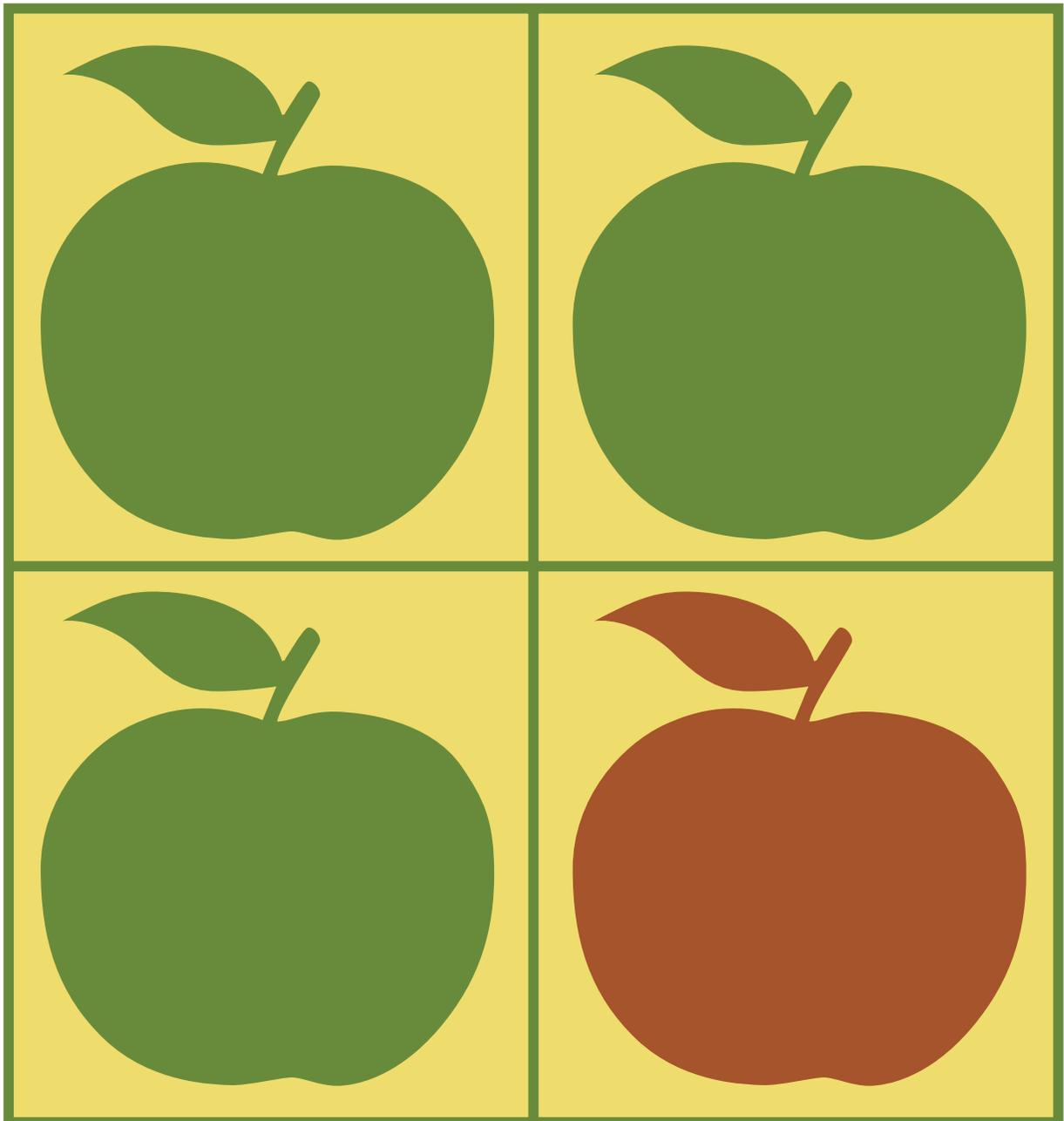


One of These  
**SERVICES**  
Is **Not Like** the Others



SHERI WINTER

To ensure learning services investments meet business requirements, the role of the purchasing agent, and the knowledge required, are evolving.

**D**uring the past several years, a trend to commoditize learning services has evolved. This is an attempt by purchasing organizations and their management to understand how to measure and quantify those services. Purchasing agents, once hidden until after a learning decision was made, are now seated at the table from the get-go. However, unlike paperclips or widgets, learning services can be difficult to define well enough to make an apples-to-apples comparison.

Several business models have been created by vendors to quantify training outsourcing services. The tough part is figuring out all of the variables. Ultimately, decisions link back to a unique formula of capability, experience, labor rates, speed, output, accuracy/quality and volume. Myriad matrices have been developed to help procurement professionals and their customers figure out the best buy scenario.

The following features represent a few of those matrices for different competency areas.

**Training administration:** For training administration, many business models are task- or transaction-based. However, they also can be straight resource replacement. The transactional models are pretty easy to understand from a pricing point of view and can be calculated at cost-per-session, cost-per-contact with the help desk or some other transaction. Cost-per-task is another such model, focusing on elements such as enrollments, roster input, logistical support and more.

Harder to understand and calculate is the resourcing model: How many of these tasks or transactions can a person execute efficiently? Also, what's to be done about paying for individuals' downtime when no tasks or transactions are occurring? The provider will need to demonstrate how the resource hours are quantified and calculated to understand how many resources the customer might need. Often this is data the customer doesn't have or hasn't tracked.

