WHITE PAPER

How to Eliminate Training Waste and Reap the Rewards

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INTRODUCTION

When sweeping budget cuts weave their way through the organization, training is one of the first to feel the heat. But that doesn't have to be the case. Training organizations must have the ability to eliminate waste and embrace operational efficiency.

This whitepaper pulls information from multiple sources, including: Expertus' **research** in conjunction with TrainngIndustry.com, high-level **roundtable discussions** with CLOs, live **webinar polls** and a decade of **industry insight**.

Almost every training professional is painfully aware of the ongoing struggle to justify the value of the training organization to senior management. Much of this justification is based on becoming more efficient. But the question remains. How? Training professionals are seeking ideas and real solutions on how to take the non-value-added cost out of the business and repurpose those dollars into initiatives that create more value. This ongoing battle and debate is nothing new, but in the face of recessionary economic pressures, the pain is more pronounced.

Over the last few months, Expertus, a global leader in fueling business growth through maximizing training investment, has delved deeply into the subject of costs in training organizations. Expertus engaged learning leaders in roundtable discussions in New York City and Washington D.C., fielded a national survey and confirmed the data and information in an interactive webinar. More than 25 top-level training professionals attended the

roundtables, approximately 113 learning leaders responded to the national survey, and more than 160 professionals attended and responded to polls during the hallmark webinar entitled, **"Nine Ways to Trim Operational Expenses to Fund Strategic Learning."** All of these activities culminated in a brain trust of hundreds of companies facing different—yet very similar—issues, and often unique approaches to the challenges.

THE RESEARCH

"92% admitted that executive management was sending the message to cut costs."

To frame the situation, we asked survey participants and webinar attendees: *How much external pressure have you experienced in the past year to reduce training costs?*

Training professionals almost unanimously responded that they're indeed feeling the pressure. In fact, only 8% were feeling no pressure at all. In varying degrees, 92% admitted that executive management was sending the message to cut costs.

From the audience response during the webinar, it appears that the pressure is somewhat in the middle range. Approximately 44% responded they felt significant pressure, 39% responded that they felt mild pressure, 9% indicated intense pressure and 8% felt no pressure at all. This mirrors the response from the survey, which revealed that 56% of professionals have felt at least significant pressure or more to reduce their training costs. (see chart for survey results).
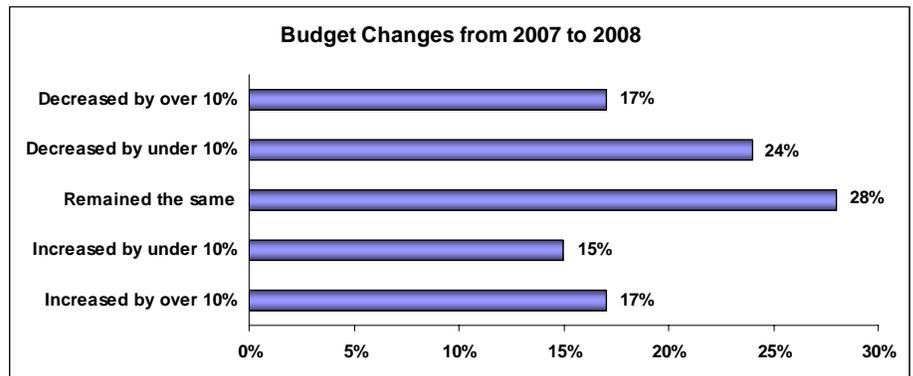
Level of Pressure to Reduce Costs

Category	Percentage
Intense pressure	13%
Significant pressure	41%
Mild pressure	37%
No pressure at all	9%
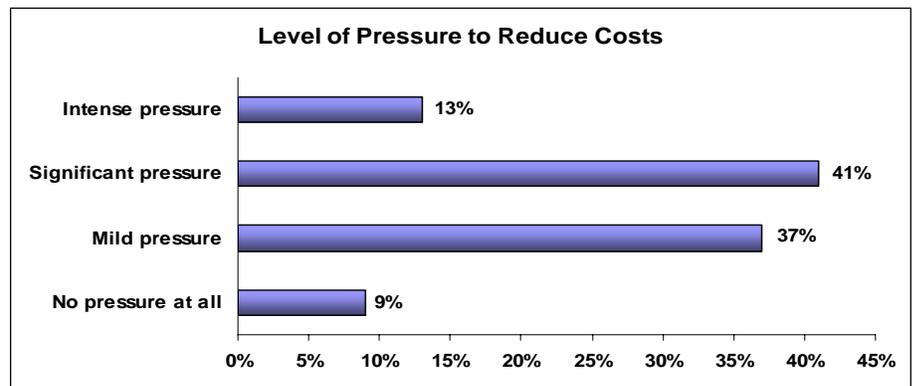
"It appears that administrative work and technology activities are providing the least impact on learners when compared to learning content and learning delivery."

