TRANSFORMING LEARNING AND DEVELOPMENT
THROUGH TRAINING OUTSOURCING

By Simon Vuillaume & Wolfgang Stein

How can training outsourcing contribute to learning and development (l&d) transformation and performance? The primary motivation of L&D managers to opt for training outsourcing is cost savings. This is why the core offerings of many training outsourcing (TO) providers includes (1) standard training administration processes, (2) offshoring of training administration tasks, and (3) reduction of purchase costs (e.g., trainers, designers, learner management). Of course, TO providers propose a wider scope of services that includes consulting and support to assist organizations in defining and executing the L&D strategy.

Cost reduction is always on the L&D managers' agenda, but there are also other critical objectives that fall within their responsibility, such as:

º Improving the impact of learning on the business

º Reducing time to competency

º Expanding the global reach across the organization and external enterprise

º Fostering a genuine corporate learning culture

º Developing L&D's agility to keep up with the corporate strategy and with the day-to-day needs of the business, teams and individuals

º Taking advantage of learning technologies

With so much to consider, how do TO providers best meet the expectations of L&D managers today? How should TO providers adapt their value proposition?

In order to respond to these questions, the proposed approach estimates the potential impact of the TO provider both on the Total Cost of Ownership (TCO) and on the L&D performance. To illustrate, we will consider a typical large, multinational company where training is almost always delivered face-to-face by external trainers. The estimated TCO breakdown is summarized as follows:

º Trainers fees: 50 to 70%

º Training room and materials: 10 to 15%

º Governance, strategy, catalog management: 5 to 10%

º Training administration: 5 to 10%

º Travel: 5 to 10%

º Design and customization: 5 to 10%

º Learning technologies: Less than 5%

We have reviewed seven levers to improve L&D cost effectiveness:

TRADITIONAL TRAINING BPO LEVERS

1| **Competitive purchase:** This is the lever we think of first when considering the weight of a purchase in the L&D TCO, which includes trainer fees, design, room rental, travel, materials and licenses. Nevertheless, we can see that its impact is less important than often expected, especially compared to the rationalization of the training offering.

2| **Effective training administration:** It has several impacts on TCO, time to competency and learning culture: (1) Improving the sessions fill-rate from seven to 10 participants helps to organize less sessions, thus resulting in a 30 percent savings

on trainer fees and room rental, (2) Fulfilling the training needs more quickly means improving the time to competency while also having a positive impact on learning culture, and (3) The way the learners are managed can either improve their engagement, in turn, impacting their learning culture mindset, or it can decrease engagement, damaging the learner experience and the business impact.

ADDITIONAL L&D PERFORMANCE LEVERS

3| **Lean and international learning offerings:** Many large companies are becoming aware that their learning offerings are too abundant, not coherent enough to serve the population across their various business units and geographical locations, and they do not take advantage of the existing commercial off-the-shelf offerings available on the market.

As an example, a large company has reviewed the soft skills courses used in all its divisions and countries. They finally succeeded in cutting their number of courses from 1700 to only 12. There is a double benefit in such a rationalization, including (1) savings due to better session fill-rate, higher volume of purchase and less maintenance work on the catalog, and (2) stronger business impact as a result of high-value learning solutions made available worldwide.

The growing number of delivery formats as well as the multi-language factor is resulting in an exponential inflation of the design, customization and translation costs. The ability to re-use all of these learning objects is a key requirement for a cost effective, multi-modal and multi-language L&D approach.

4| **Blended learning:** The primary aim of blended learning is to reduce the proportion of in-room training and to improve the business impact of learning through the implementation of 70:20:10 and learning personalization principles. There are many examples where course duration has been cut from three to two days or from two to one days due to blended learning solutions that provide significant savings (e.g., trainer costs, room rental, travel, and participants' time off).

5| **Virtual classroom training:** Adopting virtual classroom training (VCT) results in dramatic cost savings on training rooms and travel expenses. Most importantly, VCT improves global reach, time to competency and learning culture by making learning available more frequently and to geographically dispersed workforces.

6| **Worldwide innovative learning ecosystem:** In the context of the ongoing L&D revolution, large international companies need to rely on a core team of genuine learning partners. They need to have strong capabilities in key areas regarding content, technology and delivery, and must be able to bring their clients a world-class blended learning offering in several key domains. Using this as the foundation, other providers can be employed as needed to form a solid learning ecosystem that fosters collaboration, innovation and transformation. This is the best way to quickly meet L&D manager's expectations regarding global reach and agility.

7| **Engaging training professionals:** Training is a people-focused business that not only involves the learners, but also the trainers, subject matter experts and instructional designers. The way you select, consider and manage these people makes a huge difference on the business impact of learning.

TAKEAWAYS

Training outsourcing can make a valuable contribution to L&D transformation and cost effectiveness. Blended learning solutions and rationalization of the training offering are key to reducing L&D TCO while improving its performance. Virtual classroom training is effective at improving the global reach and the learning culture as well as reducing the TCO. Quality of content and trainers are the main enablers of business impact and learning culture.

In regards to the evolution of the training outsourcing providers' value proposition, pure purchase cost killing and a more traditional BPO approach have limited impact. The Master Service Provider model is likely to be more effective than the Neutral Vendor model. ⟳

Simon Vuillaume is the international projects director at Cegos Group. Wolfgang Stein is the MTS manager at Cegos Group. Email Simon and Wolfgang.

> TRAINING OUTSOURCING CAN MAKE A VALUABLE CONTRIBUTION TO L&D TRANSFORMATION AND COST EFFECTIVENESS.