

## 10 Predictions for 2010 - Will it be the REAL Year for Change? (Jan 10)

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2009 was as challenging a year for the training industry as we've had in the past twenty. The good news is that it's over. Now it's time to get up, dust ourselves off, and begin the task of making 2010 the best that it can be.



As in previous years, the staff here at TrainingIndustry.com looked into our crystal ball to provide our annual predictions on how we see the training marketplace changing and performing in the upcoming year. Our intent is to provide a sense of visibility that helps you in strategic planning and decision-making on managing, developing and delivering training. We form these predictions based on our research, our industry knowledge and our ongoing communications with the buyers and suppliers of strategic training services. We believe our combined experiences give us insights into how corporate executives, training management and learning and technology suppliers are driving the market.

One important consideration when making predictions about the training market is to keep in mind the one constant from year to year – the amount of money corporate executives spend for training is based on their expected return on that investment. Many training professionals have made great strides in the past few years in making their case that training is more strategic and more worthy of investment for future programs. If you are one of those who have proven the worth and contributions of your training organizations, you may be able to exceed some of the levels of investment of other companies. If not, it could be another challenging year.

So here are our predictions for 2010:

### **1. Total spending for training services will increase by an estimated 6-8%.**

2009 experienced one of the steepest declines in training spend in the past 20 years. Our current estimate is that spending by North American companies reduced by more than 20% to a 10-year low of \$104B. The good news is we started to feel some upside activity in the fourth quarter of 09. This leads us to believe that 2010 will be better, but the growth won't be uniform across all industry verticals. Services such as custom content development will see renewed activity as well as training for sales and IT professionals. Don't expect huge increases fast though. We may be at least another couple of years before see spending levels that equal the banner years of 2006 and 2007.



## **2. Training department staffing will grow by a modest 2-4%.**

Everyone knows the job market for training professionals took a huge dip in the past couple of years. Corporate training organizations reduced full-time staff in administration, instructional design and delivery and training suppliers did the same. This means there is excess capacity of contract training professionals competing for projects. The good news is that training suppliers, especially some of the larger outsourcing suppliers, will be the first to start staffing professionals to manage contracts by the demand-side training organizations.

The reality is that the growth in full-time jobs will be slow. Remember that design and delivery are still considered variable activities, and many will continue to staff accordingly, with variable and flexible resources.

## **3. There will be more training outsourcing engagements, but the deals will be less complex.**

The awareness of corporate executives that training outsourcing service providers are becoming more efficient in their processes and reaching a state of maturity has them looking at BPO engagements more than ever. What is not growing is the idea that companies should completely outsource training in its entirety. The growth in training outsourcing engagements is in selective, functionally oriented business process outsourcing deals. The vast majority of deals are \$1-3 million per year and roughly 3-5 years in length. The deals are usually more process-focused, like outsourcing custom content development, training administration, and/or training delivery. The market for training BPO has been growing at a faster rate than the overall spending for all training activities. What this means is companies are reallocating their investments from internal to external staff. All indications are that this trend will continue for the next few years.

## **4. Learning leaders will focus on repositioning learning organizations for corporate growth.**

Last year we were all focused on consolidation, rationalization, and downsizing. Now many organizations are much leaner and are re-building their organizations with a clear goal of supporting future growth of the company. We can no longer be just about training, but we must be an active participant in the development of strategies to grow our companies. As part of that mission, expect to, and be sure to, solicit ideas and input from your business leaders, your team and your learners for new ways to manage organizational training. Listen attentively for real, radical change.



**5. Learning leaders will seek objective assessment of the training organization.**

Building on the previous prediction, the real, radical changes will require a strong knowledge of the training organization's abilities and capabilities. Learning leaders will be conducting – using both internal and external resources – objective assessments of their training department readiness. These objective assessments will help the corporate training executive better utilize current and future training resources and give the learning leader a deeper, broader understanding of their organizational flexibility and adaptability. Companies that make the most of these assessments will be those that are most willing to open themselves to an honest evaluation (warts and all). Expect to see more companies offering these services, but be sure to evaluate the service providers based on their body of knowledge, experience and talent.

**6. Learning portals will become the next big training technology solution.**

Just a few years ago, learning management systems were considered the most important learning technology investment a company could make. More recently, authoring and delivery platforms became even hotter. Now find a company that doesn't have multiple LMS/LCMS solutions and access to several authoring and delivery platforms. So now what's hot? The convergence of all of these technologies and platforms into an integrated easily accessed Learning Portal. The best portals will allow users to access all forms of learning content, courses, articles, case studies, publications and you name it, into an easily accessed and organized world. It uses all of the Web 2.0 technologies to allow learners to learn from other learners, and to share their knowledge in very informal ways. Training is quickly becoming more web savvy and focused on access of information. Expect to see more services and technology solutions that make managing the portal that much easier.

**7. Look for a greater emphasis on partnerships between corporate training services and community colleges.**

Community colleges have traditionally functioned as a business to consumer (student) institution where corporate services were a secondary offer of the school. Many community colleges in progressive markets are beginning to change the mindset of corporate training professionals, with one catalyst of this change being the influx of stimulus and grant money. More and more community colleges are recognizing they have assets that can be better leveraged to help businesses develop a workforce with the skills the business needs. Healthcare, biomedical, green technologies and biotechnology companies have and will

benefit greatly by the programs from community college corporate service groups. Expect to see community colleges become much more visible to the business community about their services.



#### **8. More companies will convert to project-based learning initiatives.**

With companies in general having a shallower pool of resources, training organizations will be leading a new focus on training that addresses the new staffing realities. With this in mind, look to see more of a focus on project-based learning initiatives, with training tied specifically to business objectives. What's more, expect to see the traditional model of launched-and-archived learning taking a backseat to project-based training. With that new project approach, once the training is completed, the need to maintain materials expires as well. This saves staff resources, expenses for re-engineering content and instructional design investments. Project-based learning, by definition, also ensures learning is tied completely and directly to the needs of the business.

#### **9. The creation of user-generated content will continue to grow.**

The availability, accessibility and acceptance of today's social media and other connectivity technology have changed learning in a very short time. You'll see those shifts continue, as changing workforce demographics, interests and abilities lead to training that not just makes use of collaborative learning, but relies on it. In order to make the most of this trend toward social learning, rich-media-based instructional materials and networked businesses, learning leaders will begin to earnestly focus both on the fostering of and management of user-generated content. Learning leaders will create opportunities for group learning, sharing and support through vehicles including webcasts, lunch-and-learn programs and social networks. Learning leaders also will have to monitor viral learning as it spreads throughout the organization, both to ensure the ongoing accuracy of shared information and to keep those user-spread lessons aligned with business needs.



#### **10. Expect a surge in M&A activity.**

In a downturn like we've recently seen, smaller-sized training companies struggle for profitability and often lack the capital to stay in business. This makes their potential for acquisition more appealing. Larger-size training suppliers have greater access to the capital markets that allow them to make strategic purchases. Larger companies will focus their attentions on acquisitions that allow them to gain access to new client relationships or markets and/or allow them to increase their capacities of specialized resources. Expect to see more announcements of training companies "rolling up" smaller content development and technology companies. Don't expect many of these "roll ups" to be focused on acquiring courseware.

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