How much has your training budget changed from 2007 to 2008?
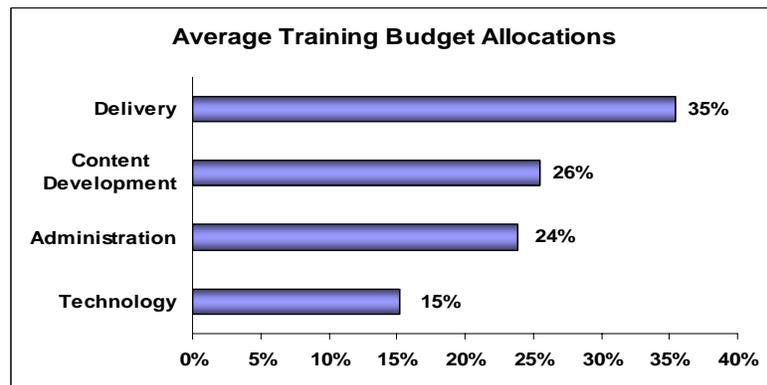
It's becoming more evident that the economy is changing. And when budgets change, so do expectations. Our survey results indicated that 70% of the budgets shifted in some capacity, underlining that there is an ongoing struggle regarding spending the right amount of money, spending it on the right things, and getting the right use and the right value for those dollars.

Roughly 40% of webinar poll respondents said that their budgets have decreased in the past year. Approximately 28% said they stayed relatively the same, while about 32% said they increased. The following chart outlines the results from the survey:

Budget Changes from 2007 to 2008

Category	Percentage
Decreased by over 10%	17%
Decreased by under 10%	24%
Remained the same	28%
Increased by under 10%	15%
Increased by over 10%	17%

How is the current budget being allocated?

Survey respondents indicated that 40% of their training budget is being spent on administrative work and technology, which generally would be considered by most training groups to be non-core services. These are activities that are providing the least impact—or certainly, the smallest direct impact on learners when compared to learning content and learning delivery.
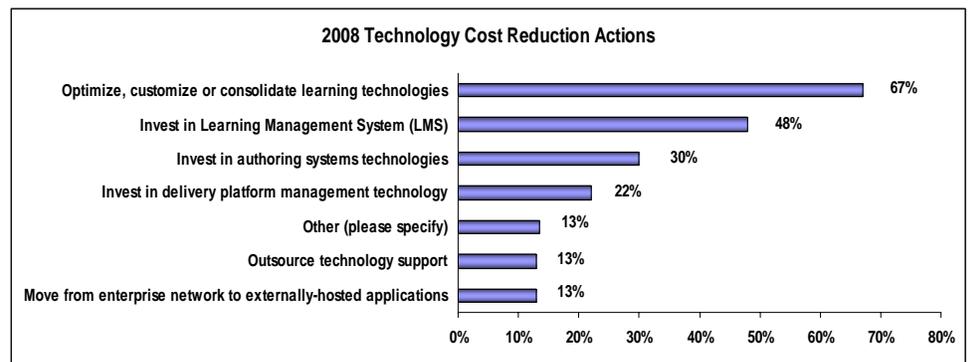
Average Training Budget Allocations

Category	Percentage
Delivery	35%
Content Development	26%
Administration	24%
Technology	15%

TIPS TO MAXIMIZE EFFICIENCY

"The leading challenge is deciding what to do with legacy data, while the second is how to meet the functional requirements of various groups within the organization."

