

The Training Industry in 2009: A Look Ahead

BY CUSHING ANDERSON

Respondents to *Chief Learning Officer* magazine's Business Intelligence Board survey view the coming year with guarded optimism. Most of them acknowledge the threats posed by economic problems, but also see opportunities for improvement.

Training executives remain basically optimistic about the outlook for employee development in 2009, with 50 percent feeling more optimistic about 2009 compared to 2008. However, compared to the outlook for 2008, learning leaders are feeling less optimistic overall (Figure 1). About 25 percent are less optimistic regarding the coming year, whereas only 9 percent of respondents felt less optimistic about 2008 when asked last year.

The fact that a quarter of learning executives are feeling less optimistic shows a dramatic change in overall outlook. The reasons for dampened optimism come as no surprise: Sixty-seven percent of "less optimistic" respondents gave the troubled U.S. and global economies as the reason for their concerns. Participants cited cash-flow issues, credit problems and lower revenues due to the economic crisis as reasons why budget cuts in training programs are expected to follow in the coming year.

On the more optimistic side, there are a variety of reasons companies gave for an optimistic view of training and development in 2009. Many of these take a positive view of the economic situation, as well as challenges in hiring talent and the surge in boomer retirements.

With regard to the economic situation, one training executive expressed increased optimism due to a "when the going gets tough, the tough get going" mindset. "We all have to be more creative in troubled times like these," the respondent stated. Many training executives see opportunities for a higher utilization

of employee development programs as they strive to hire and retain talent and retrain workers to replace retiring company leaders.

Additionally, as seen in Figure 2, companies are expecting positive developments in the role training plays in their companies. Ninety-five percent of learning executives expect that training will be more aligned with company business objectives, while 84 percent believe that the perception of training in their companies will be higher.

And finally, 78 percent report that the quality of their training offerings will improve next year.

Impact of LMS and Knowledge Management Continues to Increase

The impact of learning activities from 2008 to 2009 shows shifts in rankings, though leadership training and competencies remain the top two choices (Figure 3). Beyond these two, there are some noteworthy changes. Informal learning is up four spots, while measurement (fourth place in 2008) is no longer in the top 10. (It landed at 11 this year.)

On the other hand, sales training made an appearance in the top 10 for 2009, although it did not in 2008. Sales training has increased in importance in light of the economy. As one executive put it, "In the tight economy, the performance of our sales team is the company's top priority. We are refocusing much of our efforts to drive productivity in the sales teams."

Key activities of significant impact continue to be:

- **Leadership:** Leadership development continues to be a hot-button issue as companies work to support corporate succession initiatives. Replacing key leaders in an organization has become more important in

DATA POINT

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Source: Chief Learning Officer Business Intelligence Board

