

2008 Training Efficiency Masters Series

Survey Results

Training Efficiency: Optimizing Costs



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Survey Highlights

In early 2008, TrainingIndustry.com and Expertus partnered to produce the first of four surveys in the Training Efficiency Masters Series. We asked training leaders about the efficiency of their organizations, opportunities and plans to reduce costs, and how they plan to reinvest cost savings. The survey was completed by 113 training leaders whose companies vary by industry sector and organization size.

Key Findings

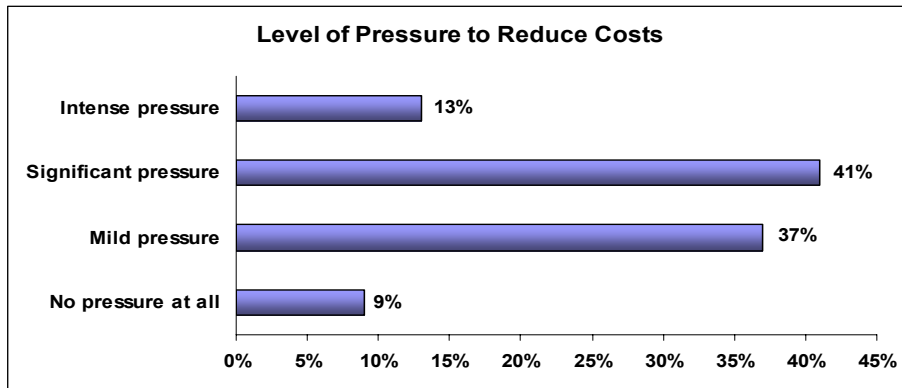
1. Cost reduction pressure is significant or intense among most training leaders (54%), resulting from expectations to expand training without additional revenue (60%), and/or from budget cuts (49%). Among those feeling intense pressure (13%), 80% feel budget cut pressure.
2. Among respondents, typical training budget allocations are as follows:
 - Delivery: 35%
 - Content Development: 26%
 - Administration: 24%
 - Technology: 15%

By far, training managers (46%) believe administration presents the best opportunity to cut costs and improve efficiency. Technology is the area that can least afford cost reductions, as training managers consistently look to technology as an investment through which they can reduce costs in other areas.

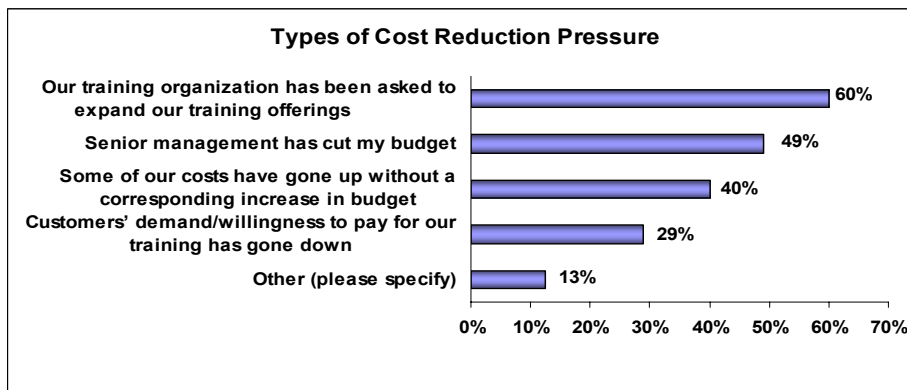
3. As a group, training leaders struggle to use advanced or business outcome-based metrics to communicate with senior management about the impact and efficiency of their operations. Only 23% of the respondents use these types of metrics, while the majority (62%) use learning metrics such as Kirkpatrick's Levels I-III and volume-based metrics to monitor the amount of training or learners.
4. Despite the lack of metrics to prioritize their own levels of efficiency, training leaders identified the following as the top ways to cut cost in each of the four budget areas.
 - Technology: Optimize, customize/consolidate learning technologies (67%)
 - Administration: Streamline evaluations or reporting process (53%)
 - Delivery: Reduce travel and lodging (53%)
 - Content Development: Increase use of content development software (46%)
5. The most popular actions training managers plan to take to reinvest cost savings are:
 - Improving the quality of content (65%)
 - Improving measurement and analytics capabilities (61%)
 - Upgrading technology (61%), specifically:
 - An LMS, authoring or delivery systems (70%)
 - Systems to reduce long-term administrative labor costs (67%)
 - E-learning or blended learning (65%)

Detailed Survey Results

1. Which of the following best describes the level of external pressure (e.g., outside your training organization) that you have experienced in the past year to reduce training costs?



