10 ways to ensure managed services deliver

By: Tom Lloyd

Outsourcing part or all of your training function can save money, but you need to choose partners carefully.

Training budgets are, as always, under pressure and outsourcing some or all of your training function can seem like an attractive way of getting more for your money.

In a recent survey, KnowledgePool found that 38% of training managers were positive about using an external company to provide basic training administration services, which it says shows ‘a significant shift in opinion’.

‘Clients are looking for procurement savings,’ says Philippa Thomas, head of managed training services at QA. ‘They want to get maximum value from the pot of money they have allocated for training.

‘They don’t want to compromise quality, but they do want to be able to focus on core business, and some in-house functions – such as the administration of training – are increasingly being seen as non-core activities.’

The theory of managed training, or any other form of outsourcing, is simple. Rather than buying in training, or employing trainers to deliver it in-house, you ask a third party to take over part or all of your training operation.

Because the third party has a number of clients it has more buying power than the companies it represents. This allows it to drive a harder bargain with training providers and pass on some of these savings to its clients.

The client gets cheaper courses, the managed training provider gets its cut, and the training company gets lots of business. In theory at least, everyone is a winner.

In practice, things are never that straightforward. Moving to a managed service is a big step and needs to be handled carefully. Get it wrong and the cost savings won’t appear, the quality of training will drop, and employees will complain – so how do you make sure you get it right?

1. Know what you want
The term ‘managed training service’ is used to describe everything from an ongoing partnership with a content developer to a fully outsourced training operation where all aspects of course booking, content development, delivery, and assessment are handled by a third party. It is, therefore, important to be clear exactly which parts of your training operation you want to outsource, and what benefits you expect to get from this.

LloydsTSB has a variety of agreements with external providers that could be described as managed training services. It uses learning consultants at KnowledgePool to carry out training needs analysis, Reed Learning to source off-the-shelf and tailored, and also has ongoing agreements with six companies that deliver training and bespoke content.

A large proportion of its training is handled in-house, by its corporate university, but it has outsourced specific aspects of its training service to improve efficiency.

2. Look at your own operation
Before you hand over your training to a third party, consider whether you can remove inefficiencies on
your own, particularly if you work for a large company.

After experimenting with managed training services, Richard Malam, IT training manager at Centrica, has brought IT training back in-house. His division now handles training demands from all Centrica brands. Effectively, he is acting as a managed service provider, but from inside the company.

'We’re easily saving more than a quarter of a million pounds a year on booking it ourselves rather than letting individuals go out and do it,' he says, 'which is not a sum to be sneezed at.'

3. Find the right partner
Opinions are divided on what type of company makes the best partner for a managed training service. Stephen Coleman, HR manager for learning supplier services in LloydsTSB’s HR commercial management division, carefully researched potential partners for the training analysis contract before choosing KnowledgePool.

'I think the key thing is to find the supplier most aligned to your business needs, who can understand your business goals and align themselves to those,' he says.

4. Consider the material
A further aspect of choosing the right partner is deciding if you are happy to work with a managed training provider who also supplies content. KnowledgePool’s survey found 60% of training professionals would prefer to work with a vendor-neutral third party.

'The danger is that if they are a training provider themselves, the bulk of training they will source for you will be through their own training people,' says Malam. 'So I would find it very difficult to take someone saying to me “of course we will give you the best possible training” when the best possible training might not be from their own people.'

5. Independently assess content
One way around the issue of whether a training provider can be vendor-neutral is to ensure the high-quality independent assessment of the training material is built into the agreement with the managed service provider.

At LloydsTSB, Coleman uses an internal evaluation form to compare the quality of the off-the-shelf content supplied by Reed Learning with the content held in its corporate university. This allows him to make sure content from Reed is up to scratch, regardless of whether it is one of Reed’s own courses or one it has obtained through one of its own suppliers.

'Some form of independent benchmarking or evaluation of the training providers needs to be organised,’ agrees Keith Scott, director of training at LogicaCMG. ‘Either directly by the procurement people within the client, or as part of the service you deliver as a managed training service provider.'

6. Make background checks
At Centrica, Malam has tried various approaches to managed training, from using a booking agency to having a fully managed service for IT training. The last attempt fell apart when the third party Centrica was working with got ‘bitten by the cash flow monster’, as he puts it.

Mallam says this was ‘just bad luck’, as Centrica had thoroughly checked the financial position of its partner, but he advises other companies to do the same. ‘You look at their accounts, what backing they’ve got, look at other companies that are going through them, maybe talk to those clients to verify that they are happy with what they are getting,’ he says.
7. Sound out your partner
Good two-way communication with your managed service provider is vital. Malam says he would certainly have benefited from knowing earlier that the provider he was using was in financial trouble, and had unrealistic expectations of the amount of business that would be coming its way.

‘You have to be realistic about how much training you are going to be asking them to source for you,’ he says.

Managed training provider Star Consulting put its staff through an induction programme to make sure they were in tune with one of its clients, communications company Damovo.

The client wanted a ‘seamless’ service, where its employees wouldn’t even know they were dealing with a third party, so Star staff had to learn to follow the company culture. To complete the illusion they were given internal email addresses and phone numbers, even though they are not based at Damovo offices.

8. Talk to the training staff
The main reason for using a managed training service is to save money, and in many cases part of this saving comes from a reduction in the wage bill. Reducing headcount is never popular, but talking to staff early on can ease the pain.

Scott says there are three options: staff either have to be reassigned, they can move to the managed service provider through Tupe (the rules governing the transfer of staff), or they can be laid off – ‘but I would like to think that this is always a last resort’. He adds the best option here is not to lay people off, but to employ them more efficiently.

When LloydsTSB outsourced its training analysis function to KnowledgePool, it transferred a team to the supplier. Coleman says this went well because the project team ensured there was ‘very clear communications with the staff involved… finding out what their needs were, and really presenting to them the business case to go with an outsourcing client’.

9. Market training to your staff
As with any training implementation, once the details have been sorted out the next job is to get people to take advantage of what is on offer. ‘We find some form of corporate marketing initiative to publicise the benefits of the service usually pays great dividends,’ says Thomas. ‘It helps to ensure that clients actually achieve the benefits they are anticipating from these managed training services.’

She goes on to explain how QA has provided this kind of service for one of its clients, a leading insurance companies. ‘We’ve undertaken a programme of launch days where we are promoting not only the QA managed training service but also the client’s resources for e-learning, self-study and skills mapping – basically it is a full learning resources event, but we’ve hosted it on their behalf,’ she explains.

‘Their user community will come in and look at what is on offer, they will ask questions, discuss their training needs and it helps the internal department promote what services are on offer.’

10. Stay vigilant
It is tempting to think that once training has been outsourced it can be forgotten about, but this is far from the case. The quality of the work still needs to be constantly assessed to make sure it is not slipping, and there is always the question of where to go next. ‘Over time, the service needs to evolve,’ says Thomas. ‘The client’s business is changing so we need to look at what else we could be delivering as part of that managed training service.’

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