

E-Learning Market Update (Jan 09)

If you're responsible for a training budget, odds are you've had quite a sobering start to 2009. Training budgets are being scrutinised carefully along with all other budgets. ASTD's latest online survey (January 2009) of its members asked how their learning function was being affected by the current economic climate. The most common response (53% of respondents) was that they are being asked to do more with less. This month's market update looks at reducing training expenditure, how organisations are doing more with less and the longer term impact.

It appears that some vulnerable sectors such as retail and low margin businesses are cutting training budgets, and some are cutting training completely. The ASTD survey revealed:

- 35% of organisations have reduced their training budgets
- 49% of organisations have reduced training travel costs
- 28% have moved classroom courses to online courses
- 34% have frozen recruitment in training departments
- 13% have made training staff redundant

See below for the full ASTD survey results.

To add to the gloom, E-Learning Guild's latest pay report published in January 2009, also reveals that average e-learning salaries fell between 2007 and 2008.

Thus, there seems little doubt that the biggest challenge for learning professionals currently is doing more for less.

Business as usual?

More for less, that's just business. So says David Smith, managing director of talent and organisation performance at Accenture, who compares the current climate with the annual expectations in manufacturing where greater productivity is expected without increased investment in resources. However, budget cuts do not necessarily mean cuts in training, they mean that training is delivered in a more flexible way with greater use of technology. Susan

Varnadoe, president of Ninth House, says the recession is accelerating a change in training delivery, whereby organisations move from site-based training to a mobile, technology-enabled classroom.

Companies are reacting in different ways to reducing budgets. Some are delaying training, some are switching to e-learning, others are only delivering priority training needs and asking tough questions about the value of each and every training intervention. In some companies the priorities are training interventions that have a direct impact on generating revenue.

Reduced budgets may be here for some time. Bill Pelster, leader of Deloitte's human capital training and development practice, believes that it usually takes two years from the time a recession hits for training budgets to return to previous levels. "Training budgets are a lagging indicator," he says. "They come back in increments, not in one fell swoop."

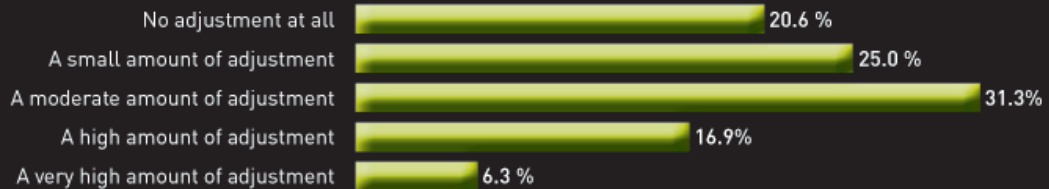
Kineo are about to launch a new report on **More for Less**, with practical advice on how learning teams can reduce costs and deliver more for less. This report examines ideas on how learning teams can deliver more for less. These include:

- Identifying learning priorities
- Developing more cost effective blends
- Reducing administration costs
- Improving fill rates
- Switching classroom training to e-learning
- Adopting rapid e-learning approaches
- Using free and open source learning software
- Effective procurement of learning
- Outsourcing opportunities

(This report will appear in a future newsletter.)

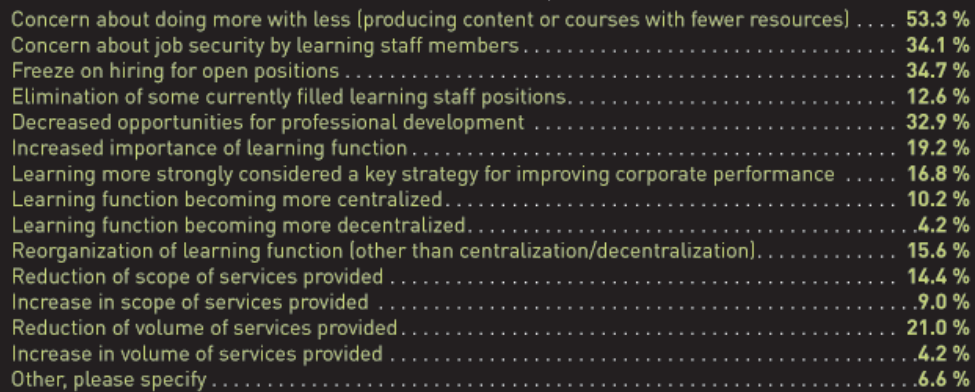
Training Budgets Under the Microscope

TO WHAT DEGREE HAS THE TURBULENT ECONOMY CAUSED YOUR LEARNING FUNCTION TO ADJUST THE TYPES AND AMOUNT OF TRAINING YOUR ORGANIZATION PROVIDES TO EMPLOYEES?



HOW HAS THE TURBULENT ECONOMY AFFECTED YOUR ORGANIZATION'S LEARNING FUNCTION?

(More than one answer permitted)



WHAT TYPES OF ADJUSTMENTS HAVE YOU MADE TO THE TYPES AND AMOUNT OF TRAINING YOUR ORGANIZATION PROVIDES TO EMPLOYEES? (More than one answer permitted)

