The Lay of the Land in Corporate Training and Education

July 14, 2009

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About Us

• Who We Are

  Bersin & Associates is an industry research and advisory services company dedicated to helping organizations implement enterprise learning and talent management strategies for business performance improvement.

• Research Areas

  • Enterprise Learning
  • Learning Technology
  • Informal Learning
  • Leadership Development
  • Executive Development
  • Performance Management
  • Career and Succession Management
  • Workforce Planning
  • Sourcing and Recruiting
  • Talent Management Systems
  • Talent Strategy

• Offerings

  • In-Depth Studies and Reports
  • Research Memberships
  • Advisory Consulting
  • Benchmarking
  • Workshops
Our Clients

- 350 Corporate Members
- Executives in HR, Training, Leadership Development
- 65% of F100
- Major industries
  - Fin Services
  - Health Care
  - Manufacturing
  - Consumer Products
  - Retail
  - Oil and Gas
  - Technology

Bersin & Associates Research Membership

- Industry Research
- Networking
- Decision support
- Benchmarking
- Strategic Advisory Consulting

For more information:
http://www.bersin.com/membership

Or send an email: info@bersin.com
Agenda

- Corporate Training Trends for 2009
- Informal, Collaborative, & Self Publishing
- Executive Education
- What’s Missing in the Market?

Today’s Business Climate

Rapid, Transformational Change

IBM Global CEO Study Shows Businesses are Falling Behind
- 83% of CEOs believe their markets are undergoing transformational change
- Only 61% feel ready for these changes, for a change gap of 22%
- The three biggest drivers of this change are external markets, technology, and people – with people being as highly rated as technology

People Challenges are Performance, Leadership, and Learning
- Single biggest people challenge in organizations is the ability to create engagement and performance-driven culture (71%)
- Second biggest is ability to create and sustain a strong leadership pipeline (67%)
- Third is need to reskill employees for rapid changes in products and services, leading to stress on talent mobility and learning (57%)

HR and L&D are Not Keeping Up
- Biggest complaint from CEOs and business leaders is HR and L&D leaders inability to fully understand and impact the business
- Despite tremendous investments in talent management, 53% of executives believe their organization does not have a clear HR or L&D strategy
- 38% of HR and L&D staff do not believe they have the executive leadership to fully implement their own strategies
We Know that Talent and Learning Investments Do Matter

- Integrated and Strategic Talent Management is one of the most proven tools to responding to rapid business change. Specifically, our research shows that companies with mature talent strategies benefit greatly:
  - 26% higher revenue per employee
  - 28% less likely to have downsized during 2008-2009
  - 40% lower turnover among high performers
  - 17% lower overall voluntary turnover
  - 87% greater ability to “hire the best people”
  - 156% greater ability to “develop great leaders”
  - 92% greater ability to “respond to changing economic conditions”
  - 144% greater ability to “plan for future workforce needs”

Cuts in L&D Budgets

In 2008, organizations spent $1,075 per learner, 11% less than in 2007.
Reallocation of Training Budgets
Leadership development dropped from 21% to 17% of spending.

<table>
<thead>
<tr>
<th>Category</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professions / Industry-Specific</td>
<td>21%</td>
<td>15%</td>
</tr>
<tr>
<td>Mandatory / Compliance</td>
<td>14%</td>
<td>15%</td>
</tr>
<tr>
<td>Sales Training</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Management / Supervisory</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>Interpersonal / Soft Skills</td>
<td>16%</td>
<td>9%</td>
</tr>
<tr>
<td>Executive Development</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Structure and Governance in a downturn

- Organizations are moving toward a greater centralization of learning functions with support resources towards the business units
- Can functions (and hence costs) be consolidated amongst training groups?
  - Technology
  - Content vendors & contracts
  - Content development
  - Operational and administrative resources
Organization: Centralized Model

- Corporate Training Function
  - Enterprise-wide programs
  - Central budget authority
  - Shared services
  - Content development team
  - Delivery team
  - Administrative services

Organization: Federated Model

- Corporate Training Function
  - Corporate programs only
  - Minimal shared services
  - Limited budget and headcount
  - Only corporate content
  - Small staff
  - Local teams report to local business unit with local budget and local delivery
Agenda

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- Informal, Collaborative, & Self Publishing
- Executive Education
- What’s Missing in the Market?