The following nine tips address how to reduce the money spent in the administrative and technical areas of training groups, and how to improve efficiency. This, in turn, opens up the ability to take that money and invest it in other areas that hopefully can generate a better return. The majority of the survey takers were looking to decrease costs in the same areas. Number one among these was in optimizing, customizing and consolidating learning technologies—which happens to be Tip #1:

TIP #1: Consolidate and Centralize Learning Technologies

Expertus asked, **"Which of the following actions are you likely to take this year to reduce your technology costs within your training groups?"**

2008 Technology Cost Reduction Actions

Action	Percentage
Optimize, customize or consolidate learning technologies	67%
Invest in Learning Management System (LMS)	48%
Invest in authoring systems technologies	30%
Invest in delivery platform management technology	22%
Other (please specify)	13%
Outsource technology support	13%
Move from enterprise network to externally-hosted applications	13%

The survey and webinar poll respondents agreed that training leaders most often want to optimize, customize or consolidate learning technologies. By reducing the number of systems and simplifying infrastructure, there will be fewer system support requirements, less maintenance, fewer patches, fixes and upgrades, and fewer resource requirements. In addition to fewer people and skill sets, this all helps reduce costs. The result should be improved data success and easier reporting.

In Expertus' experience, there are two main challenges for organizations as they work to consolidate and centralize. The leading challenge is deciding what to do with legacy data, while the second is how to meet the functional requirements of various groups within the organization.

With regard to legacy data, there are several options. Assuming the ability to keep their legacy systems, companies can migrate their users to new systems and build data integration into the stable legacy systems. They can still access the data, but they don't necessarily have to go through a data migration effort. The other option is to go through that effort, which can entail significant data clean up. While it makes sense to conduct a data audit and some systems analysis to determine the stability of

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legacy systems, a viable option is to simply move data to the new system.

The second big challenge is in meeting the functional requirements of various groups across the organization. An increasing number of companies are leveraging newer technologies and approaches by building LMS functionality outside of their LMS, in the form of portal widgets. This approach allows organizations to bring LMS functionality and controlled access to a diverse learning audience with diverse needs.

By using standard API connections to push and pull data, organizations don't have to maintain customizations when upgrading. This also alleviates the need to manage multiple systems, such as one for the external audience and a different one for the internal audience. This approach uses all the data and the data infrastructure in one single system, providing an integrated data source that helps build learning-business intelligence.

TIP #2: Convert ILT to Blended or e-Learning

Based on the feedback from our research, one of the key strategies organizations are considering is converting instructor-led training to blended or e-learning. The obvious gains here are reductions in travel, facility, equipment, and trainer costs. However, organizations shouldn't just look to cut costs by reproducing and converting content from ILT to e-learning. They should also work to leverage the big benefits that e-learning provides—such as availability, reusability and effectiveness.

E-learning can be available 24/7, but organizations don't have to deliver all of their content as classic e-learning modules. Designed properly and broken into small, usable pieces, e-learning can be used for time-of-need training or performance support. Organizations should consider looking at small learning modules, even if it means just converting some of the content to reference materials, lists, diagrams, stories, or lessons learned. There's a great deal of value in having certain information available quickly, and in an easily digestible form. One consideration is to seriously evaluate whether to track the usage and access of all learning content.

One option may be to deploy some learning outside of the LMS. If you can't configure your LMS for quick and easy access, then put the content outside of it. Eliminating the need to track it will make it easier for learners to access and digest the content.

Expertus also asked: **"Which of the following actions are you likely to take in 2008 to reduce your delivery costs within your training organization?"** The survey responses were as follows:
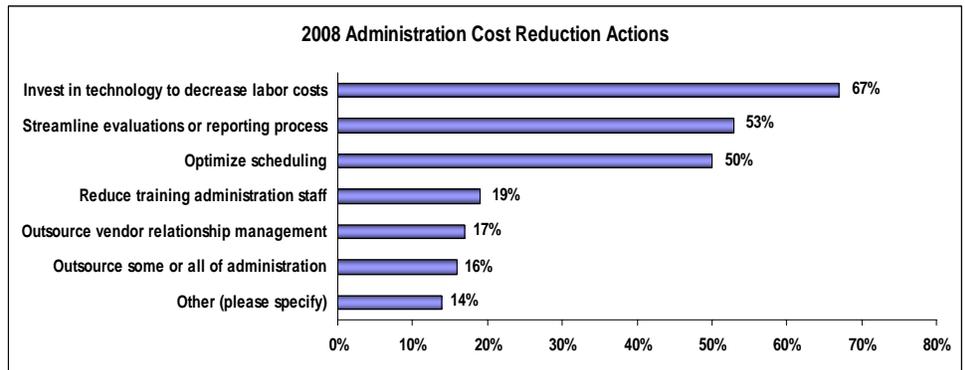
> *"One option may be to deploy some learning outside of the LMS. If you can't configure your LMS for quick and easy access, then put the content outside of it."*

