



Top 5 Reasons to
Outsource



Top 5 Reasons to
OUTSOURCE the Training Function
and What to Consider Before You Do.

Will Nowell

Outsourcing Training: How You Can Take Advantage

“Training needs to be an activity that both inspires top performance and helps to improve profitability. A well trained company is an organization that performs better and positions itself well for competitive threats.”

-William Nowell

Introduction

Constant improvement is a hallmark of every high performing organization. To stay on the cutting edge of technology, neutralize competitive threats and be positioned well for growth, all employees – executives, middle management and those who report to them need to be trained well. But beyond that, the idea of life-long learning needs to be valued in the company culture. Of course, valuing the idea of constant training and putting it into practice are two different things. How does a busy organization find the time to deliver the highest level of training education? With over half of companies now outsourcing the function, it appears that the answer is within reach.

In this paper, we will review all the pertinent details of selecting a well matched training provider for your organization. Specifically, the following areas will be discussed:

- I. Why Outsource?
- II. Trends
- III. The Benefits of Outsourcing
- IV. An Organization that Embraces Learning
- V. Considerations: What Should you Look for in a Training Provider?
- VI. The Experience a Provider Has Is Important
- VII. Understanding the Business
- VIII. Wrap Up

Why Outsource?

Training is without a doubt one of the key activities of any business. Doing it well can be one of the most important factors in determining long term corporate success. The decision to train in-house or to outsource: it's a dilemma for many companies. There are advantages and disadvantages and many factors to consider. One thing that is true however is that training outsourcing is a hot topic. Within the sphere of learning and development, almost every industry publication and business conference discusses it or holds a session on the subject.

What is training outsourcing? It is *the transfer of management and execution of your training program to an outside service provider who can augment the learning with their own value added solutions.*

When you outsource training the right way, it can be a cost savings tool and an activity that transforms your organization. The right training organization can customize their program to match the company's voice, style, mission and culture. An off-the-shelf option delivers a different and much less effective program. The goal? Training that leads directly to an immediate and specific benefit that impacts your product or service.

Of course, training needs to do more than foster improved learning for employees – it needs to deliver real measurable value to the organization as a whole. By outsourcing your training to a top provider, you are well on your way to addressing this concern.

“Any training that does not include the emotions, mind and body is incomplete; knowledge fades without feeling.”
- Anonymous

Like other functions once thought essential to conducting business, outsourcing the training function positively impacts the way companies do business. Forget about spending significant time and lots of money building a training infrastructure. It makes better business sense to leverage outside companies that possess expertise in the business processes that are required. Over the past decade, many companies have outsourced accounting systems,

information systems, and enterprise solutions. Now its time for training.

Whether selected training modules are targeted or the entire training function is outsourced, there is a good solution out there for your organization.

Is outsourced learning in the training area right for your organization? We'll look at the benefits of outsourcing and how those benefits might engage your company. We'll then review what you can expect and what you should ask a prospective partner.

"If you deprive yourself of outsourcing and your competitors do not, you're putting yourself out of business."

- Lee Kuan Yew, First Prime Minister of Singapore

Trends

The first trend is that there is a shift in which training activities are being outsourced. When training outsourcing was first emerging, it was common for companies to take care of the more visible aspects of the training function. Typically, they would consider an outsourcing strategy for the less important back-office activities. Now, however, *training delivery* and *content management*, the two biggest parts of most training programs are frequently outsourced. This indicates that many companies are confident in the training outsourcing model.

The next trend would be a desire to have training help "to increase speed to market". Let's face it, in today's fast paced, knowledge economy; you need to distribute information to customers, employees and partners quickly and efficiently. Your business success depends on it. A solid, high quality outsourced training program can help in this area and reduce an organization's time to competence. Those organizations that lack these training resources altogether see outsourcing as the perfect solution.

Of course, cost reduction is still a primary driver of outsourcing training. This fact is less a trend and more a general understanding, but it remains critically important. By moving many of the training

processes outside the organization, you are able to reduce the dollars spent on training personnel, training resources, and implementation and operation costs associated with training technologies.

Small companies are now outsourcing training too. Although many believe that training outsourcing is something only large companies take part in, it's really not true. In fact, an outsourcing strategy can be more valuable to smaller organizations than large or mid-sized ones. Having well trained employee's means they can move faster to competitive threats. In addition, they may not have the people available internally to provide training.

Finally, there's a trend to outsource training to better align learning functions with business strategy. The decentralized nature of training within most companies often makes it difficult to consistently align training offerings with company objectives. By outsourcing the training function, companies are able to achieve a more centralized approach to training, standardize their training practices and more easily support organizational goals.

“Outsourcing...allows companies to reduce costs, benefits consumers with lower cost goods and services, causes economic expansion that reduces unemployment, and increases productivity and job creation.”
- Larry Elder, Nationally syndicated talk show Host

The Benefits of Outsourcing

The potential benefits of training outsourcing are fairly well known. By maximizing the outsourcing model, organizations can reduce training costs, receive training and technical expertise, focus on core competencies and provide an overall improved training program to their internal teams and external partners.

What isn't it? Outsourcing training doesn't correlate with a loss of control or increased training costs. This belief may be held by some, but it is quickly diminishing. It also is not a threat to intellectual property or the need to lay off employees. Improving the training function may actually show you indirectly how to develop new

business units, improved products and services and help you see ways to expand your customer base.

In regards to those in your organization who are subject matter experts (SME), ask yourself this question: do they have the time to put their current job duties aside to perform training for the rest of your employees? The answer is invariably “no”. The other issue with this is of course the SME’s knowledge of the learning process. They may know the subject, but do they know how to *teach* it? Again, many times the answer is “no”. Keeping your subject matter experts on the job, doing what they do best is a good idea for almost all organizations. A good training provider will in turn focus on what they do best: teaching and distributing practical learning techniques. In addition, they’ll have the latest technology and research to share with you and your employees.