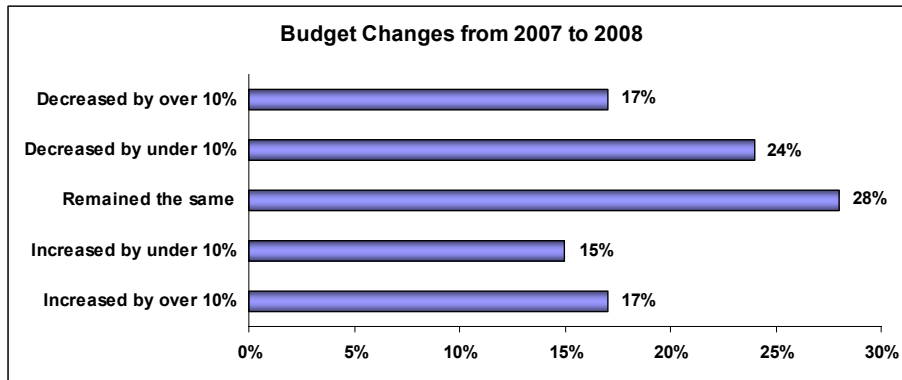
2. Please indicate which types of cost reduction pressures apply to your training organization. Check all that apply.



“Other” responses include:

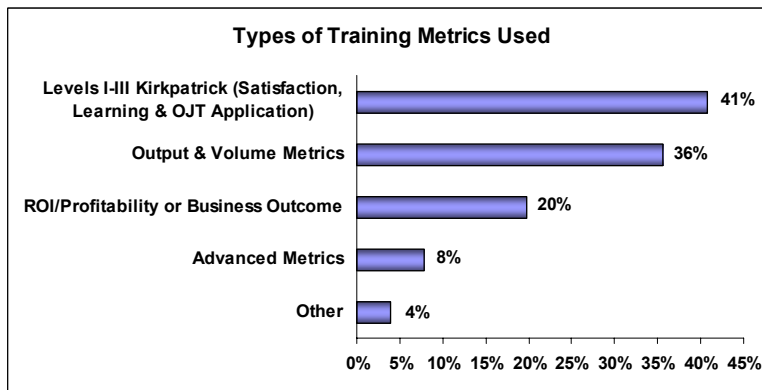
- Re-organized (2) and centralized L&D for efficiencies
- Lay offs
- Pressure to cut as other departments have cut
- Production cost reductions, but not training yet
- Our training organization has been asked to expedite our development process beyond the realm of possibility
- We haven't had to reduce our budget/None (2)

3. Please indicate the percentage increase or decrease in your 2008 training budget compared to your 2007 budget.



Interestingly, one respondent indicated that they “had the budget eliminated and have made it ‘pay as you go,’ scrutinizing everything that is requested except training supplies.”

4. What metrics do you use to measure the efficiency of your training processes?



NOTE: Below is a sample of typical write-in responses to Q4. Similar responses are grouped under the same bullet and separated by slashes. Nearly identical responses are represented as one response, followed by the number of respondents in parentheses (#).