2008 Delivery Cost Reduction Actions

Action	Percentage
Migrate from ILT to e-learning or blended learning	65%
Reduce travel & lodging	53%
Increase classroom fill rates	43%
Maximize use of training facilities	40%
Centralize training staff & support	32%
Outsource some or all of delivery	29%
Reduce instructor costs	22%
Consolidate delivery vendors	21%
Reduce catering	18%
Decrease training delivered	13%
Other (please specify)	11%

"Organizations today don't have to buy, implement and manage learning technology, now that a growing number of LMS providers offer their software as a hosted service."

TIP #3: Optimize Learning Technology Support and Administration

This tip refers to the human activity surrounding a learning system—namely, the administrative work going on within the training group. Software as a service plays an integral role here. Organizations today don't have to buy, implement and manage learning technology, now that a growing number of LMS providers offer their software as a hosted service. Security is not the issue today that it used to be. Because of this, an organization's learning can be made secure as well. In addition, organizations can consider third-party companies that host and help manage learning systems.

Today, there are organizations with teams of people dedicated to and focused solely on LMS support. These companies are training and managing their people to support various LMS systems. As such, they have experience with learning domains, best practices, proven processes and IT bandwidth—experience that often is lacking in many organizations.

This means that they're not just supporting your technology, but they can also bring with them significant expertise regarding learning management functionality. This helps drive process improvements in learning operations.

2008 Administration Cost Reduction Actions

Action	Percentage
Invest in technology to decrease labor costs	67%
Streamline evaluations or reporting process	53%
Optimize scheduling	50%
Reduce training administration staff	19%
Outsource vendor relationship management	17%
Outsource some or all of administration	16%
Other (please specify)	14%

"From a long-term perspective, there can be key cost and efficiency gains by simply improving internal processes as you work with your vendors."

TIP #4: Centralize Services, Not Processes

Distributed learning administration is notoriously inefficient. That's because there are multiple people in multiple groups completing the same tasks or transactions, but doing it in multiple ways. Various groups within an organization have differences in their processes and procedures, such as registration requirements or course description details. But often these process differences are driven more by structures or challenges within their skill set or lack of bandwidth. The resulting issues can be very costly, both in the short and long term.

Take as an example the process of uploading courses to an LMS. If an organization has various people doing a task, each in his or her own different way, generally training coordinators or training administrators will use their own course-naming scheme and their own course descriptions. The result is that it's difficult for users to find courses, and for managers to assign courses to their employees. This acts as a serious hindrance to auto-enrollment and competency management, and results in barriers to reusability.

By centralizing this service, an organization can protect each group or department's unique needs, while standardizing the important aspects of each of these individual processes and improving resource utilization.

TIP #5: Improve Vendor Management

There are certainly obvious benefits to implementing some type of vendor management program. Most of them are accomplished by simply reducing the number of vendors that organizations work with, but one of the key takeaways that we discovered was that a vendor management tool was necessary in order to improve how learning professionals interact and work with their vendors.

An example of this might be installing design and technology controls around e-learning content development. This means standardizing e-learning templates from a design perspective, as well as from a code and architecture perspective. This can help e-learning vendors speed up their turnaround times, trim costs, and improve the quality of e-learning. From a long-term perspective, there can be key cost and efficiency gains made simply by improving internal processes as you work with your vendors.

"The key driver is trying to build more business intelligence and more actionable information or data beyond just simple activity reports. This will make a world of difference when justifying a learning program to executives."

TIP #6: Optimize Learning Operations

The real keys to improving business processes are audits and documentation. A process audit helps determine exactly how a process is being done, and how differently each person is doing it. Once the audit is complete, it's important to document the internal process, which makes it easier to communicate the proper steps of each process to all necessary groups and individuals.

