

Bringing Out The Learning

Kevin Lovell, Learning Strategy Director at KnowledgePool, examines the growth of outsourcing in learning & development, the benefits of 'managed learning' and what to look for in a supplier.

Outsourcing of Learning & Development (L&D) is not new. For years, organisations have used third party training providers to supplement their in-house capability - either to supply skills they don't have, or to provide top up resource to cope with peaks in demand. It works well and has many advantages, however we must be clearer about what we mean when we say 'outsourcing'.

In the IT sector, where there is a much more mature outsourcing market, an outsourcing partner will take on the management and ongoing responsibility for the client's IT - from day-to-day operation and problem resolution, to longer term strategic enhancements to the infrastructure. Outsourcing is a strategic decision, made with the expectation of realising measurable business benefits.

In HR, whilst a complete Business Process Outsource (BPO) is not unknown, it is much more likely that HR will outsource individual processes: payroll and recruitment are typical examples.

In comparison, the popular 'outsourcing' of training development and delivery could be more accurately described as tactical out-tasking: a short-term assignment of external resource for a specific purpose. Often there is no management of the task (certainly not at a strategic level) and it is not an ongoing service provision.

Progressive Approach

Although outsourcing of the entire L&D process is still unusual, a significant development in recent years has been the growth of selective outsource engagements. That is, handing over the running of certain elements of L&D to a specialist outsource (or managed service) provider. Examples of these elements are: training administration; supplier management; training needs analysis; and of course training design, development and delivery.

At KnowledgePool, we use the term 'Managed Learning Service' to describe this kind of outsourcing service, which we deliver to organisations such as Merrill Lynch, Fujitsu Services, British Airways and the Home Office.

It's a significant step beyond the short term out-tasking of training development and delivery, in that it encompasses the ongoing responsibility and management of day-to-day activity as well as strategic improvements, but it's smaller in scope than a full L&D process outsource.

We estimate that the outsourced L&D market in the UK is worth around £150m. IDC estimate that this market is growing at 8.7% per year across EMEA region.

A typical entry point for many organisations is the outsourcing of training administration, which is often related to the introduction of consistent and standardised processes for managing and booking training events. Our experience of clients adopting such a service is that over time they progressively increase the scope of these outsource engagements, to include areas such as supplier management.

Why Is This Attractive?

Many large organisations have evolved complex L&D functions - whether through organic growth or by acquisition - such that the learning is managed by different teams in different parts of the organisation, using different processes and often recording the learning activity on different systems.

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We are also noting a tension in L&D. On one hand L&D is being asked to operate more strategically, to align tightly with the business, respond to their people development needs and deliver tangible business benefit. On the other, L&D teams are preoccupied with the essential but demanding tasks of making training happen: arranging trainers and rooms, booking delegates, recording evaluations, and so on. At the same time, consolidated data on volumes and spend is hard to find - L&D heads are finding it hard to measure the quality and true cost of learning provision.

In this context, a managed learning service can offer a compelling case to support standardised processes, more efficient working through the use of shared resources and specialised technology and, of course, cost savings. It offers organisations a low risk way of increasing capacity - or for accommodating fluctuating workloads - without the responsibilities of recruiting and managing staff or administering associated systems. Our experience is that even a partial outsource of the learning function can deliver substantial efficiencies and cost savings of around 20%, without compromising on quality.

But there is another reason. We recently surveyed senior L&D practitioners from large UK organisations. Our research shows that:

- 59% believe that outsourcing can help their team to focus on more strategic tasks and redeploy existing staff
- 54% say they would consider outsourcing because they lack the required internal resource
- Only 31% claim they would consider outsourcing to reduce the size of their L&D team

In other words, outsourcing offers a means to reduce the tension I alluded to above. It deals with the tasks that are swallowing up your resource, which frees up your team to address the strategic issues which you're currently unable to tackle.

More Strategic L&D

So, rather than looking to downsize, most L&D teams want to redeploy staff currently tied up with administration, onto higher value tasks. This reflects the shift from L&D as a fulfilment-oriented operation to one that is a business-led consultancy operation.