FIGURE 1: OUTLOOK FOR EMPLOYEE DEVELOPMENT

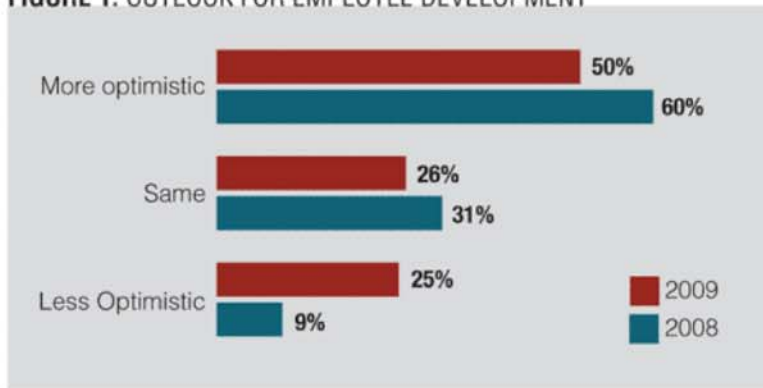


FIGURE 2: TRAINING IMPROVEMENTS IN 2009

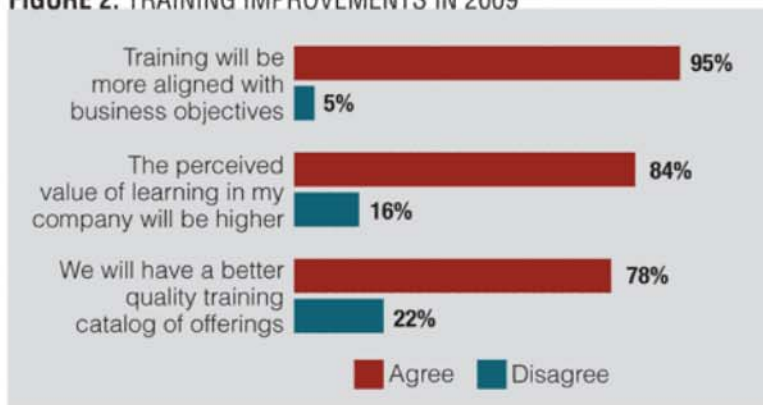


FIGURE 3: TOP 10 EXPECTED IMPACTFUL ACTIVITIES FOR 2009

RANKING	ACTIVITIES	RANKING COMPARED TO LAST YEAR
1	Leadership development	Up one
2	Competencies	Down one
3	Informal learning	Up four
4	Instructor-led training	Down one
5	Learning management systems	Up one
6	Self-paced e-learning	Up two
7	Knowledge management	Up three
8	Compliance training	Down three
9	Sales training	New in top 10
10	Succession planning	Down one

light of talent shortages and an aging workforce. Companies need a pool of employees from which to select leaders, and leadership training also is a way to retain valuable employees.

- Competencies:** Competencies have always been the backbone of training. Today, however, amid the shortage for talent, competencies have taken on greater significance. To address current and future vacancies, organizations are looking to competency models to identify skill gaps and develop the necessary skills internally.
- Informal learning:** Informal learning also has become a key activity and not only because of foreseeable economic hardships and formal training budgets cuts. Many companies see informal training as the model to aspire to as training becomes intrinsic to everyday interactions and work cultures. Companies see that most learning occurs informally and that action learning and collaboration are vital areas of a learning organization.
- LMS:** The LMS is potentially the single-most important learning technology investment for companies. It's up one spot from last year and four spots in terms of impact over the past two years. It is seen as "the infrastructure that drives learning," thus making training administration more efficient and reaching more people through e-learning and reusable, standard content. Companies also seem satisfied with their current LMSs: Only 32 percent reported they will be changing or acquiring a new LMS in 2009.

- **Knowledge management:** Knowledge management also continues a steady upward trend, up three this year, and up six spots over the past two years. As knowledge management captures processes, skills and context that are lost when employees leave the company, it is becoming more important given the retirement surge of aging baby boomers and as the “war for talent” continues.

Replacing key leaders in an organization has become more important in light of talent shortages and an aging workforce. Companies need a pool of employees from which to select leaders.

Outsourcing in 2009

Nearly all training strategies have an impact in some circumstances, and no training strategy is overwhelmingly ineffective. So readers should take the assertion that outsourcing will impact training least in 2009 with a grain of salt. In a time of increased outsourcing in many areas of business, this activity was cited by 10 percent of companies as the area with the least impact on training for 2009.

Part of the explanation for this showing is that only 5-10 percent of organizations outsource significant portions of their training organizations. This leaves 90-95 percent of organizations that will not see outsourcing as a meaningful activity.

In general, companies feel the loss of control in outsourced arrangements — particularly around content creation and delivery — disconnects training from the company’s overall vision and business strategy.

There also exists a sentiment that outsourced providers lack some subject matter expertise and provide a lower level of service than internal training departments. Only a quarter of companies report they will be outsourcing more of their training activities in 2009.

Social Networking Requires More and Less Attention

When asked which topics should be given more attention by the training industry, the top two

choices were knowledge management and informal learning. Given the high impact that these two activities have on training programs, this comes as no surprise. However, social networking was the third-place choice.

Conversely, when asked what topic is overhyped and should be given less attention by the training industry, wikis/blogs was the first choice, and social networking was second. An equal percentage of companies selected social networking as an item to be given more attention as those that selected it to be “dropped from the radar.”

For those companies that would like more attention paid to social networking, appealing to a younger generation of employees is a key factor in its importance. This ties directly to concerns over hiring talent and grooming the next generation of leaders.

Social networking also is seen as another avenue for high-impact informal learning and one that should be managed proactively rather than haphazardly. Companies are not yet fully convinced of social networking’s impact, but it’s pervasive in our culture, and many companies feel it should not be ignored.

On the flip side, those companies that see social networking as a topic to be given less attention believe it has “no real value” and is a “time waster.” These companies do not see social networking as an appropriate training medium. As a technology, it is not believed to be mature or structured enough to be effective in training.

Similar criticisms are aimed at wikis and blogs: The content is opinion-based rather than factual, and oftentimes — especially for blogs — it is ineffective since the structure is loose and finding content is difficult.

Predictions for 2009

Much about the upcoming year is uncertain, given the global economic environment, but 2009 will likely be a challenging year. Challenges from hiring and retirements will increase the importance of the training function, but only 41 percent expect budget increases, so training departments will have to do more with less.

Overall, companies believe the outlook for the learning function is similar to industries overall: It will be difficult, but there will be positive developments in the way organizations leverage and align learning, use tools and refocus on providing value to the organization. **CLO**

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