



## Highlight Report

*An issue overview  
to aid strategic thinking*

# Training and Development

by Michael Grohs

### Scenarios in this issue:

Culture and Collaboration Converge

Management Embraces  
Learning Too Late

Employees Take the Lead

Management Misses the Boat



INSTITUTE FOR  
CORPORATE PRODUCTIVITY

# About this report

---

Each of our Knowledge Centers has a corresponding Highlight Report that provides an external view of that issue, incorporating global perspectives on the current climate as well as future thinking. Highlight Reports are designed to help managers think strategically about particular trends or issues. Each one contains an executive summary, a global perspective, an overview of the current trends and countertrends, insights into what is driving the trend or issue, and four scenarios. Our members use Highlight Reports to provide their staff and colleagues with an up-to-date overview as well as strategic ideas about how to deal with issues that face their organizations.

For complete information on this topic, including a full bibliography, please visit our Web site at [www.i4cp.com](http://www.i4cp.com) and follow the Knowledge Center link.

The Institute for Corporate Productivity invites reader feedback on this issue. Please send your comments to [feedback@i4cp.com](mailto:feedback@i4cp.com).

Member companies may reproduce and distribute this report on an unlimited basis to their employees for internal management purposes only. Nonemployees (including outside consultants) may not be given copies of or access to i4cp's reports, online services or conference materials. Copyright 2009, Institute for Corporate Productivity, St. Petersburg, Florida, U.S.A. All rights reserved.

## EDITORIAL STAFF

### Author

Michael Grohs

### Managing Editor

Lorrie Lykins

### Associate Editor

Eric Davis

### Senior Proofreader

Judy Wall

### Graphs

Joe Jamrog

### Graphic Designer

Roman Black

## EDITORIAL ADDRESS:

5959 Central Avenue, Suite 201  
St. Petersburg, FL, U.S.A. 33710

**Telephone 727-345-2226**

**Fax 727-345-1254**

**[www.i4cp.com](http://www.i4cp.com)**

## INQUIRIES:

411 First Avenue South, Suite 403  
Seattle, WA, U.S.A. 98104

**Telephone 866-375-i4cp (4427)**

**Fax 206-624-6951**

**[inquiries@i4cp.com](mailto:inquiries@i4cp.com)**

# Contents

■ <b>Executive Summary</b>	2
■ <b>Global Perspective</b>	4
■ <b>Highlights</b>	6
The cost of training and development is a concern worldwide	6
The range of training and learning needs is varied	8
Delivery methods of training and development are also varied	10
Technology’s role in learning continues to evolve	12
Outsource or insource? Organizations wrestle with the decision	15
Measuring training efforts is an ongoing challenge for many	16
Priorities, perceptions, and attitudes about training and development vary	18
■ <b>Strategic Insights</b>	21
Solid assessment and planning are key to T&D success	21
Technology aids T&D innovation	22
Simplifying success measurements can be helpful	24
■ <b>Scenarios for the Year 2019</b>	25
Scenario One: Culture and Collaboration Converge	26
Scenario Two: Management Embraces Learning Too Late	26
Scenario Three: Employees Take the Lead	27
Scenario Four: Management Misses the Boat	27
■ <b>References</b>	28

# Executive Summary

## *The economy has executives looking to streamline training*

A global recession, widespread corporate meltdowns and a weak U.S. dollar have combined to create what some pundits are calling the worst financial era since the Great Depression. In these uncertain economic times, when budgets and spending come under especially keen scrutiny, training and development (T&D) programs are often the first targeted for cuts. A 2008 survey conducted by Expertus and TrainingIndustry.com found that over half of the respondents reported that they were under either “significant” or “intense” pressure to reduce their training budgets, and 91% said that they have felt pressured to do so to some degree (*Training Efficiency*, 2008).

U.S. organizations spent \$56.2 billion on T&D (including budgets and payroll) during 2008, with an additional \$15.4 billion earmarked for external services and products (“2008 Training Industry Report,” 2008). The American Society for Training & Development (ASTD) found that average direct per-employee spending increased to \$1,103 in 2007, up 6% from 2006, and employees received an average 37.4 hours of formal training. The average cost of learning hours used or received rose to \$56 in 2007, up 2.5% from 2006 (ASTD, 2008). It’s no surprise that mounting costs and current economic concerns are straining both training budgets and training leaders (Laff, 2008a).