Technology
Easy-to-Use, Always On, Everywhere
Decline in Formal Training

Learners averaged 17.2 hours in 2008, down from 2006 and 2007.

<table>
<thead>
<tr>
<th>Category</th>
<th>2008</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>All companies</td>
<td>17.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small (&lt;100,000 employees)</td>
<td>16.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Midsize (1,000-9,999 employees)</td>
<td>18.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large (10,000+ employees)</td>
<td>25.7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Growth in Social Networking Tools

Use of Communities of Practice has doubled in the last year.

<table>
<thead>
<tr>
<th>Category</th>
<th>2008</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>All companies</td>
<td>22%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small (&lt;100,000 employees)</td>
<td>22%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Midsize (1,000-9,999 employees)</td>
<td>24%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large (10,000+ employees)</td>
<td>27%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Formalize Informal Learning

We need to optimize this

- Coaching On the Job, 70%
- Information In Support of Work, 20%
- Formal Training, 10%

Not just this

Value of Formal Learning vs Spending

Which of the following do you believe have the greatest learning impact for workers in your organizations (top 2)?

<table>
<thead>
<tr>
<th>Resource</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal Training/Education - Company Provided</td>
<td>28.4%</td>
</tr>
<tr>
<td>Formal Training/Education - Other Sources</td>
<td>8.0%</td>
</tr>
<tr>
<td>On the Job Performance/Experience</td>
<td>59.8%</td>
</tr>
<tr>
<td>OJT Development Programs such as…</td>
<td>36.0%</td>
</tr>
<tr>
<td>Coaching By Direct Supervisors</td>
<td>33.4%</td>
</tr>
<tr>
<td>Peers, Friends, and Personal Networks</td>
<td>14.0%</td>
</tr>
<tr>
<td>User Generated Content</td>
<td>4.2%</td>
</tr>
<tr>
<td>Corp Communications or Documentation</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

Resourced devoted to formal learning 67%

Modern L&D Research
© Bersin, 2009, 1000+ respondents
www.bersin.com
Formalize Informal Learning

Structured Coaching

- Formalized Informal Learning
- Structured coaching for management, leadership, sales and customer service
- Competency-based
- Delivered at all levels of the organization
- Very effective and easy to measure
Approaches Learning Portals

What I need to know right now.
What skills and competencies I need.
Who I can ask for help.
It’s all about me. My job. My role. My assignment.

Agenda

- Corporate Training Trends for 2009 (spending, governance, talent mgmt,
- Informal, Collaborative,& Self Publishing
- Executive Education
- What’s Missing in the Market?
Research Approach

- In-depth interviews with more than 15 managers responsible for enterprise executive development at various businesses;
- A quantitative survey by over 80 executive development managers identifying business drivers, business challenges and trends in executive development.

Executive Education Defined

Executive education is the process of building the leadership competencies and general management capabilities of senior leaders, focused on enabling them to lead the organization and drive long-term sustainable growth.

Executive development should be a part of a company’s overall leadership development strategy.
Key Findings

1. In high impact organizations, the Board of Directors are engaged in executive development
2. The #1 challenge in executive development is alignment with the business strategy
3. CEOs are not sufficiently involved in executive development
4. Executive education is more effective with an integrated and well funded leadership development program

Key Findings

5. The #1 benefit of executive development is building bench strength
6. One hundred percent of organizations in this study use “mentoring or coaching others” as a form of development for executives
7. Global/Expatriate assignments are woefully lacking as a form of experiential or on-the-job executive development
8. Excellent executive development must be personalized to the role and individual.
Textron – Customized per Mgmt Level

Challenges for Executive Education
Average Expenditure Per Executive

<table>
<thead>
<tr>
<th>Amount Spent</th>
<th>Percent of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 - $10,000</td>
<td>36%</td>
</tr>
<tr>
<td>$10,001 - $20,000</td>
<td>17%</td>
</tr>
<tr>
<td>$20,001 - $30,000</td>
<td>2%</td>
</tr>
<tr>
<td>$30,001 - $40,000</td>
<td>1%</td>
</tr>
<tr>
<td>$40,001 - $50,000</td>
<td>0%</td>
</tr>
<tr>
<td>$50,001 - $60,000</td>
<td>1%</td>
</tr>
</tbody>
</table>

Average Spend: $11,765/year

Source: Bersin & Associates 2008

Executive vice president; • Vice president; • Executive director; • Partner; • Senior partner; and, • Any “C” title