Expertus has discovered in working with organizations throughout the world—regardless of their size or scope—that there is a finite set of processes within each learning group. Auditing and documenting these processes is not as overwhelming as some may think, and is clearly well worth it.

TIP #7: Reporting—Produce Less Data and More Intelligence

In terms of reporting, cost and activity measurement is valid in some regards. But many learning leaders struggle in this area, feeling they're bringing to the executive table data that has limited strategic value. This includes such statistics as number of hours trained, number of people trained, and the number of training classes held.

In most cases, the challenge that these organizations are facing is their LMS reporting is limited to their LMS data, and the various pieces of data that they need in order to produce more valuable reports or more business intelligence are hiding in disconnected data sources.

One strategy is to work with the various business groups within the organization, because most of them can provide some valuable data on their group's performance. It's all going to be different, but some may have appropriate performance metrics, some might have quota attainment, and some might have evaluation-type data—all of which is valuable. Taking that and comparing it with the training that they've participated in may result in some type of reporting or intelligence.

The challenge is dealing with the disbursement of this data within disconnected systems. There are three main options: (1) Migrate data into a single system. (2) Build integrations to your various systems. However, organizations often have their assessment data within some type of assessment tool database (LMS, HRMS, etc.), and various groups might also have performance or evaluation-type systems. The challenge is how to gather all that data and build all those integrations. (3) Build data marts or something similar. This means putting all data into a single database, enabling you to build reports from there instead of tapping into various systems.

Again, the key driver here is trying to build more business intelligence and more actionable information or data beyond just simple activity reports. This will make a world of difference when justifying a learning program to executives.

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TIP #8: Optimize Training Resource Utilization

This tip is all about optimizing the utilization of classrooms, instructors, course materials and equipment. Based on our research and polling, it seems that a majority of training leaders are hoping to avoid a good portion of this by converting instructor-led training to e-learning. But as we know, there's a place in every learning program for a certain amount of instructor-led training.

Many organizations are perplexed by this issue because it's difficult to obtain the appropriate data. That's because they don't necessarily have the required measurements on classroom and instructor usage, course materials, equipment, and related statistics. This is commonly due to the fact that resources are being managed by various people across departments.

"If your value is not found in administration services or in technology management, then it might be a good idea to shed that work or find ways to seriously streamline it."

A key strategy here is to build or install the appropriate technology or data links and processes so that information can be tracked. This data can then be pulled in a more concerted fashion, rendering it more intelligent and capable of being evaluated and acted upon.

TIP #9: Run Your Training Organization Like a Business

This tip basically summarizes the previous eight. It's critical to identify your training organization's core skills and determine the true value to the company as a whole. If your value is not found in administration services or in technology management, then it might be a good idea to shed that work or find ways to seriously streamline it.

According to what we've learned with our research, administration is costing a significant portion—approximately 40%—of training budgets. Streamlining or shedding that work and redeploying a percentage of that budget to more valuable services provides a better return on investment to your organization and to the company as a whole. It will allow your organization to focus truly on your core value, which in most cases is designing and developing learning to help your company improve its performance and build a competitive advantage. One thing not to forget here is the importance of marketing; just because you built a program, it doesn't mean learners are going to come running to it.

The lingering question here is: *If you can improve the efficiency of your learning organization and drive down costs within your learning operations, where would you invest these savings?*

Based on our survey, the leading answer is to improve the quality of content. Also, it's clear that reporting measurement, analytics and metrics is an ongoing challenge and pain for training organizations; this is an area in which 57% of the learning professionals surveyed would invest, working to upgrade technology and improve its efficiency. At that point, 47% of respondents said that they would develop more content—which, most learning leaders agree, is where the real value in a training organization lies.

CONCLUSION

There's an ongoing demand in the training industry to do more with less. And in times of economic challenges, the added hardship and stress placed on the training organization is compounded. Cutting costs is all too often viewed as simply eliminating expenses, when in fact a more productive approach may just be to **eliminate waste**, **streamline processes** and **embrace efficiency**. Training leaders who take this perspective will achieve more, and will gain more respect from their senior leadership. The result is that more money will be found to improve and deliver better, more effective and more measurable training

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