

Budget and Staffing Trends: What They Mean to You for 2007

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Sometimes, taking a look back can be a productive step when planning for the future. Analyzing documented corporate learning trends, for example, helps you determine if your budget is in line with market averages, evaluate planned deployment of staff and payroll expenses and benchmark key characteristics of your training programs.

Corporate Training Budgets are Up

In a recent research survey, 63 percent of responding organizations indicated their corporate training budgets increased in 2006, with an overall average increase of 7 percent. Several sectors significantly exceeded the average increase: health care (19.9 percent), technology (14.1 percent) and financial/insurance (10.9 percent). Manufacturing was the only sector that showed a decrease in budget size (2.9 percent).

Although the continued growth of the U.S. economy is a factor, several other business drivers fuel this growth. As e-learning investments made in past years begin to mature, organizations are recognizing the value and efficiencies of technology-based training. Shifts in workforce demographics and predicted talent shortages also put an increased emphasis on talent management and employee development. These statistics and other more granular data can help you assess if your 2007 budget reflects general market trends.

Staffing is Up, but Not Payroll

Most training organizations have added head count during the past year. On average, the number of training-related staff personnel increased 6 percent over last year to an average of 6.7 training staff for every 1,000 learners. Although staff size increased, the percent of training dollars allocated to payroll expenses declined overall in the last five years. While organizations spent 73 cents of every training dollar on salaries in 2003, organizations today spend an average of 65 cents per dollar on payroll.

These trends can be traced to the change in job roles within most training organizations. Previously, most organizations were staffed primarily by trainers. With the increased use of e-learning, organizations hire greater proportions of content developers and technology special-

ists, who generally have lower salaries than senior instructors. Today's higher retirement rate is another influential factor. When senior employees leave, younger, lower-cost workers usually replace them.

Outsourcing Continues to Increase

Organizations of all sizes are increasing their reliance on outsourcing. Seventy-one percent of large organizations use external providers for at least some of their custom content development, as do 41 percent of midsize organizations and 27 percent of small companies. Over the next year, organizations also plan to significantly increase their use of outsourcing for content development and LMS operations and hosting.

According to Bersin & Associates research, companies that outsource typically see significant economic benefits. For instance, companies that employ hosted LMSs reduce costs per learner by 31 percent and staff size by 26 percent.

Top Training Priorities

Overwhelmingly, the two top priorities identified for 2007 are learning technology and infrastructure (cited by 40 percent of respondents) and faster deployment of training (39 percent of respondents).

With the rise of e-learning, technology has become a major part of the training function. Nearly 40 percent of organizations now use an LMS, nearly 60 percent use virtual classroom tools and 13 percent use an LCMS. Large organizations are twice as likely to use technology for training. Therefore, support and integration have become areas of emphasis for most training organizations.

For the first time, research shows integration of corporate learning with performance management and competency management initiatives is important, especially among large enterprises. Recognized by 21 percent of respondents as a top priority in the coming year, such integration offers a global view of talent across the enterprise.

Although no two organizations are exactly alike — and certainly no training organization is “average” — using data to assess and evaluate your organization's progress and plans is an important process. ■

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