Delivery Approaches

<table>
<thead>
<tr>
<th>Learning and Delivery Techniques</th>
<th>Percent of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructor-led, Classroom</td>
<td>86%</td>
</tr>
<tr>
<td>Self-Assessments</td>
<td>79%</td>
</tr>
<tr>
<td>Coaching</td>
<td>71%</td>
</tr>
<tr>
<td>360-Degree Feedback</td>
<td>70%</td>
</tr>
<tr>
<td>Action Learning</td>
<td>57%</td>
</tr>
<tr>
<td>Mentoring</td>
<td>57%</td>
</tr>
<tr>
<td>Self-Study e-Learning</td>
<td>36%</td>
</tr>
<tr>
<td>Simulations</td>
<td>22%</td>
</tr>
<tr>
<td>Virtual Collaboration</td>
<td>14%</td>
</tr>
<tr>
<td>Fitness / Health Assessment</td>
<td>13%</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>4%</td>
</tr>
</tbody>
</table>

Diverse Delivery Combinations

Agenda

- Corporate Training Trends for 2009 (spending, governance, talent mgmt,
- Collaborative Learning & Self Publishing
- Executive Education
- What’s Missing in the Market?
Leadership Development Market Research

Late 2008 Study to Identify Characteristics of Leadership Development Market

- Respondent profile
  - 281 qualified respondents involved in the strategy/development of leadership programs
  - Largest industry distribution
    - Health care: 14%
    - Manufacturing: 10%
    - Banking/Finance: 10%
  - Company sizes
    - 100 – 1,000 employees: 27%
    - 1,000 – 10,000 employees: 35%
    - 10,001+ employees: 39%

- Qualitative Interviews
  - With 10 leadership program managers

Key Findings

1. **Online** training methods becoming more widely adopted with high levels of interest
   - 60% use self study (38% would like to)
   - 51% use online classrooms (48% would like to)
   - 27% use social networking (50% would like to)
   - 58% reported an increase of online components over the last two years

2. **Blended** programs consistently viewed as more effective than online self study – 51% indicated

3. **Career development** poorly managed but has big potential
   - Only 12% have widely adopted career development processes

4. **Customization** a mandatory requirement
   - 76% indicated that customization is a top requirement
Key Findings

5. The majority of expenditures go toward **commercial corporate providers**
   - Online degree and business school providers have low penetration into corporate marketplace
   - Outsourcing widely used
   - Program customization and measurement solutions key requirements for vendor selection

6. **Program “follow up”** appears to be biggest **unmet** need
   - Coaching/feedback
   - Measuring accountability and impact

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Vendor Selection Criteria

[Bar chart showing customization, measurement, full service, etc., with customization being the highest rated at 78%]

**Question #23**
If you could select a “strategic” training vendor to assist you with your organization's leadership development program, what would be the top 3 selection criteria? (Select only 3)

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Vendor Credibility

Question #24
Using your own judgment, rank the importance of each of the following as it pertains to vendor CREDIBILITY. (Scale: 5 = Very credible, 1 = Not at all credible)

Commercial Learning Providers

Question #25: Select all of the learning providers below that you are currently using or have used in the last TWO YEARS for leadership?

Note: All others less than 10% of mentions
A Market of Custom Solutions
Solution format used most often for leadership programs

- Pure Off-the-Shelf, 2%
- Off the Shelf with Little Customization, 26%
- Off the shelf with extensive customization, 40%
- Fully Customized, 32%

More than 70% of companies customize a lot or all of their programs

Business Alignment Drives Need for Customization

- Business strategy alignment: 63%
- Company-specific Content: 52%
- Assessments: 28%
- Management practices: 24%
- Integrating business processes: 22%
- Delivery approach/methodology: 22%
- Facilitator Fit: 22%
- Tailor to Needs Analysis: 22%
- Onboarding Facilitator: 15%
- Company name and logo: 11%
- Cultural & language requirements: 9%

Strategy Alignment, Company-specific Content Most Important
Online Delivery Best When Blended
When is Online Most Effective?