A. Levels I – III Kirkpatrick: Satisfaction, Learning and On-the-Job Applications

- Level I: Employee or student satisfaction ratings (4) / Informal feedback / Feedback forms and surveys
- Level II: Pre and post testing assessments (5) / Gained knowledge / Evaluations
- Performance results in first 90 days
- Level III: Competency improvement / Process usage / Transfer of learning to workplace / Behavior changes / OJT performance (2) / Supervisor's evaluation / Performance evaluations/indicators (2)
- Customer feedback (2)

B. Output and Volume Metrics

Learner-Focused Volume Metrics

- # participants, attendees, students or employees trained (6)
- Training days per employee
- # hours completed or % training projects, courses or development plans completed

- ILT attendance, LMS & e-learning courses accessed and completed
- # offerings
- # classes per headcount
- Training delivered vs. planned (3)

Cost, Time or Resource-Related Metrics

- % cost recovery
- Training cost per student
- Duration of training / Time to finish training
- Frequency and time with attendee
- Average number of person-days of training delivered in a year

- Utilization models
- Employees per training hour
- Delivery hours per month/resource
- Training intervention per cost (or vice versa), learners by business audience

C. ROI/Profitability or Business Outcome Metrics

- Kirkpatrick Level IV
- Profitability / Revenue, margin
- Financial ROI / Financial (cost and revenue) / Impact on company results and sales / Money and resources saved

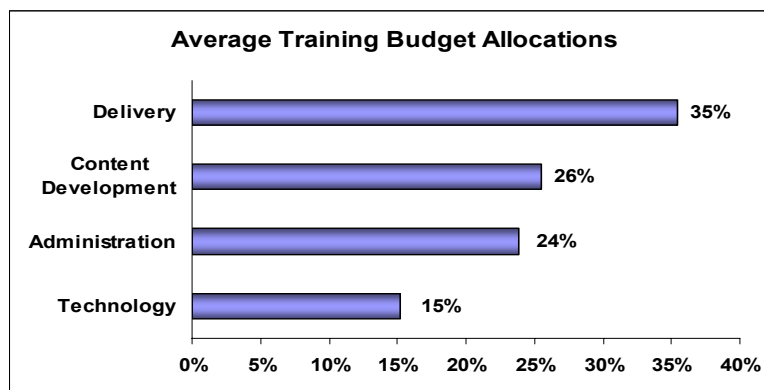
- Business impact metrics (2)
- Improved operational metrics / Reduction in work safety, less reliance on help desk / Reduction in incidents & production down time
- Retention (3) / Turnover & attrition (2)

D. Advanced Metrics

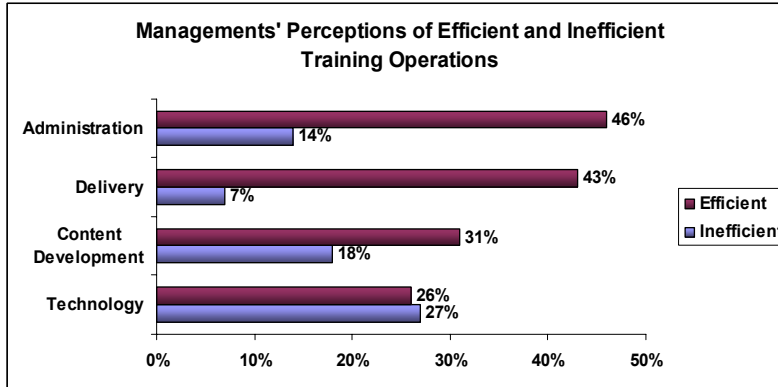
- Speed to productivity
- Time from hire to productivity
- Balanced Scorecard

- Six Sigma methodology
- Accenture Model
- Earned value management

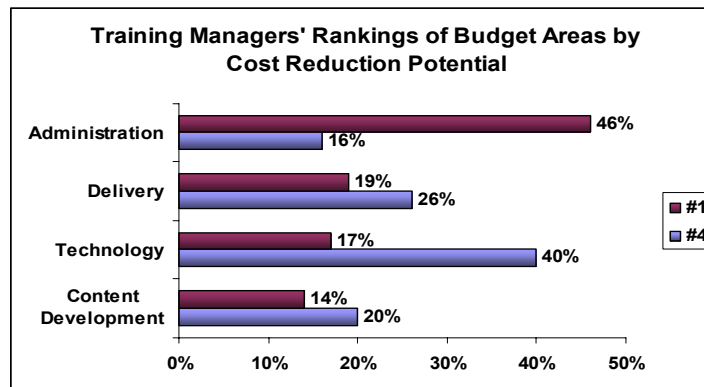
5. Please estimate what percent of your budget (including salaries in each area) is allocated to the following training categories.