There's little doubt that L&D practitioners have a genuine desire to improve the way they work. They want to address the strategic issues that will close the skills gap; work more closely with the business units; align learning more tightly with business needs; identify the most effective learning methods; facilitate better informal learning and improve evaluation to demonstrate business benefit.

“the skills and motivation to take on more strategic work”

However this may be misunderstood, as most L&D teams are working flat out to deliver learning. What really drags them down is the huge administrative workload involved in finding the right courses. All too often, highly capable people are engaged in these repetitive, labour-intensive, yet very necessary tasks. In our experience, L&D teams usually have the skills and motivation to take on more strategic work, unfortunately doing so means diverting already stretched resources away from making learning happen.

Training Administration

From our research, 39% of organisations expect to see an increased interest in outsourced learning and our survey shows that training administration is L&D's top priority for outsourcing.

Although only three per cent of large organisations currently outsource training administration, 31% say they will consider outsourcing it within two years, that's an increase of 900% on current levels. This was in marked contrast to the outsourcing of other activities such as LMS operation, project management, strategy and needs analysis, which remained flat at around 5-10%.

Managed Learning Service Providers

A major factor in the growth of L&D outsourcing is the evolution of specialist Managed Learning Service providers - companies with expertise in L&D as well as business process outsourcing, who can offer more efficient ways of working, using technology and shared service operations. These companies employ professional teams including consultants, designers, supplier managers, administrators, technologists and project managers.

Many established training companies offer managed services, whose solutions are dominated by their own products. Alternatively, an emerging breed of vendor-independent providers offer training from a wide range of suppliers (from international training companies to individual trainers, coaches and consultants). This avoids the conflict of interest which can be created by a provider who has a vested interest in recommending its own products. Instead, vendor-independent providers are free to find the best solution for each client's needs, from the best source.

Vendor-independent providers also offer greater choice. For example, at KnowledgePool we offer products and services from over 200 different training companies and our core catalogue (compiled from our top 30 suppliers)

contains over 10,000 courses. Our clients can access these courses either via their own learning management system or else directly through our portal, which automatically manages the administration of their booking, including the post-event evaluations.

The issue of improved vendor management is important because a large L&D team will use hundreds of training suppliers. As well as managing the day-to-day relationship with these suppliers, a managed learning service provider should be able to deliver accurate cost and quality measures for every learning intervention. They can also consolidate invoices so you have a single invoice to deal with, rather than one for every course you've booked.

Month by month, the resultant management information should help the L&D team to make better informed supplier selection decisions. Our experience is that careful supplier selection can reduce external costs by up to 42%.

Choosing A Managed Learning Service Provider

In our survey, we asked L&D teams what they wanted in a managed learning service provider. The results show they want a credible learning specialist who can implement their service quickly, without disruption; one who understands their industry and is able to work effectively to service level agreements.

Some L&D heads have concerns about relinquishing aspects of learning to an external provider - they fear that this may lead to job cuts, a loss of control or a change in culture. This is understandable but our experience shows that outsourcing can and does work, however it must be a partnership, with commitment and trust on both sides. As a client, you must feel able to work with a provider to agree realistic outcomes and set the right expectations.

If your organisation is considering appointing a Managed Learning Service provider, I recommend visiting organisations who have already adopted such a service and asking the following questions about their provider:

- Do they have proven experience in delivering managed learning services?
- Are they up-to-date with best practice and the latest thinking in learning and development?
- Do they understand your business and the learning required to support it?

- Can they deliver a service to an agreed Service Level Agreement?
- Will they give you access to a sufficiently broad range of suppliers and products to deliver the service you need?
- Do they provide value-added services such as evaluation and supplier management?
- Can they provide comprehensive and accurate management information?
- Do they have the ability to take your learning provision forward in the future?

When considering a provider, ask yourself: can we work closely with them and do we think they will work closely with us?

If you are clear on your objectives, there's every chance you will find the right provider who can help you to increase efficiency, reduce costs without compromising quality, improve control over the purchase of training services, improve management information, gain access to external industry knowledge and allow you to reallocate your L&D resources onto more strategic activities.

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