But the news isn’t completely downbeat. An i4cp survey conducted in late 2008 on behalf of ASTD found that, while there has been a marked decrease in funds allocated for training, many respondents still reported that their firms were placing a stronger emphasis on the importance of training than had been the case in previous periods of economic hard times (ASTD and i4cp, 2009, preliminary data).

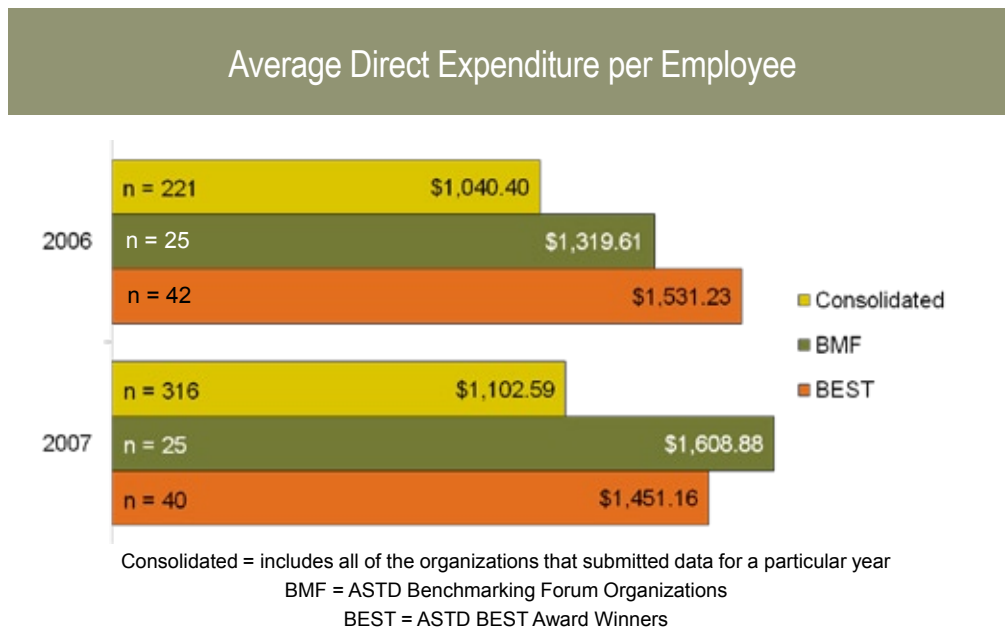
Measuring the ROI of training – the cost/benefit ratio as well as its impact – can be a frustrating task. The *Washington Post* reported in 2008 that a study conducted by University of Arizona sociologist Alexandra Kalev concluded that most diversity training is ineffective. Such news might understandably lead executives to question whether their investments are paying off. But while most executives say they consider hard data the most important method to gauge the return on their investment,



most organizations do not use metrics beyond the commonly employed Kirkpatrick Levels I-III model and volume-based measures. According to the Expertus/TrainingIndustry.com survey, only 28% of organizations use either advanced or ROI/profitability-based metrics. Moreover, only about 35% of funds allocated to training were spent on delivery, and fewer than half (43%) of the management team found the delivery to be efficient (*Training Efficiency*, 2008).

What can be done? Investing in technology, streamlining evaluations and reporting processes, optimizing scheduling and reducing staff were the top actions planned to reduce administrative costs in 2008 (*Training Efficiency*, 2008). Outsourcing training is an option, but if the training is not effective in the first place, the problem could be exacerbated. As Martyn Sloman of the Chartered Institute of Personnel and Development (CIPD) notes, “The training partner needs to be very closely aligned with what the organization wants to achieve in its overall business plan” (Wigham, 2008).

Mastering business alignment is key. A 2008 Bersin & Associates survey update, *The High Impact Learning Organization*, found that “improving business alignment” was the top issue cited by 800 learning leaders. To achieve this, many say that the focus should not be on the training department or the budget, but rather on an organization’s culture. In an effort to find what drives business impact, Bersin identified 18 predictors of high-impact learning. An “organization learning culture” was number one (Bersin, 2008).



Source: ASTD, 2008