- Part of Blended Strategy: 51%
- Timely and Relevant: 42%
- Dispersed Workforce: 34%
- Engaging: 31%
- Culturally Acceptable: 18%
- For Lower-Level Leaders: 16%
- Computer Literate End-Users: 6%

Flexibility Will Increase Vendor Appeal

- Flexibility: 62%
- Breadth of content: 36%
- Relevance of customers: 33%
- Established/well known: 29%
- Scalability: 26%
- Market experience: 24%
- Breadth of services: 19%

Top 3 Factors:
1. Flexibility
2. Breadth of Content
3. Relevance of Customers
Types of Leadership Solution Providers

- Business Schools & Universities
  - Harvard
  - CCL
- Large Learning Organizations
  - DDI
  - BlessingWhite
- Small, Boutique Firms
  - IAG
  - Targeted Learning
- Specialized Vendors
  - Fierce
  - BTS
- Consulting Firms / Individual Consultants
  - Heidrick & Struggles
  - Senn Delaney

Leadership Vendor MarketMap®

Market Experience vs. Breadth of Services

<table>
<thead>
<tr>
<th>Market Experience</th>
<th>Based on Number of Additional Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 3000 Customers</td>
<td>0</td>
</tr>
<tr>
<td>1000 - 2999 Customers</td>
<td>Ken Blanchard</td>
</tr>
<tr>
<td>100 - 999 Customers</td>
<td>LeaderPoint</td>
</tr>
<tr>
<td>Less than 100 Customers</td>
<td>eCornel</td>
</tr>
</tbody>
</table>

Leadership Courses only

Breadth of Services

Variety of Other Services
Please indicate (a) how effective the leadership market is in the following areas, and then (b) rate the importance of these areas to leadership development in your organization.

**Client Importance vs. Vendor Effectiveness**

- High Importance:
  - Measuring Impact
  - Experiential Components
  - Expectations / Accountability
  - Engaging Beyond HR
  - Reinforcement / Performance Support
  - Organizational vs. Individual LD

- Low Importance:
  - Social Networking
  - Blended Solutions
  - Sophisticated Simulations

**Vendor Effectiveness**

- High Vendor Effectiveness:
  - Blended Solutions
  - Sophisticated Simulations

- Low Vendor Effectiveness:
  - Social Networking
  - Blended Solutions

---

Please indicate (a) how useful the following services would be, and (b) how well leadership training providers assist you with each of them.

**Client Usefulness vs. Vendor Assistance**

- High Usefulness:
  - Vehicles for Employee Coaching and Feedback
  - Tailor to Leader Levels
  - Self-Assess Progress
  - Developing Career Models
  - Linking Competencies
  - Needs Assessment
  - Employee Portal

- Low Usefulness:
  - Developing Career Models
  - Self-Assess Progress

**Vendor Assistance**

- High Assistance:
  - Assessments For Career Plan

- Low Assistance:
  - Developing Career Models

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Upcoming Project

- In-depth profiles of Major Exec Ed Programs
- Market Size & Characteristics
- Case Studies with Corporate Buyers
- Competitive Landscape

We Would like to Work with Each of You

What’s Missing in the Market?

- "Void of some new thinking...innovation, how to lead in down times."
- "Haven’t seen anyone really push out the talent management integration piece...to bridge the gap in a substantial way...in a tactical way."
- "More about selling products and not the whole strategy."
- "Lacking overall leadership development strategic thinking."
- "Would like to see more vendors come in and really talk about learning in a systematic way...a simple way. Not a lot of theory and big words."
- "Would like to find a vendor that could offer the right information in a creative, innovative way that is cost effective."
Thank You!

Welcome to the Research Library
You now have access to a wide variety of best practices, case studies, and in-depth research in enterprise learning and talent management.

Find member access to sample reports and studies.

New Research

A raining Innovation Research: Rewards Psychology for Learning Published 4/1/2009
One Details Plus Research

How to Global Learning Programs: Rely on the Right Three Published 4/1/2009
One Details Plus Research

Corporate Training (Efficiency Mistakes Made by the Published 4/1/2009
One Details Plus Research

Mobile-Ready Career Management: Facing the Fall for America Published 4/1/2009
One Details Plus Research

Successes: Management: A heaven Published 4/1/2009

New Case Studies

Ah, the Art of Research: Your’s Works: American Enterprise’s New Online Learning in the Business Press Published 4/1/2009
One Details Plus Research

Real-World Training: National Shoe Insurers’ Experience byonline Training and Informal Learning Published 4/1/2009
One Details Plus Research

One Details Plus Research

Learning Engagement Transformation: Connected with a Mozilla Executive Learning Business Plan Published 4/1/2009

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