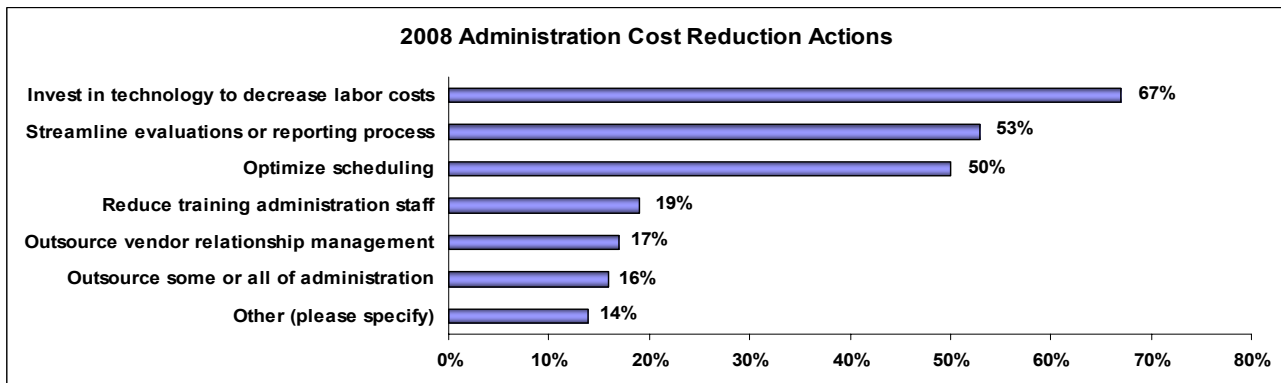
6. How does your management team perceive the efficiency of your training organization in each of these four areas? [Note: Percentage saying “Just about right/to be expected” is not charted.]



7. How would you rank these budget areas by their potential for cost reduction? You can only choose one ranking number (#1 to #4) for each budget category. [Note: Rankings #2 and #3 are not charted.]



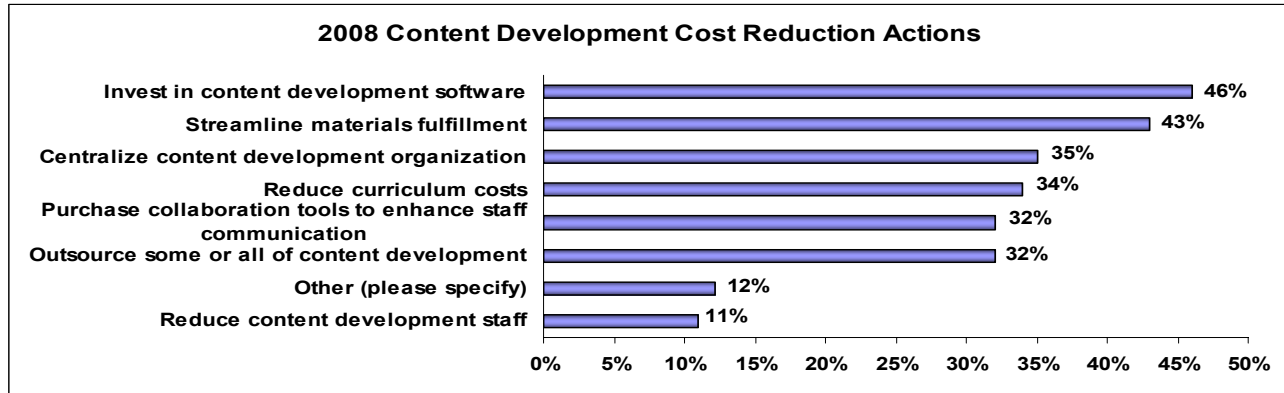
8. Which of the following additional actions are you likely to take in 2008 to reduce your *administration* costs within your training organization? Check all that apply.