Some of those most common benefits of outsourcing include:

- Ability to focus on core business activities
- Assessment of world-class solutions and expertise
- Enhanced competitiveness
- Reduction of operating expenses
- Greater flexibility in scaling operations
- Development of new business ideas, plans
- General risk reduction
- Cost structure becomes variable
- Greater financial resources for other business needs

Improving the management of **costs**. This is always at the top of the list. What are characteristics of cost effective outsourcing? Efficiency, cost management, and the ability to vary service level with customer demand. In fact, managing variable service and cost is a key to successful outsource partnering in the training area.

The next most important benefit is your ability to **focus more on your core business**. If you’re like most companies, 80% of your resources are being deployed towards this activity regardless. In addition, human resources are a finite thing. The employees you do have need to be focused on servicing your customers and delivering the product,

plain and simple. Human Resources and accounting personnel are less important and are the first to go when lay offs occur. Utilize a quality training provider to fill in the blanks and help you get to the next level.

How about your **access to world-class solutions**? When you outsource training, you can leverage the best training processes, systems and solutions for a much smaller investment than you would if you had to manage the training process in house. These top tier solutions are working with some of the best companies out there, honing their deliverables, and providing better value every day.

Finally, there is the **time savings** that will be incurred. What busy organization, trying to satisfy current customers, develop new customers, work on state of the art products and expanding services has the time to deal with training? In fact, many companies don't have the time and they choose to ignore it. Others don't have the time or the budget. In the short term, it may seem like either of these scenarios is acceptable. In time however, the lack of training will show and negatively affect the entire organization.

“Recently, I was asked if I was going to fire an employee who made a mistake that cost the company \$600,000. No, I replied, I just spent \$600,000 training him. Why would I want somebody to hire his experience?”
- Thomas J. Watson, Founder of IBM

An Organization that Embraces Learning

You want your workforce to be self-directed and self-motivated. With good training, you motivate the shining stars of your organization to embrace this idea and take it as far as possible. A results-oriented training program also gives your more challenged employees an impetus to grow to this level. The ultimate goal? Self-sufficiency and an organization that embraces the learning function. When change happens, they'll be ready to act.

The best outsourced training firms all have one thing in common: they realize that to best affect long term success and ensure that the training they provide has a chance to take hold, the classroom has to be participant driven. The instructor that stands in front of the class,

talking endlessly for hours about the latest training techniques and who fails to involve students never works. The instructor needs to act as coach, motivational expert, business consultant and facilitator, based on the needs of the group. A good training program moves the students towards a self directed approach so they are totally immersed, take ownership of their training and desire constant learning.

"Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity."

- General George S. Patton

Considerations – What Should You Look for in a Training Provider?

Word to the wise: there are only a few training providers out there with significant experience. As you go through your review process, it's critical to understand these companies and what they are offering. Making the decision to outsource is important – you need to evaluate whether the provider has the experience you require and the ability to deliver. What are the important questions to ask a potential provider?

- Who have you worked with and for how long? Can you provide references?
- What learning management system(s) do you work with?
- Do you offer other value-added services like Benchmarking or Content Sourcing?
- What measurement systems do you use—what are your metrics?
- Do you have a Success Guarantee?
- How do you ensuring employees will be engaged and apply the learning?
- How can you help us reinforce the training and help with retention?
- Do you provide customer support? In what way?
- What type of support do you offer through your customer call center?
- Have you installed learning management systems at a client location?

- What types of e-learning modules do you have?
- What is your approach to outsourcing? How do you transition operations?

The Experience a Provider Has is Important

Obviously, if a company is looking to outsource content development, it wants to make sure that the provider is an expert in that area. “good cultural fit” over other listed criteria, such as industry knowledge, financial stability and successful case studies, as important qualities they look for in selecting an outsourcing provider. This speaks to the personal and intimate nature of training. While cultural fit may not be as important when selecting a provider to outsource technology management activities to, it is certainly more important for activities such as content development, which requires interaction with company subject-matter experts, or training delivery, where the selected provider will have frequent contact with employees.

“You cannot teach a man anything. You can only help him discover it within himself.”

- Galileo

Understanding the Business

Training outsourcing providers must understand a client’s business and be able to demonstrate expertise, show costs and their ability to fit with the organizations culture. Companies need to ask if the training provider is a company they want to partner with for the next two to three years – training is a long term endeavor. Also use the knowledge you’ve gained with other outsourcing arrangements to shed light on this new partnership. Be sure to ask all the necessary questions! Outsourcing also brings significant change to an organization. Be aware that employee responsibilities may change as a result of the outsourced training.

“We keep moving forward, opening new doors, and doing new things, because we're curious and curiosity keeps leading us down new paths. We're always exploring and experimenting.”

- Walt Disney

Wrap Up

The benefits of outsourcing training make it well worth considering. In addition, training outsource providers are making significant investments in their business processes and systems, which in turn benefit their clients.

The investment in training and development continues to grow for almost all corporations. The reason? A well trained staff can truly be a competitive advantage. For the 2-3 companies that aren't training, there are 7 others that are, and by doing so, they are positioning themselves well for the future.

The bottom line? Companies that spend more on training enjoy more profitability per employee. People, without a doubt, are a company's greatest asset. Human-capital is something that needs to be managed in order to compete successfully in today's market place.

How are you supposed to deliver more training with less staff and less budget? By outsourcing the training function. Training by an outside organization can deliver better results than you're your internal corporate learning function offers now. Plus, it can be done at a lower cost.