**Training delivery/facilitation:** For training deliv-

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ery, pricing variables revolve around the instructor's certifications, experience, location and availability. This can be one of the more difficult items to quantify due to the dependence on the capability, experience, market demand and other variables that affect the rate. For example, if an organization would like to hire a firm or an individual to provide some sales skills training, how does a purchasing agent begin to source this request?

To identify some top-rated firms, one might visit [Trainingindustry.com](http://Trainingindustry.com). This third-party entity, founded and led by Doug Harward, evaluates top training companies by their areas of expertise, with sales methodology training as one of several categories for which it rates providers.

To select individual sales trainers with specific or high-level expertise, one might have to rely on information from speakers bureaus, authors of well-known sales methodology books or online research and reviews from sites such as [Amazon.com](http://Amazon.com).



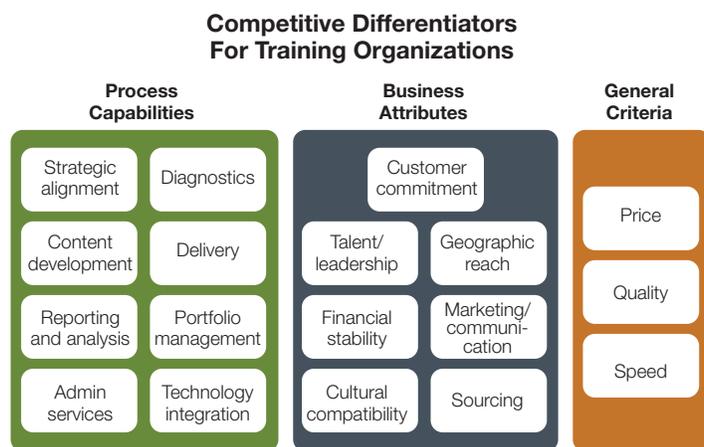
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Going to the American Program Bureau’s website and typing “sales trainers” in its search engine also will bring up a host of qualified individuals. The tough part will be figuring out who best fits desired requirements, but consultants can help.

**Training design, development and maintenance:** Even trickier is how to quantify the effort to design and develop the actual training. That is where the “magic matrix” comes into play.

**FIGURE 1: THE SUPPLIER COMPETITIVE DIFFERENTIATION MODEL**



Source: Training Industry Inc., 2013

To assist purchasing and learning organizations in their quest to create a level playing field with vendors, matrices have been developed to define the end learning product.

For example, to quantify the effort involved in e-learning design and development, providers structure offerings into a matrix of levels. The levels are defined by the number of screens of interactivity, types of graphics, whether the offering includes animation and video, and the complexity of learner decision trees offered. The levels range from 1 to 4 — with 1 being the most basic and 4 the most complex or media intensive.

This can help to measure the deliverable, but it can be an imperfect model for those attempting to understand the value of the service. The level of instructional design, creativity and subject matter expertise all contribute to a value-added service and high-quality end product.

### The Electronic Procurement Tool

One of the biggest challenges in purchasing learning services has been the introduction of electronic procurement tools. In addition to insufficiently authored requests for proposals (RFPs), another barrier to understanding a service provider’s value is the morphing of the RFP into an electronic procurement tool. How can a learning services provider help a requester understand practices and processes in a text-only box with a 100-word limitation?

Consultant Steve Woodruff of Impactiviti said advice from a third party can save a lot of wasted effort in this process. “When companies need to purchase learning services and solutions that

are more complex, often there is a knowledge gap, both on the departmental level and on the procurement level,” he said. “This is when it is advisable to reach out to a third-party evaluation provider or a knowledgeable consultant who can give targeted advice on all aspects of the impending purchase.”

An electronic procurement tool still can be used, but it must have the flexibility for vendors to tell their story. In many cases, the tool is used to stratify the responses and pick the top candidates. Trainingindustry.com also offers tools to help such as the Training Supplier Stratification Model, which separates vendors into tier levels, such as comprehensive versus niche providers.

### Barriers to Evaluating Providers

In an attempt to level the playing field and eliminate favoritism, the procurement of learning services led by purchasing agents has torpedoed the vendor-partner relationship. This reduces the risk of compromising ethics by prohibiting a supplier from offering gifts or other quid pro quo in exchange for a contract. However, it also eliminates one of the most important elements to consider in the vendor/partner relationship: determining if you can really work with the company.

In a services relationship — especially one tied to the highly interpersonal engagement related to learning and the subjective preferences to match the deliverables to a specific learning culture — the relationship with a provider can play a significant role. Potential clients need to know:

- How can a provider’s ability to flex with the challenging demands of the business be analyzed through a formal procurement process?
- How does one tell if a vendor is going to react to a changing environment and truly be aligned with the business if you never get to meet company representatives?
- When is it about more than just price?
- How is the supplier’s commitment to a business’s mission, vision and values measured?
- What about scalability, global capability and personal communication?

Harward said putting all vendors into one bucket may cause the business to sacrifice quality to buy cheap, so his company shares a tool called the Supplier Competitive Differentiation Model (Figure 1).

While procurement organizations are getting better at understanding the world of learning services, there are still significant challenges. It is up to the business or learning organization to ensure their purchasing agents are educated, informed and have all the requirements they need to provide assistance in the vendor decision-making process. **CLO**

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