“Other” responses include:

- LMS launch this year/ Change to new outsource vendor
- Reduce trainer and participants logistics and travel
- None (5)

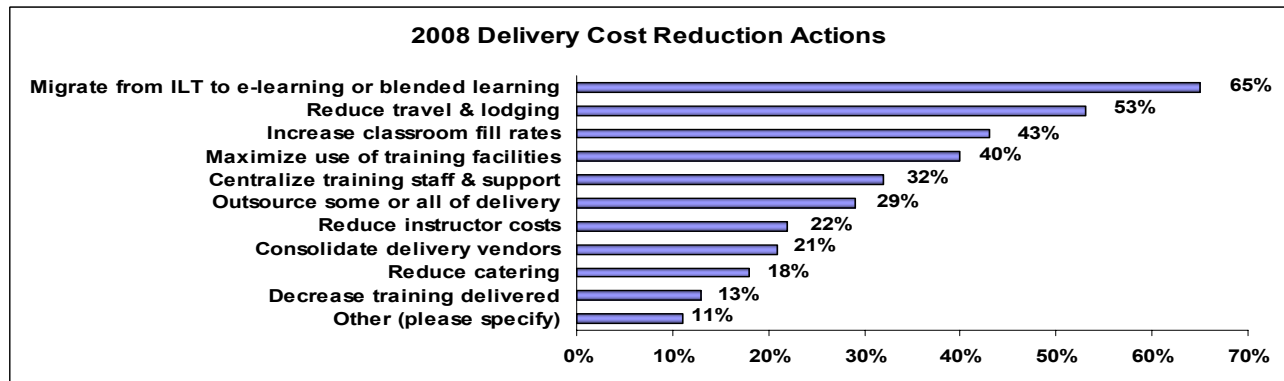
9. Which of the following additional actions are you likely to take in 2008 to reduce your *content development* costs within your training organization? Check all that apply.



“Other” responses include:

- Negotiate with vendors for better pricing
- "Do it yourself" in developing the contents whenever possible
- Not design or develop courseware
- Do not develop content / I don't have budget responsibility for Content Development / Do not currently spend significant amounts in development costs (3)
- We are in good shape for 2008 / none (3)

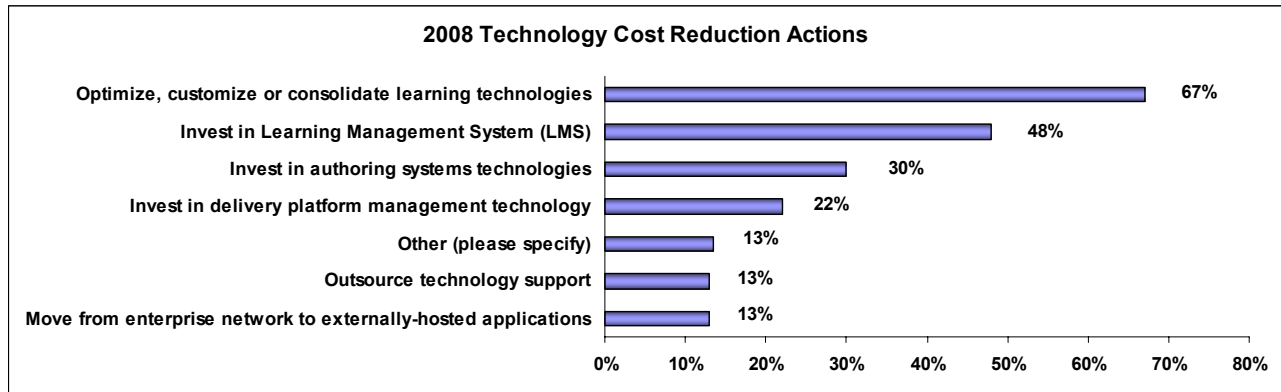
10. Which of the following additional actions are you likely to take in 2008 to reduce your *delivery* costs within your training organization? Check all that apply.



