cost cuts ensues, led by unit leaders lobbying to make the case about why their budgets should be spared.

Once departmental jockeying subsides, a number of strategic and financial imperatives rise to the surface, including reducing redundancies, operational costs, capital expenditures and labor expenses, and improving financial management, productivity and customer relationships.

Historically, an organization's training budget is first in line for cuts. Delivering on learning objectives can be arduous during the best of times. When times get tough, even strong believers of learning's intrinsic value to their organization may find their beliefs put to the test.

Luxury or necessity, whatever side of the training debate a company falls on, most talent managers with learning responsibilities are struggling to figure out how to prove the value of learning amidst significant budget cuts.

But consider this: When profits are squeezed, attracting and retaining customers and increasing their spending become paramount to an organization's survival. Factor in the employees' role, and their professional development ought not to be regarded as a perk, but as a mandated business directive. When talent managers neglect to develop the people who produce, refine, deliver, sell, promote, service and manage products and services every day, they run a much larger risk for lost business, causing further erosion of the bottom line.

According to the White House Office of Consumer Affairs, on average, it costs a company five times as much to win a new customer as it takes to retain an existing one. Some 91 percent of unhappy customers will never purchase products or services again, and organizations don't want "wronged" customers telling between eight and 16 people about their negative experiences.

In this economy, few organizations can afford to take those kinds of risks.

Why Outsource Learning?

To build stability and future growth, organizations need to make a commitment to keep learning as a vital part of their overall core business models. This includes an increased focus on organizational culture, development, design, information and knowledge sharing. In doing so, costs and administrative burdens may increase. Consequently, employing streamlined, cost-effective business strategies to accomplish these tasks becomes mission critical.

Control capital costs by reducing labor spending.

This is one of the primary reasons for outsourcing. Many large organizations retain an in-house training department with a stable of staff trainers. Switching from a fixed, staff-trainer cost model to a variable, contract-trainer cost model can significantly reduce labor expenses, freeing up capital for investment in other revenue-generating areas of an organization.

Increase the breadth and depth of training offerings. Outsourcing all or parts of the learning process enables talent managers to add or customize learning offerings to meet current and future business needs.

Increase efficiencies and utilization. Working with a specialized outside learning provider ensures 100 percent utilization compared to an in-house training department, and often provides sizeable cost savings due to economies of scale offered by these vendors.

Concentrate on core competencies. Passing responsibility for the learning function — and much of its related expenses — to an outsourced service provider frees up capital and human resources needed to focus on core business competencies.

Increase timeliness of learning. To ensure learning programs have the desired impact, learning needs to be timed to support product or process rollouts, regula-

tory or corporate-wide procedural changes, migrations to new software and other organizational events.

Handle large-scale or new projects quickly and efficiently. When considering whether to outsource the learning function, consider available resources. Outsourcing firms are equipped to jump in and handle new or large-scale projects with minimal lead time. Can the organization easily handle the same learning project in-house, or would it require recruiting and training additional staff?

Learning outsourcing can make strategic and economic sense, but to leverage its benefits, talent managers need to employ best practices when selecting suppliers. Following are some important characteristics to look for:

- Can the supplier offer cost reductions across the learning spectrum?
- Do they offer best-in-class services in learning administration, content design and blended learning delivery?
- Do they have access to best-in-class technology for learning and content management?
- Are a variety of learning modalities available, including instructor-led, mentored and blended learning?
- Are instructors knowledgeable in adult learning principles and able to apply them to the learning experience? Can they ensure learning objectives will be met by employing the four critical elements of learning: motivation, retention, reinforcement and transference?
- Do they offer the ability to align learning programs with employee and company performance through the use of learning analytics/metrics?

One size supplier likely will not fit all. Many learning outsourcing providers specialize in one or more of these core competencies and rely on partners to achieve the full learning outsourcing delivery capability. Talent managers should carefully review the aspects of the learning process they plan to keep in-house and those they need to outsource to make the right provider selection.

Here is one example of how an organization's choice to outsource the learning function helped it achieve the desired learning results.

A major bank needed trainers for approximately 1,200 diverse classes per year in 75 locations throughout the United States. The training covered an array of subjects, including bank-teller operation, retail products, wholesale banking, international banking, trust and estate banking and soft skills.

But the cost to develop the necessary team of skilled staff trainers was prohibitive. As the client considered the scope and magnitude of this training initiative, it became clear it did not have the resources required to manage a project of this scale and would need to build a trainer staff to do so.

After considering its options, the bank realized the investment to develop an in-house staff to satisfy this demand would be far greater than it wanted to spend. The travel

costs would be excessive, and the administrative burden extreme. It was deemed financially and logistically impractical to staff each location with full-time trainers proficient in the necessary subject matter and skill sets.

The solution? Have multidisciplinary trainers deliver training at 100 percent utilization.

To find the requisite number of trainers qualified in the diverse subject matter and able to deliver the number of geographically dispersed classes, the bank made the strategic decision to outsource the trainer aspect of the learning function.

The outsourcing provider assembled a team of trainers with the required skill sets located near each facility where training was to be delivered. Elimination of trainer downtime increased the utilization rate to 100 percent, and using trainers indigenous to each location drastically reduced travel costs. Comprehensive administrative services such as trainer scheduling and payments also were provided to manage the program, freeing the bank of these burdensome tasks.

The success of the initial program went beyond the bank's financial and performance expectations, resulting in a model being implemented as its modus operandi to deliver training — a practice that continues to this day. The bank significantly reduced its training cost structure and is providing its employees with training commensurate with its services.

When contemplating outsourcing the learning function, consider the aforementioned benefits, as well as any potential challenges that may need to be overcome.

- **Do the homework.** Assess the organization's learning needs; then identify and gather information on suppliers that can best meet those needs by having them submit to written requests for information.
- **Do the math.** Outline the potential cost savings of retaining the learning function in-house versus outsourcing all or portions of this function.
- **Secure input and buy-in from various business units to ensure the vendor-selection process goes smoothly.** It's likely several people will have opinions on who should do content design and who should provide training delivery and other requirements.
- **Start small.** Be prepared to present both full and partial outsourcing solutions. By phasing in services based on organizational need, function or business unit and then assessing their overall impact on specific aspects of the business, talent managers will be in a better position to implement learning outsourcing in other areas of their organizations.

Keeping learning alive and well in an organization doesn't need to be costly or cumbersome. Eventually, the economy will recover, and when it does, businesses need to be strong and ready. That requires keeping the commitment to develop talent and foster productivity. **TM**

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