“Other” responses include:

- Better target actual needs vs. general offerings
- Reduce number of ILT courses/Blend instructor led with e-learning (2)/Increase the use of web-ex to deliver training and use video conferences
- LMS Launch
- Make serial sessions to reduce travelling costs
- None, costs are low /I don't have budget responsibility for delivery (2)

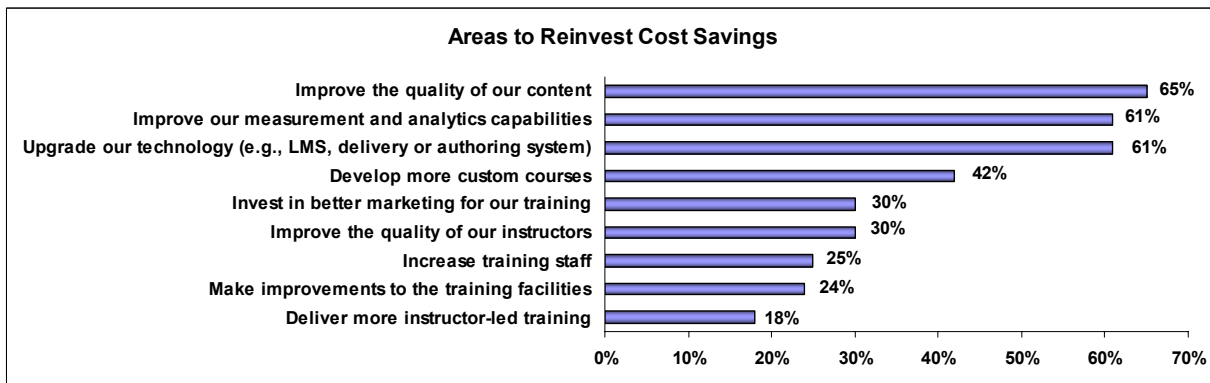
11. Which of the following additional actions are you likely to take in 2008 to reduce your *technology* costs within your training organization? Check all that apply.



“Other” responses include:

- Change LMS vendor
- Okay for 2008 / No reduction in technology costs likely / None / No action is planned (4) / I don't have budget responsibility for technology / Not in my budget Corporate IT is responsible (2)

12. If you were able to uncover cost reduction opportunities, in which of the following areas would you reinvest it? Check all that apply.



“Other” response included:

- Integration with talent management, competency development, and more e-learning development.

About Expertus

Expertus provides a variety of training outsourcing services for technology, administration, program management, and strategic initiatives. From implementing and managing LMS and learning-related technologies, to supporting major customer training initiatives, to seamlessly handling all aspects of training administration, Expertus has helped major companies such as NetApp, Cisco, ADP, EMC, Schlumberger, and Hyperion achieve efficiencies in corporate learning and development.

Expertus is headquartered in Mountain View, California and has offices in London, Newark, and Chennai, India. Its staff of highly trained business and technical consultants, content developers, and process specialists delivers to clients the experience, skills, and knowledge that have an immediate impact on learning initiatives.

For more information, go to www.expertus.com or contact Mike Murrell at 803-802-9971 or michaelm@expertus.com.

About TrainingIndustry.com

TrainingIndustry.com is an objective and trusted source committed to creating a more efficient marketplace for both buyers and suppliers of workplace training services. To do this, TrainingIndustry.com provides news, articles, and strategies, practices and processes through its learning community portals, webinars, conferences, publications and research. Through its communities, services and the industry knowledge of its staff and supporters, TrainingIndustry.com facilitates mutually beneficial partnerships between training suppliers and corporate executives.

For more information, go to www.trainingindustry.com or contact Tracy Hollister at 919-653-4994 or thollister@trainingindustry.com.

About This Research

The information and forecasts contained in this report reflect the research and studied opinions of Expertus and TrainingIndustry.com analysts.

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